



# **TACOMA HOUSING AUTHORITY**

## **BOARD OF COMMISSIONERS**

### **BOARD PACKET**

**March 27, 2019**



Michael Mirra  
*Executive Director*

# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS

Dr. Minh-Anh Hodge, Chair  
Derek Young, Vice Chair  
Dr. Arthur C. Banks  
Stanley Rumbaugh  
Shennetta Smith

## REGULAR MEETING Board of Commissioners

**WEDNESDAY, MARCH 27, 2019**

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold its Regular Meeting on **Wednesday, March 27, 2019, at 4:45 pm.**

The meeting will take place at:

**Bay Terrace  
2550 South G. Street  
Tacoma, WA 98405**

The site is accessible to people with disabilities. Persons who require special accommodations should contact Sha Peterson (253) 207-4450, before 4:00 pm the day before the scheduled meeting.

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I, Sha Peterson, certify that on or before March 27, 2019, I FAXED/EMAILED, the preceding PUBLIC MEETING NOTICE before:

City of Tacoma	747 Market Street Tacoma, WA 98402	fax: 253-591-5123 email: <a href="mailto:CityClerk@cityoftacoma.com">CityClerk@cityoftacoma.com</a>
Northwest Justice Project	715 Tacoma Avenue South Tacoma, WA 98402	fax: 253-272-8226
KCPQ-TV/Channel 13	1813 Westlake Avenue North Seattle, WA 98109	email: <a href="mailto:tips@q13fox.com">tips@q13fox.com</a>
KSTW-TV/Channel 11	1000 Dexter Avenue N #205 Seattle, WA 98109	fax: 206-861-8865
Tacoma News Tribune	1950 South State Tacoma, WA 98405	fax: 253-597-8274
The Tacoma Weekly	PO Box 7185 Tacoma, WA 98406	fax: 253-759-5780

and other individuals and organizations with residents reporting applications on file.

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Sha Peterson  
Executive Assistant



# TACOMA HOUSING AUTHORITY

## AGENDA

### REGULAR BOARD OF COMMISSIONERS MEETING

March 27, 2019, 4:45 PM

Bay Terrace, 2550 South G. Street, Tacoma, WA 98405

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1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
  - 3.1 Minutes of February 27, 2019—Regular Meeting
  - 3.2 Minutes of March 15, 2019—Special Session
4. **GUEST COMMENTS**
  - 4.1 Will Grimm with Ankrom Moisan Architects—James Center North Master Plan Update
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION REPORTS**
  - 7.1 Finance
  - 7.2 Administrative Services
  - 7.3 Client Support & Empowerment
  - 7.4 Rental Assistance
  - 7.5 Property Management
  - 7.6 Real Estate Development
8. **OLD BUSINESS**
9. **NEW BUSINESS**
  - 9.1 2019-03-27 (1) Extension of Project Based Voucher Contract: Salishan Five
  - 9.2 2019-03-27 (2) Capitalization Policy Update Approval
10. **COMMENTS FROM THE COMMISSIONERS**
11. **EXECUTIVE SESSION, if any**
12. **ADJOURNMENT**



# **TACOMA HOUSING AUTHORITY**

## **MINUTES**



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, FEBRUARY 27, 2019

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at E.B. Wilson, 1202 South M. Street, Tacoma, WA 98405 at 4:45 PM on Wednesday, February 27, 2019.

### 1. CALL TO ORDER

Chair Hodge called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:54 PM.

### 2. ROLL CALL

Upon roll call, those present and absent were as follows:

PRESENT	ABSENT
<b>Commissioners</b>	
Chair Minh-Anh Hodge	
Vice Chair Derek Young	
Commissioner Arthur Banks (arrived late at 4:55 pm)	
Commissioner Stanley Rumbaugh (arrived late at 5:18 pm)	
Commissioner Shennetta Smith	
<b>Staff</b>	
	Michael Mirra, Executive Director
Sha Peterson, Executive Administrator	
April Black, Deputy Executive Director	
	Ken Shalik, Finance Director
	Toby Kaheiki, Human Resources Director
	Frankie Johnson, Property Management Director
Kathy McCormick, Real Estate Development Director	
	Sandy Burgess, Administrative Services Director
	Julie LaRocque, Rental Assistance Director
Cacey Hanauer, Client Support & Empowerment Director	

Chair Hodge declared there was a quorum present @ 4:55 pm and proceeded.

### 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Hodge asked for any corrections to, or discussion of the minutes for the Regular Session of the Board of Commissioners for Wednesday, January 23, 2019. Vice Chair Young moved to adopt the minutes; Commissioner Smith seconded.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1 (Commissioner Rumbaugh was not yet in attendance)

**Motion approved.**

### 4. GUEST COMMENTS

None.

### 5. COMMITTEE REPORTS

***Real Estate Development Committee—Commissioner Rumbaugh***

The committee met and discussed potential new acquisition opportunities, but nothing to bring to the board yet.

***Finance Committee—Chair Hodge and Vice Chair Young***

Nothing to report.

***Education Committee—Chair Hodge***

Nothing to report.

***Citizen Oversight Committee—Commissioner Banks***

### 6. COMMENTS FROM THE EXECUTIVE DIRECTOR

Executive Director (ED) Michael Mirra was not in attendance. Deputy Executive Director (DED) Black addressed the board on his behalf. Project Manager Aley Thompson has been working closely with ED Mirra regarding tenant protection proposals with the legislature. Thompson provided a brief report. THA has been spending a lot of time in Olympia along with the Association of Washington Housing Authorities (AWHA) and others including tenant advocates, working to strengthen the tenant protections in the state level.

*ED Mirra's report notes that the bill under consideration are important to THA and AWHA for a number of reasons:*

- Housing authorities are their communities' largest landlords. This allows us to fully understand the concerns of landlords.
- We have been using many of the proposed tenant protections, such as "just cause." This allows us to report that we find them manageable; we expect

- other landlords can make them work.
- The landlords are also our business partners. We need them to accept our housing vouchers. This means that we are very alert to any proposal that affects their willingness to do that. We presently have about 3,700 housing vouchers in use.
- We also have a social justice mission to speak up for the neediest households in our communities, especially on housing related topics, in this brutal rental market.
- It is also our job to provide advice and data to the Legislature.

Thompson is happy to report that things have changed since ED Mirra's summary to the board; a bill has been negotiated that THA and AWHHA can support. There were a number of things on the bill that were poorly written but were straightened out with language to strengthen the bill. It is now up to private landlords and tenant advocates to hash out the rest, including good cause. Vice Chair Young asked if there is an example of something that sounded good to the Legislature but not to THA. Thompson responded that one of the things proposed is that units set aside for employees count would be subject to good cause requirements. However, if somebody's job ends, THA would need to offer that unit to somebody else on the property. Another is that their definition of "tenant" would be anybody residing in a household for more than six months.

## 7. ADMINISTRATIVE REPORTS

### Finance

Finance Department (FD) Director Ken Shalik was not in attendance. DED Black addressed the board on his behalf and entertained questions from the board. Vice Chair Young was curious to know why Project Utilities for third party managed properties was higher than budgeted. According to DED Black, property management is fairly new so we may have budgeted a little low. Chair Hodge asked how finances are with the shutdown, and DED Black responded that THA is in a good place. She added that it was good that Housing and Urban Development (HUD) advanced the necessary funding for two months for Housing Assistance Program (HAP) and had planned to advance another two months of HAP had the shutdown resumed.

Vice Chair Young moved to ratify the payment of cash disbursements totaling \$5,179,335 for the month of January 2019. Commissioner Banks seconded.

Upon roll call, the vote was as follows:

AYES:	4
NAYS:	None
Abstain:	None
Absent:	1 (Commissioner Rumbaugh was not yet in attendance)

**Motion Approved.**

## **Policy, Innovation and Evaluation**

Policy, Innovation and Evaluation (PIE) Director April Black directed the board to her report. At the December board meeting, Tacoma Public Schools (TPS) staff were present to discuss the redesign of the Elementary School Housing Assistance Program (ESHAP). The board expressed concerns and requested bi-monthly updates. This is the first update.

Things have been going well, according to DED Black. Project Manager Amy Van and TPS's Director of K-12 Leadership and Development Thu Ament have been convening work group meetings with stakeholders to kick off the next phase of the redesign and have come up with good ideas. What is envisioned is that people will be able to enter through McKinney Vento as opposed to Coordinated Entry (CE), providing access without having to bounce back and forth with providers. It will be a program specifically designed for McKinney-Vento households and TPS case workers. There are challenges however. THA and TPS will need to discuss in depth the potential impact for allowing CE to deputize McKinney-Vento liaisons and define the role of the district. Pierce County is having another leadership change, and an endorsement from them will be needed. For now, workgroup conversations will continue to get tighter endorsements. Commissioner Smith asked if there will be a CE person at the school for families to access the program. According to DED Black, McKinney-Vento case workers will do the intake conversations with families and enter the information into the HMIS system to find out if they are eligible and potentially speak about diversion.

## **Client Support and Empowerment**

Client Support and Empowerment (CSE) Director Cacey Hanauer directed the board to her report. ED Mirra has been spending a lot of time in Olympia to find funding for Arlington Drive Campus for Youth and Young Adults. The budget looks more and more bleak but Director Hanauer is confident that THA will receive funding.

CSE is hiring for a community builder and is in the process of offering the position. The new hire will help bring classes together and get people invested in their neighbors.

Director Hanauer had initially heard a few weeks ago that some folks on the east side neighborhood might not be excited about Arlington Drive. However, The Dome District Neighborhood Group invited THA and its partners to a meeting to discuss Arlington. The questions from the audience were fully positive; people asked how they can be more supportive and asked about equity and inclusion.



## **Rental Assistance**

Rental Assistance (RA) Director Julie LaRocque was not in attendance. DED Black addressed the board on her behalf. THA received updated information from Rapid Rehousing which increased utilization to 95.1%. Highland Flats is moving along, which should also help increase utilization. Koz on Market leased up more units; people are moving in and they seem happy. There have been hiccups due to eligibility criteria, but RA staff are working through the Crosspointe proposal.

Last month the board had a question about the college housing assistance program and under utilization. The RA report shows a breakdown of the utilization of THA's special programs. The Department of Corrections (DOC) number shows that the program has not yet been implemented.

RA and PIE worked on a more thorough utilization report regarding the College Housing Assistance Program (CHAP), which shows that it continues to be under utilized. Staff are working with TCC to see whether to maintain investment on tenant voucher or expand property-based subsidy. Commissioner Smith asked how the DOC assistance program will be opened. According to DED Black, TCC is taking the lead on the design.

## **Property Management**

Property Management (PM) Director Frankie Johnson was not in attendance. DED Black addressed the board on her behalf. There is quite a spike on average unit turn days from 27 up to 55 on average. During last month's board meeting, Director Johnson mentioned that THA had quite a few lost days due to the holidays and leave requests. That lost work time was rolled over to unit turns still lagging into December. PM is redirecting its resources and changing how leaves are requested.

During last month's board meeting, Commissioner Rumbaugh had questions on work orders. The PM report includes a new chart for this purpose. Commissioner Rumbaugh requested to see the report quarterly. Chair Hodge mentioned that the board also talked about the type of work orders and asked for a breakdown that is more understandable and shows why some work orders are delayed more than others.

## **Real Estate Development**

Real Estate Development (RED) Director Kathy McCormick directed the board to her report. On February 14, Korsmo had a meeting and invited sub contractors for Arlington Drive, which was during the snow storm. Over 60 sub contractors showed up and were very interested in the project. Director McCormick is encouraged that THA will get a good sub contractor turn out.

The Alberta Canada building has netting surrounding its sidewalk. THA had to put ramps in as a City requirement and in digging found a vault with electrical lines that feed all of

downtown Tacoma so the work had to stop. RED staff were told it is a Tacoma Power issue and came in with new engineering to fix it.

Director McCormick invited the board to the last community meeting for James Center on Thursday, March 7, at 6:30 pm. There will be a short James Center presentation to the board at the March meeting. According to Vice Chair Young, he has been seeing a lot of social media shares about the James Center meeting.

Commissioner Rumbaugh stated that the Real Estate Development Committee met and discussed potential new acquisition opportunities but nothing to bring to the board yet. The committee discussed contractual issues, which will be discussed at an executive session at some point. The committee also discussed the Alberta Canada building and the sidewalk problems, and tax credit investor and bank lender for 1800 and Arlington Drive. Chair Hodge was curious why the project with the Korean Women's Association (KWA) has been put on hold. Kathy said she and ED Mirra will meet with the new Executive Director for KWA in late March.

## **8. OLD BUSINESS**

None.

## **9. NEW BUSINESS**

### **9.1 THA BOC RESOLUTION 2019-02-27 (1) (Court F Inducement Resolution)**

A **RESOLUTION** of the Housing Authority of the City of Tacoma declaring its intention to sell bonds in an amount not to exceed \$5,500,000 to provide financing to Court F LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, in connection with the acquisition and construction of a 64-unit apartment complex in the City of Tacoma, Washington, and determining related matters.

**WHEREAS**, The Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long-term housing for low-income persons within the City of Tacoma, Washington; and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project"; and

**WHEREAS**, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income"; and

**WHEREAS**, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income”; and

**WHEREAS**, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

**WHEREAS**, The Authority has formed Court F LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner (the “Borrower”), for the purpose of acquiring and constructing a multifamily housing facility to be known as the Court F Apartments, including common areas, and 64-units of low-income housing, to be known as Court F Apartments. Such low-income housing, together with functionally related and subordinate facilities, shall be referred to herein as the “Project.” The estimated cost of acquisition and construction of the Project is not expected to exceed \$22,700,000; and

**WHEREAS**, The Authority anticipates that the Borrower will request that the Authority issue and sell its revenue bonds for the purpose of assisting the Borrower in financing the Project; and

**WHEREAS**, The Authority desires to provide such assistance, if certain conditions are met; and

**WHEREAS**, Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility that are made before the issue date of bonds issued to provide financing for that facility to qualify for tax-exempt financing, the issuer must declare an official intent under Treasury Regulations Section 1.150-2 to reimburse any such expenditures from the proceeds of those bonds, and one of the purposes of this resolution is to satisfy the requirements of such regulations; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, as follows:

Section 1. To assist in the financing of the Project, with the public benefits resulting therefrom, the Authority declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the “Bonds”) in a principal amount of not to exceed \$3,700,000, to use the proceeds of the sale of the Bonds to make a loan (the “Loan”) to the Borrower, and to permit the Borrower to reimburse itself from proceeds of the Bonds for expenditures for the Project made the Borrower before the issue date of the Bonds.

Section 2. The proceeds of the Bonds will be used to assist in financing the Project, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds.

Section 3. The Bonds will be payable solely from the revenues derived as a result of the Project financed by the Bonds, including, without limitation, amounts received under the terms of any financing document or by reason of any additional security furnished by or on behalf of the Borrower in connection with the financing of the Project, as specified by resolution of the Board of Commissioners of the Authority. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and covenants as shall later be provided by resolution of the Board of Commissioners of the Authority.

Section 4. The Bonds shall be issued subject to the conditions that (a) the Authority, the Borrower and the purchaser of the Bonds shall have first agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the Loan or other agreement for the Project, and (b) all governmental approvals and certifications and findings required by laws applicable to the Bonds first shall have been obtained. The Executive Director of the Authority or his or her designee is authorized (1) to seek an allocation of volume cap for the Bonds from the Washington State Department of Commerce or a transfer of volume cap from the Washington State Housing Finance Commission; (2) to submit applications for funding for the Project from other public and private sources; and (3) to submit such materials as may be necessary to secure low income housing tax credits for the Project.

Section 5. For purposes of applicable Treasury Regulations, the Borrower is authorized to commence financing of the Project and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein. However, the adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that the Project will be financed as described herein, or an endorsement of the Project by the Authority. The Board of Commissioners of the Authority shall have the absolute right to rescind this resolution at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable.

Section 6. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

Section 7. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Banks seconded the motion.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

**9.2 THA BOC RESOLUTION 2019-02-27 (2)**  
**(Arlington Youth Drive Inducement Resolution)**

A **RESOLUTION** of the Housing Authority of the City of Tacoma declaring its intention to sell bonds in an amount not to exceed \$3,000,000 to provide financing to Arlington Youth Campus LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, in connection with the acquisition and construction of a 58-unit apartment complex in the City of Tacoma, Washington, and determining related matters.

**WHEREAS**, The Housing Authority of the City of Tacoma (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons within the City of Tacoma, Washington; and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”; and

**WHEREAS**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

**WHEREAS**, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income”; and

**WHEREAS**, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

**WHEREAS**, The Authority has formed Arlington Youth Campus LLLP, a

Washington limited liability limited partnership of which the Authority is the sole general partner (the “Borrower”), for the purpose of acquiring and constructing a multifamily housing facility to be known as the Arlington Youth Drive Apartments, including community and meeting rooms, recreational facilities, and 58-units of low-income housing, to be known as Arlington Youth Drive Apartment. Such low-income housing, together with functionally related and subordinate facilities, shall be referred to herein as the “Project.” The estimated cost of acquisition and construction of the Project is not expected to exceed \$22,400,000; and

**WHEREAS**, The Authority anticipates that the Borrower will request that the Authority issue and sell its revenue bonds for the purpose of assisting the Borrower in financing the Project; and

**WHEREAS**, The Authority desires to provide such assistance, if certain conditions are met; and

**WHEREAS**, Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility that are made before the issue date of bonds issued to provide financing for that facility to qualify for tax-exempt financing, the issuer must declare an official intent under Treasury Regulations Section 1.150-2 to reimburse any such expenditures from the proceeds of those bonds, and one of the purposes of this resolution is to satisfy the requirements of such regulations; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, as follows:

Section 1. To assist in the financing of the Project, with the public benefits resulting therefrom, the Authority declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the “Bonds”) in a principal amount of not to exceed \$2,000,000, to use the proceeds of the sale of the Bonds to make a loan (the “Loan”) to the Borrower, and to permit the Borrower to reimburse itself from proceeds of the Bonds for expenditures for the Project made the Borrower before the issue date of the Bonds.

Section 2. The proceeds of the Bonds will be used to assist in financing the Project, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds.

Section 3. The Bonds will be payable solely from the revenues derived as a result of the Project financed by the Bonds, including, without limitation, amounts received under the terms of any financing document or by reason of any additional security furnished by or on behalf of the Borrower in connection with the financing of the Project, as specified by resolution of the Board of Commissioners of the Authority. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and

covenants as shall later be provided by resolution of the Board of Commissioners of the Authority.

Section 4. The Bonds shall be issued subject to the conditions that (a) the Authority, the Borrower and the purchaser of the Bonds shall have first agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the Loan or other agreement for the Project, and (b) all governmental approvals and certifications and findings required by laws applicable to the Bonds first shall have been obtained. The Executive Director of the Authority or his or her designee is authorized (1) to seek an allocation of volume cap for the Bonds from the Washington State Department of Commerce or a transfer of volume cap from the Washington State Housing Finance Commission; (2) to submit applications for funding for the Project from other public and private sources; and (3) to submit such materials as may be necessary to secure low income housing tax credits for the Project.

Section 5. For purposes of applicable Treasury Regulations, the Borrower is authorized to commence financing of the Project and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein. However, the adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that the Project will be financed as described herein, or an endorsement of the Project by the Authority. The Board of Commissioners of the Authority shall have the absolute right to rescind this resolution at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable.

Section 6. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

Section 7. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Vice Chair Young motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

Upon roll call, the vote was as follows:

AYES:	5
NAYS:	None
Abstain:	None

Absent: None

**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

**9.3 RESOLUTION 2019-2-27 (3)**  
**(THA's Arlington Youth Campus Use of Restricted Funds)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, On March 8, 2016, HUD gave THA Section 32 Approval to dispose of 34 public housing scattered sites; and

**WHEREAS**, Net proceeds and bank interest for these funds currently equals \$5,297,091; and

**WHEREAS**, THA staff expect to use \$1,000,000 for predevelopment and development costs associated with the Arlington Youth Campus; and

**WHEREAS**, HUD restricts the use of these funds to increase affordable housing through Project Based Vouchers and requires HUD approval to use the funds; and

**WHEREAS**, At least four (4) of the resulting units must be dedicated to the creation of affordable housing with Project Based Vouchers and/or Public Housing units; and

**WHEREAS**, THA staff expect to be able to meet this requirement with the resulting development; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Apply to HUD for permission to use \$1,000,000 of restricted funds for the use of predevelopment and development costs for THA's Arlington Youth Campus project and commit at least four (4) units dedicated to affordable housing as required by HUD.

Commissioner Banks motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None



**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

**9.4 RESOLUTION 2019-02-27 (4)  
(Arlington Youth Campus – Tax Credit Investor Selection)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, In January, 2019, Tacoma Housing Authority (THA) staff issued a Request for Proposals (RFP) for Letters of Interest from investors interested in providing LIHTC equity for the development of the Arlington Youth Campus housing apartments; and

**WHEREAS**, The RFP was forwarded to seven (7) investors of which three investors responded with Letters of Interest on February 12, 2019; and

**WHEREAS**, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer; and

**WHEREAS**, The evaluation team unanimously agreed to recommend negotiating with Boston Capital and executing a Commitment Letter for LIHTC equity for the Arlington Drive Youth Campus Apartments; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Authorize THA's Executive Director to (a) negotiate and execute the commitment letter from Boston Capital for the purchase of low-income housing tax credits to be allocated to the Arlington Youth Campus Apartments (Arlington Youth Campus, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Boston Capital as Limited Investor Partner.

Authorize THA's Executive Director to enter into negotiations with the next responsive Limited Partner Investor should an agreement with Boston Capital fail to be executed.

Commissioner Rumbaugh motioned to approve the resolution. Vice Chair Young seconded the motion.

Upon roll call, the vote was as follows:

AYES:	5
NAYS:	None
Abstain:	None
Absent:	None

**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

**9.5 RESOLUTION 2019-2-27 (5)**

**(Approval of Project Based Voucher Contracts)**

**WHEREAS**, Tacoma Housing Authority (THA) has held a competitive process for project based vouchers; and

**WHEREAS**, YWCA Pierce County is requesting thirty (30) project based vouchers; and

**WHEREAS**, The project is new construction and will require an Agreement to Enter into a Housing Assistance Payment (AHAP) contract. THA and YWCA Pierce County will seek the required subsidy layering and environmental reviews prior to executing such a contract; and

**WHEREAS**, The effective date of each contract will be up to the discretion of the Executive Director; and

**WHEREAS**, The contract will be negotiated with the property and will be in effect for up to fifteen years (15); now, therefore, be it

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

THA's Executive Director is authorized to negotiate, and if those negotiations are successful, to execute a Project Based Voucher (PBV) Agreement to Enter Into a Housing Assistance Payment (AHAP) and subsequent Housing Assistance Payment (HAP) contracts with YWCA Pierce County for its Home at Last project.

Commissioner Banks motioned to approve the resolution. Commissioner Smith seconded the motion.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

**9.6 RESOLUTION 2019-02-27 (6)  
(THA's Arlington Youth Lender Approval)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma.

**WHEREAS**, In January, 2019, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) soliciting Letters of Interest from lenders interested in providing construction and permanent loans to support the development of the Arlington Youth Campus Apartments; and

**WHEREAS**, The RFP was forwarded to six (6) lenders of which five responded with Letters of Interest on February 8, 2019; and

**WHEREAS**, The total estimated construction loan equals \$13,000,000; and

**WHEREAS**, The total estimated permanent loan equals \$3,000,000; and

**WHEREAS**, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer; and

**WHEREAS**, The evaluation team unanimously agreed to recommend negotiating with Heritage Bank and the execution of the Commitment Letter for loan for the project; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Authorize THA's Executive Director to negotiate and execute the Commitment Letter from Heritage Bank for construction and permanent financing for Arlington Youth Campus Apartments (Arlington Youth Campus LLLP). If unsuccessful in negotiating the Commitment Letter from Heritage Bank, the Executive Director may negotiate with the next responsive bidder. The Executive Director will present the negotiated final terms and loan agreements to the Board for its consideration and approval prior to execution and financial closing for the project.

Commissioner Banks motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None

Abstain: None  
Absent: None

**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

**9.7 RESOLUTION 2019-02-27 (7)  
(1800 Hillside Terrace Lender Approval)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, In January, 2019, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) for Letters of Interest from investors interested in providing LIHTC equity for the development of the 1800 Hillside Terrace apartments; and

**WHEREAS**, The RFP was forwarded to six (6) lenders of which five responded with Letters of Interest on February 8, 2019; and

**WHEREAS**, The total estimated construction loan \$14,500,000; and

**WHEREAS**, The estimated permanent loan equals \$4,180,000; and

**WHEREAS**, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer; and

**WHEREAS**, The evaluation team unanimously recommends negotiating with Heritage Bank and, upon success negotiation, execute the Commitment Letter to provide construction and permanent loans for this project; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Authorize THA's Executive Director to negotiate and execute the Commitment Letter from Heritage Bank for construction and permanent financing for 1800 Hillside Terrace (1800 Hillside Terrace, LLLP). If unsuccessful in negotiating the Commitment Letter from Heritage Bank, the Executive Director may negotiate with the next responsive bidder. The Executive Director will present the negotiated final terms and loan agreements to the Board for its consideration and approval prior to execution and financial closing for the project.

Commissioner Banks motioned to approve the resolution. Commissioner Smith seconded the motion.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

**9.8 RESOLUTION 2019-02-27 (8)**  
**(1800 Hillside Terrace – Tax Credit Investor Selection)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, In January, 2019, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) for Letters of Interest from investors interested in providing LIHTC equity for the development of the 1800 Hillside Terrace apartments; and

**WHEREAS**, The RFP was forwarded to seven (7) investors of which three responded with Letters of Interest on February 13, 2019; and

**WHEREAS**, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer; and

**WHEREAS**, The evaluation team unanimously agreed to recommend negotiating with Boston Capital and the execution of the Commitment Letter for LIHTC equity for the acquisition/renovation project; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Authorize THA's Executive Director to (a) negotiate and execute the commitment letter from Boston Capital for the purchase of low-income housing tax credits to be allocated to the 1800 Hillside Terrace (Court F, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Boston Capital as Limited Investor Partner. The negotiated Operating Agreement will be presented to the Board for its consideration and approval prior to execution.

Authorize THA's Executive Director to enter into negotiations with the next responsive Limited Partner Investor should an agreement with Boston Capital fail to be executed.

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Banks seconded the motion.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

**Motion Approved:** February 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair

## **9. COMMENTS FROM COMMISSIONERS**

Commissioner Smith stated how proud she is of THA staff for the plan put in place during the shutdown. Staff worked diligently in trying to make sure there was a solution. DED Black thanked the commissioners for their support of the plan.

## **10. EXECUTIVE SESSION**

None.

## **11. ADJOURNMENT**

There being no further business to conduct the meeting ended at 5:54 PM.

**APPROVED AS CORRECT**

**Adopted:** March 27, 2019

\_\_\_\_\_  
Dr. Minh-Anh Hodge, Chair



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES SPECIAL SESSION FRIDAY, MARCH 15, 2019

The Commissioners of the Housing Authority of the City of Tacoma met in Special Session at 902 South L. Street, Tacoma, WA 98405 at 3:30 pm on Friday, March 15, 2019.

### 1. CALL TO ORDER

Chair Hodge called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 3:34 PM.

### 2. ROLL CALL

Upon roll call, those present and absent by phone were as follows:

PRESENT	ABSENT
<b>Commissioners</b>	
Chair Minh-Anh Hodge	
Vice Chair Derek Young	
	Commissioner Arthur Banks
	Commissioner Stanley Rumbaugh
Commissioner Shennetta Smith	
<b>Staff</b>	
Michael Mirra, Executive Director	
Sha Peterson, Executive Administrator	
	April Black, Deputy Executive Director
Ken Shalik, Finance Director	
	Toby Kaheiki, Human Resources Director
	Frankie Johnson, Property Management Director
	Kathy McCormick, Real Estate Development Director
	Sandy Burgess, Administrative Services Director
	Julie LaRocque, Rental Assistance Director
	Cacey Hanauer, Client Support and Empowerment Director

Chair Hodge declared there was a quorum present @ 3:35 pm and proceeded.

### 3. NEW BUSINESS

Real Estate Development Program Manager Karen Peterson noted that the purpose for the special meeting is for the Board to authorize Tacoma Housing Authority's Executive Director to negotiate and enter into an agreement with Cascade Radon, Inc. to perform vapor work at Wright and North K Streets and to authorize a contingency budget for a Not-to-Exceed (NTE) total of \$319K.

The Department of Ecology (DOE) requires THA to perform the work in order to receive a No-Further-Action letter. Both the lender and investor also require the letter, and are amenable to a financial closing if there is a contract and work is actually happening.

#### **3.1 RESOLUTION 2019-03-15 (1) (Renew Tacoma Housing LLLP Environmental Remediation Contractor-602 Wright Street and 911 North K Street)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, The Housing Authority of the City of Tacoma (THA) is committed to developing new affordable housing in the City of Tacoma; and

**WHEREAS**, THA is seeking to provide construction services to install vapor mitigation systems at 602 Wright and 911 North K Streets required by the Department of Ecology; and

**WHEREAS**, On February 5, 2019, THA solicited bids for a contractor to provide environmental remediation services; and

**WHEREAS**, On March 12, 2019, THA received one (1) qualified and responsive bid; and

**WHEREAS**, THA staff reviewed the bid according to the evaluation criteria listed in the ITB; and

**WHEREAS**, THA staff recommends Cascade Radon, Inc. to provide construction services for \$264,500.00; now therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

The Executive Director is authorized to negotiate and enter into an agreement with Cascade Radon, Inc. for \$264,500 for construction services and authorize a budget contingency in the amount of \$54,500 for a NTE budget of \$319,000.



Upon roll call, the vote was as follows:

AYES:	3
NAYS:	None
Abstain:	None
Absent:	2

**Motion Approved:** March 15, 2019

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Dr. Minh-Anh Hodge, Chair

## **10. ADJOURNMENT**

There being no further business to conduct, the meeting ended at 3:38 pm.

**APPROVED AS CORRECT**

**Adopted:** March 27, 2019

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Dr. Minh-Anh Hodge, Chair



# **TACOMA HOUSING AUTHORITY**

## **Real Estate Development Committee**

Commissioner Stanley Rumbaugh

## **Finance Committee**

Chair Minh-Anh Hodge

Vice Chair Derek Young

## **Citizen Oversight Committee**

Commissioner Arthur C. Banks

## **Education Committee**

Chair Minh-Anh Hodge



**TACOMA HOUSING AUTHORITY**

**COMMENTS FROM THE  
EXECUTIVE DIRECTOR**



# TACOMA HOUSING AUTHORITY

**To:** THA Board of Commissioners  
**From:** Michael Mirra, Executive Director  
**Date:** March 19, 2019  
**Re:** Executive Director's Monthly Report

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This is my monthly report for March 2019. It supplements the departments' reports.

## 1. **FEDERAL BUDGET FOR 2020**

President Trump released his proposed FY 2020 budget for HUD. It is a partial proposal only because he did not release budgets for voucher administrative fees or voucher renewals. However, in what he did propose, it amounts to a 16% cut overall to HUD's allocation. This proposal cuts in programs that pertain to THA. Notably, he proposes the complete elimination of the Public Housing Capital Fund, the Community Development Block Grant Program and the HOME Program. I attach the CLPHA Comparative Funding Chart showing the details.

CLPHA Executive Director Sunia Zaterman issued the following statement commenting on the President's proposal:

"This budget is a study in contradiction. While the administration is promising safer, healthier, more affordable housing, this budget proposes a 16 percent cut to HUD funding.

"While promoting HUD's efforts to end homelessness and reduce home health and safety hazards, this budget slashes the public housing operating fund and zeroes out the capital fund.

"While rightly raising the cap on RAD conversions and requesting \$100 million for the program, this budget renders the program effectively unusable with the proposed funding cuts.

"It is not possible for public housing authorities to dedicate resources to meeting capital needs when there is no capital fund, or to house the homeless without the resources to operate housing.

"The administration wants us to think beyond investing in bricks and mortar, and instead think about investing in people. This budget does neither of those things. The disinvestment in housing and supportive services is a disinvestment in our nation's most vulnerable populations, including the 2.2 million low- and very low-income families, children, elderly, and persons with disabilities who are served by public housing.

"Congress has previously rejected draconian budgets that shred our safety net, and we call on them to do so again."

Congress ignored President Trump's previous two budget proposals. It did this even though the Republicans controlled both the House and the Senate. Now that the Democrats control the House, Congress will again likely ignore the President's proposal. However, the risk for appropriators, in the face of Trump's proposed cuts, is to regard flat funding as a comparative victory.

April, Stan, and I will be attending the CLPHA conference this week. The budget will likely be a lively topic of discussion. Perhaps we will learn something further. Stay tuned!

**2. PARTNERSHIPS**

Partners are critical to THA's work. This is certainly true for our Education Project. That project relies on contributions of effort and resources from Tacoma Public Schools, Tacoma Community College, the Department of Corrections, and the University of Washington Tacoma. I mention this because we are seeking to greatly expand our programs with them. The challenge is to prevail on our partners to contribute what expansion will require of them. This can be hard, especially when our partners are also managing budget cuts.

In general, we are lucky with our partners. The expansion plans are testing the partnerships.

**3. A REMINDER FROM A CLIENT**

We received an email from a client who participated in our College Housing Assistance Program. I reprint it on the next page. She reminds us why this work we do is important.

Thank you

**From:** T [REDACTED] [mailto:[REDACTED]]  
**Sent:** Wednesday, September 26, 2018 11:40 AM  
**To:** Amber Prentice <[aprentice@tacomahousing.org](mailto:aprentice@tacomahousing.org)>  
**Subject:** Thank you

I'm writing this email because I wanted to let you all know how important this college housing assistance program was for me personally. I started going back to school when I was 25 and there were a lot of obstacles along the way including me breaking my leg and having multiple surgeries which in some cases cause me to have to leave school for a while. In addition to that I'm a single mom and I had twins at age 20. But I kept moving forward. I was able to work full-time while I was taking my prerequisites because they were online classes. I had another child right in the middle of my last prerequisite class. Once I finally got into TCC nursing program I was no longer able to work full time due to the demands of the program. I still had to work and found myself single again with very little help or support. I cleaned houses, did in home care for the elderly, and worked as a process server in my spare time from school but was not making enough to live on. I became homeless during the program and had to live in one bedroom at my mom's with 6 other people.. with all three of my kids ages 12, 12 and 4. This was an extremely difficult time emotionally and financially trying to fulfill my obligations to the program, save money and care for my kids alone. I thought it would break me. This program was a godsend.... being able to have my own little safe space without other people invading my space or interfering. I was able to successfully finish the Registered Nurse program at TCC and I am scheduled to take my state boards for my nursing license. I will soon be making enough money to support my family. I don't know if I'd have gotten through all of that without a little help, and now I get to have a fulfilling career caring for others and rest easy knowing my own family will be stable. Thank you so much for this opportunity. I'll be starting my bachelor's degree program in nursing next year and have goals even beyond that because of a renewed confidence in myself for finishing this extremely challenging RN program. Please keep doing what you're doing, there are others out there like me.

T [REDACTED]  
Graduate Registered Nurse

# Comparative Funding Chart for FY20

March 11, 2019

	FY 2017 Final	FY 2018 Final	FY 2019 Final	FY 2020 HUD Request (3-11-19)
<b>Operating Fund</b>	\$4.4 billion	\$4.55 billion	\$4.653 billion	<b>\$2.863 billion</b>
<b>Capital Fund</b> [Emerg'cy Capital Needs] [ROSS Grants] [Jobs Plus] [Demolition Grants]	\$1.942 billion [\$21.5 million] [\$35 million] [\$15 million]	\$2.75 billion [\$21.5 million] [\$35 million] [\$15 million]	\$2.775 billion [\$30 million] [\$35 million] [\$15 million]	<b>\$0<sup>6</sup></b> [\$10 million est.] [\$0] [\$15 million] [\$30 million]
<b>Housing Choice Voucher (HCV)</b>	\$20.292 billion	\$22.015 billion	\$22.598 billion	<b>\$22.244 billion</b>
<b>HCV Renewals</b>	\$18.355 billion	\$19.6 billion	\$20.313 billion	<b>(not yet disclosed)</b>
<b>HCV Administrative Fees</b>	\$1.65 billion	\$1.76 billion	\$1.886 billion	<b>(not yet disclosed)</b>
<b>HUD-VASH Vouchers</b>	\$40 million	\$40 million	\$40 million	<b>(not yet disclosed)</b>
<b>Tenant Protection Vouchers (TPV)</b>	\$110 million	\$85 million	\$85 million	<b>(not yet disclosed)</b>
<b>Family Self Sufficiency (FSS) Program</b>	\$75 million	\$75 million	\$80 million	<b>\$75 million</b>
<b>Choice Neighborhoods Initiative (CNI)</b>	\$137.5 million [\$50 million] <sup>1</sup>	\$150 million [\$75 million] <sup>1</sup>	\$150 million [\$75 million] <sup>1</sup>	<b>\$0</b>
<b>Rental Assistance Demonstration (RAD)</b>	\$0	\$0 <sup>2</sup>	\$0	<b>\$100 million<sup>5</sup></b>
<b>Project-Based Rental Assistance</b> [Contract Administration]	\$10.816 billion [\$235 million]	\$11.515 billion [\$285 million]	\$11.747 billion [\$245 million]	<b>\$12.021 billion</b> [not yet disclosed]
<b>Homeless Assistance Grants</b>	\$2.383 billion	\$2.513 billion	\$2.636 billion	<b>\$2.599 billion</b>
<b>Family Unification Program (FUP)</b>	\$10 million <sup>4</sup>	\$20 million	\$20 million	<b>(not yet disclosed)</b>
<b>CDBG</b>	\$3.0 billion	\$3.3 billion	\$3.3 billion	<b>\$0</b>
<b>HOME</b>	\$950 million	\$1.362 billion	\$1.25 billion	<b>\$0</b>
<b>Mobility Demonstration</b>			\$25 million <sup>3</sup>	<b>(not yet disclosed)</b>

<sup>1</sup> Not less than this amount shall be awarded to public housing authorities.

<sup>2</sup> Increased the cap to 455,000 units.

<sup>3</sup> New HCV mobility demonstration program

<sup>4</sup> New funding for incremental FUP vouchers.

<sup>5</sup> Eliminates the RAD cap

<sup>6</sup> Account transferred to Operating Fund



**TACOMA HOUSING AUTHORITY**

**ADMINISTRATION  
REPORTS**





**TACOMA HOUSING AUTHORITY**

**FINANCE**



# TACOMA HOUSING AUTHORITY

## **Motion**

Adopt a consent motion ratifying the payment of cash disbursements totaling \$4,497,170 for the month of February, 2019.

**Approved: March 27, 2019**

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Dr. Minh-Anh Hodge, Chair

**TACOMA HOUSING AUTHORITY**  
**Cash Disbursements for the month of February 2019**

		Check Numbers				
		From	To	Amount	Totals	
A/P Checking Account						
Accounts Payable Checks	Check #'s	93,032	-	93,116		
Accounts Payable EFTs	EFTs	52	-	56		
Business Support Center				416,054	Program Support	
Moving To Work Support Center				76,081		
Moving To Work Buildings (used by Support Center)				24,870		
Tax Credit Program Support Center				18,169		
Section 8 Programs				32,675	Section 8 Operations	
Hillsdale Heights				1,473	Properties	
KeyBank Building				7,500		
Mr Mac Building				1,390		
Salishan 7				29,499		
Salishan Common Areas				849		
James Center				35	Development	
Arlington Youth Campus-THA Costs				1,327		
Court F (HT 1800 Block)				225		
Bay Terrace I & II				60		
Salishan Developer Fee				10,140		
Hilltop Redevelopment				40,879		
Bus Development Activity				3,202		
SAFE/TRAC				(60)	Client Support	
Community Services MTW Fund				4,012		
Education Private Grants (Gates, etc.)				100		
AMP 6 - Scattered Sites				775	Public Housing	
AMP 7 - HT 1 - Subsidy				5,087		
AMP 8 - HT 2 - Subsidy				3,235		
AMP 9 - HT 1500 - Subsidy				1,962		
AMP 10 - SAL 1 - Subsidy				12,388		
AMP 11 - SAL 2 - Subsidy				13,335		
AMP 12 - SAL 3 - Subsidy				11,195		
AMP 13 - SAL 4 - Subsidy				11,804		
AMP 14 - SAL 5 - Subsidy				13,866		
AMP 15 - SAL 6 - Subsidy				13,016		
THA SUBTOTAL				755,139		
Hillside Terrace 1 through 1500				5,398	Tax Credit Projects - Reimbursable	
Bay Terrace I & II & Community Facility				8,056		
Alberta J Canada Bldg				426		
Arlington Youth Campus				86,484		
Court F (HT 1800 Block)				64,572		
Renew Tacoma Housing				24,876		
Salishan 1 - Salishan 6				15,500		
TAX CREDIT SUBTOTAL (Operations & Development - billable)				205,311	960,450	
Section 8 Checking Account (HAP Payments)						
SRO/HCV/VASH/FUP/NED	Check #'s	482,686	-	482,714	27,955	
	EFTs	156	-	163	2,842,860	\$ 2,870,815
Payroll & Payroll Fees - ADP						\$ 665,905
TOTAL DISBURSEMENTS						\$ 4,497,170

# TACOMA HOUSING AUTHORITY

## CASH POSITION - February, 2019

Account Name	Current Balance	Interest
<b>HERITAGE BANK</b>		
Accounts Payable	2,788,040	0.45%
Section 8 Checking	4,621,202	0.45%
THA Affordable Housing Proceeds-Salishan	3,449,393	0.45%
THA Scattered Sites Proceeds	5,090,919	0.45%
FSS Escrows	159,846	0.45%
CSA Escrows	100	0.45%
Note Fund Account	101	0.45%
Credit Card Receipts	429	0.45%
Key Bank Security Deposits	3,020	0.45%
Relocation Account	19,510	0.45%
THA Investment Pool	334	0.45%
THDG - Tacoma Housing Development Group	743,484	0.45%
Salishan 7 Operations	1,740,688	0.45%
Salishan 7 Security Deposit	27,700	0.45%
Salishan 7 Replacement Reserve	279,563	0.45%
Salishan 7 Operating Reserve	201,524	0.45%
Highland Crest Operations	453,708	0.45%
Highland Crest Replacement Reserve	208,790	0.45%
Highland Crest Security Deposit	41,096	0.45%
Outrigger Operations	237,192	0.45%
Outrigger Replacement Reserve	128,705	0.45%
Outrigger Security Deposit	27,502	0.45%
Prairie Oaks Operations	92,288	0.45%
Prairie Oaks Replacement Reserve	21,686	0.45%
Prairie Oaks Security Deposit	4,357	0.45%
Payroll Account	11,469	0.45%
<b>HOME STREET BANK</b>		
James Center North Operations	387,308	0.00%
James Center North Security Deposit	59,430	0.00%
<b>WASHINGTON STATE</b>		
Investment Pool	\$ 100	2.23%
<b>1. TOTAL THA CASH BALANCE</b>	<b>\$ 20,799,484</b>	
Less:		
<b>2. Total MTW Cash Balance</b>	<b>\$ 726,000</b>	
<i>Less Minimum Operating Reserves</i>		
2.01 Public Housing AMP Reserves (4 months Operating Exp.)		
2.02 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.09 Less Total Minimum Operating Reserves	\$ 726,000	
<b>2.1. MTW Cash Available (Lines 2-2.09)</b>	<b>\$ -</b>	
<b>3. MTW Cash Held By HUD</b>	<b>\$ 623,254</b>	

# TACOMA HOUSING AUTHORITY

## CASH POSITION - February, 2019

<b>4. Non MTW Cash Restrictions/Obligations</b>					
<i>4.1 Non MTW Operational Restrictions</i>					
4.10 HUD Restricted - Lot and Property Sales				\$	8,540,312
4.101 Area 2B Sales Proceeds (Afford Hsg)		3,449,393			
4.102 Scattered Sites Proceeds (Afford Hsg)		5,090,919			
4.20 THA Property Accounts Reserved				\$	2,247,729
4.201 Security Deposit Accounts		163,105			
4.202 Highland Crest Operations Reserves		320,000			
4.203 Highland Crest Replacement Reserves		208,790			
4.204 James Center North Operations Reserves		230,000			
4.205 James Center North Capital		274,880			
4.206 Outrigger Operations Reserve		150,000			
4.207 Outrigger Replacement Reserves		128,705			
4.208 Prairie Oaks Operations Reserves		77,000			
4.209 Prairie Oaks Replacement Reserves		61,686			
4.210 Salishan 7 Operations Reserves		354,000			
4.211 Salishan 7 Replacement Reserves		279,563			
4.30 Rental Assistance Reserves				\$	345,587
4.301 Mod Rehab Operating Reserves		74,854			
4.302 VASH, FUP & NED HAP Reserves		110,810			
4.303 FSS Escrows		159,923			
4.40 Prepaid Grants				\$	813,048
4.401 Gates Foundation		69,564			
4.402 THDG		743,484			
4.50 BFIM Buyout LOC Collateral-Potential Tax Credit Loss				\$	2,500,000
<b>4.60 Total - Non MTW Cash Restrictions (4.10+4.20+4.30+4.40+4.50)</b>				<b>\$</b>	<b>14,446,676</b>
<b>4.70 Agency Contracted or Budgeted Commitments Remaining</b>				<b>\$</b>	<b>-</b>
		-			
		-			
<b>4.99 Total Non MTW Cash Restrictions/Obligations (Lines 4.60+4.70)</b>				<b>\$</b>	<b>14,446,676</b>
<b>5. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-4.99)</b>				<b>\$</b>	<b>5,626,808</b>
<b>6. Development Payments - Project Reimbursement upon closing</b>				<b>\$</b>	<b>1,018,780</b>
6.01 Arlington Crisis Residential Center		133,641			
6.02 Arlington Youth Housing		464,993			
6.03 Court F LLLP (1800 Block)		420,146			



**TACOMA HOUSING AUTHORITY**

**ADMINISTRATIVE SERVICES**



# TACOMA HOUSING AUTHORITY

**DATE:** March 27, 2019

**TO:** THA Board of Commissioners

**FROM:** Sandy Burgess  
Director of Administrative Services

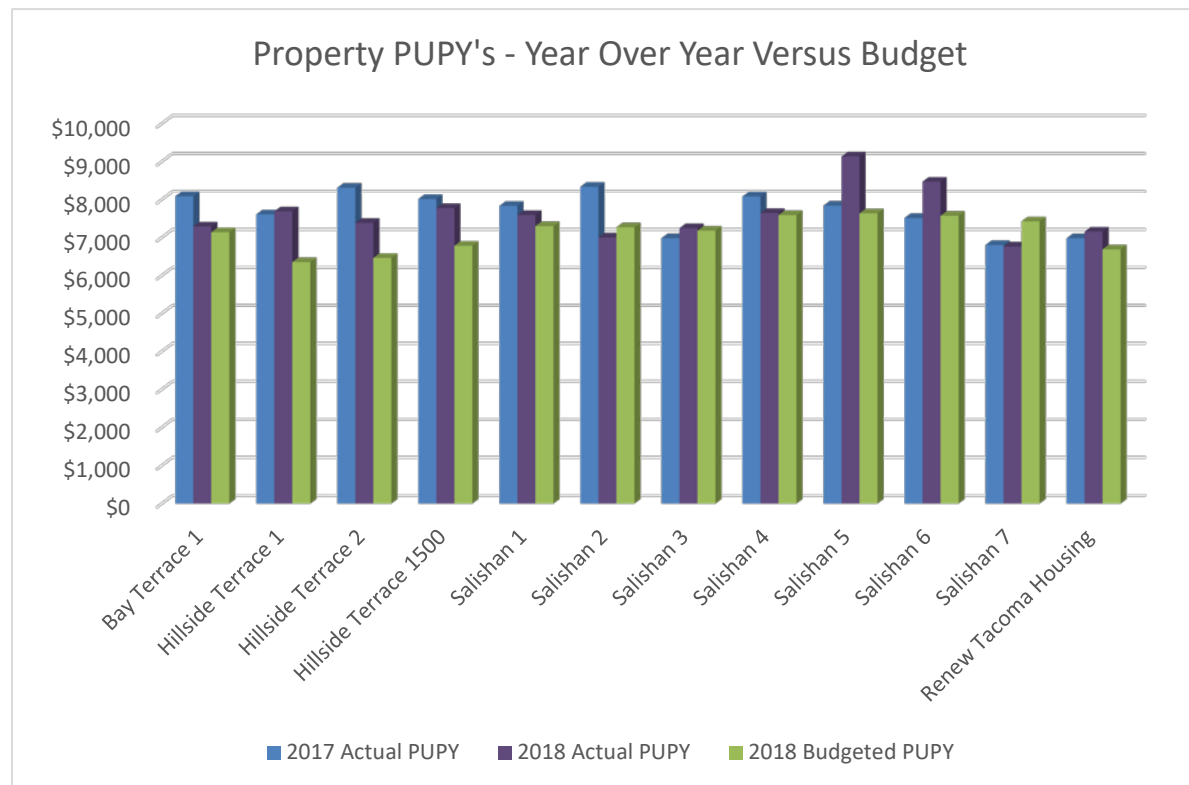
**RE:** Administrative Services Department Monthly Board Report

## 1. ASSET MANAGEMENT UPDATE – Property Financial Overview – Close of 2018

**Chart 1:** Shows a year over year comparison of the per unit per year (PUPY) actual expenses for 2017 in relation to the actual cost per unit based on expenses at the close of the 2018. Chart 1 also compares the 2018 year end actual PUPY costs with the per unit budgeted expenses for 2018.

- **Table 1.A:** Depicts the information in numerical terms. The largest increase between 2017 and 2018 is at Salishan 5, where expenses per unit are projected to be \$1,296 more per unit in 2018 than 2017.
- **Table 1.A:** In general, for the majority of the properties (7 of 13) managed by THA, the PUPY for 2018 has decreased from the 2017.
- Staff have instituted monthly meetings attended by finance, asset management, and property management to review monthly financial information for each property. Income and expenses for each property are reviewed and discussed at length. Staff have taken a deep and detailed review of expenses on buildings that are not meeting their performance expectations to see what can be done to mitigate costs without compromising the property operations.
- **Table 1.A and 1.B:** Eleven buildings exceeded their budgeted expenses by year end 2018. The buildings are Bay Terrace 1, Hillside Terrace 1/2/1500, Salishan 1/3/4/5/6, Renew Tacoma and Prairie Oaks. There are many factors impacting expenses, including unbudgeted “hot spot” security when needed, unit turn costs, fixed costs such as Salishan Association dues, etc. Finance, Property Management and Asset Management are meeting regularly to monitor costs and make adjustments to operations when possible to control costs. On the positive side, Salishan 1/3/4/6 and Renew Tacoma are producing positive cash flow.
- **Table 1.B:** Outrigger and Highland Crest are consistently out performing budget, and keeping expenses down.
- Across the portfolio the **average** PUPY is \$7375.

**Chart 1**



**Table 1.A**

Property	2017 Actual PUPY	2018 Actual PUPY	2018 Budgeted PUPY
Bay Terrace 1	\$8,086	\$7,290	\$7,138
Bay Terrace 2	\$3073*	\$6,490	\$6,701
Hillside Terrace 1	\$7,609	\$7,687	\$6,353
Hillside Terrace 2	\$8,311	\$7,384	\$6,464
Hillside Terrace 1500	\$8,015	\$7,776	\$6,783
Salishan 1	\$7,832	\$7,591	\$7,300
Salishan 2	\$8,337	\$6,999	\$7,269
Salishan 3	\$6,982	\$7,245	\$7,181
Salishan 4	\$8,080	\$7,647	\$7,589
Salishan 5	\$7,840	\$9,136	\$7,636
Salishan 6	\$7,515	\$8,470	\$7,572
Salishan 7	\$6,804	\$6,762	\$7,426
Renew Tacoma Housing	\$6,980	\$7,156	\$6,689

\*Does not represent a full year of operations.

**Table 1.B**

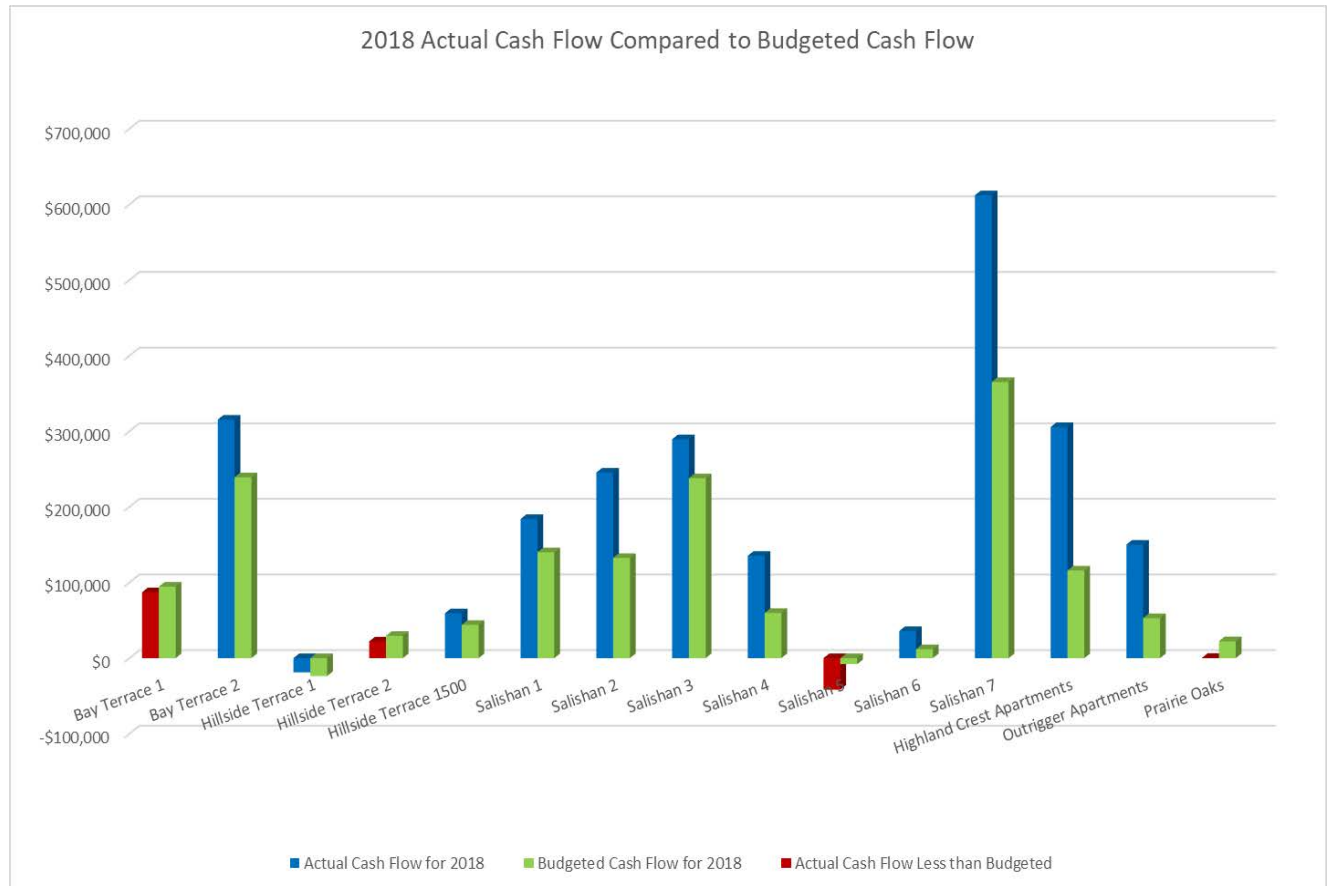
Property	2018 Actual PUPY	2018 Budgeted PUPY
Highland Crest Apartments	\$4,630	\$6,179
Outrigger Apartments	\$5,057	\$5,414
Prairie Oaks	\$10,672	\$7,778



**Chart 2 and Table 2** represents the budgeted cash flow as compared to the actual cash flow at the close of 2018.

- **Chart 2:** There are five properties that are experiencing cash shortfalls from projected cash flows. There are two properties that are actually running a negative cash balance which are Hillside 1 and Salishan 5.

**Chart 2**



<b>Table 2</b>	<b>Actual Cash Flow for 2018</b>	<b>Budgeted Cash Flow for 2018</b>	<b>Difference Between Actual and Budgeted</b>
<b>Property</b>			
<b>Bay Terrace 1</b>	\$87,198	\$94,598	(\$7,400)
<b>Bay Terrace 2</b>	\$315,457	\$239,115	\$76,342
<b>Hillside Terrace 1</b>	(\$18,772)	(\$23,670)	\$4,898
<b>Hillside Terrace 2</b>	\$22,144	\$29,475	(\$7,331)
<b>Hillside Terrace 1500</b>	\$59,319	\$44,025	\$15,294
<b>Salishan 1</b>	\$184,122	\$140,040	\$44,082
<b>Salishan 2</b>	\$245,472	\$132,546	\$112,926
<b>Salishan 3</b>	\$289,464	\$237,910	\$51,554
<b>Salishan 4</b>	\$135,433	\$59,776	\$75,657
<b>Salishan 5</b>	(\$41,745)	(\$7,868)	(\$33,877)
<b>Salishan 6</b>	\$35,810	\$11,847	\$23,963
<b>Salishan 7</b>	\$612,174	\$365,155	\$247,019
<b>Renew Tacoma Housing</b>	\$610,307	\$1,667,062	(\$1,056,755)
<b>Highland Crest Apartments</b>	\$305,631	\$115,897	\$189,734
<b>Outrigger Apartments</b>	\$150,055	\$53,023	\$97,032
<b>Prairie Oaks</b>	\$465	\$22,378	(\$21,913)

## 2. RISK MANAGEMENT

### 2.1 Risk Management Workshops and Training

Three risk reduction workshops were held and 75 staff attended. The trainings held were:

- **Mental Health First Aid Certification.** This was sponsored by CHI Franciscan. The 8-hour course provided mental health literacy and strategies for safety, support, and de-escalation. Twenty-six (26) staff members received their certification.
- **Elevator outages and Preventative Maintenance.** This was led by THA's elevator vendor. Twenty-four (24) members of our maintenance staff attended.
- **Trauma Informed Care.** This is a pilot workshop put on by THA's Director of Community Success and Empowerment, Cacey Hanauer. Twenty-five (25) staff attended this workshop that focused on trauma's effect on behavior and empathic perspectives for servicing our tenants.
- **Online Training Platform.** On March 20, an online training platform will be launched for the maintenance department in collaboration with the facilities manager. This platform will increase compliance, and timely, cost-efficient access to regulatory trainings. Staff can complete Occupational Safety and Health Administration (OSHA) required trainings on this platform from any mobile device. THA custom courses

are housed on the platform as well as training records. The risk manager designed several course portfolios for maintenance in close consultation with the facilities manager and human resources. One course portfolio is for new hires in maintenance. Another portfolio is a bundle of annually required trainings for maintenance staff. Assignments are scheduled through 2020. Users will be automatically prompted to renew when credentials expire. The cost of this program is sponsored by Alliant, our insurance broker, in support of our safety and property protection programs. Finally, this platform will be available for other THA departments if they want to use it.

## 2.2 Security Update

Risk Management procured a security contract for the West Portfolio in February with Pierce County Security. Monthly “hot spot” meetings have been established. Client Support and Empowerment, and Community Liaison Officers are working together with Risk and Property Management and Pierce County Security to mitigate security risks through patrols, lease enforcement and client support.

Safety and Security: We began an agency-wide conversation about safety in November. A group of about 15 staff have been hard at work to begin formalizing a response and ongoing avenues for THA to focus on client and staff safety and security. Here are a few notes about what we’ve been up to on this front, and there will certainly be more to come as this work matures and progresses.

- **Monthly Incident Report Group meetings (IRG).** A group of the front line, management, and cabinet level staff have begun meeting monthly to review incident reports, trends regarding staff and client safety and incident reporting processes and procedures. This group is a place where folks from different disciplines can all think collectively about how to best approach and respond to unsafe situations. It’s also a good opportunity for us to think about how to best support staff when there are incidents.
- **Safety and Security Task Force (SSTF).** The SSTF is at work addressing 40 safety and security suggestions from the all-staff meeting in November. Every department is represented on the SSTF allowing a 360 degree perspective. The group noticed that topics had four themes: communication, security, tenants/leases, and technical tasks. SSTF believes that communication is at the heart of many suggestions and so they will address communication topics first. Some of the 40 topics are completed. The SSTF will work with departments, directors, and cabinets to address the rest. The SSTF plans to meet twice per month, until work is completed.

## 2.3 Insurance Claims Report

### THA's INSURANCE CLAIMS REPORT 2019 YTD

March 13, 2019

	FIRE		WATER		AUTO		BODILY INJURY		PROPERTY - MISC		Annual Total Claims	Annual Insurance Payout
	Number	Ins Payout	Number	Ins Payout	Number	Ins Payout	Number	Ins Payout	Number	Ins Payout	Number	Ins Payout
2014	2	\$ 145,930	3	\$ 37,171	2	\$ 865	0		0		7	\$ 183,966
2015	1	\$ 60,709	8	\$ 154,615	4	\$ 2,566	2	\$ 3,154	3	\$ 32,995	18	\$ 254,039
2016	4	\$ 434,500	2	\$ 12,368	4	\$ 32,051	0		4	\$ 45,550	14	\$ 524,469
2017	6	\$ 311,996	1	\$ 32,508	0	\$ -	1	\$ 6,284	1	\$ 26,297	9	\$ 377,085
2018	3	\$ 79,418	5	\$ 219,891	2	\$ 2,568	0		3	\$ 1,978	13	\$ 303,855
2019 YTD	0		0		2	\$ 910	0		0		2	\$ 910
Totals	16	1,032,553	19	456,553	14	38,960	3	9,438	11	106,820	63	1,644,324
*Does not include												
out of pocket expenses associated with loss												
claims that did not ultimately incur monetary losses												



**TACOMA HOUSING AUTHORITY**

**CLIENT SUPPORT  
& EMPOWERMENT**



# TACOMA HOUSING AUTHORITY

**DATE:** March 27, 2019

**TO:** THA Board of Commissioners

**FROM:** Cacey Hanauer  
Director of Client Support & Empowerment

**RE:** Client Support & Empowerment Department Monthly Board Report

## 1. STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

Tacoma Housing Authority (THA) will provide high quality housing, rental assistance and supportive services. Its supportive services will help people succeed as tenants, parents, students, wage earners and builders of assets who can live without assistance. It will focus this assistance to meet the greatest need.

## 2. DIRECTOR'S COMMENT

Client Support and Empowerment (CSE) is in the midst of a leadership team reorganization. With an increasing need to tell the story of the work this department does through data, CSE recently hired Kendra Peischel into the Data Manager role. In this reformed position, Kendra will take the lead on contract management, data quality assurance, evaluating outputs and outcomes, researching industry best practices, and will work with IT staff to increase the efficiency and capacity of our internal database to capture and easily report on contract outcomes. Kendra has been with THA since 2011 and has shown a tremendous dedication to data quality and best practices. Kendra has been Client Support and Empowerment's Open Door subject matter expert, regularly looking at data, pulling and fixing reports as folks need them. CSE is extremely lucky to have Kendra on this team, and especially lucky for her interest in this role. As Kendra's previous position is now technically vacant, CSE will be hiring a new program supervisor and we will transition Kendra's supervision duties to this new person once they start.

Client Support and Empowerment is hard at work bringing the Family Investment Center online as a Center for Strong Families, sponsored by the United Way of Pierce County. The Center for Strong Families model integrates financial coaching, employment coaching, and resource referral and provides those integrated services in one location. The goals are aimed at helping clients find living wage work, manage the money that they earn, and grow their earnings. Financial and employment coaching are different than "counseling" in that the work is individualized and continuous. For the last year, THA staff have been working closely with our partners at Sound Outreach on the Hilltop to get

that Center for Strong Families location up and running. In this partnership, THA clients are prioritized by Sound Outreach to receive financial coaching, career coaching, and resource referral. Now that the Sound Outreach location is up and running, THA is in the process of formalizing this same work at the Family Investment Center. On the day of the Board meeting, the United Way of Pierce County will highlight THA as a Center for Strong Families, starting and ending a tour for funders at the Family Investment Center.

### 3. CLIENT SUPPORT & EMPOWERMENT

#### 3.1 NUMBER OF PEOPLE AND HOUSEHOLDS SERVED

##### Program Entries, Exits, and Unduplicated Number of Households Served

February 2019	Program/ Caseload Entries this Month	Program/ Caseload Exits this Month	Number Served (Month)	Unduplicated Number Served (YTD)
Case Staffing (Eviction Prevention Services)	1	1	4	4
Family Self Sufficiency (FSS)	0	0	199	199
General Services	2	7	113	113
Hardship	0	0	0	0
Housing Opportunity Program (HOP) Case Management	11	2	37	37
Children's Savings Account (CSA) K-5th Grade	1	0	100	100
Children's Savings Account (CSA) 6th - 12th Grade	1	0	92	92
Tacoma Public Schools Housing Assistance Program (Whole Family Services)	2	2	4	4

February 2019	Program/ Caseload Entries this Month	Program/ Caseload Exits this Month	Number Served (Month)	Unduplicated Number Served (YTD)
Senior & Disabled	8	17	62	62
<b>DEPARTMENT TOTAL</b>	<b>26</b>	<b>29</b>	<b>611</b>	<b>611</b>

### 3.2 PROGRAM UPDATES

At the Client Support and Empowerment team meeting, staff regularly share success stories, helping ground the whole team in the point and purpose of the hard work done every day. Sharon Fletcher-Jackson, a case worker in the Family Self-Sufficiency program let the team know that she received an unsolicited letter of thanks from a client. Here is what that letter said:

*"How the FSS program has impacted my life since enrollment, I have was on the FSS program for roughly two years and three months. The FSS program helped me majorly; it made me push towards my goals to get off housing assistance. House [housing assistance] was there for my family and me when we really needed it but like all good things, they must end. When I finally met with Sharon and looked at what needed to happen for me to [be] successful, my first thought was "man this is going to take the entire time". However, that was not the case, with hard work and perseverance I was able to knock things off my to-do list one item at a time. I truly appreciate everything I have received from the FSS program. It has made me a better mom, wife and provider for my family."  
2/25/2019*

What this letter does not explain is that this client came into the program having just endured the loss of her young child. She was without a job, and without hope. In her time working with Sharon, she found gainful employment making approximately \$75k a year, coming off of all public benefits and housing assistance. She also found a renewed sense of purpose and hope in her life, which is perhaps the most important outcome.

Another Family Self-Sufficiency client who graduated from the program in March increased her annual income by \$23,000/year, improved her credit score by 51 points and earned \$5,100 in escrow that she will add to her savings for a down payment on a home.



Miranda Meier, a case worker working with Rental Assistance clients, helped a homeless wheelchair-bound client find housing, furniture for her housing and necessary household goods. Miranda and her client worked together to navigate a very difficult rental housing market to find her adequate housing. Once they found her a place to live, she was without access to basic necessities, such as kitchen supplies, furniture, and linens. Miranda worked with the Northwest Furniture Bank to accommodate the needs of this client, working with specialized transportation assistance through Need a Break to get this client to the furniture bank. She now has a fully furnished apartment, access to a new line of transportation, and a safe and stable place to call home.



**TACOMA HOUSING AUTHORITY**

**RENTAL ASSISTANCE**



# TACOMA HOUSING AUTHORITY

**DATE:** March, 27, 2019

**TO:** THA Board of Commissioners

**FROM:** Julie LaRocque  
Director of Rental Assistance

**RE:** Department Monthly Board Report

## 1. STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

Tacoma Housing Authority (THA) will provide high quality housing, rental assistance and supportive services. Its supportive services will help people succeed as tenants, parents, students, wage earners and builders of assets who can live without assistance. It will focus this assistance to meet the greatest need.

## 2. DIRECTOR'S COMMENT

Highland Flats has leased up a total of 21 units at the time of this report. The property is working on the next phase of the project and expects the next group of units to be ready for occupancy by April 2019.

The KOZ on Market property has leased 18 units since early January. As KOZ completes the leasing of the 52 units set aside for this program they will establish a waiting list for future vacancies. The lease up at KOZ on Market has been an amazingly smooth process and has exceeded our expectations regarding lease up time. We are in discussion with KOZ regarding a future partnership.

Staff are working to revise the Property Based Subsidy (PBS) Request for Proposal (RFP) and re-issue it by the end of March. The new RFP will include:

- An expansion of the types of housing eligible for the program. The program is currently limited to existing, vacant units. It will be expanded to include existing, occupied units and units in development;
- A limit on the amount of gross rent (rent + utilities) allowed under the contract. Gross rents will be limited to 110% of THA's payment standard;
- A provision allowing THA to negotiate additional contract terms related to academic progress on properties where the owner is partnering with a school in order to access the subsidy.

We anticipate much more interest in this program once the RFP has been re-issued.

Finally, the Landlord Engagement Specialist (LES) continues to work with our landlords regarding improving communication with THA and renters readiness for clients. The Landlord Advisory group meets monthly and discusses topics that impact THA and landlords. On February 1, 2019, new tenant

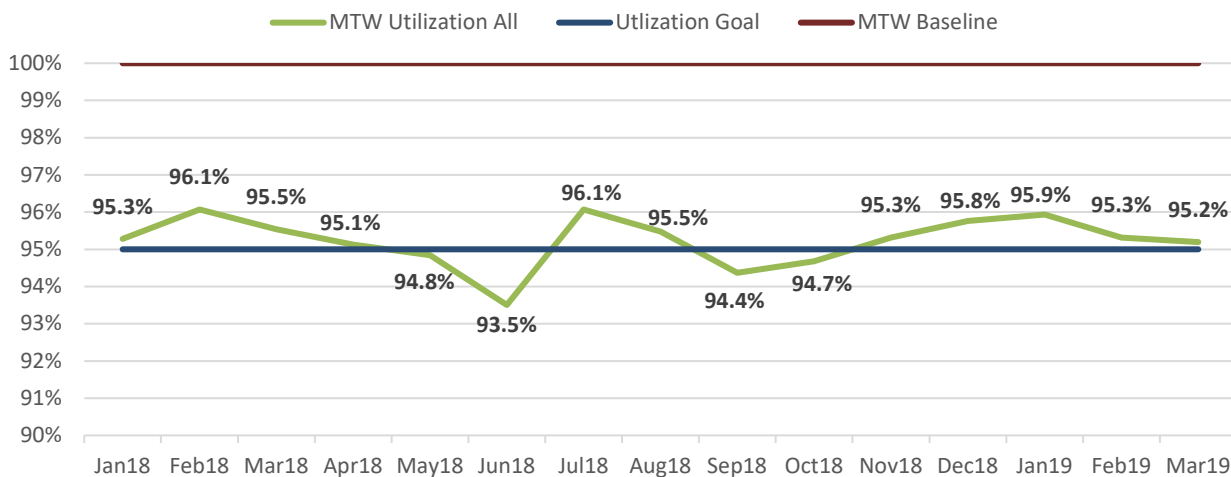
protections became effective in the City of Tacoma. This significantly increased the addition of materials provided to the tenant and increased the time landlords are required to give tenants regarding rent increases and notices to vacate. THA is fortunate to have very experienced landlords on the Landlord Advisory Board. They have been a great help to less experienced landlords comply with the new tenant protections.

### 3. RENTAL ASSISTANCE AND LEASING

#### 3.1 Overall Utilization Report

The overall Housing Choice Voucher utilization is reported at 95.2% for the month of March 2019. THA receives a report on utilization on a quarterly basis for Rapid Rehousing. As this information is reported, the utilization report is updated.

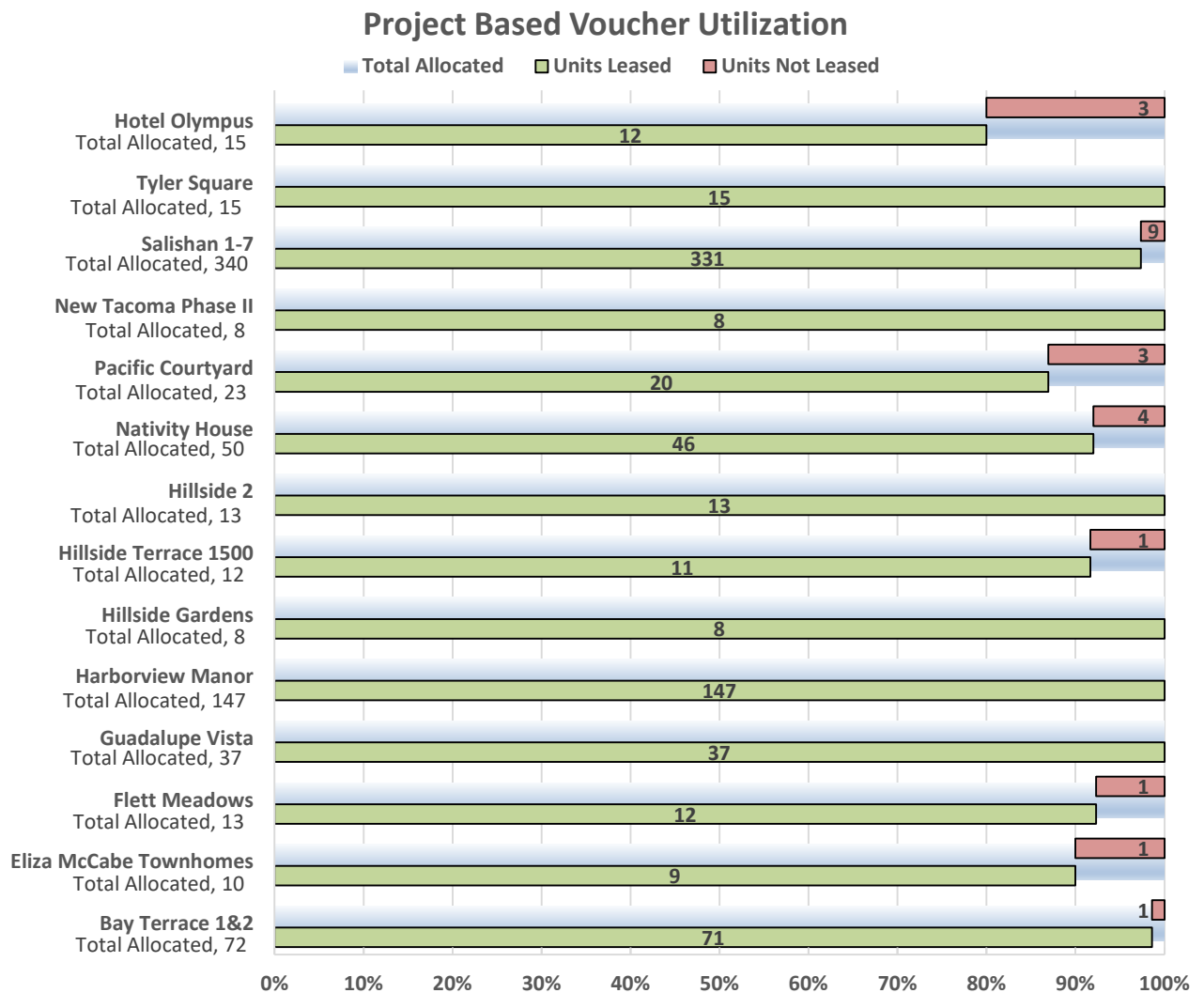
#### Overall MTW Utilization



#### 3.2 Project Based Voucher & Property Based Subsidy Report

The Housing Assistance Program (HAP) contract for the Rialto Apartments was mailed as this report was being drafted and should be signed by month's end. We will begin reporting on next month's report. The final contract lists all 52 units at this property to receive a project based subsidy. Currently, there are 33 units that will eventually be counted towards utilization, and as units are vacated, and subsequently re-occupied by eligible households, they will be added to this report.

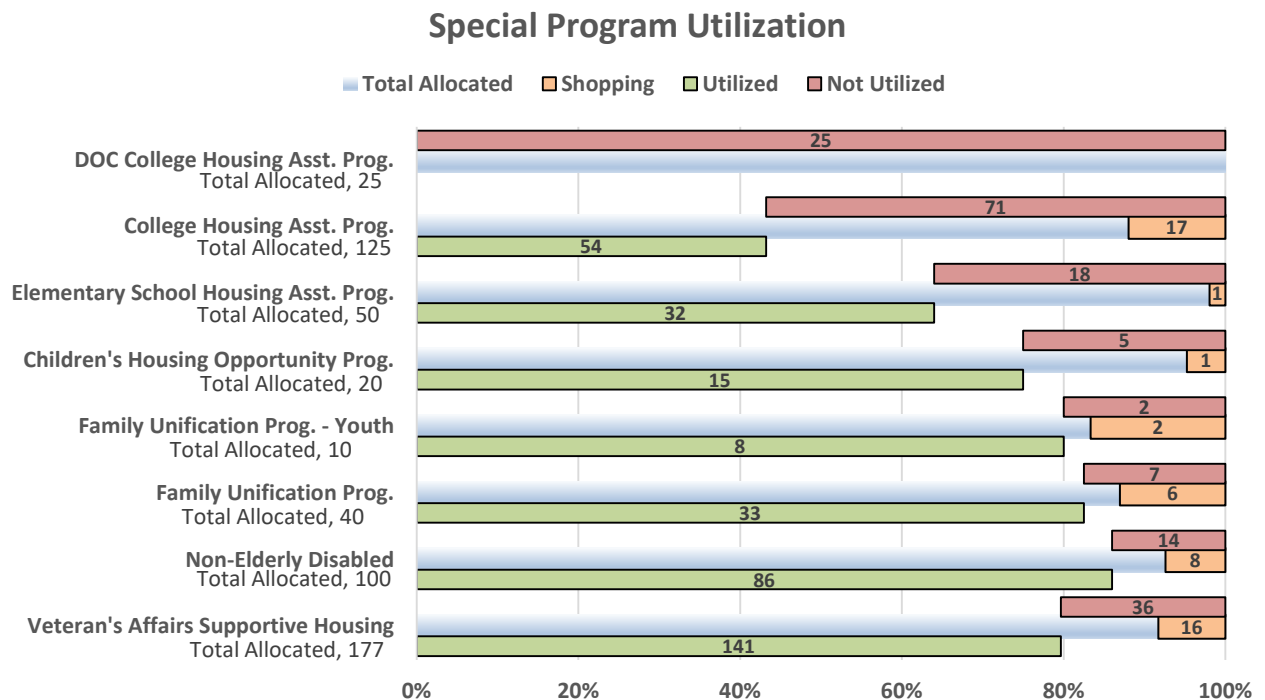
We continue to have meetings with all project based partners to review HAP contract requirements, discuss the turnaround time for referrals, and stress the importance of communication with THA. In addition, partner agencies are encouraged to ask questions of THA staff about policies and procedures for these subsidies. The meetings help to increase collaboration and ensure compliance with HAP contracts.



### 3.3 Special Program Report

Below is a breakdown on the utilization of THA's special programs. The chart below has been updated to include shoppers for each program. The Department of Corrections program with Tacoma Community College (TCC) has now been added as a separate bar. Currently this program is in the early stages and has not been utilized. This chart will be updated once the program begins.

Utilization continues to be a concern with the Veterans Affairs Supportive Housing (VASH) program and College Housing Assistance Program (CHAP). THA staff are in regular communication with staff from both the Veterans Affairs (VA) and TCC to try to support current participants and active shoppers. Five additional VASH tenant based vouchers were added to the VASH Annual Contributions Contract (ACC) effective March 1. We are hopeful that staffing increases at the VA will assist in housing more veterans, as well as increase THA's utilization for these vouchers.



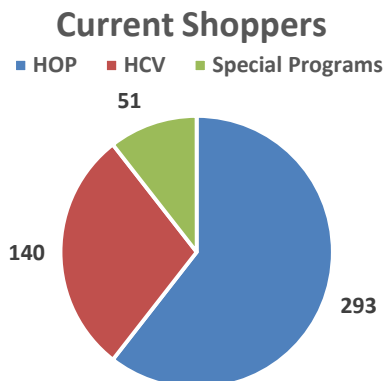
In 2018, THA applied for additional Family Unification Program (FUP) vouchers. THA was not awarded the additional vouchers and we suspect it was because of a persistently low utilization rate. As THA looks to serve more youth exiting foster care and children impacted by foster care, it is important that we try to secure more federal funds. To this end, we are focusing on utilization for this program. Despite THA staff asking for referrals during the past six months, DSHS staff struggled to send enough families for assistance, which has impacted the overall utilization for this program. THA staff has scheduled a meeting with the Department of Social and Health Services (DSHS) representatives who make referrals for FUP vouchers, and will address the underutilization and ways to improve this issue.

Concurrently, staff are looking at the underutilization of the Children's Housing Opportunity Program (CHOP). This is the THA-funded version of FUP. THA designed and funded this program with the assumption that FUP would be fully utilized and we would need to invest more resources into the child welfare system. Because of the challenges with FUP and companion underutilization of CHOP, we will spend the next few months working with the Pierce County Drug Court to see if we can connect these vouchers to that system and intervene with families that might be involved in the child welfare system.

### 3.4 Shopper Report

The chart provided below shows a breakdown of the number of current shoppers by program. A shopper is a client who has a voucher and is looking for a unit. At times, clients are housed during this process, but this does not occur in the majority of cases. The shoppers in the chart below include clients new to the program from the waiting list and clients moving from one unit to another.

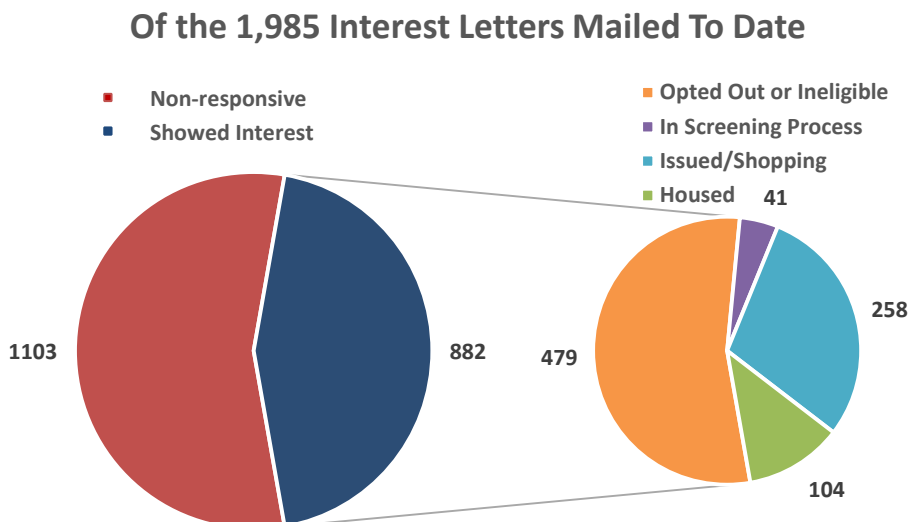
Currently, there are 484 total clients shopping.



### 3.5 Leasing Report

The charts below capture the efforts of Rental Assistance staff to issue subsidies since the time THA started offering the Housing Opportunity Program (HOP) subsidy to applicants on the 2018 Consolidated Waitlist in March 2018.

The chart on the left details the 1,985 letters mailed since March 2018 that either received no return response or those who responded to the initial letters with interest. The chart on the right breaks out those who were interested in the HOP subsidy and shows their current status. The different categories show if they were ineligible or opted out after learning more about the program, if they are currently in the screening process to determine eligibility for the program, if they have a subsidy and are out shopping for a unit or, have been housed. This information ultimately details the number of contacts that are needed from start to finish in order to lease up a unit.



Approximately 52 HOP subsidies were issued in February. Currently there are 27 Requests for Tenancy Approvals being processed that should be added to the “Housed” total for next month’s report. The PIE team is almost ready with the new language for the interest letter that will hopefully increase the interest in the HOP subsidy, both with initial response and with retention after the subsidy is issued.



**TACOMA HOUSING AUTHORITY**

**PROPERTY MANAGEMENT**





# TACOMA HOUSING AUTHORITY

**Date:** March 27, 2019

**To:** THA Board of Commissioners

**From:** Frankie Johnson  
Director of Property Management

**Re:** Property Management Monthly Board Report

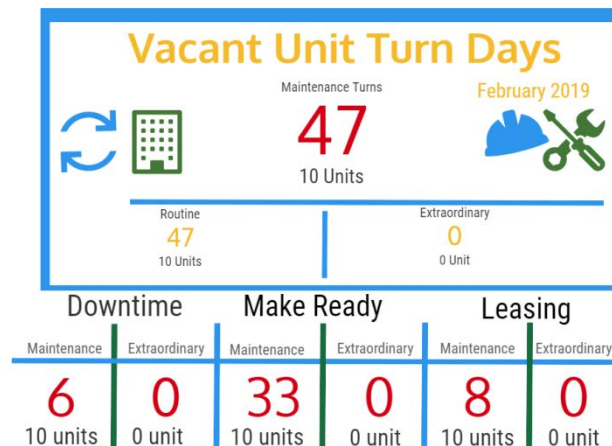
## 1. OCCUPANCY OVERVIEW

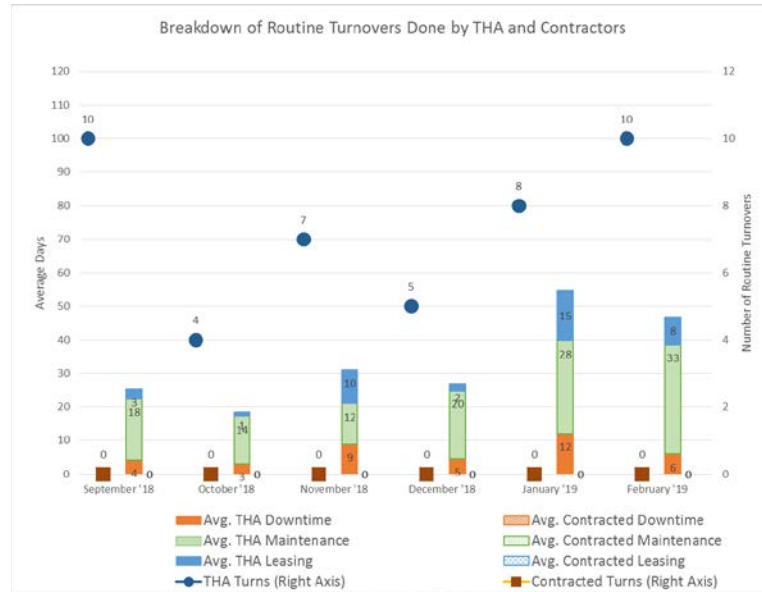
### 1.1 Occupancy

PROPERTY	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MONTH OCCUPIED	% YTD OCCUPIED
All Hillside/Bay Terrace	206	1	0	205	98%	99%
Family Properties	118	1	0	117	98%	99%
Salishan	631	14	0	617	98%	99%
Senior/Disabled	353	2		351	98%	99%
All Total	1,308	18	0	1,290	99%	99%

Unit Occupancy is reported for the first day of the month. This data is for the month of February 2019. The chart above reflects Tacoma Housing Authority's (THA) current portfolio of 1,308.

### 1.2 Vacant Unit Turn Status





6-months - based on month and year selected from orange cell

		All THA Turnover Information						
Year	Month	Total Number of Turns	Total THA Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2019	February	10	10	0	46.7	6.0	32.6	8.1
2019	January	8	8	0	54.8	12.1	27.6	15.0
2018	December	5	5	0	26.8	4.6	20.2	2.0
2018	November	7	7	0	31.0	8.9	12.1	10.0
2018	October	4	4	0	18.5	3.0	14.3	1.3
2018	September	11	11	0	26.4	4.7	18.8	2.8
		All Contracted Turnover Information						
Year	Month	Total Number of Turns	Contracted Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2019	February	10	0	0	0.0	0.0	0.0	0.0
2019	January	8	0	0	0.0	0.0	0.0	0.0
2018	December	5	0	0	0.0	0.0	0.0	0.0
2018	November	7	0	0	0.0	0.0	0.0	0.0
2018	October	4	0	0	0.0	0.0	0.0	0.0
2018	September	11	0	0	0.0	0.0	0.0	0.0

The average unit turn time for the month of February was 47 days. This turn time included work on ten (10) turns, by Tacoma Housing Authority (THA) staff.

**Routine** - units with repairs that fall under the category of normal wear and tear that can be repaired within 5-20 days.

**Unusual** - units with special circumstances, such as transfers, pest control, temporary hotel holds, moves relating to a Reasonable Accommodation, and units with heavy damage as a result of the tenancy, including meth, extensive damage and casualty loss that cannot be repaired in less than 30 days

**Routine Unit Turns extending beyond 20 days:**

All units turned for the month of February rolled over from December and January. These turns began in months with a number of holidays and vacation time, leading to fewer available work hours to complete maintenance and leasing tasks.

In addition to leave time, weather presented additional challenges for turn time, resulting agency closure due to snow for several days.

Even with the loss of leave time, our average turn time decreased from the previous month of 55 days, despite an increase in unit turns.

**Proposed Changes for Improvement in Unit Turn Times:**

- **Downtime** - Start the unit turn process within 1 day of vacancy. Reduce downtime to 1 day.
- **Repair make ready**
  - ✓ Increase inspections to deter heavy damage at move out.
  - ✓ Provide Gantt charts for each unit turn, complete with cost to track PUPY expense
  - ✓ Conduct Pre-Move Out walks 1 – 10 days prior to vacate to assess scope of work needed
- **Leasing**
  - ✓ Prescreen to identify ready applicants.
  - ✓ Create an applicant READY LIST by bedroom size

**Proposed**

<b>Downtime</b>	<b>Repair Make ready</b>	<b>Vacant</b>	<b>Total days</b>
1	17	2	20

## 1.4 Work Orders

### Completed WO's by Priority For Month Ending February 2019

Property Name	Priority			Grand Total
	Routine	Urgent	Emergency	
6th Ave Apartments	9		1	10
Bay Terrace Phase One	24	3		27
Bay Terrace Phase Two	16		1	17
E.B. Wilson	12			12
Fawcett Apartments	6			6
Hillside Terrace 1500 Block	6	1		7
Hillside Terrace Ph 1	13			13
Hillside Terrace Ph II	8	1		9
North G St	4			4
North K St	10	1		11
Salishan One	1			1
Salishan Six	1			1
THA-6th Ave Apts.	1			1
Wright Ave	8	1		9
<b>Grand Total</b>	119	7	2	128

**Open Work Orders by Priority  
For Month ending February 2019**

Property Name	Priority			Grand Total
	Routine	Urgent	Emergency	
6th Ave Apartments	25	1	2	<b>28</b>
Bay Terrace Phase One	9	0	0	<b>9</b>
Bay Terrace Phase Two	10	0	0	<b>10</b>
Bergerson Terrace	8	0	0	<b>8</b>
Dixon Village	1	0	0	<b>1</b>
E.B. Wilson	2	0	0	<b>2</b>
Fawcett Apartments	1	0	0	<b>1</b>
Hillside Terrace 1500 Block	19	0	0	<b>19</b>
Hillside Terrace Ph 1	2	0	0	<b>2</b>
Hillside Terrace Ph II	3	1	0	<b>4</b>
Ludwig Apartments	24	1	0	<b>25</b>
North G St	1	1	0	<b>2</b>
North K St	2	0	0	<b>2</b>
Salishan Five	43	1	1	<b>45</b>
Salishan Four	83	0	0	<b>83</b>
Salishan One	86	0	3	<b>89</b>
Salishan Seven	63	1	8	<b>72</b>
Salishan Six	15	0	0	<b>15</b>
Salishan Three	7	0	0	<b>7</b>
Salishan Two	62	0	1	<b>63</b>
THA-Bergerson Terrace	2	0	0	<b>2</b>
THA-Fawcett	2	0	0	<b>2</b>
THA-Ludwig Apts.	1	0	0	<b>1</b>
Wright Ave	33	1	0	<b>34</b>
<b>Grand Total</b>	<b>504</b>	<b>7</b>	<b>15</b>	<b>526</b>

In the month of February, 100% of emergency work orders were completed within 24 hours; maintenance staff completed 336 for the calendar year. The year-to-date average number of days to complete a non-emergency work orders is 12 days. Property Management (PM) continues to bring down the number of outstanding work orders and improve customer service.

During the January board meeting, Commissioner Rumbaugh requested a breakdown of the time to complete work orders. A chart was provided in the February 2019 report. The chart will be reported quarterly. In the April 2019 PM Board Report we will show a comparison of the 1<sup>st</sup> quarter and the 2<sup>nd</sup> quarter by comparison.

**Processes that PM has implemented to improve customer service are as follows:**

- Make every attempt to address routine work orders within five (5) days. When this is not possible, contact the tenant and provide them an alternate date that they may expect service;
- Improve communication with the tenants when services will be delayed and/or when procurement is needed to service the request; and,
- Close work orders within 48 hours of completion.

## **1.5 New Business**

### **REAC Inspections**

REAC inspections were conducted for Hillside Terrace, Salishan I, Salishan II, and Salishan III during the month of February. We have received passing scores for the following:

- |                    |          |
|--------------------|----------|
| • Hillside Terrace | Score 86 |
| • Salishan_I       | Score 82 |
| • Salishan IV      | Score 97 |

The score for Salishan III has not yet been released. We believe this to be attributed to a score of 20 points or higher from the previous year's score (as we experienced in 2018), which may result in a Quality Control (QC) inspection. If this is correct, the results will be released after the QC inspection. We are waiting to hear from Housing and Urban Development (HUD).



**TACOMA HOUSING AUTHORITY**

**REAL ESTATE DEVELOPMENT**



# TACOMA HOUSING AUTHORITY

**DATE:** March 27, 2019

**TO:** THA Board of Commissioners

**FROM:** Kathy McCormick  
Director of Real Estate Development

**RE:** Real Estate Development Department Monthly Board Report

## 1. SALISHAN/HOPE VI

### 1.1 Phase II Construction

#### **Area 2A, Community Core Development**

Staff continue to explore options and partnerships to complete the Salishan Core. While Bates is interested in an Eastside presence, they are undertaking several large capital projects at this time. Because their funding is linked to the State, Bates doesn't believe it would be able to raise the capital dollars needed to pay for a building.

### 1.2 Sale of Salishan Lots

Tacoma Housing Authority (THA) received an offer from TAC Build LLC to purchase the 7 lots designated for market rate rental units. TAC Build LLC is owned by Michael Hopkins, local Master of Built Environment (MBE) firm. THA and TAC Build LLC have signed a Purchase and Sale Agreement. The disposition request has been submitted to Housing and Urban Development (HUD). Staff have received preliminary comments and are working through the issues raised by HUD. An updated Environmental Review is needed by the City. In order to expedite the Environmental Assessment (EA), THA hired a third party consultant to conduct the EA for this project as well as the disposition for Arlington and 1800 Hillside. The Environmental Assessment process should be complete by early May; closing should follow shortly thereafter. Once the EA date for this transaction has been confirmed a new closing schedule will be established.

## 2. NEW DEVELOPMENT

### 2.1 1800 Hillside Terrace Redevelopment

#### **Scope**

The redevelopment of 1800 Hillside Terrace will incorporate a single building with 4-stories of affordable housing. The housing units are programmed as one and two-bedroom units serving individuals and small families earning less than 60% of Area



Median Income (AMI) with 50% of the units @ 30% AMI, 25% of the units @ 40% AMI and 25% of the units @ 60% AMI.

The number of units will be reduced from 70 to 64. This measure is proposed to limit the financing gap which will increase as construction costs continue to climb.

Revised Distribution by BR and Set Aside

	<b>1-BR</b>	<b>2-BR</b>	<b>TOTAL</b>
Low Income	24	14	38
Homeless	8	5	13
Disabled	8	5	13
<b>TOTAL</b>	<b>40</b>	<b>24</b>	<b>64</b>

A set-a-side of 20% of the units will serve individuals with disabilities and an additional 20% set-a-side will serve individuals and small families experiencing homelessness.

**Financing**

The total development cost is currently budgeted at \$22,570,000. The 2018 tax credit allocation of \$1,303,504 is projected to generate an estimated \$12,120,000 in equity. An award of \$1,800,000 from the Washington State Department of Commerce Housing Trust Fund has also been made. Boston Capital has been selected as the investor and Heritage Bank will provide both construction and permanent lending. The sponsor financing for this project will come from the proceeds of the sale of the public housing, single family homes. The board approved up to \$2M for this purpose.

On February 15, 2019, staff submitted a funding application to Tacoma Community Redevelopment Authority (TCRA) for \$227K in CDBG funds. These funds are to be specifically used for right-of-way work such as road, sidewalk and curb repairs.

**Procurement**

The Architectural and Engineering (A&E) procurement has been completed. SMR Architects entered into an agreement with THA in the amount of \$895,926 which is within the amount approved by the Board in May 2018.

Marpac will provide the General Contractor/Construction Manager (GC/CM) services for this project.

**Architecture**

SMR Architects has completed design development and issued the permit application on March 5, 2019. Marpac Construction completed their second cost estimate. The site and building cost estimate was \$15.5M which was over the projected budget. SMR Architects are continuing to make refinements to the design, including reducing the overall square footage.

### **3. OTHER PROJECTS**

#### **3.1 James Center North**

##### **3.1.1 Background**

THA purchased James Center North because it offers a unique opportunity to acquire a property that is attractive to public and private developers. It is positioned to be redeveloped to provide both market rate and affordable rental housing in a mixed-use setting that is adjacent to a transit center and within walking distance of grocery stores, parks and Tacoma Community College (TCC).

##### **3.1.2 Capital Improvements**

Minor capital repairs will be completed on an as needed basis to keep the property functioning. The goal is to limit the capital investment into the buildings prior to redevelopment.

##### **3.1.3 Leasing**

CB Danforth continues to market the available property and provide tours to prospective tenants. Month-to-month leases are being renegotiated with tenants to extend for two to three years at market rents to stabilize cash flow and allow for THA flexibility to redevelop. Listing Brokers are generating interest for the remaining vacant spaces and numerous prospective tenants have toured the space. The empty store front along Mildred is being used as a field office for outreach and planning meetings for this project. Interest in the space from potential tenants has increased since the façade was improved. The property is now 84% leased.

##### **3.1.4 Predevelopment**

Community outreach includes targeted stakeholder interviews, maintaining an advisory group and conducting open house meetings for those interested in the project. The Ankrom Moisan team is continuing to meet and survey potential redevelopment partners. Initial estimates and phasing options have been drafted. Budget assumptions are being reviewed by THA staff and additional development information is being gathered by consultants.

The last Advisory Committee meeting and open house was held March 7, 2019. Site design options were narrowed to one scenario. Additional feedback on design, programming details and possible property name were requested from the advisory group and the community. Feedback is being compiled and will be included in the final report.

Enterprise Community Partners chose James Center North as one of the projects to be included in the 2018 Affordable Housing Design Leadership Institute. In addition to educational webinars, the Institute convening provided

feedback from designers across the country regarding design options related to the James Center North redevelopment master plan. One of the recommendations from the institute was to increase the value and attractiveness of the property through creative place making. THA staff solicited a plan for an innovative site activation strategy and are currently exploring options. Additional information will be provided as decisions are made for this innovative placemaking process.

Representatives from Fircrest and University Place are participating in the Advisory Committee. Their participation is important as both communities are within one-mile of James Center. These communities are evaluating redevelopment options and want to be sure planning efforts are coordinated. TCC leadership is also participating in the planning process.

Planning will continue over the next 2 months and will conclude with development phasing recommendations, financial analysis, a summary of community input and design options.

### **3.1.5 Operating Performance**

Property cash flow is steady and work orders are minimal. Previously identified capital improvement repair items are being addressed regularly. Repair costs are consistent with feasibility estimates. A 2019 budget has been submitted by property management and Common Area Maintenance (CAM) costs will be calculated and charged to tenants.

## **3.2 Public Housing Scattered Sites**

Former Public Housing Scattered Site homes are being rehabilitated and sold at market value. To achieve affordability for households earning 50% to 80% of the Area Median Income (AMI), THA will place a restrictive covenant on the property for the difference between market value and the effective sales price. The effective sales price is what a buyer earning 50% to 80% of the AMI can afford. The value of the difference between the market value and effective sales price will be captured in the restrictive covenant in the form of a forgivable loan of which 20% of the loan value will be forgiven every year.

**3.2.1** Two homes have been purchased by residents of public housing. One of these buyers was a priority 1 buyer.

**3.2.2** The following chart shows the number of units sold, listed, sold price and net proceeds.

Units Sold	Combined Market Value	Combined Sold Price	Combined Rehab Costs	Total Sales Costs	Net Proceeds
29	\$6,288,869	\$6,288,869	\$813,272	\$1,197,302	\$4,278,295
Units Listed	Market Value	List Price	Rehab Costs	Sales Costs Estimated	Projected Proceeds
4	\$973,000	\$973,000	\$174,576	\$140,000	\$658,424
Units in Construction	Scope Preparation	Occupied			
0	0	1			

**3.2.3** Rehabilitation Work on Scattered Site Units and Sold:

- All available houses have been listed and are on the market. Twenty-nine houses sold, 4 houses remain. Of the 4 remaining, we have received and accepted an offer on 5801 East Roosevelt and 3008 S 13<sup>th</sup>. 5801 East Roosevelt should close on March 30, 2019, and 3008 S 13<sup>th</sup> should close on April 10, 2019.
- Community Youth Services (CYS) is occupying 120 Bismark to temporarily house homeless youth. They are consistently at capacity. Staff have been asked to research selling this house to CYS for a permanent crisis residential center.

### **3.3 New Look (aka Alberta J. Canada) Capital Planning and Resyndication**

Construction is currently 99.9% complete. The remaining work is exterior sidewalk and ADA ramp installation at the alley approach.

THA is incurring additional cost due to delays reaching substantial completion by the end of December 2018. The project will lose tax credit equity plus other expenses, such as an increase in insurance premiums, lost commercial rents and excessive relocation cost.

To mediate THA's financial risk, staff gave notice to the contractor that THA intends to implement Liquidated Damages in the amount of \$3,000.00 per day from the original completion schedule of September 28, 2018. Contractually, THA can withhold these damages from subsequent contractor pay applications and retainage.

### **3.4 Arlington Drive Youth Campus**

The City of Tacoma allocated \$700,000 to the Tacoma Community Redevelopment Authority (TCRA) and \$300,000 in Community Development Block Grant (CDBG) funds and another \$800,000 was recently approved as part of the 2019-2020 budget. These funds are dedicated for the development of the Crisis Residential Center

(CRC). Pierce County is contributing \$250,000 from 2163 funds and another \$435,945 in CDBG funds is coming from Pierce County for the CRC.

The state legislature allocated \$4.29M to support the development of the Arlington Drive Youth Campus. THA has a request for an additional \$800,000 in capital funds that is under consideration in the State Legislature. Currently, staff expects to devote all of these funds to the rental housing component of the project.

SMR Architects has completed the master site planning and related preliminary work. A portion of the SMR work will be reimbursed as part of the City of Tacoma/Pierce County agreement for building the CRC and THA will fund the balance associated with the larger master planning process. THA will also develop a portion of the site for rental housing for homeless young adults ages 18-24. THA will fund this development with equity from a 9% Low-Income Housing Tax Credit allocation (LIHTC) and related sources. The design development is complete and an initial cost estimate for the project has been completed. SMR Architects issued the permit application on March 11, 2019.

The firm of BDS Planning and Urban Design was selected as the consultant for the community engagement and consultation effort. The seventh Community Advisory Committee meeting was held January 24th at the Family Investment Center (FIC). A meeting with the Dometop neighborhood was held on February 13<sup>th</sup>. This meeting was well attended and the response from the neighborhood was heartwarming. The first question asked was, “how can we volunteer?”

Korsmo Construction is the General Contractor for this project. Korsmo has provided initial bid estimates that are in alignment with the projected budget. Korsmo hosted a sub-contractor meeting on Valentine’s day. There were over 60 people in attendance, so we are hopeful to get strong bidding from sub-contractors for this project. It was evident that Korsmo has a good reputation among sub-contractors.

Boston Capital has been selected as the investor and Heritage Bank will provide both construction and permanent lending. Staff will present resolutions for the board’s consideration at the April meeting.

### **3.5 Colored Women’s Club**

THA and the Colored Women’s Club (CWC) have resumed conversations regarding the redevelopment of CWC’s property located at 2316 Yakima. CWC would like to create a mixed-use building that has new office space for them plus a social hall with a commercial kitchen and office space for other African American organizations on the first floor and residential units for seniors on floors 2-6. The parcel next to the CWC was recently sold. CWC has decided to talk with other groups about a potential partnership and development consulting. THA will provide advice during this time. THA presented CWC with a Development Services Agreement in December; staff is waiting for comments.

#### **4. DEVELOPMENT PIPELINE PROJECTS**

##### **4.1 Intergenerational Housing at Hillsdale Heights**

Continued work with Korean Women's Association (KWA) is on hold, pending a discussion with the Board Chair and Senior Advisor to the board. This decision was made due to the rapid change in KWA's Executive Director. As proposed, THA would act as the developer for the senior housing project. The option to sell the land to KWA has been executed; however, a development agreement was not signed, nor was a purchase and sale agreement. THA prepared another application to the Housing Trust Fund for KWA as part of the Housing Trust Fund bi-annual Request for Proposal (RFP) request.

##### **4.2 Hilltop Lofts and THA Owned Properties' Master Development Plan**

THA and the City extended the timeline by two years for THA to develop the Hilltop Lofts project. The Council approved the extension request at its November 3, 2015, meeting. The Quit Claim deed was recorded January 18, 2018. According to the covenants recorded the same day, financial feasibility needs to be determined by April 30, 2018, and permanent financing needs to be in place by June 1, 2020. Staff are reviewing financing options for this site and need to confer with the City regarding the timetable. Mithun Architects was selected to lead the design work for the four (4) THA owned, undeveloped parcels. The Board approved this at the September board meeting. The contract with Mithun was signed in November. THA is now managing the lease for the Mr. Mac store. Effective October 1, 2018, the new owner of the business is the Tacoma Ministerial Alliance (TMA). THA staff is working with TMA on a lease.

THA issued a Request for Qualifications (RFQ) for preconstruction and GC/CM services for the Hilltop parcels on October 15, 2018. The board passed a resolution in December awarding the contract to Walsh Construction. The negotiations with Walsh Construction took longer than expected but a contract is expected to be signed by mid-late March. The internal design kick-off occurred January 14 which was followed by an Undoing Institutional Racism training with the design team, community engagement specialists and some THA staff who are working on the project.

There are two layers of community engagement for this project. There are four (4) homework groups and three (3) design labs scheduled. The homework groups will review the findings from the 2016 Housing Hilltop process and look at macro level issues. Invitees include some neighborhood residents and those representing businesses, community organizations, and institutions in the Hilltop. The Design Labs will be larger community events where specific design elements will be addressed (i.e. the resident experience; exterior; community space). In addition, the community engagement specialist will be reaching out to traditionally under-

represented communities to gather their input. At the end of the process (early May) we will have concept plans for the four buildings and building program. In addition, we will have community-driven design standards for this part of the MLK corridor. Thus far two Homework Group meetings (2/13/19 & 3/6/19) and one Design Lab (3/13/19) has occurred. The community has been very engaged in the process.

#### **4.2.1 City of Tacoma 311 Mobilization**

RED continues to conduct outreach with community partners to adopt the City's 311 code enforcement hotline. Last October, in partnership with Tacoma Community House, we produced a Halloween Trunk-or-Treat for families and youth. Last November, Tacoma Tool Library brought their Fix-it Fair Event to Bay Terrace's community room, to help members of the public repair and recycle old household goods. We also brought 311 promotional materials to the Holiday Downtown Tacoma Market and the SeaMar Open Enrollment/Community Health Fair at Lincoln High School.

#### **4.2.2 Housing Hilltop**

THA has begun conversations with external partners for development of the THA parcels on the Hilltop. The Greater Tacoma Community Foundation (GTCF) continues to remain interested in being located on the Hilltop. They are participating in the Homework Group meetings. Conversations with other potential retail tenants have also started.

THA has also commenced conversations with external partners to develop a homeownership program to help those displaced, or at risk of being displaced to purchase homes at an affordable price and address some of the homes in need of rehabilitation.

THA held two workshops on developing a Community Land Trust. This conversation has grown out of the monthly meetings discussed in the previous paragraph. Executive Director of Homestead Community Land Trust, Kathleen Hosfeld, and OPAL Community Land Trust/Grounded Solutions' Julie Brunner have conducted the workshops. Attendees have included Habitat for Humanity, Rebuilding South Sound, Pierce County Housing Authority, Homeownership Center of Tacoma, Korean Women's Association, Sound Outreach, Hilltop Urban Gardens, Affordable Housing Consortium, Hilltop Action Coalition, Forterra, City of Tacoma staff and THA staff. Next steps are likely to include doing public meetings in the community, both in Tacoma and around the County, to educate people and to gauge interest.

THA staff is looking into establishing an Eco-District for the Hilltop. Eco-Districts provide a framework for realizing advanced sustainability through behavior change, building design and infrastructure improvements as well as create goals for equity, resilience and climate protection. It would create a framework and measurement tool for our community development work on the Hilltop. Staff attended the EcoDistrict Summit in Minneapolis in October

to learn more about EcoDistricts. Three staff and three members of HAC attended an EcoDistrict Foundations Course on November 7. This group of people met January 10, February 25 and March 11 to discuss next steps and to envision what an Eco District on the Hilltop might look like. This group will continue to meet to determine some general boundaries and concepts of what this might look like before bringing it to a larger community meeting to discuss and get buy-in from the community at large.

## **5. Renew Tacoma Housing, LLLP**

Staff continue to work through the key remaining task to satisfy the final requirements identified by the Department of Ecology (DOE) in their recently-released *No Further Action Likely* (NFA-likely) letters for K and Wright Streets. The NFA-likely letters identify the final conditions under which DOE will issue the NFA letters.

In addition, staff have been working with what appears to be a receptive lender and investor for a contingency plan to both convert its construction loan to a permanent loan and release the majority of the final equity funds prior to completion of the building alterations at Wright and K Streets.

### **5.1 Watch list**

#### ***Environmental***

K Street and Wright Street's NFA-likely letters state the requirements to issue the final NFA letters are to file the Environmental Restrictive Covenants, long-term monitoring and physical alterations to the buildings to increase air circulation.

A contractor to perform the alterations to the buildings is anticipated to be selected this month with work to immediately follow. It is anticipated that the work will be complete by early-May.

Wright Street's Environmental Restrictive Covenant will encumber a portion of the adjacent property. THA is in negotiation with the owner to compensate them for the loss in value resulting from encumbering a portion of their property with the filing of the Environmental Restrictive Covenant.

THA staff made the decision that it will not pursue further legal action against Superior Linen. THA will continue to pursue grants that may reimburse some of the environmental cost.





**TACOMA HOUSING AUTHORITY**

**NEW BUSINESS**

# **Resolution 1**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2019-03-27 (1)

**Date:** March 27, 2019  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** Extension of Project Based Voucher Contract: Salishan Five

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*This resolution would extend the Project Based Voucher Housing Assistance Payments contract (PBV HAP) for Salishan Five, LLC's property Salishan Five for fifteen (15) years.*

### Background

Tacoma Housing Authority (THA) has subsidized Salishan Five, LLC's property Salishan Five through PBV assistance since April 6, 2009. The project currently provides PBV housing assistance to 45 units at this property. The original PBV HAP contract will expire on March 31, 2019. Without approval of a contract extension, the subsidized affordability in these units would be lost.

### Recommendation

Authorize an extension of THA's PBV HAP Contract with Salishan Five, LLC for fifteen (15) years. With this extension, THA will provide project-based housing assistance for 45 units at Salishan Five. All other terms of the original HAP Contract will remain in effect.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2019-03-27 (1)** **(Extension of Project Based Voucher Contract: Salishan Five)**

**WHEREAS**, THA has provided project based voucher assistance to Salishan Five, LLC's property Salishan Five since 2009; and

**WHEREAS**, Salishan Five provides housing for low-income families in the community; and

**WHEREAS**, A fifteen year extension will allow THA and Salishan Five to continue to provide housing assistance to low-income families in the community; and

**WHEREAS**, Failure to extend this contract would lead to a loss of affordable housing units; now, therefore, be it

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

The Board authorizes an extension of THA's PBV HAP Contract with Salishan Five, LLC for fifteen (15) years.

**Approved:    March 27, 2019**

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Dr. Minh-Anh Hodge, Chair

# **Resolution 2**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2019-03-27 (2)

**Date:** March 27, 2019  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** Adoption of Capitalization Policy

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*This resolution would authorize the adoption of the Capitalization Policy to comply with a Department of Housing and Urban Development (“HUD”) audit concern, as well as to document current Tacoma Housing Authority (THA) practice regarding capitalization of expenses and assets.*

### Background

In Accounting, Capitalization is when the costs to acquire an asset are expensed over the life of that asset rather than in the period it was incurred. It is a requirement of Housing and Urban Development (HUD) that every public housing authority has a policy for capitalization that complies with 2 CFR Part 200. This policy covers the capitalization of THA’s assets. A copy of the Policy is attached (Attachment A).

### Recommendation

Approve Resolution No.2019-03-27 (2).



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2019-03-27 (2)** **(Approval of Capitalization Policy)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

**WHEREAS**, The Housing Authority of the City of Tacoma (the “Authority”) is the recipient of Federal funding through various instruments issued by the Department of Housing and Urban Development (“HUD”); and

**WHEREAS**, HUD has adopted 2 CFR 200, which includes certain administrative requirements, cost principles, audit requirements, and requirements for procurements conducted by recipients of Federal funding; and

**WHEREAS**, Public Housing Authorities, including the Authority, are required to adopt policies that meet the requirements of 2 CFR §200; and

**WHEREAS**, Following an audit that HUD conducted between July 31 and August 4, 2017, HUD raised a concern about the lack of a capitalization policy; and

**WHEREAS**, A proposed Capitalization policy that satisfies and adopts the requirements of 2 CFR §200 is attached as Attachment A; now, therefore be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

1. The THA Capitalization Policy F-40 dated March 27, 2019, as provided in Attachment A, is hereby adopted by the Authority.
2. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: March 27, 2019**

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Dr. Minh-Anh Hodge, Chair

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2019-03-27 (2) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 27<sup>th</sup> day of March, 2019, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27<sup>th</sup> day of March, 2019.

HOUSING AUTHORITY OF THE CITY OF TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director





# TACOMA HOUSING AUTHORITY

<b>Policy No.</b>	F-40
<b>Policy</b>	Capitalization Policy
<b>Date</b>	March 27, 2019

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## **1. PURPOSE**

To provide a clear and consistent understanding of the Tacoma Housing Authority's (THA's) policy on capitalization and depreciation of capital assets.

To ensure consistent and accurate application of capitalization and depreciation required for internal, external, and regulatory reporting for federal agencies.

## **2. SOURCES FOR POLICY**

2 CFR Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Generally Accepted Accounting Principles (GAAP)

## **3. SCOPE OF POLICY**

This Policy affects the Finance Department

## **4. WHO IS RESPONSIBLE FOR IMPLEMENTING POLICY**

<b>Who</b>	<b>Responsibilities</b>
Finance Department	Responsible for writing, updating, and interpreting this policy
Finance Director	Responsible for enforcing this policy and establishing adequate controls to ensure compliance with the guidelines outlined in this policy.
The Board of Commissioners	Responsible for approving appropriate capitalization thresholds.

## **5. DEFINITIONS**

<b>Definition and Classification of Capital Costs</b>	The basis for accounting for capital assets is cost. All normal expenditures of readying an asset for its intended use are capitalized. The information below identifies specific costs that can be capitalized for individual categories of assets.
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<b>Land</b>	<p>The following costs related to the acquisition of land should be capitalized:</p> <ul style="list-style-type: none"> <li>• Purchase price</li> <li>• Closing related costs (e.g. appraisals, attorney fees, recording fees, title insurance, land rights)</li> <li>• Cost to get land in condition for intended use (e.g. grading, draining, filling)</li> <li>• Cost of demolishing existing building(s)</li> </ul> <p>Land (site) improvements such as fences, retaining walls, driveways, sidewalks, and parking lots are also capitalized but unlike the above costs are depreciated over their useful lives.</p>
<b>Buildings</b>	<p>Costs that are related to the acquisition, construction, or improvement of a building should be capitalized in the fiscal year those costs are incurred. See below for definition of building improvements.</p> <p>Acquisition costs include:</p> <ul style="list-style-type: none"> <li>• Purchase price</li> <li>• Closing related costs (e.g. appraisals, professional services, title insurance)</li> </ul> <p>Construction costs include:</p> <ul style="list-style-type: none"> <li>• Professional services and appraisals</li> <li>• Site preparation</li> <li>• Materials, Labor, and Overhead</li> </ul>
<b>Building Improvements</b>	<p>Building improvements are significant alterations, renovations, or structural changes, and:</p> <ul style="list-style-type: none"> <li>• Meet the capitalization threshold and increase the usefulness of the asset</li> <li>• Enhance its efficiency</li> <li>• Prolong its useful life</li> </ul> <p>The Housing Authority will record Building Improvements as “buildings” in the general ledger (but account for them separately from the building in the capital asset records).</p>

	<p>When the Housing Authority records building improvements, the Housing Authority will estimate the original cost of the portion of the building, which is removed as a result of an alteration (or renovation). The Housing Authority will deduct this original cost from the recorded valuation of the building, along with the appropriate amount of accumulated depreciation.</p>
<b>Construction in Progress</b>	<p>The cost of buildings or other real property assets (capital projects) that are under construction at a balance sheet date are included on the balance sheet as Construction in Progress (CIP). CIP represents a temporary capitalization of labor, materials, and fixed equipment of a construction project for financial reporting purposes. Depreciation is not calculated for assets under construction. When the constructed asset is put into use, accumulated CIP costs are capitalized and depreciated within their respective component categories.</p> <p>Construction should be accounted for by project. Separate accounting should be used to record separate projects. The costs included in CIP are the total direct project-to-date expenditures together with the related accounts payable, insurance premiums, interest, and other related accrued costs.</p>
<b>Interest Costs during Construction</b>	<p>The capitalized costs of interest during construction for debt-financed projects are the costs of interest related to the acquisition or construction of an asset. The interest costs are capitalized during the period of time that is required to complete and prepare the asset for its intended use.</p> <p>Interest cost to be capitalized for qualifying assets is intended to be the portion of the interest cost incurred during the assets' acquisition periods, that theoretically, could have been avoided if expenditures for the assets had not been made. For example, by avoiding additional borrowings or by using the funds expended for the assets to repay existing borrowings.</p>

	<p>For assets funded by specific borrowings, the capitalization rate is the interest rate for the period. For assets funded by general borrowings, the capitalization rate is the aggregate average borrowing rate on general debt of the Housing Authority. If the Housing Authority uses a mixture of specific borrowings and cash contributions and has other general debt, the Housing Authority should capitalize both the interest for the specific borrowings, as well as the lesser of the weighted average interest rate of the other general borrowings applied to the cash contribution and the actual interest paid on other general borrowings.</p> <p>To determine the net increase allowed to be capitalized on certain tax-exempt borrowings, interest earned on the temporary investments of the proceeds of those borrowings should be deducted from the interest cost of restricted tax-exempt borrowings...</p> <p>Assets are qualified for interest capitalization when they are constructed or otherwise produced for the Housing Authority's own use. Assets are also qualified when they are constructed or produced by others and deposits or progress payments have been made. Also, assets intended for sale or lease that are constructed or otherwise produced as discrete projects, are qualified. Land that is not undergoing activities necessary to get it ready for its intended use is not a qualifying asset.</p> <p>The capitalization of interest costs is accomplished by debiting (increasing) the CIP account.</p>
<p><b>Leased Real Property or Equipment</b></p>	<p>Leased real property is capitalized if the total cost of the property exceeds the \$5,000 capitalization threshold and it meets one of the four capital lease requirements listed below. Leased equipment is capitalized if the total cost of the property exceeds the \$5,000 capitalization threshold and it meets one of the four capital lease requirements listed below.</p>

	<p>The capital lease is recorded by debiting (increasing) the appropriate capital asset (real property or equipment) and crediting (increasing) the installments/leaseholds payable account at an amount equal to the lesser of the fair value and the present value at the beginning of the lease term of minimum lease payments during the lease term excluding that portion of the payments representing executory costs (such as insurance and maintenance to be paid by the lessor, together with any profit thereon).</p> <p>Capital lease requirements are any one of the following:</p> <ol style="list-style-type: none"> <li>1. <u>Property Ownership</u>. The lease transfers ownership of the property to the Housing Authority by the end of the lease term; or</li> <li>2. <u>Purchase Option</u>. The lease contains a bargain purchase option (option to purchase at lower than fair value when the option is exercised); or</li> <li>3. <u>Lease Term</u>. The lease term is 75% or more of the estimated economic life of the leased property; or</li> <li>4. <u>Rental Payments</u>. At the beginning of the lease term, the present value of the minimum lease payments (excluding executory costs) equals or exceeds 90% of the excess fair value of the leased property.</li> </ol> <p>If the recorded capital lease meets either capital lease requirement 1 or 2, the asset should be depreciated in accordance with depreciation (useful life) periods described in Schedule D. If the capital lease does not meet either capital lease requirement 1 or 2, the asset depreciation period should be the lease term.</p> <p>Any lease that does not meet the capitalization threshold requirements or does not meet any one of the four listed lease requirements should be classified as an operating lease (no asset or payable is recorded).</p>
<b>Leasehold Improvements</b>	<p>The capitalized costs of leasehold improvements are all costs associated with structural alterations, renovation, or improvements made by the lessee to leased real property.</p>

<b>Tangible Personal Property</b>	<p>Capitalized costs of tangible personal property are those costs associated with the acquisition or construction of tangible personal property. The property has to have a useful life of one year or more and cost in excess of \$5,000 per individual unit. Tangible personal property includes equipment, computers, furniture, fixtures, and vehicles.</p> <p>Acquisition costs for Tangible personal property include:</p> <ul style="list-style-type: none"> <li>• Invoice price</li> <li>• Transportation</li> <li>• Installation</li> <li>• In-transit insurance</li> <li>• Any modifications, attachments, or accessories needed to make property usable for its intended purpose</li> </ul> <p>One exception to the capitalization threshold of \$5,000 per individual unit of property exists. As part of a building acquisition or construction project, costs may be incurred to fit out space with new furnishings and equipment. When such purchases are made as part of an acquisition/construction project, if the aggregate cost of these expenditures exceeds \$5,000 and each item in this purchase grouping has a useful life of one year or more, the costs may be capitalized even though some of the individual items cost less than \$5,000.</p>
<b>Software and Other Intangible Assets</b>	<p>Intangible assets lack a physical substance, are of non-monetary or non-financial nature, and have an expected useful life beyond one year. To be capitalizable an intangible asset should be identifiable, meaning that either:</p> <ol style="list-style-type: none"> <li>1. This asset is capable of being separated or divided from the Housing Authority and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; <u>or</u></li> <li>2. The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Housing Authority or from other rights and obligations.</li> </ol>

	<p>All costs related to the external purchase of software applications in excess of \$5,000 with a useful life of one year or more should be capitalized as intangible assets and amortized over the useful life. The external costs of upgrades and enhancements that enable the software to perform tasks it was previously incapable of performing should also be capitalized; otherwise such costs are not capitalizable and should be expensed. Fees paid for training, conversion costs and software maintenance may not be capitalized and should be expensed. Software site/user licenses also should be expensed.</p> <p>Internally-generated computer software, created or produced by THA employees or a third party contractor with an estimated useful life of one year or greater with development cost that meets or exceeds the capitalization threshold of \$5,000.</p> <p>Trademarks, brands, and goodwill will not be recognized as intangible assets and therefore not capitalized.</p>
<b>Donated Assets</b>	<p>Donated assets should be reported at their estimated value to acquire at the time of acquisition, plus any ancillary charges, if any.</p> <p>Donated assets that will be resold should not to be capitalized.</p>
<b>Non-Capitalizable Expenses</b>	<p>Costs that neither significantly add to the permanent value of a property nor prolong its intended useful life are expensed. The following type of capital asset related costs are expensed:</p> <ol style="list-style-type: none"> <li><b>1. Costs Below Capitalization Thresholds</b> Items that do not meet the monetary thresholds listed in Schedule C should be expensed in the period incurred.</li> <li><b>2. Maintenance and Repairs</b> The costs associated with recurring work required to preserve or immediately restore a capital asset to such condition that it can be effectively used for its designed purpose. Maintenance includes work done to prevent damage to a capital asset.</li> </ol>



	<p><u>Examples:</u></p> <p>Custodial services; paint jobs; plumbing, electrical, air conditioning repairs; lawn and landscaping; roof repairs (to include roof replacement if it does not extend the useful life of the building).</p> <p><b>3. Preservation/ Restoration</b> The costs associated with maintaining special assets in, or returning them to a level of quality as close to the original as possible.</p> <p><u>Examples:</u></p> <p>Stained glass restoration and protection; door, portico and porch repair; cast iron work; wood replacement and repair. (Note: restoration of a building, if it extends the useful life of the building, should be capitalized. The same generally does not hold for building components.)</p>
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## 6. FORMS ASSOCIATED WITH THIS POLICY

## 7. CFR's FOR POLICY

2 CFR 200.439 Equipment and other capital expenditures

(a) **See §200.13 Capital expenditures.** *Capital expenditures means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.* **200.33 Equipment.** *Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.* **200.89 Special purpose equipment.** *Special purpose equipment means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.*

**200.48 General purpose equipment.** *General purpose equipment. General purpose equipment means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. See also Equipment and Special Purpose Equipment.* **200.2 Acquisition cost.** *Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.* **200.12 Capital assets.** *Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include: (a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and (b) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).*

(b) The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or passthrough entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See §200.436 Depreciation, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also §200.465 Rental costs of real property and equipment.

(4) When approved as a direct charge pursuant to paragraphs (b)(1) through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.

(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

## 8. POLICY

### 8.1 Capitalization Requirements

It is necessary to maintain accurate and complete records pertaining to the cost of each asset to properly capitalize the costs associated with an asset; both acquisitions and subsequent improvements should be completely documented for each asset.

#### 8.1.1 Expenditures at Acquisition

To be considered for capitalization (and subject to depreciation, where applicable) an asset should fulfill three characteristics:

- (a) an estimated useful life of more than one year; and
- (b) a value greater than the capitalization threshold for the particular classification of asset, as defined in 7.3 below; and
- (c) been purchased, constructed, or donated.

#### 8.1.2 Expenditures Subsequent to Acquisition

Expenditures subsequent to the acquisition of a capital asset include the costs for renovations, betterments, or improvements that add to the permanent value of the asset, make the asset better than it was when it was purchased, or extend its life beyond the original useful life. To capitalize these costs, the improvements should fulfill at least one of the following criteria:

- (a) the useful life of the asset is increased; or
- (b) the productive capacity of the asset is improved; or
- (c) the quality of units or services produced from the asset is enhanced.

### 8.2 Asset Capitalization Thresholds

Thresholds for asset capitalization represent the dollar value at which an asset is capitalized. Purchases and expenditures less than the dollar values listed below should be treated as an expense.

Asset Category	Capitalization Threshold *
Land	\$ 5,000
Land Improvements	\$ 5,000
Buildings	\$ 5,000
Building Improvements	\$ 5,000

Construction in Progress	\$ 5,000
Interest Costs during Construction	\$ 1
Tangible Personal Property (equipment, computers, furniture, vehicles)	\$ 5,000 **
Leased Real Property (buildings & land) – capital lease	\$ 5,000
Leasehold Improvements	\$ 5,000
Leased Personal Property (machinery & equipment) – capital lease	\$ 5,000
Software	\$ 5,000

Notes: \* Thresholds apply to costs at purchase or construction and the acquisition value of donated assets to be used in operations at the time of donation.

\*\* When related to building acquisition or construction the threshold can be met by aggregate total of equipment purchases.

### **8.3 Asset Depreciation Methods**

With the exception of Land and CIP, all capitalized assets should be depreciated using the straight-line method over the useful life of the asset class. An asset's useful life is a period of time over which services are expected to be rendered by the asset. The calculation of depreciation should be based on historical cost (capitalized costs).

In the year that the asset is placed in service and in the year that it is disposed of depreciation will be calculated using the half-year convention.

Periodically, the estimated useful lives of depreciable capital assets should be re-evaluated for reasonableness. An estimated useful life is not reasonable if the associated capital asset is near full depreciation but will remain in use significantly longer than originally estimated. If the balances of fully depreciated capital assets that remain in use are material, the related estimated useful lives should be changed and the beginning accumulated depreciation balances should be restated.

Salvage value should generally not be utilized in calculating depreciation, unless the salvage value is specifically known.

General guidelines for expected useful lives are the following:

Asset Category	Useful Life
Buildings	40 years
Building Improvements	5 – 40 years
Leasehold Improvements	20 years (or the term of the lease, whichever is shorter)
Land Improvements	5 – 40 years
Equipment	3 – 7 years
Computer Equipment	4 years
Residential Furnishings	3 years
Office Furnishings	7 years
Vehicles	5 years
Software	4 – 7 years

#### Expected Useful Life Table

Guidelines for the expected useful life of the building and site sub-components, as published by HUD, can be found here:

[https://www.hud.gov/sites/documents/EUL\\_FOR\\_CNA\\_E\\_TOOL.PDF](https://www.hud.gov/sites/documents/EUL_FOR_CNA_E_TOOL.PDF)

## 9. PROCEDURES

### Procedures

