



# **TACOMA HOUSING AUTHORITY**

## **BOARD OF COMMISSIONERS**

### **BOARD PACKET**

**December 9, 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

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## **REGULAR MEETING** **Board of Commissioners**

### **WEDNESDAY, DECEMBER 9, 2020**

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold a Regular Meeting on **Wednesday, December 9, 2020, at 4:45 pm.**

#### Zoom Meeting

**Updated:** <https://us02web.zoom.us/j/81416540380> / Meeting ID: 814 1654 0380/ 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.

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I, Sha Peterson, certify that on or before December 2, 2020, I FAXED/EMAILED, the preceding PUBLIC MEETING NOTICE before:

City of Tacoma	747 Market Street Tacoma, WA 98402	fax: 253-591-5300 <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	<a href="mailto:tips@q13fox.com">tips@q13fox.com</a>
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.

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Sha Peterson  
Executive Administrator



# TACOMA HOUSING AUTHORITY

## AGENDA

### REGULAR BOARD OF COMMISSIONERS MEETING

December 9, 2020, 4:45 PM

Join Zoom Meeting

<https://us02web.zoom.us/j/81416540380> / Meeting ID: 814 1654 0380 / Dial: (253) 215-8782

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1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
  - 3.1 Minutes of November 18, 2020—Regular Meeting
4. **GUEST COMMENTS**
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION VERBAL REPORTS**
  - 7.1 Finance
  - 7.2 Policy, Innovation and Evaluation
  - 7.3 Client Support and Empowerment
  - 7.4 Rental Assistance
  - 7.5 Property Management
  - 7.6 Real Estate Development
8. **NEW BUSINESS**
  - 8.1 2020-12-09 (1) Conifer Apartments Acquisition Use of Restricted Funds
  - 8.2 2020-12-09 (2) 2021 THA Budget
  - 8.3 2020-12-09 (3) 2021 Board Commitments
9. **COMMENTS FROM THE COMMISSIONERS**
10. **ADJOURNMENT**



# **TACOMA HOUSING AUTHORITY**

## **MINUTES**



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, NOVEMBER 18, 2020

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session via Zoom at 4:45 PM on Wednesday, November 18, 2020.

### 1. CALL TO ORDER

Vice Chair Smith called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:49 PM.

### 2. ROLL CALL

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

PRESENT	ABSENT
<b>Commissioners</b>	
	Chair Stanley Rumbaugh
Vice Chair Shennetta Smith	
Commissioner Derek Young	
	Commissioner Dr. Minh-Anh Hodge
Commissioner Pastor Michael Purter	
<b>Staff</b>	
Michael Mirra, Executive Director	
Sha Peterson, Executive Administrator	
April Black, Deputy Executive Director	
Ken Shalik, Finance Director	
Barbara Tanbara, Interim 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	

Vice Chair Smith declared there was a quorum present @ 4:50 pm and proceeded.

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

Vice Chair Smith asked for any corrections to, or discussion of the minutes for the Regular Session of the Board of Commissioners on Wednesday, October 28, 2020. Commissioner Young moved to adopt the minutes; Commissioner Purter seconded.

Upon roll call, the vote was as follows:

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

<b>Motion approved.</b>
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### 4. GUEST COMMENTS

#### **Kristin Lynett, City of Tacoma**

Kristin presented the City's Sustainability, Climate, Resiliency and Justice plan. She talked about the impact coming to Tacoma as a result of climate change, including the inequitable effects to expect. She gave real life examples. She described the City's effort to reduce and manage the change.

According to Kristin, the climate is changing due to the warming of the planet. Temperatures will be hotter and problematic in different ways, including reduced snowpack, which will reduce water storage and impair winter and summer recreation. It also means lower summer streamflow, which will have an impact on water supply for Salmon. Climate change can bring more intense rainfall as well. The City's infrastructure is not designed for that. Wildfire smoke will cause significant damage and death. These changes will not affect people equally. "We are already feeling the effects and looking at 1.5 degrees of warming," said Kristin.

She said that Tacoma can lead by example. The City has a robust tree-planting program and is committed to purchasing electric vehicles, including electric bikes for staff to use, policies to allow for detached accessory dwelling units, and Tacoma's reliance on hydro power, which is relatively carbon neutral. The City Council passed a resolution declaring a climate emergency and as part of that plan, the City will update the action plan to make it more aggressive and equitable, making social justice a key component.

The city is currently in Phase 1: understanding community priorities, carbon pollution emissions modelling and identifying vulnerabilities. Phase 2 is Strategy and Action Planning, and Stage 3 is Plan Release and Adoption. The work dovetails nicely with City resolution of racial transformation.

She discussed how the Housing Authority support these efforts, how the City can encourage climate justice literacy, learning and action, and what engagement opportunities exist for this work.

Commissioner Smith stated that THA is helping by offering jobs to the community. Commissioner Young was curious if THA has looked at opportunities with how we run things for climate action. According to ED Mirra environmental responsibility is one of THA's seven strategic objectives. She said that we know what that means when we build. He noted Salishan's innovative bio-infiltration swale system. He said that we need to better understand what environmental responsibility means when we manage operations. He mentioned THA's tree project and asked Director Frankie Johnson for an update. Director Johnson reviewed the project to plant trees and develop tree coverage to exceed the city standards within two years.

## **5. COMMITTEE REPORTS**

### ***Real Estate Development Committee—Chair Rumbaugh, Commissioner Young***

The committee has not met.

### ***Finance Committee—Commissioner Hodge and Commissioner Young***

The committee has not met.

### ***Education Committee—Vice Chair Smith, Commissioner Hodge***

The committee has not met.

### ***Citizen Oversight Committee—Vice Chair Smith, Commissioner Purter***

The committee has not had an opportunity to catch up but hopes to do so and have something solid to present to ED Mira to bring forth to the board.

### ***Diversity, Equity and Inclusion Committee—Vice Chair Smith, Commissioner Hodge***

The committee has not met.

## **6. COMMENTS FROM THE EXECUTIVE DIRECTOR**

Executive Director (ED) Michael Mirra directed the board to his report. In his report he provided a preview of discussions with the state legislators about preserving Arlington Drive state funding. He attached a paper distributed to legislators that answers questions concerning state legal responsibility to serve homeless young people. He provided that copy to the Board to equip them with their own discussions with the legislators. He also included in his report information regarding the Bezos Academy and the prospect that will establish one of its preschools at Salishan Family Investment Center. It would do this at no cost to THA for any reconstruction or operational expenses. He and Vice Chair Smith hosted a visit with Scott Edison of Bezos Academy. Scott returned for a later visit with architects to look over the Family Investment Center (FIC). They met with ED Mirra, Director Johnson, Byron Williams, Barbara Pearsall and Jeanette Simon of the Salishan Association. THA will be reviewing the details of this prospect. If it turns out as

we can hope, it will greatly accelerate our plans to turn the FIC into a child development center. Vice Chair Smith added that she saw what they were willing to do and their plan to hire within the community. They will also update the building, invest in residents with education background. Commissioner Young is excited to hear about this project. He has mentioned Salishan to community engagement programs. ED Mirra hopes to be able to come to the Board with a proposal for a long-term lease and agreement.

ED Mirra concluded by reporting on Congress's efforts to pass a HUD budget. He noted worrisome proposed language in the budget report that would direct HUD to study reserves held by MTW agencies.

## **7. ADMINISTRATIVE REPORTS**

### **Finance**

Finance Department (FD) Director Ken Shalik directed the board to the finance report. He said that THA is in good shape. One reason for better than expected financial outcomes is the delayed expenses of remodeling the first floor of 901 South L Street. He reviewed the expected reserves of the various pots of funds. Expenses in total is under because other expenditures were put on hold. Section 8 HAP is right on target for what to spend this year.

Commissioner Young commended Director Shalik. So many organizations are struggling and THA is doing well all around. Director Shalik responded that the agency has been intentional on what it is doing and he appreciates everyone's efforts this year and maintaining the budget.

There is a Board Finance Committee meeting on Thursday to visit with the state auditors in an exit conference. The good news is there is no finding for any of the areas. The committee will also discuss the 2021 proposed budget, which staff will present to the board first in a study session and then the regular session, both in December. Director Shalik gave a brief preview of the budget proposal.

Commissioner Young moved to ratify the payment of cash disbursements totaling \$5,333,423 for the month of October, 2020. Commissioner Purter seconded.

Upon roll call, the vote was as follows:

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

<b>Motion Approved.</b>
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## **Policy, Innovation and Evaluation**

Director Black introduced Katie Escudero who is in week two at THA. Katie is thrilled to be at THA. She was previously at King County Housing Authority in a similar department. She is very excited to jump in to the work THA is working on.

Director Black reviewed meetings with partners concerning Tacoma Schools Housing Assistance Program (TSHAP) and the College Housing Assistance Program (CHAP). The TSHAP expansion is underway. 31 families have been referred to Wellsprings and 24 are considered to be enrolled. They have been selected and the type of assistance has been identified. All but one are homeless and living in vehicles or other dire circumstances. While circumstances are difficult in the pandemic for launching such an ambitious expansion, Director Black is proud at how well the program is doing.

Unrelated to Policy work, she is the incident commander during Covid and today has been a difficult day. One staff tested positive for Covid. That person had been at three properties. THA is closing all three sites and notifying staff who have been at those sites. Staff are also contacting the Health Department on how to communicate to tenants. This is an opportunity to follow protocols in place and some new forms the committee put together. While this is challenging, it was a good opportunity to work collaboratively as an emergency center to communicate to staff without being too alarming. THA will be closing three properties and 902 tomorrow and Friday to bring third-party sanitizing services. Director Black is working on an email alert to all staff tonight. She also working on information regarding social distancing and social gathering and following a plan to social distance for 14 days. This is a big ask of people but the Emergency Operations Committee (EOC) felt this was important. Vice Chair Smith stated that she and Commissioner Purter were discussing how this has been a trying time and her heart goes out to staff and tenants who have tested positive. Commissioner Young is glad to know how seriously THA is taking the challenge.

## **Client Support and Empowerment**

Director Hanauer is grateful for Director Black's leadership and the guidance of Maintenance and Property Management. "It is a good comfort to know that we have them for guidance." It is business as usual at Client Support and Empowerment (CSE). Staff have a lot of new referrals and working hard with Rental Assistance to bring in county assistance dollars for tenants who are behind on their rent. Arlington Drive is filling up with young adults coming from homelessness. She is glad at how well staff are working together with the Y, CSE staff, Martha and Sylvia worked together to make welcome baskets for the new residents at The Rise on 19th. Vice Chair Smith is really amazed how staff work together to make sure people have a chance to start their new life at these properties. Director Hanauer responded that the thanks goes to ED Mirra, Property Management, and the YMCA who have done great work.

## **Rental Assistance**

Rental Assistance (RA) staff are spending most of their time administering and distributing the Cares Act funds from Pierce County. The process started Monday. There are already 510 applications. Staff have already approved \$150k, including \$40k for property based subsidy properties. Staff did a great job marketing to clients. There were only two phone calls asking questions -- which shows that staff did a great job in being informative from the start. Director LaRocque gave full credit to staff who worked on it closely—Aley, Brandon and PM staff. THA is still at 100% utilization for voucher utilization.

## **Property Management**

Rent assistance, lease up and transfer work at Arlington Drive and The Rise have been moving forward. The portfolio manager is projecting that Arlington Drive will be one unit short of half leased at the end of this month. Things are going well. This has been a hard day for staff because of staff infections with COVID-19. Director Johnson thanked Director Hanauer and her team for their assistance to staff and tenants and to Director Black's leadership. THA remains at 99% occupancy despite of COVID. This is a challenging time, but work is manageable. She appreciates everyone's assistance and partnership. Vice Chair Smith asked what THA is doing to make sure maintenance have the proper Personal Protective Equipment (PPE). Director Johnson reviewed how staff are equipped. PM continues to provide PPE, masks, shields, gloves and booties for shoes. THA has been very fortunate to get equipment. Yvonne Ginoulis found masks when there were none. We are stocked up now and continue to provide for maintenance.

## **Real Estate Development**

The Real Estate Development (RED) team is working collaboratively with PM on Arlington and The Rise project, each doing different pieces. It has been rewarding to watch all come together to get the buildings leased efficiently. Arlington is 99% done and ahead of schedule. It is a beautiful building and welcoming. "You walk in and people want you to be there," commented Roberta Schur. The Rise at 19<sup>th</sup> construction is also going really well. Roberta encouraged everyone to drive by and take a look at the jewels sculpture. It was installed yesterday, which brightens up the corner. A few construction related problems will delay lease up until after Thanksgiving. There were issues with the elevator parts and other things. It is coming in under budget. RED is working closely with PM and RA staff to hit major goals and milestones. Staff have also been preoccupied with acquisition of the Trees properties. That project is expected to close in January. It is going really well with 300 units to add to THA's portfolio next year.

## **8. NEW BUSINESS**

### **8.1 RESOLUTION 2020-11-18 (1)**

#### **Certificate of Compliance**

**Annual Moving to Work Plan  
Certifications of Compliance**

**U.S. Department of Housing and  
Urban Development, Office of  
Public and Indian Housing**

Certifications of Compliance with Regulations:

Board Resolution to Accompany the Annual Moving to Work Plan\*

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (TACOMA HOUSING AUTHORITY) listed below, as its Chairman or other authorized TACOMA HOUSING AUTHORITY official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the TACOMA HOUSING AUTHORITY Plan Year beginning (01/01/2021), hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

- (1) The TACOMA HOUSING AUTHORITY published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the TACOMA HOUSING AUTHORITY conducted a public hearing to discuss the Plan and invited public comment.
- (2) The TACOMA HOUSING AUTHORITY took into consideration public and resident comments (including those of its Resident Advisory Board or Boards) before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan.
- (3) The TACOMA HOUSING AUTHORITY certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).
- (4) The TACOMA HOUSING AUTHORITY will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
- (5) The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.

(6) The Plan contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the TACOMA HOUSING AUTHORITY's jurisdiction and a description of the manner in which the Plan is consistent with the applicable Consolidated Plan.

(7) The TACOMA HOUSING AUTHORITY will affirmatively further fair housing by fulfilling the requirements at 24 CFR 903.7(o) and 24 CFR 903.15(d), which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3). Until such time as the TACOMA HOUSING AUTHORITY is required to submit an AFH, and that AFH has been accepted by HUD, the TACOMA HOUSING AUTHORITY will address impediments to fair housing choice identified in the Analysis of Impediments to fair housing choice associated with any applicable Consolidated or Annual Action Plan under 24 CFR Part 91.

(8) The TACOMA HOUSING AUTHORITY will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.

(9) *In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the TACOMA HOUSING AUTHORITY will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.*

(10) The TACOMA HOUSING AUTHORITY will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

(11) The TACOMA HOUSING AUTHORITY will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

(12) The TACOMA HOUSING AUTHORITY will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.

(13) The TACOMA HOUSING AUTHORITY will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part

87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

(14) The TACOMA HOUSING AUTHORITY will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

(15) The TACOMA HOUSING AUTHORITY will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

(16) The TACOMA HOUSING AUTHORITY will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the TACOMA HOUSING AUTHORITY will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.

(17) With respect to public housing and applicable local, non-traditional development the TACOMA HOUSING AUTHORITY will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

(18) The TACOMA HOUSING AUTHORITY will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.

(19) The TACOMA HOUSING AUTHORITY will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

(20) The TACOMA HOUSING AUTHORITY will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 200.

(21) The TACOMA HOUSING AUTHORITY will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.

(22) All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All

required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the TACOMA HOUSING AUTHORITY in its Plan and will continue to be made available at least at the primary business office of the TACOMA HOUSING AUTHORITY.

Housing Authority of the City of Tacoma  
PHA Name

WA005  
PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Stanley Rumbaugh  
Name of Authorized Official

Chair  
Title

November 18, 2020

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\*Must be signed by either the Chairman or Secretary of the Board of the PHA's legislative body. This certification cannot be signed by an employee unless authorized by the PHA Board to do so. If this document is not signed by the Chairman or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.

Commissioner Young motioned to approve the resolution. Commissioner Purter seconded the motion.

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

**Motion Approved:** November 18, 2020

\_\_\_\_\_  
Stanley Rumbaugh, Chair

**8.2 RESOLUTION 2020-11-18 (2)**  
**(Approval of Revision to the Administrative Plan)**

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

WHEREAS, The purpose of the Administrative Plan is to establish policies for carrying our programs in a manner consistent with HUD requirements and local goals and objectives contained in THA's Moving to Work Plan; and

WHEREAS, Changes to the Administrative Plan must be approved by THA Board of Commissioners; now therefore, be it

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

THA's Executive Director is authorized to revise THA's Administrative Plan Chapter 4 related to the selection process for special program admissions from THA's waitlist.

Commissioner Young motioned to approve the resolution. Commissioner Purter seconded the motion.

Upon roll call, the vote was as follows:

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

**Motion Approved:** November 18, 2020

\_\_\_\_\_  
Stanley Rumbaugh, Chair

### **8.3 RESOLUTION 2020-11-18 (3)**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the issuance of two notes of the Authority to finance the acquisition of the Pine Tree South Apartments and Redwood Juniper Apartments; authorizing expenditure of Authority funds, including to pay the costs of acquiring the Conifer South Apartments; and determining related matters.

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

Section 1. The Board of Commissioners (the "Board") of the Housing Authority of the City of Tacoma (the "Authority") finds and determines that:

(a) The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) "acquire . . . and operate housing projects" (RCW 35.82.070(2)); (ii) "make and execute contracts and other instruments"

(RCW 35.82.070(1)); (iii) delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper” (RCW 35.82.040); and (iv) issue bonds, notes or other obligations for any of its corporate purpose (RCW 35.82.020(11) and RCW 35.82.130). The phrase “housing project” is defined by RCW 35.82.020 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.”

(b) The Authority is the Administrative Managing Member of Conifer South Tacoma Apartments, LLC (the “Conifer LLC”), pursuant to that certain Second Amended and Restated Operating Agreement dated as of March 16, 2005 (the “Conifer Operating Agreement”), among Conifer South Management, LLC, the Authority, and Key Community Development (the “Investor Member”). The Conifer LLC owns the Conifer South Apartments (the “Conifer Project”) located at 5235 South Warner Street, Tacoma, Washington. Section 8.7 of the Conifer Operating Agreement grants the Authority a right of first refusal to acquire the Conifer Project.

(c) The Authority is the Administrative Managing Member of Pine Tree Harbor Tacoma Apartments, LLC (the “Pine Tree LLC”), pursuant to that certain Second Amended and Restated Operating Agreement dated as of March 16, 2005 (the “Pine Tree Operating Agreement”), among Pine Tree Harbor Management, LLC, the Authority, and the Investor Member. The Pine Tree LLC owns the Pine Tree South Apartments (the “Pine Tree Project”) located at 2501 South G Street, Tacoma, Washington. Section 8.7 of the Pine Tree Operating Agreement grants the Authority a right of first refusal to acquire the Pine Tree Project.

(d) The Authority is the Administrative Managing Member of Redwood Juniper Tacoma Apartments, LLC (the “Redwood LLC”), pursuant to that certain Second Amended and Restated Operating Agreement dated as of March 16, 2005 (the “Redwood Operating Agreement”), among Redwood Harbor Management, LLC, the Authority, and the Investor Member. The Redwood LLC owns the Redwood Juniper Apartments (the “Redwood Project,” collectively with the Conifer Project and the Pine Tree Project, the “Projects” and each, a “Project”) located at 3015 North Pearl Street, Tacoma, Washington. Section 8.7 of the Redwood Operating Agreement grants the Authority a right of first refusal to acquire the Redwood Project.

(e) At a meeting held on July 7, 2020, the Board approved a motion authorizing the Authority to exercise the rights of first refusal to acquire the Conifer Project, the Pine Tree Project, and the Redwood Project, and authorized the Authority’s Executive Director to do all things necessary or desirable on the Authority’s behalf to exercise such rights of first refusal. At a meeting held on July 22, 2020, the Board adopted Resolution No. 2020-07-22(1), authorizing the Authority to obtain each of the Projects and to assume the responsibilities of the



Conifer LLC, the Pine Tree LLC, and the Redwood LLC pertaining to the federal-low income housing tax credit program administered by the Washington State Housing Finance Commission.

(f) Banner Bank (the “Bank”) has proposed to extend financing evidenced by two notes issued by the Authority on the terms set forth in this resolution, to provide money for the purpose of financing a portion of the costs of acquiring the Pine Tree Project and Redwood Project, as described in a proposal letter dated September 2, 2020, and amended October 2, 2020 (as it may be further amended and supplemented, and any commitment letter issued pursuant or supplemental thereto the “Bank Proposal Letter”).

(g) The Board determines that it is necessary and advisable and in the best interest of the Authority to issue two promissory notes in the combined principal amount not to exceed \$14,000,000 to the Bank, each to evidence a loan to finance a portion of the costs of acquiring the Pine Tree Project and the Redwood Project.

(h) The Board determines that it is necessary and advisable and in the best interest of the Authority to pay the purchase price of the Conifer Project from funds of the Authority available therefor.

(h) Adoption of this resolution, and authorizing Authority action relating to the acquisition and financing of housing projects, and to the Projects specifically, are part of the routine business of the Board transacted at open public meetings.

Section 2. The Board declares each Project to be a “housing project” of the Authority for purposes of the Housing Authorities Law.

Section 3. The Authority shall issue two promissory notes (together, the “Notes” and each, a “Note”), in the combined principal amount of not to exceed \$14,000,000 for the purpose of financing a portion of the costs of acquiring the Pine Tree Project and the Redwood Project. One Note shall be secured by a deed of trust encumbering the Pine Tree Project, and the other Note shall be secured by a deed of trust encumbering the Redwood Project. The Notes shall bear interest payable on such dates and at the rate described in the Bank Proposal Letter, shall mature at such time, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Bank Proposal Letter. The Authority finds that the fixing of the interest rate described in the Proposal Letter is in the best interest of the Authority. The interest rate on the Notes shall be subject to adjustment upon the occurrence of an event of default as described in the Notes and the Loan Documents (as hereinafter defined). If a Note is not paid when properly presented at its maturity date, the Authority shall be obligated to pay interest on such Note at then-applicable default rate of interest thereon from

and after the maturity date until such Note, both principal and interest, is paid in full.

The Authority's Executive Director, the Chair of the Board, and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized to determine and approve the final terms of the Notes. The execution of the Notes, or any instrument delivered in connection therewith, by any Authorized Officer shall be conclusive evidence of approval of the terms set forth therein on behalf of the Authority.

The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to negotiate, execute, deliver and file (or cause to be executed, delivered and filed) the following agreements in connection with the Notes (collectively, the "Loan Documents"):

- Two Term Loan Agreements, each between the Authority and the Bank;
- The Notes, each issued by the Authority payable to the Bank;
- A Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, from the Authority in favor of the Bank, encumbering the Pine Tree Project;
- A Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, from the Authority in favor of the Bank, encumbering the Redwood Project;
- Two Indemnity Agreements, each from the Authority in favor of the Bank;
- Two Replacement Reserve Agreements, each between the Authority and the Bank;
- Two Notices of Final Agreement, each executed by the Authority and the Bank;
- Two Assignments of Housing Assistance Payment Contract, from the Authority in favor of the Bank, together with consents to such assignments;
- One or more priority and subordination agreement, if required by the Bank; and
- Two Borrower Consents and Authorizations, each made by the Authority.

The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, under the provisions of or as necessary to carry out the transactions contemplated by the Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).

It is anticipated that the Bank will offer to purchase each Note at a price of par under the terms and conditions contained in the Bank Proposal Letter and this resolution, including payment of certain closing costs enumerated in the Bank Proposal Letter. The Board finds that such offer is in the best interest of the

Authority, and hereby authorizes the Authorized Officers (and each of them acting alone) to accept such offer on behalf of the Authority.

Section 4. The Authorized Officers (and each of them acting alone) are authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority in connection with the assignment of the project-based Section 8 rental assistance for each Project to the Authority.

Section 5. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, development, financing, construction, and leasing of the Projects; (iii) cause the Authority to pay the purchase price for each Project that is not financed with proceeds of the Notes (including, without limitation, the full purchase price for the Conifer Project) from funds of the Authority available therefor; and (iv) cause the Authority to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

Section 6. While the titles of and parties to the Loan Documents may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 7. The Board authorizes and directs the Authority's Executive Director to cause the Authority to fulfill the Authority's duties and obligations under the Loan Documents.

Section 8. 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 9. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: November 18, 2018**

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Stanley Rumbaugh, 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. 2020-11-18(3) (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 November 18, 2020 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website and email to stakeholders; and

4. The 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 the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, 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 18<sup>th</sup> day of November, 2020.

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Michael Mirra, Executive Director of the Authority

Commissioner Young motioned to approve the resolution. Commissioner Purter seconded the motion.

Upon roll call, the vote was as follows:

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

**Motion Approved:** November 18, 2020

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Stanley Rumbaugh, Chair

## **9. COMMENTS FROM COMMISSIONERS**

Commissioner Purter thanked Vice Chair Smith and everyone for their hard work during the pandemic and wishes all a blessed Thanksgiving

## **10. EXECUTIVE SESSION**

None.

## **11. ADJOURNMENT**

There being no further business to conduct, the meeting ended at 6:23 PM.

**APPROVED AS CORRECT**

**Adopted:** December 9, 2020

\_\_\_\_\_  
Stanley Rumbaugh, Chair



## **TACOMA HOUSING AUTHORITY**

### **Real Estate Development Committee**

Chair Stanley Rumbaugh  
Commissioner Derek Young

### **Finance Committee**

Commissioner Derek Young  
Commissioner Minh-Anh Hodge

### **Community Partnerships Committee**

Vice Chair Shennetta Smith  
Commissioner Pastor Michael Purter

### **Education Committee**

Vice Chair Shennetta Smith  
Commissioner Minh-Anh Hodge

### **Diversity, Equity and Inclusion Committee**

Vice Chair Shennetta Smith  
Commissioner 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:** December 6, 2020  
**Re:** Executive Director's Monthly Report

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This is my monthly report for December 2020. It supplements the departments' verbal written reports. With the Board's approval, the departments will not submit written reports until January, with the exception of the Finance Department's report this month.

**1. ARLINGTON DRIVE: EFFORT TO PRESERVE STATE FUNDING FOR ITS SERVICES**

THA's priority for the state legislative session that begins in January is to preserve the state's funding for the services at Arlington Drive Campus for Homeless Youth and Young Adults. Our discussions with legislators continue. I attach two support letters for our efforts to the Governor and legislators. One is from the Sequoia Foundation (one of the Weyerhaeuser family foundations) and the other is from Heritage Bank. Other letters are coming shortly.

**2. THE THA BUDGET AND THE HUD BUDGET FOR 2021**

This month we ask the Board to adopt a budget for 2021. Writing this budget is a notable achievement, considering the uncertain and strange year we are in and the uncertainties ahead in 2021. The budget conforms to THA's main budget principles:

- **Presumes the Worst of the Plausible Congressional Budgets Pending in Congress**  
Congress is supposed to pass a budget for the following year by October 1<sup>st</sup>. That would tell us our federal funding. Yet, Congress rarely makes that deadline. It usually has to pass a temporary budget – called a Continuing Resolution – to keep the government running at the previous year's levels of expenditure. Sometimes it does not even do that, and the government shuts down. That happened last year, for 35 days.

This year Congress again missed its deadline. It passed a Continuing Resolution. It will expire next Friday, December 11<sup>th</sup>. The federal government will shut down on Saturday, December 12<sup>th</sup>, unless by then Congress either passes a real budget or at least extends the Continuing Resolution. Our Congressional sources say that Congress will likely pass a real budget. The main uncertainty is whether the President will sign it.

Without a federal budget to tell us our funding for our own budget, the THA must place its bets. To do that, we use a budget principle that has served us well: we presume on the worst of the plausible budget versions pending in Congress. We judge what that is by consulting our Congressional delegation, CLPHA and our legislative liaison in Washington, D.C. All of them think that the worst plausible budget is flat funding. The budget before you presumes on that.



- **Recurring Expenses Must Fit Inside Recurring Income**  
The proposed budget fits recurring expenses inside recurring income. We do not like to use reserves on recurring expenses because it is not sustainable. Whether an expense or an income is recurring or nonrecurring often is an exercise in characterization. Our Finance Director makes that judgment. Most of the uncertainty of this sort concerns the developer fee we earn from our real estate development work. It is a substantial amount of money that comes on sporadic schedules.
- **Spend Reserves on Expenditures That Make Us Money, Save Us Money or Makes Us Stronger or More Effective**  
We spend our reserves on expenditures that make us money, save us money or make us stronger or more effective for our clients. The proposed budget spends down our reserves by about \$10 million on two main activities: (i) real estate development and property purchases, and (ii) strengthening our IT systems and business processes.
- **Further THA's Strategic Objectives**  
The most important principle has the budget further THA's strategic objectives. The proposed budget does that. It fully funds our mainline programs. It continues the expansion of the Education Project. It funds THA's continued construction and purchase of new properties to grow our portfolio. It also invests in making THA's administrative systems stronger and more effective, primarily IT and business process expenses.

Writing this budget took a lot of work from a staff that was already burdened by the challenge of running something as complicated as a housing authority in the middle of a pandemic. This budget also shows the fuller use of our new budget software. We count that use as its own success.

### 3. **STAFF THANKS FOR THE BOARD WE HAVE**

This time of year is usually a reflective moment. We can think about the work THA does, why it is important, and the meaning it brings to the people we serve and to those who do the work. My annual Thanksgiving report to the community is a chance to offer those reflections. I attach a copy. As that letter also explains, this is a good time to be thankful to all the partners who make this work possible. THA is lucky to do its work in a community so congenial to our mission.

THA is also lucky with its Board. So I conclude this final report in a hard year by thanking our Commissioners. You are just what an organization like THA needs to lead us: smart; astute; focused on the mission; insistent that the mission is important; showing that right mix of risk and caution; and so completely and generously supportive of staff.

On behalf of staff, please accept our thanks to you and our wish for an enjoyable, meaningful and safe holiday.



December 4, 2020

Honorable Governor Jay Inslee  
Office of the Governor  
Olympia, WA 98504

The Honorable Laurie Jenkins, Speaker of the House  
The Honorable Jeannie Darnielle, 27th LD State Senator  
The Honorable Jake Fey, 27th LD State Representative  
The Honorable Steve O'Ban, 28th LD State Senator  
The Honorable Christine Kilduff, 28th LD State Representative  
The Honorable Mari Leavitt, 28th LD State Representative  
The Honorable Steve Conway, 29th LD State Senator  
The Honorable Steve Kirby, 29th State Representative  
The Honorable Melanie Morgan, 29th LD State Representative  
Washington State Capitol  
Olympia, WA 98503

Re: Arlington Drive Campus for Homeless Youth and Youth Adults  
Anchor Community Initiative

Dear Governor Inslee and Honorable Legislators:

I write on behalf of the Sequoia Foundation, a Tacoma-based private foundation, to urge you to continue Washington State's funding support for critical and related initiatives to serve homeless young people. I do so on behalf of a philanthropy that, with other private philanthropies, have significantly contributed to these efforts. While our grants have helped support services for homeless young people, and while we will continue to contribute to them, state funding remains indispensable.

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

The Sequoia Foundation strongly echoes and endorses the compelling request sent to you earlier this year by Pierce County Executive, Bruce Dammeier, and Tacoma Mayor, Victoria R. Woodards. The request, a copy of which is enclosed, lays out an urgent case for preserving the \$4 million in Washington State funding for **Arlington Drive Campus'** operations in order to assure that young people in our communities desperately in need of stable housing can find support during these

extraordinarily economically harrowing times. Their need for this housing is exacerbated by the COVID-19 pandemic and the disproportionate impact of the resulting economic downdraft.

The Arlington Drive campus, and the actual housing and services it provides, is a critical part of the ongoing collaborative **Anchor Community Initiative** in Pierce County. You have already made this work possible through legislative support and funding via **A Way Home Washington**, and the special allocation that resulted in increased financial support of the **Centralized Diversion Fund**. These efforts have absolutely galvanized our Pierce County community to step up our local game to envision and activate local solutions to prevent and end youth and young adult homelessness.

Due to your vision and leadership, and the work of Arlington Drive and A Way Home Washington in our community, Tacoma-Pierce County is on the cusp of launching a bold and unique campaign to draw significant attention to the enduring and growing issue of chronic youth and young adult homelessness in our communities. Significant private investment has been secured to launch this effort. And the prospect and promise of a fully functioning Arlington Drive Campus for homeless youth and young adults has served as impetus for the effort and is essential if the aspirations of the campaign are to be realized.

### **The Tacoma-Pierce County Youth and Young Adult Homelessness Campaign**

A diverse Tacoma-Pierce County based community coalition, including homeless youth service providers, funders, local government, community leaders, and young people currently experiencing homelessness, has been working diligently for the last 18 months to create and launch a community wide Campaign to directly address the unacceptable levels of ongoing, chronic, and crisis levels of youth and young adult homelessness in Tacoma-Pierce County. The result: private philanthropic partners have committed to contributing/securing upwards of \$750,000 to support the launch and initial three years of the Tacoma-Pierce County Youth and Young Adult Homelessness (YYAH) Campaign. The YYAH Campaign is fiscally sponsored by Comprehensive Life Resources.

The Tacoma-Pierce County Youth and Young Adult Homelessness Campaign furthers the sustainability of the work of A Way Home Washington and the Anchor Community Initiative. It will amplify youth voice and lived experience, mobilize local and regional resource investment, support the ACI's alignment of existing youth homelessness systems, and advocate for improved public policy and increased local and regional investments and funding. All this is aimed at creating a future when youth experience homelessness in our community is rare, brief, and a one-time experience.

**Centering Racial and LGBTQ+ Equity** Nationally and locally, homelessness significantly disproportionately affects Black and LGBTQ+ young people. According to an extensive report published in 2019 by Chapin Hall, University of Chicago, structural racism, inequities and institutional biases continue to result in the following risk escalation factors for experiencing homelessness:

- 33% higher risk: Hispanic, non-white youth



83% higher risk: Black or African American youth  
120% higher risk: LGBTQ youth  
200% higher risk: unmarried, parenting youth

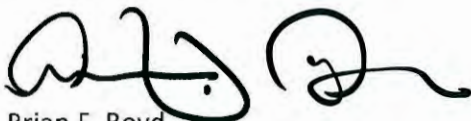
**Anti-Racist Action...It's Time to Listen and Act:** A broad local coalition of Black leadership bodies, including The Black Collective, The Ministerial Alliance, The Tacoma Urban League, The Tacoma Branch of the NAACP, The Tacoma Pierce County Black Collective, A. Phillip Randolph APRI Tacoma, Six Feet In The Street, has generated a concise and unambiguous call for reform and racial progress on behalf of Tacoma's Black community. The following excerpt from our community's Black leadership bodies is our collective call to action:

"In this time of difficulty when Coalition members are asked what can we do and how we can help the Black Community of Tacoma and Pierce County, this is how. The Coalition wants the commitment of elected and appointed officials, private citizens, corporations and not for profit agencies to implement with scale and sustainability these actions that can lead to improved outcomes for the Black community." Prominent among the actions called for: *"Develop a System to End Youth and Young Adult Homelessness."*

I cannot imagine how difficult it must be for you, at this time of extraordinary budgetary balancing challenges, to adequately address all of the competing voices seeking consideration. And at the same time, I hope you will pay special attention to the voices of homeless young people advocating for your consideration and the voices of those speaking up for them and actively working to keep them safe and housed. I can think of no other organization in our community who has stepped forward so ambitiously to directly help address and solve youth and young adult homelessness. THA, in choosing to build and finance the construction of Arlington Drive and commit its own funds to property management and rental stream, took on a big financial risk. Largely because of their reliance on the state to continue the funding of services at Arlington Drive. Aside from protecting THA from financial peril, the state's preservation of the \$4 million in Washington State funding for **Arlington Drive Campus'** operations will assure that young people in our communities desperately in need of stable housing can find support during these harrowing times.

Thank you for all you do to support Washington State's most vulnerable people. The challenge we have before us is daunting. Yet the north star that our community is choosing is crystal clear: our community will be a place where young people can sleep indoors, readily find safety, and receive the support needed to assure that they can pursue futures that are promising, productive, and secure.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian F. Boyd', with a stylized flourish at the end.

Brian F. Boyd  
Executive Director  
Sequoia Foundation



Heritage  
BANK

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November 30, 2020

Honorable Governor Jay Inslee  
Office of the Governor  
Olympia, WA 98504

The Honorable Laurie Jenkins, Speaker of the House  
The Honorable Jeannie Darnielle, 27<sup>th</sup> LD State Senator  
The Honorable Jake Fey, 27<sup>th</sup> LD State Representative  
The Honorable Steve O'Ban, 28<sup>th</sup> LD State Senator  
The Honorable Christine Kilduff, 28<sup>th</sup> LD State Representative  
The Honorable Mari Leavitt, 28<sup>th</sup> LD State Representative  
The Honorable Steve Conway, 29<sup>th</sup> LD State Senator  
The Honorable Steve Kirby, 29<sup>th</sup> State Representative  
The Honorable Melanie Morgan, 29<sup>th</sup> LD State Representative  
Washington State Capitol  
Olympia, WA 98503

Dear Governor Inslee and Honorable Legislators:

This new crisis of COVID-19 will greatly exacerbate crisis conditions that already existed around housing and homelessness, particularly for our homeless youth. Because of this, I am writing today to ask you to preserve the funding already appropriated for the Arlington Drive Campus for Homeless Youth and Young Adults in Tacoma. This project is being led by our valued partner, Tacoma Housing Authority (THA). As a testament to the value of this project, all levels of government contributed toward this project's \$22 million construction costs: The State invested \$5 million; the City of Tacoma invested \$2.8 million; and Pierce County invested \$670,000. The rest of the funding comes mostly from private sources: tax credit investors, commercial debt, and THA. THA is also providing the operating funds for the ongoing property management. The operating funds for its supportive services has come from the State. In 2020, for that purpose, the legislature appropriated \$1.25 million for that portion of the present biennium during which the campus would be open. It came through the Office of Homeless Youth. That rate would be \$2 million a year, or **\$4 million** for the biennium. We ask the legislature to preserve this measure of funding for the coming biennium.

Arlington Drive will serve and save hundreds of homeless youth and young people each year. It is a nationally unique partnership formed between the Tacoma Housing Authority and two of the nation's premier providers of social services to homeless young people: Community Youth Services and the Y Social Impact Center, a social service division of the YMCA of Greater Seattle. As a result of the financial support this project has received, as well as this tremendous partnership, Arlington Drive will be a regional asset serving young people in crisis throughout the Puget Sound area. This project will have Washington State show how to do this hard work well, and at scale.

I know the State, along with all of our fellow cities and counties, face serious budget challenges because of both the pandemic and the related economic shut down. I know you will get many requests to preserve



funding during the 2021 legislative session, and I respectfully request that you place the Arlington Drive project and associated services as a high priority.

I write to ask you to preserve Arlington Drive's operating funding. Maintaining this commitment would constitute a prudent use of public funds that are now even more scarce and would be the right choice for many reasons; here are a few we hope you will consider:

### **1. Preserve the public investment in building Arlington Drive**

The operating funding will protect the nearly \$7 million investment the State, the City and the County have made to build Arlington Drive. Without these crucial State operating dollars, Arlington Drive will stand empty of the homeless young people the state, the City and the County paid to serve.

### **2. Arlington Drive Money Will Serve the Neediest: Homeless Young People**

I understand that serving the neediest is a state spending priority. Near the top of that list must be homeless young people. Arlington Drive will serve and save hundreds of young people a year. They will come to Arlington from the streets. The police will bring them. They will come from sex trafficking, from trading sex for shelter, from foster care, and from the juvenile justice system. They will come when their families kick them out. They will come when they make the plausible judgment that the streets are safer than home. Arlington Drive will give them all a second chance: a second chance at an adolescence, a family, and an education; a second chance at a reasonable adulthood, an occupation, and a life without dependency on social services; and a second chance at a life without fear.

### **3. The pandemic has worsened the peril for homeless young people**

As mentioned, housing and homelessness were priority issues before COVID-19, and the pandemic has made the need for Arlington Drive more dire. The pandemic has reminded us that housing is necessary not only for personal health, but also for public health. This is especially true for homeless young people. Most traditional shelters are not open to them, or they are not safe for young people. Young people then find shelter and safety in groups, with no prospect for social distancing, hygiene, or guidance. The contagion poses even more risk to those young people who trade sex for shelter.

### **4. Arlington Drive is an emergency response to the pandemic**

The state is spending a lot of money responding to the pandemic, much of that on meeting emergent needs. That purpose fits Arlington Drive exactly, which will provide healthy housing for young people who would otherwise be homeless.

### **5. Arlington Drive will save money in averted other costs**

Spending the appropriated funds will save money in averted costs that will arise from the other services young people will then need if they cannot get housing and services at Arlington Drive, especially if they get sick with COVID-19.



Heritage  
BANK

## 6. Arlington Drive is an investment in a more equitable future

Arlington Drive will help address grievous inequities. Due to longstanding systemic inequities, youth of color and LGBTQ+ youth are disproportionately experiencing homelessness when compared to their percentage of the overall population. In the absence of an effective intervention, their homelessness promises to perpetuate these disparities into a population of adult homelessness and adult destitution. Arlington Drive can interrupt this inherited inequity.

I know you face hard choices ahead. I hope this helps you understand that preserving the \$4 million funding for Arlington Drive is an important and necessary choice that will help preserve the health of our youth and the resilience of our entire community.

Sincerely,

Jeffrey Deuel  
President and CEO  
Heritage Bank

cc. Michael Mirra, Executive Director, THA



## THA Thanksgiving Update 2020

November 26, 2020

Dear Friends of THA:

As you may know, I usually write at this time of the year to report on the news from the Tacoma Housing Authority (THA). This year has been challenging for reasons we all know. The racial ferment has impelled a necessary, long overdue, and perhaps hopeful, self-reflection for the nation. The COVID-19 pandemic has also meant for us what you may be feeling as well: that we are all in a big, high stakes experiment in improvisation.

At THA, the pandemic requires us to relearn ways to do our work while preserving our social justice mission: how to manage a large and varied portfolio of properties filled with vulnerable households, pay the rent on behalf of thousands of voucher clients to hundreds of landlords in amounts that must be recalculated to account for lost income, do large, complicated construction projects, and provide supportive services to an increasingly stressed population of clients, including now the delivery of food to seniors.

We also know that our clients need to feel that they are not alone. We distributed over 10,000 masks to all our tenants and voucher clients. We delivered packets of sidewalk chalk to all tenant families with children, telling them that “the world needs more color”. And they produced! For the seniors, we delivered bottles of bubbles.

All in all, the pandemic has THA feeling a bit off balance. But we are getting the work done. Below I offer some examples. And we are finding ways to do it that keep staff, clients, and community partners safe. We can do this because of THA’s wonderful partners. We are lucky to work in such a supportive community like Tacoma and Pierce County. And THA is

**Hello. I would like to say that I am so pleased with how all of you that work and that run Tacoma Housing have kept everything running so smoothly. regardless of how much changed basically overnight. I think its important that you hear from me (someone that's on Housing) a person relies & depends on you holding everything together that you all are amazing & you are appreciated more than words can say. I admire the dedication, the time \* the Help you unselfishly provide for myself & so many others. Thank you.**

**- Letter to THA [August 1, 2020]**

**Dear Tacoma Housing Authority,**

**I am a client and Dana [REDACTED] is my gal there. She is a keeper for sure. I want to take this time to thank you from my heart for the wonderful safe white masks you sent to me in the mail. I just cried when I opened your envelope. Something so simple as a mask means so much to us elders in so many ways. . . . I am so Blessed. You're all so kind and full of Compassion and I needed these so bad. Again thank you and as I smudge today I will keep the entire staff my, {ANGEL'S} Tacoma Housing Authority in deep prayer. God Bless each and everyone of you. Mask up and Stay Safe.**

**Much Respect and Appreciation,**

**S [REDACTED] [REDACTED]**

**- Letter to THA [September 6, 2020]**



lucky with its staff. They display what they also do. But in a pandemic it is particularly valuable: a focus on the mission that animates them, a flexibility, and a good humor.

Below I also describe what some of the year's challenges. The year also offered its share of notable victories. I describe them as well.

Writing you is also a chance to reflect on THA's work, its value, and what it takes to get it done. It takes hundreds of partners like you. So another reason to write is to thank you. Thanksgiving is a good time to do that.

I begin as I usually do by reviewing THA's mission as our Board defines it. I attach a copy. That mission helps me explain the news I relate in this letter, the puzzles we faced this past year, and the choices we made, some of them hard.

THA's mission comes in parts. The main part of our mission is to provide high quality and affordable housing to people who need it, with a focus on the neediest. THA does that in **three** main ways. In 2020, all of them saw challenge, innovation, and expansion.

**(1) Rental Assistance**

THA helps people pay rent to private landlords. Our rental assistance programs do that in partnership with hundreds of landlords, large and small. Measured by people served and dollars spent, these programs are our largest. We serve about 4,000 households this way. In a tight partnership with Pierce County Department of Human Services, we also help to fund our county's rapid rehousing program for homeless families with children and homeless young adults. For all these purposes, every year, we pay over \$35 million to private landlords.

The pandemic gave these rental assistance programs an extra significance. They helped our landlord partners, especially the smaller ones, survive their tenants' loss of income without evictions during the eviction moratorium. While other tenants were defaulting on their rents, for THA's voucher clients, THA paid its share of their rent on time, in full, and in increasing amounts as tenant incomes fell.

**(2) Real Estate Development and THA Rental Housing**

Tacoma's new rental market continues to get more expensive. Our vouchers struggle keeping up with the rising rents. Our clients must compete for fewer vacancies with other households having stronger credit, rental, or criminal histories. In response, THA is emphasizing its other strategies. There are two main ways to subsidize housing. One way is to subsidize people. That is what rental assistance does. Yet doing that does not add a square inch of housing to our city. The other way is to subsidize places and, by ownership or contract, remove housing from the speculative rental market. THA is doing more of that.

One way we do that is by building, buying, and rebuilding properties that we then rent. We are one of the city's largest real estate developers. We are its largest residential landlord. We serve about 1,500 households that way. This year, THA's portfolio continued to grow. Below I describe THA's ambitious Arlington Drive Campus for Homeless Youth and Young Adults, which is now complete and open! Within the next few weeks, we will also open The Rise on

19<sup>th</sup>, on the Hilltop. It will have 64 affordable apart-ments for a range of incomes. Fourteen of those apartments are reserved for veterans experiencing homelessness, and their families.

The Department of Veteran Affairs will refer them and provide them with supportive services. Another

14 apartments are for households with a member who has a disability. It also looks lovely. This construction is the accomplishment of our great partners SMR Architects and MarPac Construction. They had to learn how to do work as complex as large-scale construction in the middle of a pandemic. And they got it done under budget!

The Rise on 19th



Real estate development also serves other parts of THA's mission. It allows us to invest in neighborhoods that need the investment. We seek to do a good job and in that way encourage other people to invest in those neighborhoods. THA also tries to set a high design bar. We tell ourselves that both ugly and lovely are contagious. Good design is especially important to THA's job to help our city grow into the higher densities that its Comprehensive Plan directs. Higher densities can concern neighborhoods. We think of this as a design challenge. THA's job is to show that higher densities can be very attractive.

As important, what we build or buy helps to create or preserve a neighborhood's economic and racial diversity, especially in the face of gentrification. This is a particular issue in Tacoma right now. THA judges that some Tacoma neighborhoods are changing so fast that in 10 years their only notable measure of affordable housing and racial and economic integration, and their main supply of affordable retail space for local businesses, will be what THA and its nonprofit partners own, buy, or build now.

For this purpose, THA is buying property in strategic places in the city. We are increasing our investment in Tacoma's Hilltop, especially along the extension route of the street car line.

We bought a 7-acre mall in West Tacoma across the street from the campus of Tacoma Community College. This year, we polished our master plan for that acreage. It contemplates 500 to 700 apartments for a wide range of incomes, retail

space, and important indoor and outdoor community space. (We must now consider what the post pandemic world means for retail development.) We are shopping for properties in other parts of town, including along the route of Pierce Transit's exciting planned Bus Rapid Transit service.

**Hello my name is H [REDACTED] [REDACTED]  
I'm 46 single have a service  
chaweeny and am in died need of  
housing asap I have ssi and my  
payes office is share and care I'm  
homeless at the moment in hopes  
that you can help me find my futer  
home asap since I'm sleeping on a  
friend's floor .**

**-Email to THA [October 3, 2020]**

\*  
\*  
\*

### (3) **SUBSIDIZING AND RESERVING PRIVATELY OWNED PROPERTIES**

Another way to remove housing from the speculative rental market is by long term contracts with private owners of apartment complexes, both nonprofit and for-profit. I think of this as THA's shadow portfolio. We do not own it. We do not manage it. Instead, we help to finance it. This shadow portfolio is about 1,000 units and growing.

These contracts reserve units for low-income households, and subsidize the rent to make the units affordable to those households. A common contract of this kind is to "project-base vouchers". THA has been able to do this with many non-profit partners, including Mercy Housing, Catholic Community Services, MDC, YWCA, Tacoma Rescue Mission, Pioneer Human Services, KWA, and Human Good. Doing that with them also serves three other purposes.

- The long-term assurance of THA's rental payment supports construction debt to finance construction and get housing built.
- These contracts match our housing dollars with the supportive services our nonprofit partners provide to people who need services that THA does not provide, does not know how to provide, and does not wish to learn. We are lucky with our service partners who do this hard work very well.
- These contracts also strengthen those nonprofit partners. That too is valuable.

We also sign contracts with market-rate properties. That can provide a measure of economic and racial integration on a more granular scale. To better elicit interest from market rate developers, several years ago, THA invented a new subsidy contract. Its elements are similar to project-based voucher contracts. It obliges the landlord to rent to tenants under the agreed-upon income limit, usually 30% of A.M.I. Participating units must pass THA inspection, and the landlord must keep them filled. But instead of providing a unit-by-unit subsidy that varies with the tenant income, this new contract sets the tenant rent at a uniform level affordable at the assigned income limit. The contract then pays the landlord a lump sum to pay the rent down to that level. This lump sum has a built-in vacancy payment. This arrangement seems to be more appealing to market-rate developers. It is easier for them and tenants to understand. And it has a lot less paper shuffling for everyone, including THA. THA calls this a "property-based subsidy". This year we expanded these efforts with our market-rate partners: CWD Investments and Koz Development. Notably, these contracts house homeless students at Tacoma Community College and UW Tacoma with properties in walking distance of the campuses.



Koz on Market



Koz on Puvallup



Highland Flats

All this is hard work, as our partners know. Yet we do not count it as the harder part of our job. The world knows how to do that work when it wants to. It knows how to finance housing, design it, build it, rent it, and manage it. The world knows how to design and run rental assistance programs. The world does not know nearly as much about the next part of THA's job.

This next part of our job is what makes THA's work particularly challenging and meaningful. We seek to spend a housing dollar, not just to house people, but also to get two other things done. **First**, THA seeks to help them succeed, not just as tenants but also, as our mission statement contemplates, as "parents, students, wage earners and builders of assets." We want their time with us to be transforming in these ways, and temporary. We want this certainly for grownups. We want this emphatically for children and youth because we do not wish them to need our housing when they grow up. That explains our large and growing investments in educational partnerships. **Second**, we seek to spend a housing dollar to help our communities succeed, and to help them do so equitably. We seek ways to help neighborhoods be "attractive places to live, work, attend school, shop, and play" and for our city and county to be places that low-income people experience as "safe, vibrant, prosperous, attractive, and just."

This is the work that makes us more than a landlord, more than a real estate developer, and more than a provider of rental assistance. This work makes us what we strive to be: a social justice agency with a technical mission.

Yet the world does not quite know how to do this part of our job. What I so admire about THA's staff and our many partners like you are your efforts to find it out. When it works, it is a very good use of a housing dollar. Here are some examples of what that work looks like, and the puzzles it poses.

## ARLINGTON DRIVE CAMPUS FOR HOMELESS YOUTH AND YOUNG ADULTS

Last year I reported we began to build our ambitious Arlington Drive Campus for Home-less Youth and Young Adults. I can now report that it is done and, as of October 19<sup>th</sup>, open - ahead of schedule and under budget! And it too looks lovely. This was a notable accomplishment, and in the middle of a pandemic, of the wonderful people of SMR Architects and Korsmo Construction. Community Youth Services (CYS) and the Social Impact Center of the YMCA of Greater Seattle provide the crucial supportive services.

The Arlington Drive campus has the following two parts:

hello,not sure if you will be able to help me,but im reaching out to every resource i come across, im homeless living in my car with my daughter(born 10/14/2020) and my boyfriend(my daughters father) and was wondering if youd be able to help in anyway,my boyfriend works part time making 200\$ a week and i get 229\$ a week from unemployment but that ends next week. anything helps thank you for your time,  
sincerely,  
B [REDACTED]  
- Email to THA [November 20, 2020]

"Hello,  
I'm 13 and I've had a CHINS petition for out-of-home placement, which is ending next week (after being granted 11 months ago.)  
I've spent 4 months in a CRC shelter this year, and I'm trying to find another one that I can stay at instead of having to go back to my abusive mother's house.  
I'm looking for any resources available for this kind of situation.  
I saw that the Arlington Drive CRC was opened in June, and I was wondering if I would be able to check in.  
Thank you"  
- Email to THA [August 20, 2020]



- **Crisis Residential Center/HOPE Facility (CRC) for Homeless Youth 12 – 17 Years of Age.**

This CRC will house homeless youth ages 12 to 17 years. CYS will manage this home. CYS is one of the nation's leading service providers for this hard work. It has a program model that has a 91% rate of success in discharging these youth to safe, permanent housing after an average 12 day stay. At that rate, this 12 bed CRC will house and save 350 youth a year. Click here for a [virtual tour](#).



- **Rental Housing: 58 apartments for Homeless Young Adults 18 to 24 Years of Age.**

Arlington Drive has 58 apartments for homeless adults ages 18 to 24 years. About 30% of them will be parents of babies and toddlers. The Social Impact Center of the YMCA of Greater Seattle will provide the supportive services they will need. The Y is a nationally recognized leader in this work. These young adults will stay at Arlington until they are ready to live on their own. When they leave, they will take a THA housing voucher with them to give them a good start.



In planning Arlington Drive, designing it, and choosing its service providers, THA consulted and enlisted a broad range of community views: city and county leaders, community organizations, nearby homeowners, social service providers, advocates, and, most important, formerly homeless young people. We are pleased to report wide and deep leadership and community support in Tacoma for the campus and for the young people it will serve. We are especially grateful to Tacoma's Eastside for its embrace. We do not know of another neighborhood in any city that would show such support and such values.

**So I don't know exactly how to do this but my name is S [REDACTED] Im not sure if I'm graduating this year but I'm 17 and just found out I'm pregnant I work at McDonald's idk how much more I need to tell you but I would appreciate it if you would email me back thank you for your time (sic)  
- Email to THA [November 8, 2020]**

The arrivals of these young persons to Arlington Drive have been poignant moments. They come to us from the streets, abuse and rejection, sex trafficking, trading sex for shelter, and from deeply embedded low expectations and prospects. Then they walk into a place as safe, welcoming, supportive, and lovely as Arlington Drive. This campus will give them a second chance: a second chance at an adolescence and a reasonable adulthood; a second chance at an education, an occupation, and a family; and a second chance at a life without fear. It may take them a while to realize that. When they do, their arrivals can offer us all some tender reflections on the young lives at stake, what the right kind of help looks like, and what it can mean.

The Arlington Drive project also matured THA's understanding of where we fit in service to persons who need more than housing.

Homeless young people, for example, need specialized services that THA does not provide. Instead, we join with organizations like CYS and the Social Impact Center that do know how to do this hard work and do it well. This distilled THA's role. Our job is to provide the land, assemble the financing, provide the real estate development and construction management expertise to build it, the property management expertise to run it, and the long-term rental

assistance to make it financially sustainable. We also offer what may be the most significant contribution of all because homeless young people do not get it or feel it from other places: we offer a warm welcome.

**Hello My Name is M [REDACTED] [REDACTED] i am 20 years old and im contacting you today because my mom Recently just kicked me out onto the streets last month and really need help Trying to get on with housing or section 8 its getting harder everyday trying to find somewhere to lay my head and always worried about getting killed or robbed by someone i don't know. i just recently started my new job at Fred Myers in university Place and they are very big on hygiene and appearance and i'm really not trying to loose my job because i'm not up to dress code standards. Please and Information or assistance will help me. (sic)**

**- Email to THA [June 29, 2020]**

## **THA's EDUCATION PROJECT: EXPANSION, CHALLENGES, AND REDESIGNS**

THA's Education Project seeks to spend a housing dollar, not just to house a needy family, but also get two other things done: help them and their children succeed in school or college, and help public schools and colleges educate low-income students. The Project has 12 initiatives in three categories: (i) early childhood education; (ii) K – 12 schooling; (iii) post-high school education or training. Click here to learn more about [THA's Education Project.](#)

The THA Board of Commissioners has committed over \$10 million to these initiatives. This is possible because of how we understand these dollars: we would be spending them anyway housing somebody. In that way, they are not a cost of the initiatives. The challenge of the Education Project is to spend them to also promote school success. When it works it is a very good use of those same housing dollars. The harder financial challenge is paying for the staff to design, launch, evaluate, and redesign the initiatives, and for the supportive services that student households need.

**I was wondering how I get information on this program and to see if I qualify I'm a single father who was laid off during covid. I was set to start school in September 2020**

**- Email to THA [August 16, 2020]**

We do this work in innovative and elaborating collaborations with Tacoma Public Schools (TPS), Tacoma Community College (TCC), University of Washington at Tacoma, City of Tacoma, Pierce County, Heritage Bank, generous funders, and nonprofit service providers. We are very fortunate to have such interested and capable partners.

The COVID-19 pandemic effected this work in two ways. It sharpened the need for housing among homeless students. Yet it also challenged the program design and delivery: how do we do this work, find the students, serve them, and evaluate the program, all when the schools are closed to in-class instruction? We are learning as we go. Yet, we can report some notable successes.

- **Tacoma Schools Housing Assistance Program (TSHAP)**

We have launched the expansion of THA's Tacoma Schools Housing Assistance Program (TSHAP). This program began at McCarver Elementary School in Tacoma's Hilltop. At McCarver, we paid to house homeless students and their families, who constituted about 20% of the school enrollment. On the strength of the outcomes of that experience, THA and the Tacoma School District have expanded this program to all schools and all grades.

To do that THA and TPS had to redesign the program. We did so in close consultation with an advisory committee of parents and community partners. The redesign was necessary to account for Tacoma's new unaffordable rental market. This meant we had to forego asking parents to commit to a particular school. We will now do without the peer support and the easier ability to provide services that was possible when parents are grouped in select schools. We will rely more on service partners. We also changed the rental assistance to a more flexible rapid rehousing model. We count these as concessions to the demands of a city-wide model in a hard rental market. But they will allow us to stabilize more homeless Tacoma students in all schools. THA and TPS can do this because of our new partnerships with Pierce County Department of Human Services and Wellspring Family Services. We continue to be lucky with our partners!

- **College Housing Assistance Program (CHAP)**

The CHAP is an innovative collaboration among THA, Tacoma Community College and the University of Washington at Tacoma. Its expansion is now primed to house or pay to house nearly 300 homeless or nearly homeless college students, many of whom are parents.

The Harvard Kennedy School named the CHAP as one of the nation's top 25 most innovative governmental programs for 2018.



We hope the expansion will also serve two important sub-cohorts of students:

- CHAP will seek to house students who come to college from prison. Some of them will have begun their studies while in prison. After their release, they come to campus to continue their studies. Many are mothers reuniting with children. Their housing problems are worse than most.
- CHAP will also seek to house and serve TPS high school seniors who are homeless without families. We do not wish to house them with TSHAP. A teenager, even with a TSHAP voucher, would have trouble finding a landlord. Also, TSHAP's goals are focused on stabilizing a family. A homeless teenager without a family needs more than that. In CHAP, we will house them to get them through high school. And we will find a way to tell them that we expect them to go to college or the trades. TCC and UW Tacoma will make that easy. Then we will house them through college. In this way, we will redirect these young lives that need redirection.

Both the college students who come from prison and the high school seniors will need support, including peer support. For that reason, we will seek to house them in properties that THA owns or has under contract for the purpose. This will allow service providers to more easily support them. This also allows for peer support from the other college students living in the same building.

Yet, CHAP and its expansion have confronted two notable challenges. The **first** challenge is Tacoma's newly unaffordable rental market. A CHAP housing voucher is no longer enough to allow a student to find housing near campus. THA has responded in two ways: we have purchased apartment complexes in walking distance of the campuses, and we have contracted with owners of nearby apartment complexes to reserve its units for homeless or near homeless students. THA has also purchased an underused 7-acre retail mall across the street from TCC. It is called James Center North. On that acreage, THA and our partners will build 500 to 700 apartments, with commercial and community space. A portion of those apartments will house homeless or near homeless college students.

The COVID-19 pandemic is the **second** challenge to this expansion, in several ways. It is harder to find the eligible students when they are not in school or on campus. Also, the pandemic has weakened the programmatic and financial ability of THA and our partners to provide the necessary staff support for the program and supportive services to the students.

- **Children's Savings Account Program**

Despite the pandemic, THA redesigned the Children Savings Accounts (CSA) program for the children of Salishan and made it ready for expansion. The CSA program is now in its sixth year. As of the beginning of the year, 190 children were enrolled, 34% of those who are eligible! They had an aggregate account balance of \$93,094.

The redesign was necessary for several reasons. **First**, we needed to make it less labor intensive for staff. **Second**, we do not have the software to make the accounts and account information adequately accessible to the families. **Third**, we wanted to arrange a better investment return on the account balances. Seeking advice, we engaged a third-party evaluator and consulted with participating families.

We decided to blend the program into the State of Washington's 529 Guaranteed Education Tuition (GET) program. This will mean the Washington Student Achievement Council (WSAC) will administer the CSA program, giving us the advantages of its expertise, its software, and its rates of return. THA will still make contributions to GET accounts on behalf of families. This arrangement also confers two other advantages. Families are more likely to have confidence in a program administered by WSAC rather than by their landlord, THA. Also, it helps WSAC diversify its programs with this entry into a community as diverse as Salishan by income, race, national origin, and language.

I conclude this letter with a word about THA and our staff. THA has a board of five volunteers. Our wonderful mayor appoints them. The Board defines THA's mission. It is the



repository of our animating values. It sets our strategic choices. It is the source of insistence that our work is important and the people and communities we serve matter.

Trying hard to fulfill this hard mission is a staff of about 135 people. These include our real estate development staff of project managers, tax credit and financial experts, planners, and construction managers. Their job is to develop, build, buy and rebuild properties so they are well built, sustainable, and attractive. THA's staff includes maintenance specialists who keep our properties in good shape. They include property managers who manage long and complex waiting lists, screen applicants, verify income and eligibility, turn and lease units, collect rent, enforce the rules, and do the hundreds of things it takes to manage a large and varied portfolio, many of whose residents come to us from very challenging circumstances.

Other staff manage THA's rental assistance programs. They market the program to landlords, manage the waiting lists, certify eligibility, administer lease requests and landlord contracts, inspect units, and enforce the rules in a way that accounts for real lives and real needs of tenants and landlords. THA's community service staff of caseworkers and program managers help seniors or disabled persons live independently. They help families stabilize after coming to us from crisis. The two main ones are homelessness and domestic violence. They help people get treatment, be better parents, learn English, increase their earnings, find training, improve their credit, and save. THA includes policy analysts and planners who envision new programs to try, design, and evaluate. THA also includes finance staff, accounting specialists, asset managers, risk managers, compliance officers, IT wizards, data and GIS analysts, business process managers, procurement specialists, human resources experts, and clerks.

Perhaps most poignantly, THA includes receptionists who politely and respectfully greet people who come for help that we cannot offer because we are full.

All these staff persons do this work governed by numerous and exquisitely detailed

**My name is Julia Harms and I have been a grateful client of the Tacoma Housing Authority via its housing choice voucher program.**

**Dana [REDACTED] has been my talented case worker for quite some time now and I wanted to take this opportunity to express my appreciation and gratitude—not only for this wonderful program—but also for the immense help and continuous support I receive from Miss [REDACTED].**

**Dana has gone miles beyond her professional obligations by guiding me through an immensely stressful search for a new home by supporting me with her knowledge, kindness, and an always calm demeanor.**

**At times I felt quite overwhelmed and hopeless, especially whilst dealing with prospective landlords, thus bombarding Dana with one anxious email question after the other, yet her supportive and positive attitude never changed even in the slightest.**

**Dana's continuous encouragement and kind assistance throughout these last three months filled me with such gratitude that I felt compelled to write and share this wonderful experience.**

**Thanks to Dana and the Tacoma Housing Authority I felt empowered to complete my Bachelors Degree, while in turn inspiring my 12 year old child to view education as a gift instead of a chore.**

**Lastly, I would like express my deepest gratitude and appreciation for Dana and THA's generous assistance, hence allowing me the opportunity to learn and grow; your continuous support not only impacted me but also changed my son's life for the better—and for that I will always be grateful.**

**I wish you a Great Christmas and a wonderful 2020!**

**Thank you,  
J [REDACTED]**

**- Email to THA [December 16, 2019]**

rules, regulations and requirements from HUD, funders, lenders, investors, and auditors, as well as important if less precise community expectations. And they do it in five languages.

This work also takes all of you, our partners: elected city, county, state and national leaders, their hardworking staff, public and private funders, lenders and investors, foundation and program officers, landlords, architects, planners, builders, construction workers, financial advisors, auditors, attorneys, grant writers, other housers, legal services attorneys and other advocates, service partners, journalists, teachers, school district staff, police officers, community groups, unions, and neighborhood organizations.

You make our work possible. You make the work effective. Also, you make it meaningful and enjoyable. On behalf of THA's Board of Commissioners and staff, we are grateful to you. I hope your holidays are peaceful, meaningful, and safe.

Cordially,

TACOMA HOUSING AUTHORITY

Michael

Michael Mirra  
Executive Director



***"Housing Tacoma Forward"***





**TACOMA HOUSING AUTHORITY**

**FINANCE**



# TACOMA HOUSING AUTHORITY

## **Motion**

Adopt a consent motion ratifying the payment of cash disbursements totaling \$5,400,168 for the month of November, 2020.

**Approved: December 9, 2020**

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Stanley Rumbaugh, Chair

**TACOMA HOUSING AUTHORITY**  
**Cash Disbursements for the month of November 2020**

		Check Numbers		Amount	Totals
		From	To		
A/P Checking Accounts					
Accounts Payable Checks	Check #'s	94,530	-	94,584	
Arlington CRC Checks	Check #'s	-	-	-	
Accounts Payable ACHs	ACHs	56	-	159	
Business Support Center				406,133	Program Support
Moving To Work Support Center				74,002	
Moving To Work Buildings (used by Support Center)				19,339	
Tax Credit Program Support Center				21,286	
Section 8 Programs				187,421	Section 8 Operations
KeyBank Building				400	Properties
Salishan 7				11,060	
Hilltop Redevelopment - THDG				1	THDG
Arlington Crisis Residential Center				2	Development
James Center				1	
Alberta J Canada-Development				283	
Hilltop Redevelopment				1,776	
Hillsdale Heights				1	
Bus Development Activity				33,939	
CS General Business Activities				253	Client Support
CSA Program - Business Activities				3,885	
Pierce Co. CARES Act - Rent Arrearage				88,849	
Department of Commerce Funding for Crisis Residential Center				67,169	
Community Services MTW Fund				15,589	
Education Private Grants (Gates, etc.)				2,511	
Education-Local Gov't Grants (County, City)				2	
COT-Community Wellness Program				2	
HUD-ROSS Svc Coord				4	
HUD-FSS Grant				7	
AMP 6 - Scattered Sites				35	Public Housing
AMP 9 - HT 1500 - Subsidy				749	
THA SUBTOTAL				934,699	
Hillside Terrace 2 & 1500				2,567	Tax Credit Projects - Reimbursable
Bay Terrace I & II & Community Facility				7,528	
Arlington Youth Campus				844	
Court F (The Rise)				404	
Renew Tacoma Housing				15,384	
Salishan 1 - Salishan 6				10,970	
TAX CREDIT SUBTOTAL (Operations & Development - billable)				37,698	972,397
Section 8 Checking Account (HAP Payments)					
SRO/HCV/VASH/FUP/NED	Check #'s	483,754	-	483,833	102,068
	ACH	1,066	-	2,028	3,429,109
Payroll & Payroll Fees - ADP					896,594
TOTAL DISBURSEMENTS					5,400,168



**TACOMA HOUSING AUTHORITY**

**NEW BUSINESS**

# **Resolution 1**





# TACOMA HOUSING AUTHORITY

## RESOLUTION 2020-12-09 (1)

**Date:** December 9, 2020

**To:** THA Board of Commissioners

**From:** Michael Mirra  
Executive Director

**Re:** Conifer South Apartments Acquisition and Modest Renovation - Use of Restricted Funds

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*This resolution would authorize a request to Housing and Urban Development (HUD) regarding the use of restricted funds for acquisition expenses associated with Tacoma Housing Authority's (THA) Conifer Apartments acquisition. The amount to be used is \$2,000,000.*

### Background

On February 13, 2018, THA received approval from HUD allowing the use of proceeds from Tacoma Housing Authority's (THA's) disposal of 34 public housing scattered sites to pay for the acquisition of the property known as Allenmore Heights Brownstones. That acquisition was determined to be financially infeasible and a rescission of the request was acknowledged and approved by the HUD on June 7, 2018.

THA would now like to use the previously mentioned funds for the acquisition of Conifer South Apartments and some renovation. The resulting net proceeds from the scattered sites sales, including bank interest, currently totals \$5,873,187 and is considered HUD restricted funds and requires HUD approval for their use.

Conifer South Apartments is a 32-unit apartment building that THA is purchasing from a LIHTC partnership in which THA is an Administrative Managing Member. The initial tax credit compliance period has been met; however, there is an extended use agreement in place with the Washington State Housing Finance Commission which requires the units to remain affordable to households earning up to 50% of the Area Median Income (AMI) until June, 2040. THA intends to maintain this property as affordable housing in perpetuity.

Real Estate Development (RED) staff have been working on this acquisition since August 5, 2020, including engaging with third party consultants to evaluate the property's condition and processes to transfer the PBRA Contract for this property to THA. As planned, the HUD restricted funds would pay off the existing loan, plus proceeds to the current managing member as defined in the Right of First Refusal Clause in the Operating Agreement for Conifer South. After operating the property for



a few years, THA will evaluate the possibility of refinancing the property with private debt.

**Current Request**

This resolution will allow THA to ask HUD to use \$2 million of HUD restricted funds for the acquisition and modest renovation of the Conifer South Apartments. HUD will require that a minimum portion of the resulting units that THA will acquire with this money must be affordable to low-income households. All thirty-two (32) of the units will be affordable to households earning up to 50% of the area median income.

**Recommendation**

THA staff recommends applying to HUD for permission to use these funds and commit to providing thirty-two (32) units of affordable housing for this project.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2020-12-09 (1)**

### **(THA's Conifer South Apartments and Modest Renovation - 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 \$5,873,187; and

**WHEREAS**, On August 5, 2020, Tacoma Housing Authority (THA) Staff began engaging with consultants and legal representation regarding this project; and

**WHEREAS**, THA staff expect to use \$2,000,000 for costs associated with the acquisition and modest renovation of the Conifer South Apartments; and

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

**WHEREAS**, All thirty-two (32) of the apartments are subject to a Project Based Rental Assistance contract administered by the Bremerton Housing Authority. This contract ensures affordability to extremely low, and low income households; and

**WHEREAS**, THA staff expect to be able to meet all HUD affordability requirements and that funds will be approved by HUD to acquire the Conifer South Apartments; 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 \$2,000,000 of restricted funds from the sale of public housing scattered sites for the acquisition of Conifer South Apartments and commit that all thirty-two (32) of the units will be affordable to households earning up to 50% AMI.

**Approved: December 9, 2020**

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Stanley Rumbaugh, Chair

# **Resolution 2**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2020-12-09 (2)

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

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

### BACKGROUND

By this resolution, the Board would adopt a THA budget for FY 2021. Each year THA budgets for the upcoming fiscal year. The annual budget reflects an estimate of the expected revenues and expenditures for each of its departments and major programs. The budget denotes strategic choices. It shows individual department expenses. For management purposes each department director will manage and control their department budget in accordance with Federal, State and Local regulations.

The Board provided direction for writing this budget through discussions with the liaisons from the Finance Committee, the current chair, and other board members. I have provided additional direction to staff based on these discussions. The Finance Director facilitated multiple meetings with the other Directors to come up with a budget to present to both me, and now the Board. At its December 4th budget study session, the Board indicated approval of the budget that staff now submits. As is typically the case each year, one of the biggest topics of discussion has been the expenditure of THA's Housing Assistance Payment (HAP) funds. This is the largest allocation of federal funding that THA receives, approximately \$51.3 million (recurring) for the 2021 budget, as well as the largest expenditure of funds (\$46.6 million).

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

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

- The budget provides funding for ongoing client support. It focuses on properties we manage; assisting families in asset building; and preparing for successful exits of our HOP participants at the end of their assistance.
- We have community partners that will provide funding for Youth asset building activities for the foreseeable future.
- The budget invests in THA's financial future and promotes redevelopment of additional affordable housing in the community by providing due diligence funds for existing and future opportunities.
- Like past budgets, this one is based on conservative estimates. THA's past prudence has allowed us to weather the continuing budget challenges. As we remain in an unsettled environment for predicting future HUD funding, this approach should continue to serve the agency well.
- The 2021 Budget proposal leaves THA with adequate reserves of both MTW and non-MTW funds. There are also reserves remaining from the sale of ACC property (Salishan lots and AMP 6 Single Family homes), which are designated by HUD under the terms of the demo/dispo application for rehab or existing and developing of new affordable housing in the community. Additionally, we are anticipating that there will be HAP reserves remaining at HUD at the end of 2021. This is due to Cash management regulations HUD follows not allowing agencies to have excess MTW reserves held at the agency.

I am pleased to present this budget proposal to the Board. It reflects discussions throughout the year by both the Board and staff. The proposed budget leaves THA in good shape for 2021. It allows THA to continue core programs. It allows for 100% MTW utilization of Voucher allocation. It also allows THA to continue its special programs that continue to distinguish THA nationally for its innovation, such as the Education program, rapid rehousing, and assistance to TCC students who are homeless.

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

## **PRINCIPLES GUIDING THE BUDGET CHOICES**

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

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

As in the past, this budget seeks to retain what is distinctive about THA: we do not confine our mission to being a landlord and disbursing monthly rental assistance checks. We also are real estate and community developers. We seek ways to spend our housing dollar to leverage other outcomes: increased earned income of our families, improved educational outcomes; improved asset building. Our efforts to do this have become signature attributes of THA. The have distinguished THA from its counterparts. As we craft the budget each year, depending on the funding we receive we make judgements. One of the basic tenets that we keep in front of us is that we would rather retain a meaningful measure of these functions, even on a reduced scale, rather derail the significant movement forward on important initiatives due to fear of reduced funding. If we retain at least a minimal presence in these areas it allows us to later pick these initiatives back up and move them forward easier than if we had to start from scratch.

- **Congressional Appropriations**

Congress is supposed to adopt a federal budget by October 1st. Per usual, there have been delays. As of the date this resolution was crafted, we are operating under a Continuing Resolution which expires December 11<sup>th</sup> and provides funding at 2020 levels. We are using this flat funding level as our basis for the 2021 budget proposal. Any additional funds received for 2021 will be beneficial to the agency in completing its mission.

- **Recurring Income and Expenses**

We seek a budget where our recurring income pays for our recurring, and non-project oriented expenses. We try not to spend reserves on recurring expenses because it is not sustainable. Our proposed budget provides a comfortable aggregate surplus of recurring income over recurring expenses.

- **Reserves and Reserve Spending**

Reserves are important. We want to keep enough for important purposes; to operate safely, to make credit worthy to investors and partners, and to allow enough funding for real estate development opportunities when they arise. We continue to identify minimum and maximum levels of reserves overall and for each type of reserve. A determination is then made by the Board as to what level of reserves is optimal. Based on the 2021 budget, we are projecting we will have approximately \$600K MTW funds at THA, and \$1.45 million of HAP held reserves at HUD. For our Business Activity funds (Non-MTW without restrictions), we anticipate approximately \$8.7 million.

The budget also spends reserves per the Board's principles direct. The best use of reserves is to fund activities that have a plausible prospect of: (i) saving us money; (ii) making us money; (iii) making us more effective. A substantial portion of the spending of non-MTW reserves is on development projects that we

expect could earn us a developer fee, increase the number of affordable housing units for the community, and provide ongoing cash flow for the agency.

For the 2021 budget we will continue to invest in our IT platform; ramp up our Process Improvement and documentation effort; upgrade our Website; and remodel the 1<sup>st</sup> floor at our 902 S. L administration building. We will also continue to support our families with services. As we typically have in recent years, we have set funds aside for property purchases, such as finalizing the Trees Property purchase, as well as look at other development opportunities, such as the gap funding for the Hilltop Redevelopment, and continued predevelopment needs for James Center,

## NOTABLE BUDGET ASSUMPTIONS

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

- **Budgeting at 2020 Funding Levels**  
Between 2018- 2020, we received an approximate \$8 million combined HAP funding increase from HUD. As of this writing, we are operating under a Continuing Resolution for the 2021 Federal Budget, with HAP funded at 2020 levels. We will finalize this budget, using 2020 levels, with hope that there will be some level of increase once the Federal Budget is finalized.
- **Public Housing Operating Subsidy:**  
This is no longer a factor in the agency budget, as we only have 5 units of PH remaining. We are looking at bringing on Public Housing Faircloth units and transitioning them to RAD at some point. If this is done, due to the timing of how long a property may be Public Housing before being transitioned, we may periodically receive funds in this category.
- **HAP Savings**  
Over the years, as a MTW agency, due to changing our occupancy standards to 2 individuals per bedroom; discontinuing utility allowance payments instituting minimum rents at \$75 per unit; and transitioning new households to HOP, THA achieved HAP savings over HAP expenses of approximately \$6.5 million as of 2013. The savings has fluctuated over the years. It dropped to around \$4 million by 2017 due to flat funding. It increased again in 2018-2020 as we received significant increases in funding during that period which were greater than increases in HAP expenses. With budgeting at 2020 funding levels, and bringing on 3 new Project Based Voucher properties, coupled with a higher than average projected HAP increase, the budget projects a \$4.5 million in recurring HAP income over HAP expenses that can be programmed for operational shortfalls, Client support, and other initiatives in the 2021 budget.
- **Section 8 Admin Fee**

Section 8 Admin Fees are budgeted at 82% of authorized amount. This % is based upon an average of what we received over the past few years.

- **Wages and Salaries**

For 2021 we are budgeting to include a 3% increase for OPEIU non-represented and Trades staff, along with an extra 2.0% for Variable pay based on performance. Scheduled increases are budgeted for July 1. There is an additional \$200K added to the Executive Department's Special Recognition fund above the 2% to address any extraordinary efforts throughout the agency during 2021. This resolution would also authorize the Executive Director to approve raises above 3% if he determines the demands placed on staff warrants additional compensation in that area.

- **Employee Benefits**

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

*Health Care benefits*

We plan for a 5% increase in the Laborers trust for our maintenance staff, effective July 1<sup>st</sup>. For our OPEIU and Non- represented staff, there was less than a 2% increase in rates from 2020 for PEBB.

*Dental*

There was a minimal increase over 2020's costs.

*Retirement*

Washington State employer portion of retirement plan is budgeted at the 12.97%. This rate has been increasing the last couple of years and may trend slightly higher in 2021.

*Short and Long Term Disability/Life Insurance*

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

*Unemployment Insurance*

THA pays out all unemployment claims and remains self-insured for 2020. We are maintaining the accrual at 1.5% in 2021. THA pays for all of the claims from this accrual.

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

- **Property Reserves**

We will maintain a six-month operating reserve based on expenses, as well as a replacement reserve for all properties that we own. This accounts for the \$2.6 million reserve level for this category.



## SOME BUDGET DETAIL

- **HAP Utilization**

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

- **Special Program Initiatives**

The budget provides approximately \$2.1 million for special program initiatives that the Board will recognize from past discussions:

- DSHS-PHA child welfare collaboration
- Rapid rehousing for homeless families
- Housing for unaccompanied youth
- Tacoma Schools Housing Assistance Program (TSHAP)

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

- **HAP Expenditures**

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

- **Tax Property Cash Flows**

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

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

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

modules (Client Support; Maintenance and Inspection; Tenant and Landlord portals).

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

- **Client Support**

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

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

- **The Trees Property Purchase**

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

- **James Center North**

This complex was purchased in 2017, with commercial leases in place. THA is moving forward on finalizing plans and phasing for redevelopment of that area. The development will be a mix of Affordable Housing, along with student housing, market rate and Commercial. In 2021, \$1,000,000 of the Loan associated with this property is due. Additionally, we are anticipating selling a parcel of the property to offset the loan payment.

- **Hilltop**

The redevelopment of the Hilltop area is a priority in 2021. At this time THA intends to remain in partnership with two outside parties (Inland and Horizon) who would take the lead on the Development of the parcels. The current intent is

to break ground in the spring of 2021 for the Homeless units located on the current Mr Mac site utilizing tax credits. Our hope is that the affordable housing portion of the development can proceed shortly thereafter. THA has included \$3 million in the 2021 budget to assist in filling a funding gap that exists for the affordable housing units before development can proceed.

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

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

- **902 South L Additional Needs**

In 2019, it was determined that additional repairs in the Rental Assistance and Administration areas of the building needed to be addressed. \$1.5 million was included in the 2020 budget to address these issues. Due to the pandemic, and increased ability to telework we did move forward with the remodel in 2020. We are reevaluating what the new work environment will be like, including post-Covid, to determine how to best utilize the space at 902. We will tailor the remodel to include those decisions. We therefore have carried over the \$1.5 million for the remodel into the 2021 budget.

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

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

- **Reserve Appropriations/Operating Transfers**

In the budget, we specify certain areas where we will either make transfers from certain areas or pull from reserves rather than operations for expenditures. For FY-2021, we will be drawing down from our HUD held HAP reserves in order to cover operational shortfalls and will not need to draw from reserves. We will need to draw from reserves for capital purposes though. The purpose for the Reserve appropriation follows:

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

- **Use of MTW Flexibility**

Due to our MTW flexibilities, we have had the ability to combine our Public Housing Operating subsidies, Public Housing Capital Funds and Section 8 Housing Choice Voucher Program assistance into a single authority-wide funding source. With all but 5 of our Public Housing units transitioned to Section 8 RAD units by the end of 2019, our flexibility basically lies in combining our Section 8 Housing Choice Voucher HAP funds and Section 8 admin fees into a single funding source to carry out the mission of the MTW Demonstration program through activities that would otherwise be eligible under sections 8 and 9 of the 1937 act.

- **Reserves**

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

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

## Recommendation

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



# TACOMA HOUSING AUTHORITY

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

**WHEREAS**, The Housing Authority of the City of Tacoma (“Authority”) intends to incur expenses and other cash outflows for Fiscal Year 2021; and

**WHEREAS**, Authority staff has prepared and the Board of Commissioners of the Housing Authority of the City of Tacoma as reviewed and provided input to the proposed Fiscal Year 2021 annual budget; now, therefore, be it

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

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

<u>Expenses</u>	
Administration	\$ 4,315,064
Client Support & Empowerment	4,881,867
Executive	1,485,686
Finance	1,871,396
Human Resources	919,122
Policy, Innovation and Evaluation	865,541
Property Management Overhead	1,880,629
Property Budgets	2,260,505
Rental Assistance	54,408,705
Real Estate Development	<u>2,794,518</u>
Subtotal	\$75,683,033
 <u>Additional Cash Outflows</u>	
Debt Service	137,500
Capital Expenditures	11,540,000
Replacement Reserves	<u>172,652</u>
Subtotal	11,850,152
 <b>TOTAL APPROVED BUDGET</b>	 <b><u>\$87,533,185</u></b>

**Approved: December 9, 2020**

\_\_\_\_\_  
Stanley Rumbaugh, Chair



# TACOMA HOUSING AUTHORITY

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

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At its meeting on December 9<sup>th</sup>, the Board is scheduled to adopt THA's final budget for FY 2021, which begins on January 1<sup>st</sup>. The Board has a study session scheduled for December 4<sup>th</sup> 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 1<sup>st</sup> 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 9<sup>th</sup> Board meeting. We will summarily present the budget by department. If the Board wishes, our new budget software will allow us to drill down into granular detail at both the study session and the board meeting.

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

### **2.1 Operating Surplus**

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

### **2.2 Capital Expenditures**

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

### **2.3 Adequate Reserves Committed to Specific Purposes**

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

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

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

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

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

#### **2.4 Uses of THA Funding**

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

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

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

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

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

- *Utilization Rate of 100%*

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

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

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

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

- *Spending 13.00% Overall on Administration*

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

## **2.5 RAD Transition**

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

## **2.6 Budget Continues THA's Project Priorities**

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

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

## **3. A LOOK AHEAD TO FY 2021**

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

### **3.1 COVID-19 Pandemic**

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

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

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

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

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

### **3.2 Tacoma's Rental Market and Federal Funding**

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

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

### **3.3 Moving to Work (MTW) Changes**

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

### **3.4 Staffing**

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

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

### **3.5 Property Purchases**

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

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

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

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

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

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

**3.6 Property Sales**

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

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

Thank you!





Attachment A

**BOARD OF COMMISSIONER DECISION POINTS: 2021 Budget**  
December, 2020

Rev 2020-12-01 AM

The green boxes below denote the main decisions for the THA Board. The contents of the green boxes are staff proposals.

The yellow boxes below and other text contain information and staff proposals that will help the Board decide.

**1. AVAILABLE RESERVES**

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
<b>Totals</b>	<b>\$28,890,000</b>		<b>\$8,000,000</b>	<b>\$16,500,000</b>	<b>\$11,100,000</b>		<b>\$17,790,000</b>

**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 <sup>1</sup>
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
<b>Total</b>	<b>\$67,634,000</b>		<b>\$66,908,000</b>		<b>\$726,000</b>

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) <sup>1</sup>	(\$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. Projected Reserves - 12/31/21	\$603,000	\$8,768,000	\$2,633,000	\$5,440,000	\$0	\$1,450,000	\$18,894,000

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

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

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

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

## Back-up Detail - Notable Items

### 7. Non-Recurring Income: FY-2020

Sources of Non-Recurring Income	Amount	MTW/Non-MTW/Properties	Department
<b>Operational</b>			
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		

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

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

### 8.1 Operational

	Amount	MTW/Non-MTW/Properties	Department
<b>a. Salaries</b>		<i>\$1,050,000</i>	
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>b. Information Technology Expenses</b>		<i>\$358,000</i>	
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
<b>c. Office Equipment</b>		<i>\$74,000</i>	
1. Computer Replacements & Smartboard	\$49,000	MTW/Non-MTW	Multiple
2. Office Furniture & Equipment	\$25,000	MTW/Non-MTW	Multiple
<b>d. Legal</b>		<i>\$145,000</i>	
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
<b>e. Administrative Contracts</b>		<i>\$453,900</i>	
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
<b>f. Due Diligence - Development Opportunities</b>		<i>\$1,000,000</i>	
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
<b>g. Tenant Services</b>			
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
<b>h. Housing Assistance Payments</b>		\$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
<b>i. Contingency</b>	\$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
9.1 <i>Currently Occupied Position Upgrades</i>	
a. Lead Positions (2)	RA
9.2 <i>New Positions for 2021 Budget- Recurring</i>	
a. Salesforce Administrator	AD
b. Senior Systems Engineer	AD
c. Financial Analyst	FD
d. Procurement Specialist	FD or AD
e. HR Analyst (Filled in 2020)	HR
f. Legal Counsel	PM
g. Housing Specialist	RA
h. Housing Specialist - effective 07/01. Based on 150 add'l Mainstream/VASH vouchers applied for	RA
i. Program Manager	RA

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

10.4 <i>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
10.4 <i>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 &amp; Evaluation</u>	<u>PM Property Management Overhead (Rollup)</u>	<u>RA Rental Assistance</u>	<u>RD Real Estate Development</u>	<u>Agency Total</u>
<b>Revenue - Operations</b>										
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
<b>Total Revenue</b>	<b>\$834,122</b>	<b>\$3,755,107</b>	<b>\$149,076</b>	<b>\$725,116</b>	<b>\$121,833</b>	<b>\$384,666</b>	<b>\$6,485,591</b>	<b>\$63,245,266</b>	<b>\$2,706,468</b>	<b>\$78,407,245</b>
<b>Expenses - Operations</b>										
<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
<b>Total Operating Expense</b>	<b>\$4,315,064</b>	<b>\$4,881,867</b>	<b>\$1,485,686</b>	<b>\$1,871,396</b>	<b>\$919,122</b>	<b>\$865,541</b>	<b>\$4,090,034</b>	<b>\$5,519,932</b>	<b>\$2,794,518</b>	<b>\$26,743,160</b>
<i>Non-Operating Expenses</i>										
Extraordinary Maintenance Expense							51,100			51,100
Housing Assistance Payments								48,888,773		48,888,773
<b>Total Non-Operating Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$51,100</b>	<b>\$48,888,773</b>	<b>\$0</b>	<b>\$48,939,873</b>
<b>Total Expenses - Operations</b>	<b>\$4,315,064</b>	<b>\$4,881,867</b>	<b>\$1,485,686</b>	<b>\$1,871,396</b>	<b>\$919,122</b>	<b>\$865,541</b>	<b>\$4,141,134</b>	<b>\$54,408,705</b>	<b>\$2,794,518</b>	<b>\$75,683,033</b>
<b>Surplus/(Loss) - Operations</b>	<b>(\$3,480,942)</b>	<b>(\$1,126,760)</b>	<b>(\$1,336,610)</b>	<b>(\$1,146,280)</b>	<b>(\$797,289)</b>	<b>(\$480,875)</b>	<b>\$2,344,457</b>	<b>\$8,836,561</b>	<b>(\$88,050)</b>	<b>\$2,724,212</b>
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
<b>Net Surplus/(Loss)</b>	<b>(\$4,005,942)</b>	<b>(\$1,126,760)</b>	<b>(\$1,336,610)</b>	<b>(\$1,146,280)</b>	<b>(\$797,289)</b>	<b>(\$480,875)</b>	<b>\$1,984,318</b>	<b>\$8,836,561</b>	<b>(\$1,678,050)</b>	<b>\$249,072</b>

# Tacoma Housing Authority - Property Budget FY- 2021

Accounts	<u>AMP6</u>	<u>HLCR Highland</u>		<u>KEYB Key Bank</u>		<u>MMAC Mr Mac</u>	<u>OUTR</u>	<u>POAK Prairie</u>	<u>Subtotal</u>
	<u>Scattered Site</u> <u>Homes</u>	<u>SAL7 Salishan 7</u>	<u>Crest</u> <u>Apartments</u>	<u>JAMC James</u> <u>Center North</u>	<u>Building</u>	<u>- 1124 MLK</u>	<u>Outrigger</u> <u>Apartments</u>	<u>Oaks</u>	
<b>Revenue - Operations</b>									
Revenue	30,000	1,105,850	999,721	706,413	33,000	5,580	548,651	220,329	3,649,544
<b>Total Revenue</b>	<b>\$30,000</b>	<b>\$1,105,850</b>	<b>\$999,721</b>	<b>\$706,413</b>	<b>\$33,000</b>	<b>\$5,580</b>	<b>\$548,651</b>	<b>\$220,329</b>	<b>\$3,649,544</b>
<b>Expenses - Operations</b>									
Operating Expense	3,840	781,858	577,551	455,892	1,050	1,650	291,073	131,491	2,244,405
Non-Operating Expenses	-	16,100	-	-	-	-	-	-	16,100
<b>Total Expenses - Operations</b>	<b>\$3,840</b>	<b>\$797,958</b>	<b>\$577,551</b>	<b>\$455,892</b>	<b>\$1,050</b>	<b>\$1,650</b>	<b>\$291,073</b>	<b>\$131,491</b>	<b>\$2,260,505</b>
<b>Surplus/(Loss) - Operations</b>	<b>\$26,160</b>	<b>\$307,892</b>	<b>\$422,170</b>	<b>\$250,521</b>	<b>\$31,950</b>	<b>\$3,930</b>	<b>\$257,578</b>	<b>\$88,838</b>	<b>\$1,389,039</b>
<b>Capital Expenses/(Revenue)</b>		(72,000)	(32,850)	(50,000)			(12,551)	(5,250)	(172,651)
<b>Liabilities and Equities</b>		(12,500)					(124,988)		(137,488)
<b>Net Surplus/(Loss)</b>	<b>\$26,160</b>	<b>\$223,392</b>	<b>\$389,320</b>	<b>\$200,521</b>	<b>\$31,950</b>	<b>\$3,930</b>	<b>\$120,039</b>	<b>\$83,588</b>	<b>\$1,078,900</b>

PHA Board Resolution  
Approving Operating Budget

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

OMB No. 2577-0026  
(exp. 06/30/2022)

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

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

PHA Name: \*\*\*\*\*PHA Code:

PHA Fiscal Year Beginning: \*\*\*\*\*Board Resolution Number:

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

DATE

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

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

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

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

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

Print Board Chairperson's Name:	Signature:	Date:
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# **Resolution 3**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2020-12-09 (3)

**Date:** December 9, 2020  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** 2021 Board Commitments

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*This resolution would update the Board's commitment of Tacoma Housing Authority's (THA) reserves. These reserves are essential for purposes vital to THA's mission and to cover important obligations.*

### Background

THA is a Moving to Work (MTW) agency, and therefore subject to Housing and Urban Development (HUD) Cash Management rules. At the moment, any eligible Housing Assistance Payment funds (HAP) not reported on the agency's month report as HAP expenditures remain at HUD until the agency submits a request based on expenditures to draw it down.

Furthermore, HUD is now requiring MTW agencies to report on the status of their commitments on their Voucher Management System (VMS) report annually.

Over the years, THA has built up reserves in both its MTW and Business Activity areas. In doing so, the agency plans for the future in both capital and operational areas and identifies areas where the Reserve funds will allow THA to move forward on accomplishing its goals.

Formally committing these funds with Board approval is a useful planning tool. It also helps HUD understand their purposes.

This Resolution updates the list of commitments.

### Recommendation

Approve Resolution 2020-12-09 (3) committing THA reserves as identified in the attached Schedule of Board Reserve Commitments.





# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2020-12-09 (3) (Commitment of Agency and Moving to Work Reserves)**

**WHEREAS**, For THA has to be effective in its mission it must plan its use of financial resources over multi-year periods and have assembled reserves for those purposes; and

**WHEREAS**, The Authority has assembled adequate reserves for those purposes through its responsible prudent, and patient management and budgeting; and

**WHEREAS**, The attached Schedule of MTW Reserve Commitments updates Resolution 2020-04-22 (2), and reflects the Authority's current plans for such capital and operational expenditures of THA' reserve's, both MTW and Non-MTW; and

**WHEREAS**, The Authority intends to include a Schedule of Board Commitments in the MTW annual report, including language that allows for shifting monies between the identified commitments; now, therefore, be it

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

1. The Board authorizes commitments of the Authority's Reserves as outlined in the attached Schedule of THA Reserve Commitments, subject to adjustment in future budgets and budget revisions.
2. The Board authorizes the Executive Director to include the latest THA Reserve Commitments in the annual MTW Report submitted to HUD.

**Approved: December 9, 2020**

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Stanley Rumbaugh, Chair

**2021 Schedule of Board Reserve Commitments**

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