



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, DECEMBER 12, 2018

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 902 South L. Street, Tacoma, WA 98405 at 4:45 PM on Wednesday, December 12, 2018.

1. CALL TO ORDER

Commissioner Rumbaugh called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 5:10 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
	Chair Minh-Anh Hodge
Vice Chair Derek Young (participated by phone)	
	Commissioner Arthur Banks
Commissioner Stanley Rumbaugh (arrived late at 5:04 pm)	
Commissioner Shennetta Smith	
Staff	
Michael Mirra, Executive Director	
Sha Peterson, Executive Administrator	
April Black, Deputy Executive Director	
Ken Shalik, Finance Director	
Toby Kaheiki, Human Resources Director	
Frankie Johnson, Property Management Director	
	Kathy McCormick, Real Estate Development Director
Sandy Burgess, Administrative Services Director	
Julie LaRocque, Rental Assistance Director	
Cacey Hanauer, Client Support & Empowerment Director	

Commissioner Rumbaugh declared there was a quorum present @ 5:11 pm and proceeded.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Commissioner Rumbaugh asked for any corrections to, or discussion of, the minutes for the Regular Session of the Board of Commissioners on Wednesday, November 14, 2018. Vice Chair Young moved to adopt the minutes; Commissioner Smith seconded.

Upon roll call, the vote was as follows:

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

Motion approved.

Commissioner Rumbaugh asked for any corrections to, or discussion of, the minutes for the Study Session of the Board of Commissioners on Friday, November 30, 2018. Vice Chair Young moved to adopt the minutes; Commissioner Smith seconded.

Upon roll call, the vote was as follows:

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

Motion approved.

4. GUEST COMMENTS

Deputy Superintendent Josh Garcia
K-12 Leadership Development Director Thu Ament
Tacoma School District (TPS)

Deputy Executive Director (DED) Black led the discussion regarding the redesign and expansion of the Elementary School Housing Assistance Program (ESHAP). The current program is available to 50 homeless families who attend McCarver Elementary School. The staff of THA and TPS propose to redesign the program and expand it to all TPS schools and all grades. This will increase the number of families served to 150 and will increase the cost to THA from \$500,000 to \$1.5 million a year. THA and TPS will assess how that expansion goes. Perhaps the results will warrant further expansion later. DED Black said a specific proposal for expansion will come to the Board in time for the launch in September 2019. For now, staff from THA and TPS need the Board's approval for the general approach which she and Deputy Superintendent Garcia described.

DED Black addressed questions from THA Board of Commissioners and THA Executive Director Michael Mirra. Commissioner Rumbaugh asked for more detail on how the expanded program will work. DED Black explained the preferred structure: that the program will become part of Pierce County's Rapid Rehousing program. THA already funds this program. THA would increase the level of its funding to pay for this expansion. The expansion will also require a collaboration of service providers to provide the supportive services. There are already service providers fulfilling the necessary needs of the families, but there is no single source of information or coordination.

Deputy Superintendent Josh Garcia said it is important for TPS that they are not starting from ground zero. Instead, this proposal uses what TPS and THA have learned from the McCarver experience. One size does not work for all because each situation is unique. The work is complex and comprehensive. Success is seen when families stay in their neighborhood – one school, one neighborhood.

Commissioner Rumbaugh asked what distinguishes this from normal housing assistance programs, whether through vouchers or other types of subsidy. How will it improve education outcomes and how will it help parents increase their earned income? DED Black and Deputy Superintendent Garcia noted that the McCarver model presumed upon the old Tacoma rental market. The redesign needs to account for the new market that does not allow the program to ask parents to commit to a particular school. Deputy Superintendent Garcia also said we are better at communicating with families and serving them. TPS is also getting better with data, taking the most critical elements to help reduce barriers for families.

DED Black stated that responsibilities will be divided between THA and TPS and will continue to be refined. "We are doing a good job at separating responsibilities and holding ourselves accountable to make this happen," said Garcia. Thu Ament added that TPS is looking at linear support as they move through K-12.

Commissioner Smith wanted to know how the needs for services will be tracked. Garcia responded that TPS has a better data system but there are numerous operations that will need to be done and implemented. THA and TPS will need to solidify and improve the plan. DED Black hopes the program will go live at the beginning of the next school year.

Deputy Superintendent Garcia confirmed that TPS will continue its contribution to the partnership of \$120,000 a year. He noted that TPS faces serious budget challenges. It nevertheless is committed to this partnership with THA.

Commissioner Rumbaugh requested an update every couple of months. Student success is part of THA's mission; he believes this program merits THA funding and internal staffing and partnership.

Commissioners Rumbaugh, Smith and Young stated their support for the plan.

Staff will provide the Board with updates every two months with an expectation of presenting a detailed proposal for the Board's review and approval before the school year starts in September. Garcia added that the school district's superintendent also supports this program.

DED Black thanked TPS for their time and partnership and Josh Garcia specifically for being always available and responsive. She also thanked THA staff for their work on the proposal and Client Support and Empowerment which runs the program. Finally, she thanked the board for considering the proposal.

Senator Patty Murray's Office
South Sound Director Christine Nhan

Commissioner Rumbaugh welcomed Christine Nhan of Senator Murray's Office to the board meeting. Nhan is the new director for South Sound for Senator Patty Murray's office. Commissioner Rumbaugh informed her, "As we have told the Senator and DC staff, we invite you to inquire of us and ask for any assistance we would be happy to provide."

5. COMMITTEE REPORTS

Real Estate Development Committee—Commissioner Rumbaugh
The committee did not have a meeting.

Finance Committee—Chair Hodge and Vice Chair Young
Nothing to report.

Education Committee—Chair Hodge
Chair Hodge was not in attendance.

Citizen Oversight Committee—Commissioner Banks
Commissioner Banks was not in attendance.

6. COMMENTS FROM THE EXECUTIVE DIRECTOR

Executive Director Mirra noted the resolution on the agenda to approve a contract with Koz Developments. He explained that this is a significant and exciting expansion of THA's College Housing Assistance Program to the University of Washington Tacoma. Staff are excited to expand this kind of subsidy.

He noted another resolution that would choose Walsh Construction for THA's Housing Hilltop project. This resolution is also very good news.

7. ADMINISTRATIVE REPORTS

Finance

Finance Department (FD) Director Ken Shalik directed the board to the cash and expense reports. THA received \$2.4M at the end of November and already received \$2M in Developer Fees for Renew Tacoma Housing Rental Assistance Demonstration (RAD). THA also received \$3.1M in capitalized interest, increasing THA's total cash balance by \$7.5M. If the government shuts down at the end of December, THA has the funds to continue operations on its own for a while.

Director Shalik noted that the Board will consider a resolution that would approve the 2019 budget. Once again the Board must adopt a budget without knowing what Congress will do to the HUD budget. He noted the exit conference with the state auditors at the end of November. It was another clean audit: no findings, no concerns. Vice Chair Young attended the exit conference on behalf of the board.

Commissioner Smith moved to ratify the payment of cash disbursements totaling \$4,468,337 for the month of November 2018. Vice Chair Young seconded.

Upon roll call, the vote was as follows:

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

Motion Approved.

Administrative Services

Administrative Services (AS) Director Sandy Burgess directed the board to her report. Chart 1 of her report shows cash flow as budgeted and actual. There are four properties experiencing problems. Renew Tacoma does not show up on the chart but cash flow was budgeted at \$1.2M for end of the third quarter and came in lower. Commissioner Rumbaugh asked how much of the shortfall will THA need to make up and how will it affect the budget. Director Burgess responded that it would be around \$700K. Director Shalik said it will not affect the budget; THA will receive \$2.6M when all is done. This just means that THA will get less money back. Commissioner Rumbaugh asked why THA is \$750K below projected. According to Director Shalik, THA anticipated to convert earlier but there were environmental issues that forced THA to go eight months longer during construction. A discussion ensued about the delay in environmental clearances from the Department of Ecology and how it is delaying THA's ability to pay off the construction loan, prolonging the interest payments it requires.

Chart 2 shows Per Unit Per Year (PUPY) operating expenses actual compared to budgeted. Seven properties are managing within their assigned PUPYs; seven are not. AS staff are working with Property Management (PM) to control the expenses. Commissioner Rumbaugh said THA can do better than 50 percent and wanted to know the plan to bring it to equilibrium. Director Burgess reminded the Board that the numbers are actually better than last year's, plus THA now has the tools to monitor the PUPY. Asset Management and PM went through the budget to ensure THA is budgeting at optional levels. Each property will provide cash flow and funds to THA once they transfer to Rental Assistance Demonstration (RAD). Director Burgess added that staff are discussing the budget regularly.

Client Support and Empowerment

Client Support and Empowerment (CSE) Director Cacey Hanauer directed the board to her report. She thanked the board for approving the Y contract; she is excited to have them on board. Director Hanauer is working on the legislative approach for Arlington and is working closely with Community Youth Services (CYS) and the Y. The kick off for Arlington is scheduled January 4, with the state's First Lady and several legislators attending. CSE Case Worker Kye Hillig recounted the recent Thanksgiving meal at Mercy Housing. Residents of THA's senior building participated. Before the meal, several residents stood up to thank THA for its services. It was very moving for THA staff to hear this. Director Hanauer noted that this is a testament to Kye's work.

Rental Assistance

Rental Assistance (RA) Director Julie LaRocque directed the board to her report. Utilization is up a little, but THA's voucher holders continue to encounter problems finding landlords in Tacoma's new rental market. THA's utilization rate will improve once THA signs a project based contract with the Hotel Olympus and the Rialto Apartments. She noted that THA had to await an inspection of the balconies on the Rialto. She also noted the units from the pending contract with Koz Developments. That will help too.

Property Management

Property Management (PM) Director Frankie Johnson directed the board to her report. At last month's meeting, Director Johnson informed the board that PM will exceed the target of 20 days to turn a unit. That turned out to be the case. Traditionally, November and December are challenging months, but last month PM lost a notable number of worker hours to vacation time for the holidays; this affected the turn numbers. In addition for the first time in a while, PM had challenges finding customers for vacant units. Of the one hundred packets sent out, THA only received 25 back. Of the 25, half were over income. Leasing has been maintaining at 1-5 days, but had to report 10 leasing days for the past month. There were two hard hits for Meth at Sals 5 and 6. Hillside Terrace is the oldest property needing to be rehabed.

Director Johnson did note that THA is closing in on its targets Per Unit Per Year (PUPY). In response to Commissioner Rumbaugh's question, Director Johnson said PM expects the trend to continue. There will be two sets of staff training at the end of March; Director Johnson expects to see the impact by the second quarter of 2019.

Real Estate Development

Real Estate Development (RED) Director Kathy McCormick was not in attendance. RED Department Manager Karen Peterson directed the board to the RED report. Over the last couple of months, RED has made progress on getting development partners for several projects. A \$3M funding gap may show in the budget for 1800 Hillside due to high construction cost. This is not unique to THA as several developers are facing similar issues. The RED team is having discussions with architects to see about reducing costs, as well as looking at other avenues. RED is also hoping for a good price for its tax credits. Commissioner Rumbaugh wanted to know how likely the return on tax credit will go on a full dollar. Ms. Peterson thought that at least \$.96 cents was likely. She agreed with Commissioner Rumbaugh that this is always an exercise on cost cutting and revenue generation.

James Center North signed a new nail salon tenant. James Center also had a mobility charrette in December which was well attended. Arlington received Housing and Urban Development (HUD) approval for the Crisis Residential Center (CRC) and had a kickoff meeting on November 29 for developers. Director McCormick and Peterson will meet with the Y for a pre-development discussion.

8. OLD BUSINESS

None.

9. NEW BUSINESS

9.1 RESOLUTION 2018-12-12 (1) (FISCAL YEAR 2018 ANNUAL BUDGET)

WHEREAS, The Housing Authority of the City of Tacoma ("Authority") intends to incur expenses and other cash outflows for Fiscal Year 2019; 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 2019 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 2019 Agency wide budget. Expenses and other cash outflows are projected as follows:

<u>Expenses</u>	
Executive	\$ 1,056,254
Administration	2,849,067
Finance	1,402,985
Human Resources	594,251
Policy, Innovation and Evaluation	1,081,794
Real Estate Development	2,697,487
Rental Assistance	41,791,392
Client Support & Empowerment	2,130,903
Property Management Overhead	863,572
Property Budgets	<u>3,930,585</u>
Subtotal	58,398,290

<u>Additional Cash Outflows</u>	
Debt Service	73,128
Capital Expenditures	15,310,000
Replacement Reserves	<u>172,650</u>
Subtotal	15,555,778

TOTAL APPROVED BUDGET **\$73,954,068**

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

Upon roll call, the vote was as follows:

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

Motion Approved: December 12, 2018

 Dr. Minh-Anh Hodge, Chair

**9.2 RESOLUTION 2018-12-12 (2)
 (COMMITMENT OF 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 has 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 2017-12-12 (2), and reflects the Authority's current plans for such capital and operational expenditures of MTW reserve's; and

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

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

Upon roll call, the vote was as follows:

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

Motion Approved: December 12, 2018

Dr. Minh-Anh Hodge, Chair

9.3 RESOLUTION 2018-12-12 (3)
(Approval of Account Receivable Write Offs)

WHEREAS, Tacoma Housing Authority (THA) provided housing services to Public Housing and Housing Choice Voucher participants who discontinued housing assistance with debt owing to THA; and

WHEREAS, Tacoma Housing Authority (THA) provided housing assistance payments to property owners in excess to the amount the owner is entitled to receive and the owner has not repaid this amount to THA; and

WHEREAS, Each individual included in this tenant account write off has been notified of their debt and given the opportunity to pay prior to this resolution; now, therefore, be it

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

Authorizes THA staff to “write off” the following accounts and send these debts to an external collection agency to pursue collection action:

THA Projects Write offs to Collections

THA - S Wright			
	D.Y.	LD-2017-035933	\$ 9,899.25
			<u>\$ 9,899.25</u>
THA - Salishan VII			
	M.H.	LD-2017-029965	\$ 4,023.52
	A.P.	LD-2017-029988	\$ 941.90
	J.K.	LD-2017-029993	\$ 4,184.74
			<u>\$ 9,150.16</u>
	Total THA to		
	Collections:		<u><u>\$19,049.41</u></u>

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

Upon roll call, the vote was as follows:

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

Motion Approved: December 12, 2018

 Dr. Minh-Anh Hodge, Chair

**9.4 RESOLUTION 2018-12-12 (4)
 (Amendment to maximum LIBOR note rate for \$2 million Heritage Line of Credit)**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the Executive Director to increase Heritage Bank’s Line of Credit maximum interest rate

WHEREAS, The Housing Authority of the City of Tacoma (the “Authority” seeks to encourage the provision of housing for low-income persons residing in the City of Tacoma, Washington; and

WHEREAS, On December 17, 2014, the Board approved Resolution 2014-12-17(4) approving an unsecured line of credit of \$2 million with Heritage Bank; and

WHEREAS, Resolution 2014-12-17 (4) has a cap of 5% per annum on the LIBOR note rate, and needs to be increased based on market conditions; now, therefore, be it

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

Authorize THA's Executive Director to execute documents allowing Heritage Bank to increase interest rates for the LIBOR note rate to where any modification does not cause the Note to bear interest at a rate in excess of 10% per annum as of the effective date of such modification.

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

Upon roll call, the vote was as follows:

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

Motion Approved: December 12, 2018

Dr. Minh-Anh Hodge, Chair

**9.5 RESOLUTION 2018-12-12 (5)
(Update to Payment Standards)**

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the THA Executive Director to increase THA's payment standards.

WHEREAS, HUD sets fair market rents annually; and

WHEREAS, The housing authority sets payment standards based on market and participant data; and

WHEREAS, Rent increase requests for THA subsidized units are still twice the average; and

WHEREAS, Average market rate rents are still above current payment standards; and

WHEREAS, There are still over 350 active shoppers searching for units; and

WHEREAS, New payment standards will go into effect March 01, 2019; now, therefore, be it

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

The Board authorizes THA's Executive Director to increase THA's payment standards to 100% of the 2019 HUD fair market rents for all bedroom sizes.

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

Upon roll call, the vote was as follows:

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

Motion Approved: December 12, 2018

Dr. Minh-Anh Hodge, Chair

**9.6 RESOLUTION 2018-12-12 (6)
(Approval of Property Based Subsidy Contract)**

WHEREAS, Tacoma Housing Authority (THA) has held a competitive process for property-based subsidies; and

WHEREAS, Koz 1554 Market Street LLC was the highest scoring respondent and will be awarded subsidies for fifty-two (52) units; and

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

WHEREAS, The contract term will be up to four (4) years; now, therefore, be it

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

THA's Executive Director is authorized to negotiate, and if those negotiations are successful, execute a Property Based Subsidy payment contract with Koz 1554 Market Street LLC.

COMMENTS: Commissioner Rumbaugh wanted to know if Koz was a local company. DED Black said she believed it is headquartered in Snohomish but does work locally. DED Black acknowledged Landlord Engagement Specialist Eric Lane's work in eliciting the interest of Koz Development.

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Adan Espino, Jr. addressed the Board in support of this resolution. He is the Legislative Liaison for the Associated Students of UWT (ASUWT). He stated that ASUWT is excited to get this contract going because it has seen the success at THACC students. UWT students need the same assistance. ED Mirra thanked Adán for coming and shared his excitement with the partnership. Commissioner Rumbaugh expressed hope that this will be just one of several partnerships with UWT.

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

Upon roll call, the vote was as follows:

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

Motion Approved: December 12, 2018

Dr. Minh-Anh Hodge, Chair

**9.7 RESOLUTION 2018-12-12 (7)
(Hilltop Parcels GC/CM Contractor)**

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

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

WHEREAS, THA is seeking to redevelop the sites known as THA's Hilltop Parcels with up to 250 new affordable housing units; and

WHEREAS, On October 15, 2018, THA solicited proposals for a GC/CM contractor to provide pre-construction and construction services; and

WHEREAS, On November 14, 2018, THA received four (4) qualified and responsive Proposals; and

WHEREAS, An evaluation team, comprised of three (3) THA staff, reviewed and scored the proposals according to the evaluation criteria listed in the RFP; and

WHEREAS, The evaluation team recommends Walsh Construction to provide preconstruction and construction services with a negotiated Guaranteed Maximum Price (GMP) for Phase I construction; now, therefore, be it

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

The Executive Director is authorized to negotiate and, if those negotiations are successful, to execute an agreement with Walsh Construction not-to-exceed \$115,000 for pre-construction services and negotiate a Guaranteed Maximum Price (GMP) for Phase I construction at the conclusion of the bidding phase in the summer of 2019.

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

Upon roll call, the vote was as follows:

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

Motion Approved: December 12, 2018

Dr. Minh-Anh Hodge, Chair

9. COMMENTS FROM COMMISSIONERS

NONE.

10. EXECUTIVE SESSION

None.

11. ADJOURNMENT

There being no further business to conduct the meeting ended at 7:03 PM.

APPROVED AS CORRECT

Adopted: January 23, 2019



Dr. Minh-Anh Hodge, Chair