



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

December 4, 2020



**Tacoma
Housing
Authority**

Executive Director
Michael Mirra

Board of Commissioners
Stanley Rumbaugh, Chair | Shennetta Smith, Vice Chair
Dr. Minh-Anh Hodge | Derek Young | Pastor Michael Purter

REGULAR MEETING **Board of Commissioners**

FRIDAY, DECEMBER 4, 2020

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold a Study Session to discuss the 2021 Budget on **Friday, December 4, 2020, at 12:00 pm.**

Zoom Meeting

Updated: <https://us02web.zoom.us/j/81792921471> Meeting ID: 817 9292 1471 / Dial: (253) 215-8782

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.

I, Sha Peterson, certify that on or before November 26, 2020, I FAXED/EMAILED, the preceding PUBLIC MEETING NOTICE before:

City of Tacoma	747 Market Street Tacoma, WA 98402	fax: 253-591-5300 CityClerk@cityoftacoma.com
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	tips@q13fox.com
KSTW-TV/CW 11	2211 Elliott Avenue, Suite 200 Seattle, WA 98121	
Tacoma News Tribune	1950 South State Tacoma, WA 98405	
The Tacoma Weekly	PO Box 7185 Tacoma, WA 98406	

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

Sha Peterson
Executive Administrator



TACOMA HOUSING AUTHORITY

AGENDA

BOARD OF COMMISSIONERS STUDY SESSION

December 4, 2020 at 12:00 pm

Join Zoom Meeting

Updated: <https://us02web.zoom.us/j/81792921471> / Meeting ID: 817 9292 1471 / Dial: (253) 215-8782

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **2021 Budget**
4. **COMMENTS FROM THE COMMISSIONERS**
5. **ADJOURNMENT**



TACOMA HOUSING AUTHORITY

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

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

1. BUDGET PRINCIPLES

The draft budget resolution conforms to the following four budget principles that have served us well for the past 17 years.

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

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

- *Recurring income covers recurring expenses.*
We strive for a budget in which recurring income covers recurring expenses. We try not to spend reserves on recurring expenses. We are pleased to submit this budget proposal and its anticipated recurring operating surplus of approximately \$726,000.

This budget principle requires us to characterize an income or an expenditure as either recurring or nonrecurring. The main characterization challenge is how to regard the substantial amounts of income THA receives from its real estate development activities. This income varies a lot from year to year, and its amount is always hard to anticipate. In that respect it is not recurring. Yet, it has been reliable enough within some ranges to invite us to rely on it. This budget finds a middle ground. It regards deferred developer fee as recurring, and the remaining development income as nonrecurring. Also, we characterize all development related expenses as nonrecurring.

- *We use reserves for nonrecurring expenditures that make us money, save us money, or make us more efficient or stronger.*
As I explain above, we do not like to use reserves on recurring expenses. Our main use of reserves continues to be real estate development.
 - We are budgeting \$2 million for property purchases, using Business Activity funds, which will either make us money and/or house more people that need affordable housing in an underserved market.
 - We are budgeting another \$2 million for property purchases using funds from Greater Tacoma Community Foundation (GTCF). These will not be reflected in our budget.
 - \$2 million is set aside from the Reserves with Restrictions pot of funds that came from the sale of our Salishan lots, and Single-Family homes to finalize the purchase of the Trees properties in early 2021. We have additionally set aside another \$750K from Business Activities to supplement the Reserve for Replacement account for any unanticipated repairs due to our limited ability to look at the units prior to acquisition.
 - We included \$3 million for gap financing for the Hilltop redevelopment.
 - \$1.5 million is being carried over from the 2020 budget for additional improvements to the 902 building. The pandemic put this work on hold. This delay will also allow us to reconsider our office needs in the post pandemic world.
 - For 2021, we are continuing to invest in our IT structure and our Business Process Improvement Project, as well as our Education project.
 - Due to the challenges for our clients during COVID, we are also including \$1.5 million in this budget for Eviction prevention funds.

- *We keep reserves that are within the designated ranges for each type of monies: not too much and not too little.*
THA needs adequate reserves for three main reasons. **First**, reserves help us operate safely with some measure of assurance and stability, especially considering the uncertainties of federal funding, especially a Congress that displayed its willingness over the years to let the government shut down. For this purpose, we like to have at least 2 months of recurring operating expenses, including HAP, or about \$ 11 million. **Second**, we need a healthy balance sheet to make THA credit worthy when it seeks financing and partners. **Third**, we amass reserves in anticipation of a real estate purchase or development.

Yet, THA does not want too much in reserve. We have too many needs to address in our community to be leaving too much money idle. Also, HUD has periodically shown its interest in sweeping our reserves. For this reason, for example, we like to keep our MTW reserves low.

For all these purposes we seek to have between \$8.0 million and \$16.5 million. This budget proposal would leave THA with approximately \$18.3million in reserves for

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

2. THE BUDGET PROPOSAL

I attach budget documents that describe the proposal in summary and in detail. The actual budget resolution, along with agency commitments, will be in the Board packet for the December 9th Board meeting. We will summarily present the budget by department. If the Board wishes, our new budget software will allow us to drill down into granular detail at both the study session and the board meeting.

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

2.1 Operating Surplus

This proposal presents an operational budget of about \$75.7 million. In its operational aspect, there is a surplus of approximately \$2.7 million. This surplus includes drawing down \$5.5 million of HUD held HAP reserves, primarily for Non-Recurring purposes, as the Recurring portion of the budget meets the principle of expenses fitting into recurring income.

2.2 Capital Expenditures

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

2.3 Adequate Reserves Committed to Specific Purposes

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

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

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

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

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

2.4 Uses of THA Funding

An important consideration for the Board regarding the budget is how THA is spending the money it gets that is available to pay for housing vouchers. Vouchers are the main way we house people. THA's MTW status allows it to spend that money in assisting our community in ways not available to traditional Housing Authority. The proposed budget continues those MTW expenditures. These are the main ones:

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

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

- administering the voucher program, because Congress underfunds it;
- supportive services to the clients we house or pay to house;
- the Education Project;
- administrative services to maintain our standards of stewardship and customer service (We are grateful for the IT and staff investments we have made as we manage through this pandemic.);
- For 2021, we are budgeting \$1.5 million to assist with eviction prevention.

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

- *Utilization Rate of 100%*

The main metric is whether we are at 100% Voucher utilization. HUD assigns to all MTW agencies a “baseline” number of families we must serve. Serving them all would be a utilization rate of 100%. Meeting this standard is the main benchmark that we are spending the funds appropriately. We met this standard in 2020. We are pleased to present a budget that would have us meet it again in 2021.

This is a notable achievement considering Tacoma’s very tight and expensive rental market. This market makes it hard for our voucher holders to find landlords willing to rent to them. In general, landlords prefer other tenants with stronger rental, credit or criminal histories. In 2021, we will have brought on an additional 150 Project Based Vouchers with the lease up of our Arlington and Rise properties, and a community partner property called Home at Last.

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

HUD calculates how much it should cost a PHA to manage its voucher program. Congress then appropriates some portion of that, usually around 80%. That underfunding is called a proration. We spend HAP dollars backfilling these loses. Yet we do not over backfill. For 2021, we are projecting we are receiving approximately \$1 million less in funding for voucher administration due to proration based on what HUD says it should cost us to manage the voucher program. We will backfill \$200,000. This means we are still spending less on voucher administration than HUD thinks is necessary. That too is a reassurance.

- *Spending 13.00% Overall on Administration*

We do not want to spend too much on overall administration. We are currently expending approximately 13% of our agency revenue on “administration”. We judge this is a reasonable percentage for such a highly regulated organization like a public housing authority, especially one like THA with high standards of stewardship.

2.5 RAD Transition

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

2.6 Budget Continues THA’s Project Priorities

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

Rapid rehousing for homeless families/youth
Education Program Expansion – Youth & College
Section 8 lease up support
Continued IT and Process Improvement
Property purchases
James Center North predevelopment
Savings Account for the Children of Salishan
Enhanced client support
Hilltop redevelopment
902 South L improvements

3. A LOOK AHEAD TO FY 2021

We can look ahead to 2021 to see some challenges as well as opportunities. Here are some notable examples of each.

3.1 COVID-19 Pandemic

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

- *Increased HAP expenditures.* Of the nearly 5,000 households that THA houses or pays to house, 1,350 of them are dependent on earned income. Most of their jobs are in the low-wage service trade. Their jobs have been in flux during the pandemic. A segment of our client population has been furloughed or laid off. Most of them may be entitled to have THA decrease their rent or their share of rent to reflect their loss of income. For those households who are THA tenants, THA will lose that rental income. For those households who are voucher clients, THA will reduce the tenant’s share of the rent and increase its share. The impact to date has been less than we had anticipated, yet the longer the pandemic continues, the challenges may increase, and the cost to our HAP more expensive.
- THA is also incurring new expenses because of the pandemic. *E.g.*, sanitizing our properties twice a day; deep cleaning when we have reason to think a tenant or staff person has the virus; enhanced services to our clients.

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

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

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

3.2 Tacoma's Rental Market and Federal Funding

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

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

3.3 Moving to Work (MTW) Changes

With the current MTW contract extending to 2028, we do not have to worry about any contract changes unless they come through federal appropriations. With the conversion of all but 5 of our Public Housing units to RAD, our federal funding will consist solely for Section 8 HAP and Administrative expenses. Our HAP funding is tied to HUD's inflation factor and pro-ration, meaning funding is increased then prorated at the same rate applied to other housing authorities. Section 8 funding has traditionally been better for the agency than public housing, so we believe the movement to RAD of our Public Housing units will assist us in funding and stability.

3.4 Staffing

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

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

3.5 Property Purchases

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

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

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

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

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

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

3.6 Property Sales

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

Writing a budget for an organization as complex as THA takes a lot of work. I thank the entire staff for their effort, diligence, and good humor. Their effort was especially notable because at the same time we had to puzzle our way through this pandemic and because staff for the first time fully utilized our new budget software. They all did an admirable job in doing so. We are also lucky with our Board and its good judgment, its measured appetite for risk, and its own focus on THA's mission and ambitions. That good fortune shows particularly at budget time, especially during a pandemic.

Thank you!



Attachment A

BOARD OF COMMISSIONER DECISION POINTS: 2021 Budget
December, 2020

Rev 2020-12-01 AM

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

1. AVAILABLE RESERVES

Minimum necessary and Optimal Reserves

Type/Purpose of Reserves	Projected Reserves 01/01/21	-	Minimum	Maximum	Amount to Reserve - 2021	=	Amount of reserves available to use in FY-2021
a. MTW Reserves	\$1,300,000		\$ 500,000	\$ 5,000,000	\$500,000		\$800,000
b. Business Activities (Non-MTW) reserves	\$7,800,000		\$5,000,000	\$8,500,000	\$8,000,000		(\$200,000)
c. THA Owned Property	\$2,500,000		\$2,500,000	\$3,000,000	\$2,600,000		(\$100,000)
d. Reserves with Restrictions (ACC sale proceeds)	\$7,840,000		\$0	\$0	\$0		\$7,840,000
e. Heritage Line Of Credit - BFIM investor buyout Reserve	\$2,500,000		\$0	\$0	\$0		\$2,500,000
f. Section 8 Reserves held at HUD.	\$6,950,000		\$0	\$0	\$0		\$6,950,000
Totals	\$28,890,000		\$8,000,000	\$16,500,000	\$11,100,000		\$17,790,000

MTW Reserves

MTW Expenses Non-HAP

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

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2021

	Recurring Income	-	Cost of Recurring operations (with proposed savings)	=	Surplus or (Shortfall) in recurring operations ¹
MTW	\$54,318,000		\$55,030,000		(\$712,000)
Non-MTW	\$9,696,000		\$9,330,000		\$366,000
Rental Properties	\$3,620,000		\$2,548,000		\$1,072,000
Total	\$67,634,000		\$66,908,000		\$726,000

3. BUDGET IMPACT - RESERVES - FY-2021

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

4. **FY-2021 PROJECTED END OF YEAR RESERVE LEVELS**

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

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

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

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

6. Board Future Commitments	2020 Commitments	2021 Commitments	MTW or Non- MTW	Period
a. Business Process Improvement Project	\$1,500,000	\$1,260,000	MTW	2021-2023
b. Childrens Savings Account Cohort payments	\$300,000	\$0	MTW	
c. Development Projects	\$2,500,000	\$2,500,000	Non MTW	2021 Forward
d. Education Projects	\$1,200,000	\$2,400,000	MTW	2021-2025
e. Faircloth RAD units	\$1,500,000	\$1,500,000	MTW	2021-2024
f. James Center North Loan Payment	\$1,000,000	\$0	Non MTW	2021
g James Center North Loan Payment	\$3,000,000	\$3,000,000	Non MTW	2023
h. James Center North Loan Payment	\$2,000,000	\$2,000,000	Non MTW	2025
i. Key Bank Loan Payment	\$715,000	\$0	Non MTW	2024
j. Open Door Future Enhancements	\$1,000,000	\$2,000,000	MTW	2022-2024
k. Property Acquisitions	\$2,000,000	\$2,000,000	Non MTW	2021 -
l. Section 8 HOPP Increases	\$1,500,000	\$1,500,000	MTW	2021 -
m. Reserves				
1. Business Activity Reserves	\$6,750,000	\$6,750,000	Non MTW	In perpetuity
2. MTW Reserves	\$750,000	\$750,000	MTW	In perpetuity
3. THA Property Reserves	\$2,500,000	\$2,500,000	Non MTW	In perpetuity
Totals	\$28,215,000	\$28,160,000		

Back-up Detail - Notable Items

7. Non-Recurring Income: FY-2020

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

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

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

8.1 Operational

	Amount	MTW/Non-MTW/Properties	Department
a. Salaries		\$1,050,000	
1. Non project oriented positions	\$565,000	MTW/Non-MTW	Multiple
2. Overtime/Interns/Transitions	\$285,000	MTW/Non-MTW	Multiple
3. Executive Special Recognition Funds	\$200,000	MTW/Non-MTW	EX
b. Information Technology Expenses		\$358,000	
1. Finance Subsystem Implementations/Support	\$33,000	MTW/Non-MTW	FD
2. Laserfiche (Electronic Content Management)	\$75,000	MTW/Non-MTW	AD
3. Open Door Programming		MTW/Non-MTW	AD
3.1. Existing System Improvements.	\$150,000	MTW/Non-MTW	AD
4. Phone System transition to Cloud	\$100,000	MTW/Non-MTW	AD
c. Office Equipment		\$74,000	
1. Computer Replacements & Smartboard	\$49,000	MTW/Non-MTW	Multiple
2. Office Furniture & Equipment	\$25,000	MTW/Non-MTW	Multiple
d. Legal		\$145,000	
1. Admin Department request	\$50,000	MTW/Non-MTW	AD
2. New or upcoming Development Projects/Acquisitions	\$80,000	Non-MTW	RD
3. Eviction Requirement Analysis	\$15,000	MTW/Non-MTW	PM
e. Administrative Contracts		\$453,900	
1. Administrative Plan Editing	\$15,000	MTW	RA
2. Agent Fee - Bismark Home sale	\$14,000	Non-MTW	RD
3. Budget Support and Finance Consulting	\$25,000	Non-MTW	FD
4. Comp & Benefits Survey (HR)	\$7,400	MTW/Non-MTW	HR
5. Cyber Security Consulting	\$10,000	MTW/Non-MTW	AD
6. Diversity Facilitation	\$50,000	MTW/Non-MTW	EX
7. Employment Engagement Survey (HR)	\$25,000	MTW/Non-MTW	HR
8. Landlord Tenant Portal Focus Group	\$15,000	MTW	RA
9. Leadership Development	\$75,000	MTW/Non-MTW	HR
10. Nan McKay Inspection Support	\$7,500	MTW	RA
11. Online Performance Management System	\$25,000	MTW/Non-MTW	HR
12. Process Improvement Consulting	\$50,000	MTW/Non-MTW	AD
13. Program Evaluations	\$50,000	MTW	PI
14. Recruitment & possible Relocation of 2 Director positions	\$100,000	Non-MTW	HR
15. Workforce Central	\$12,000	MTW	CS
f. Due Diligence - Development Opportunities		\$1,000,000	
1. Existing Opportuniies			
1.1 Hilltop Redevelopment	\$250,000	Non-MTW	RD
1.2 James Center North Redevelopment	\$250,000	Non-MTW	RD

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

8.2 Capital

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

9 Notable Postion Information/ Changes - FY 2021

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

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

<i>10.4 Notable Non-Recurring Non Grant Funded Postions</i>	
a. Functional Reps (Process Improvement Project)(4)	AD
b. Department Director Transitions (1st qtr)	HR/FD
c. Development Real Estate Acquisition Mgr (thru 06/30)	RD
d. Program Specialist (Hilltop)	RD
<i>10.4 Postions deteted</i>	
None	

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

	<u>AD Admin Overhead</u>	<u>CS Client Support and Empowerment</u>	<u>EX Executive</u>	<u>FD Finance</u>	<u>HR Human Resources</u>	<u>PI Policy, Innovation & Evaluation</u>	<u>PM Property Management Overhead (Rollup)</u>	<u>RA Rental Assistance</u>	<u>RD Real Estate Development</u>	<u>Agency Total</u>
Revenue - Operations										
Operating Grants		2,405,618					540,100	61,509,376		64,455,094
Tenant Revenue							2,849,561			2,849,561
Management Fee Revenues	696,897	538,368	149,076	685,116	121,833		401,947	352,437		2,945,674
Other Revenues	137,225	811,121	-	40,000		384,666	2,693,983	1,383,453	2,706,468	8,156,916
Total Revenue	\$834,122	\$3,755,107	\$149,076	\$725,116	\$121,833	\$384,666	\$6,485,591	\$63,245,266	\$2,706,468	\$78,407,245
Expenses - Operations										
<i>Operating Expense</i>										
Administrative Expenses	4,280,341	228,380	1,478,977	1,841,057	856,614	862,371	1,695,647	5,022,102	2,754,791	19,020,280
Tenant Services		4,631,957					38,280	356,460		5,026,697
Utilities							398,003		13,450	411,453
Maintenance		3,000					997,838	6,000	10,000	1,016,838
Protective Services (THA)		-					82,400			82,400
Insurance Premiums	34,723	18,530	6,709	7,839	2,508	3,170	167,676	32,270	9,277	282,701
Total Other General Expenses				22,500	60,000		190,390	103,100	7,000	382,990
Interest Expense and Amortization Cost							519,800			519,800
Total Operating Expense	\$4,315,064	\$4,881,867	\$1,485,686	\$1,871,396	\$919,122	\$865,541	\$4,090,034	\$5,519,932	\$2,794,518	\$26,743,160
<i>Non-Operating Expenses</i>										
Extraordinary Maintenance Expense							51,100			51,100
Housing Assistance Payments								48,888,773		48,888,773
Total Non-Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$51,100	\$48,888,773	\$0	\$48,939,873
Total Expenses - Operations	\$4,315,064	\$4,881,867	\$1,485,686	\$1,871,396	\$919,122	\$865,541	\$4,141,134	\$54,408,705	\$2,794,518	\$75,683,033
Surplus/(Loss) - Operations	(\$3,480,942)	(\$1,126,760)	(\$1,336,610)	(\$1,146,280)	(\$797,289)	(\$480,875)	\$2,344,457	\$8,836,561	(\$88,050)	\$2,724,212
Capital Net Surplus/(Expense)	(525,000)						(222,652)		(7,625,000)	(8,372,652)
Liability and Equity							(137,488)		(1,715,000)	(1,852,488)
Reserve Appropriation - Capital									7,750,000	7,750,000
Net Surplus/(Loss)	(\$4,005,942)	(\$1,126,760)	(\$1,336,610)	(\$1,146,280)	(\$797,289)	(\$480,875)	\$1,984,318	\$8,836,561	(\$1,678,050)	\$249,072