



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2021-12-08 (1)

**Date:** December 8, 2021  
**To:** THA Board of Commissioners  
**From:** April Black  
Executive Director  
**Re:** Fiscal Year 2022 Agency Budget

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*This resolution would adopt THA's budget for 2022. The details are set forth in the attachments.*

### SOME BACKGROUND

By this resolution, the Board would adopt a THA budget for FY 2022. 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 about 2021-2022 priorities discussion at the September Board meeting. 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. 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 \$55.3 million in 2021, as well as the largest expenditure of funds (\$50.8 million).

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

- The budget is based on current year federal funding (2021 HAP funding)
- The budget accounts for our agreed-upon agency priorities for 2022.
- The 2022 budget fits recurring expenses within recurring income.
- 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 2022 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 2022. 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 2022. It allows THA to continue core programs. It allows for more than 100% MTW utilization of Voucher allocation. It also allows THA to expand its focus on being an excellent provider of affordable housing, being an excellent place to work, and being a strong community partner.

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, 2021.

## PRINCIPLES GUIDING THE BUDGET CHOICES

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

- **THA's priorities will drive the budget**

During the September Board meeting, we discussed the priorities that will drive our work in 2022. Those priorities are listed below with some brief detail about how they are accounted for in the 2022 budget.

- *Incorporate Diversity, Equity, Inclusion and Belonging (DEIB) in all THA work*
  - We have budgeted \$125,000 for a DEIB Consultant;
  - We have budgeted for HR recruitment support in an effort to embed DEIB in our recruitment efforts;
- *Support staff and make THA a place where people belong and are valued as people*
  - The DEIB assessment, including its interviews of staff, will help identify where we should prioritize our time and money to support this

effort. We have budget funds for HR supports and contracts that might be identified within the DEIB consultant analysis of THA's needs.

- We have budgeted for increases to THA's salaries, a salary analysis, and annual salary increases.
- We have budget for staff training and travel.
- Based on staff feedback, we have budgeted for additional staff to right-size workloads and provide training and management support for new staff.
- *Provide excellent customer service for internal and external customers*
  - We are adding staff in the customer-interfacing departments in order to better meet the needs of THA's customers.
  - We added several temporary positions to support getting caught up on contracts and improve our website.
  - The software conversion is a major investment in streamlining THA's operations to better meet the needs of THA internal and external customers.
  - Continue to invest in the Process Improvement project to create better systems for our customers and to make sure staff have access to the training resources they need to do their jobs.
- *Break down silos within the agency*
  - We have budgeted for staffing costs associated with a reorganization of the agency that will be focused on moving THA away from departmental priorities and into a "one agency" approach to our work.
  - We will be posting to fill all vacant leadership positions. We have budgeted for those recruitment efforts and will be seeking leaders with:
    - Substantive expertise
    - A willingness and commitment to creating a THA culture of diversity, equity, inclusion and belonging
    - A willingness and commitment to a human-centered leadership approach.

- An ability to help THA move toward operating as “one-agency”
  - Experience setting goals and metrics and streamlining operations to deliver on those goals.
- *Increase affordable housing in Tacoma using all available means*
  - Adding 57 Project-Based Voucher (PBV) units to Hilltop Lofts, making 57 new permanent supportive housing units available in Tacoma.
  - Adding 50 new subsidies to existing housing that could be made immediately available to households existing homelessness.
  - Funding a \$7M gap in the Housing Hilltop project and continuing to fund the Development staff necessary to plan and oversee this project that will add roughly 230 new units of affordable housing.
  - Continuing to fund development staff and pre-development expenses related to Aviva Crossing (previously known as James Center North (JCN)) and the redevelopment of Hillside 1500.
  - Continuing to fund staff and pre-development expenses related to acquiring new rental housing units.
- *Align THA's goals and strategies with greater community goals.*
  - We have set aside budgeted funds for new positions that will likely result from the new organizational structure. I plan to hire for a Director of Strategy and Community Engagement and an Intergovernmental Affairs Manager. Both of these positions will work to improve the alignment of THA's goals with the greater community goals and further leverage the work that is already being done.
- *Realign THA departments, positions, etc. to meet the goals of the community and agency, support staff, reduce redundancy, and offer clearer lines of responsibility and authority.*
  - We have budgeted for the costs associated with reorganizing the agency.
- *Refine education project—relationships with institutions/students/property owners, clear and measurable goals, simplify so work can be embedded in THA programs.*
  - We have budgeted to contract with the Foundation for Tacoma Students to analyze THA's education programs, suggest strategies for

supporting students, and propose metrics we should use in measuring the success of our investment in student supports.

- The CSE department is updating its strategic plan and priorities. The focus on supporting students and their entire family, will be part of their plan, staffing, and metrics.
- *Renew overt goals related to Section 3—THA hiring, CSE priorities, all development projects.*
  - We did not explicitly budget for this. Through the hiring of our Director of Human Resources, I hope to increase the capacity of our agency to provide the training and necessary support for applicants with training gaps.
  - The CSE department is updating its strategic plan and priorities. The focus on Section 3 and resident employment support will be part of their plan, staffing, and metrics.
- *Maintain 99% occupancy in the portfolio.*
  - Continue to invest in community building and community safety so our communities are places people want to live.
  - Invest in 2 temporary positions to support Eviction Prevention efforts in the portfolio and Voucher program.
  - Add an additional Maintenance Supervisor to provide the maintenance staff with supervision and training supports they need to do their jobs well.
- *Fully utilize Emergency Housing Voucher funds.*
  - The budget includes new staff positions with Rental Assistance to support new voucher holders in their search for housing and provide post-placement supports necessary to meet the needs of the households using these vouchers.
- *Maintain financial sustainability.*
  - You will see our commitment to financial sustainability within this budget resolution. We maintain a conservative budget while remaining forward thinking and retaining ample reserves to pursue opportunities as they become available.



- **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 3<sup>rd</sup> and provides funding at 2021 levels. We are using this flat funding level as our basis for the 2022 budget proposal. Any additional funds received for 2022 will be beneficial to the agency in completing its mission. One of the first things we will be looking at depending on how much additional funding we receive, if any, is the absorption of approximately 100 Port in vouchers at approximately \$1 million per annum. This will increase our utilization over 100% and decrease the administrative burden of supporting these vouchers. We only receive a portion of the administrative fee for administering these vouchers, while the level of work is greater than the fee received.

- **Recurring income and expenses**

We seek a budget where our recurring income pays for our recurring 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, remain 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. For our MTW funds, we project reserve levels at approximately, \$1.6 million at THA, and \$1.8 million at HUD at the end of 2022. For our Business Activity funds (Non-MTW without restrictions), we anticipate approximately \$16.3 million. It is important to note that we are anticipating receiving \$12 million from the closing of the Trees properties at the end of 2021. Even though we are intending to provide funds to cover a financing gap for Housing Hilltop, and property purchases in 2022, we still end up with a significant balance above optimal at the end of 2022. This will provide us flexibility in reviewing opportunities that may arise during the year, and into the future.

The budget also spends reserves as 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 will add more affordable housing to the market.

For the 2022 budget we will be moving forward on a platform conversion from Salesforce (OpenDoor) to Yardi's traditional housing platform; and ramp up our

process improvement and documentation effort; 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, We also intend to provide gap funding for the Hilltop Redevelopment, allow for acquisition of new properties, and continued predevelopment needs for James Center and Hillside 1500.

## NOTABLE BUDGET ASSUMPTIONS

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

- **Budgeting at 2021 funding levels**  
Between 2018- 2021, we received an approximate \$10.1 million combined HAP funding increase from HUD. As of this writing, we are operating under a Continuing Resolution for the 2022 Federal Budget, with HAP funded at 2021 levels. We will finalize this budget, using 2021 funding levels, with hope that there will be some increase once the Federal Budget is finalized.
- **Public Housing Operating Subsidy:**  
This is no longer a significant factor in the agency budget, as we only have 5 units of Public Housing 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 additional funds in this category.
- **Section 8 Admin Fee**  
Section 8 Admin Fees are budgeted at 82% of authorized amount. This % is based upon an average of what we have received over the past few years.
- **Wages and salaries**  
In connection with our 2018 Union negotiations, we established a minimum and maximum pay range for each position. These pay ranges have not been adjusted to reflect the current market conditions, and it is impacting recruitment and could lead to future retention issues. We are budgeting an increase to our range amounts to bring the ranges into closer alignment with the current employment market. This change will not impact many existing staff. Some salaries will be adjusted based on a compression chart that factors a staff member's years of service in their current position.

For all existing administrative staff, we will provide a wage adjustment effective the first full pay period in January to help with the salary alignment as we bring new staff members in with the revised range amounts in place. We are still in the process of negotiating with Trades regarding the maintenance staff salaries.

We are budgeting an increase for OPEIU non-represented and Trades staff effective July, along with an extra 2% for Variable pay based on performance.

There is an additional \$200K added to the Executive Department's Special Recognition fund, above the 2% allocated to each department, to address any extraordinary efforts throughout the agency during 2022.

This resolution would also authorize the Executive Director to approve raises different from what is budgeted based on market conditions and Union negotiations.

Lastly, even though we are making the adjustments identified above, there has not been a salary analysis of positions since 2017-2018. To ensure our adjustments are in line with the market, we will be commissioning an analysis in 2022, and will make additional adjustments if necessary.

The budget includes an additional \$100K for compression adjustments, along with \$250K plus benefits for any adjustments that may be needed for reorganization.

- **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 an approximate 4% increase in rates from 2021 for PEBB.

*Dental*

There was a 22.3% increase in our rates from 2021. This was the first substantial increase in the last few years.

*Retirement*

Washington State employer portion of retirement plan is budgeted at the 10.25%. This is a decrease in rates from the 12.97% in place the majority of 2021. This was the first decrease after several years of increases.

*Short and Long Term Disability/Life Insurance*

There is no significant change in these rates for 2022.

*Unemployment Insurance*

THA pays out all unemployment claims and remains self-insured for 2020. We are maintaining the accrual at 1.5% in 2022. THA pays for all of the claims from this accrual.

*Benefits, on average, are approximately 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 \$2.8 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. In 2018, the Board of Commissioner approved a utilization rate of 95% of our Section 8 MTW authorization when there were issues with funding and utilization. No changes in utilization rate have occurred by the Board since that approval. 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. In 2021, we increased our Project Based Vouchers by 132 for Arlington, Court F, and Home at Last. Households have left the program at a little lower rate than budgeted in 2021, we believe primarily due to the ongoing pandemic. In 2022, we intend to add 50 Property Based units to our portfolio and 57 new Project-Based Voucher (PBV) units at Hilltop Lofts.

- **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.

You will note that some of these program costs have been moved to non-recurring expenses to account for pending discussions to significantly reduce or end THA's investment in Rapid Rehousing (RRH) and TSHAP. We will talk in more detail about this when we review extensions to both of these contracts. In short, THA directed its funds into Pierce County's RRH and TSHAP programs when it was obvious that THA's mainline programs were mostly inaccessible to households experiencing homelessness. The landscape of THA's programs have changed since we began these investments.

- THA is now a recipient of Mainstream and Emergency Housing Vouchers. Both of those programs are available to households accessing housing through Coordinated Entry and exiting homelessness.
- In 2020, THA added a new Crisis Residential Center to its portfolio. This 12-bed center serves about 350 youth per year with this housing.

- In 2020-21, THA added 18 units in The Rise for veterans served by the VASH program and 44 homeless set aside units in Arlington Drive for young adults 18-24 years old and their children.

In total, THA now owns and manages 98 units of housing set aside for people exiting homelessness.

- In 2022, THA will be attempting to add 50 new units of PBV, PBS or VASH assistance to units immediately available to households exiting homelessness. This will be an increased HAP cost of approximately \$600,000 per year.
- In 2022, THA partnered with Horizon Housing to provide the land to build Hilltop Lofts. Hilltop Lofts will provide 57 units of permanent supportive housing for people exiting homelessness.

All of these new investments cost money while adding long-term deeply subsidized housing options to the housing continuum. While we slowly divest from RRH programs, we are increasing permanent housing options. We see this as a win for the community and housing continuum in Tacoma-Pierce County.

- **HAP Expenditures**

Due to increasing upward pressure in the area's housing market, our average HAP has been increasing since 2016. With COVID presenting challenges for employment, and a freeze on rent increases during the majority of the pandemic, as well as escalating rents in the Tacoma market, we are budgeting for an average \$4 per month HAP increase for 2022.

We are also budgeting for HAP increases that could result from changes to the subsidy calculation for Housing Opportunity Program (HOP) and College Housing Assistance Program (CHAP) households. This decision is pending but we are budgeting for all possible outcomes.

- **Tax Property Cash Flows**

For 2022, we are budgeting approximately \$669K in recurring Cash flow from Renew Tacoma Housing; \$966K for the Salishan 1-6 properties; \$182K for Hillside 2300 & 1500. We are not projecting any cash flow from our Bay Terrace 1 or 2 properties, as there is minimal surplus in their 2022 budgets. We are projecting \$236K from the Rise at 19<sup>th</sup>, and \$93K from Arlington Youth Rental Apts., both in their first full year of operations in 2021. In total, including what we will receive from Alberta Canada, THA should receive an approximate \$2.24 million in recurring waterfall payments for 2022.

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

We transitioned to our current IT platform (OpenDoor and Intacct) in 2017. Over the years, we found OpenDoor has not met our needs in the programmatic area of our operations. For the agency to make the changes necessary for the program to meet staff and client needs, it would be prohibitively expensive. In 2021, we conducted an analysis, and reached out to different vendors to see what options we had. In our analysis, and working with Yardi, it became increasingly apparent that moving to Yardi from our current platform would improve our operations and be less costly for us over time. We are therefore intending to embark on a transition to Yardi as our IT platform for the work we do at THA. Even though initial steps have been taken, after the first of the year, we will more aggressively prepare the data and agency for conversion. It will take up to a couple of years to fully convert, and we believe Yardi will be fully operational by the end of 2023. We have budgeted \$1.2 million for the conversion in our 2022 budget, along with \$300K for software development for gaps identified when investigating Yardi. An additional \$250K has also been budgeted for Yardi consultants who understand the platform and who will keep us on track to set up and utilize Yardi the best we can from the start.

In 2021, we moved forward with the Process Improvement and Documentation effort by hiring three Business Analyst positions that were approved in the Budget. We believe this team will assist the agency in formalizing processes, and will also be a big asset in our conversion to Yardi.

Lastly, we had selected Laserfiche as our Document Management software, and pan on moving forward on implementing it, and determining how it integrates with Yardi.

**Client Support**

In 2019, it was decided that a \$250 fee would be charged to all properties we own and manage to support the clients we serve in being successful in their tenancy. This fee was made possible when we determined the rents for our Public Housing properties when they transitioned to Project Based Section 8 RAD units, and helps offset the MTW funds utilized for this area.

We also have staff assigned to support our Voucher tenants and partnering them with 3<sup>rd</sup> party services when necessary.

Lastly, we have realized that our clients have had challenges paying their rent during the pandemic. We are working to support our tenants in finding rental assistance, and ways for them to maintain their tenancy.

- **James Center North (Aviva Crossing)**

This complex was purchased in 2017, with commercial leases in place. THA is still investigating redevelopment opportunities, and working to come up with a

plan for it's redevelopment in the early to mid 2020's. The development will be a mix of Affordable Housing, along with student housing, market rate and Commercial. This property will continue to generate revenue from a portion of the complex that we identified as being able to execute long term leases (10 years), and will be the last part of the development to be redeveloped.

- **Hilltop**

THA's development of roughly 230 housing units on its property along S L Street between S 10<sup>th</sup> and 12<sup>th</sup> Streets will begin in 2022. THA has included \$7 million in the 2022 budget to assist in filling a funding gap that exists for the affordable housing units before development can proceed.

- **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

- Budgeting \$7 million from our unrestricted funds for the funding gap at the Housing Hilltop development.
- Budgeting \$2 million from unrestricted funds for rental property purchases.
- Budgeting a \$700K transfer of funds from THA-owned rental properties to Business activities at end of 2022 in order to maintain optimal Operating and Replacement reserves at the properties.

- **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 our Public Housing primarily converted to Section 8 RAD units, our flexibility lies in combining our Section 8 Housing Choice Voucher HAP funds and Section 8 admin fees for those units 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	\$ 1,576,000
○	Business Activities (Non-MTW) reserves	\$ 16,333,000
○	PH Owned Property reserves	\$ 2,823,000
○	Reserves with Restrictions	\$ 7,465,000
○	Section 8 Reserves held at HUD	<u>\$ 1,800,000</u>
		<b>\$ 29,997,000</b>

### **Recommendation**

I recommend that the Board adopt Resolution 2021-12-08 (1) to formally approve THA's Fiscal Year 2022 Annual Budget.





# TACOMA HOUSING AUTHORITY

## RESOLUTION 2021-12-08 (1)

### FISCAL YEAR 2022 ANNUAL BUDGET

**WHEREAS**, The Housing Authority of the City of Tacoma (“Authority”) intends to incur expenses and other cash outflows for Fiscal Year 2022.

**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 2022 annual budget,

***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 2022 Agency wide budget. Expenses and other cash outflows are projected as follows:

<u>Expenses - Operations</u>	
Administration	\$ 5,635,432
Client Support & Empowerment	4,882,825
Executive	2,079,254
Finance	1,876,873
Human Resources	1,358,311
Policy, Innovation and Evaluation	843,999
Rental Assistance	57,194,658
Real Estate Development	3,036,875
Property Management Overhead	2,033,638
Property Budgets	<u>2,514,590</u>
Subtotal	81,456,455

<u>Additional Cash Outflows</u>	
Debt Service	199,982
Capital Expenditures	10,997,000
Replacement Reserves	<u>172,653</u>
Subtotal	11,369,545

**TOTAL APPROVED BUDGET** \$92,826,090

Approved: December 8, 2021

  
Stanley Rumbaugh, Chair



Attachment A

BOARD OF COMMISSIONER DECISION POINTS: 2022 Budget  
December, 2021

Rev 2021-11-30 PM

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 01/01/22	-	Minimum	Maximum	Amount to Reserve ~ 2022	=	Amount of reserves available to use in FY-2022
a. MTW Reserves	\$1,500,000		\$600,000	\$5,000,000	\$1,000,000		\$500,000
b. Business Activities (Non-MTW) reserves	\$23,000,000		\$5,000,000	\$8,500,000	\$8,000,000		\$15,000,000
c. THA Owned Property	\$2,700,000		\$2,700,000	\$3,000,000	\$2,800,000		(\$100,000)
d. Reserves with Restrictions (ACC sale proceeds)	\$7,465,000		\$0	\$0	\$0		\$7,465,000
e. Section 8 Reserves held at HUD	\$8,300,000		\$0	\$0	\$0		\$8,300,000
	\$42,965,000		\$8,300,000	\$16,500,000	\$11,800,000		\$31,165,000

MTW Reserves

MTW Expenses Non-HAP

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

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2022

	Recurring Income	Cost of Recurring operations	=	Surplus or (Shortfall) in recurring operations <sup>1</sup>
MTW	\$57,186,000	\$57,693,000		(\$507,000)
Non-MTW	\$11,976,000	\$12,140,000		(\$164,000)
Rental Properties	\$3,697,000	\$2,864,000		\$833,000
Total	\$72,859,000	\$72,697,000		\$162,000

3. BUDGET IMPACT - RESERVES - FY-2022

	Non - MTW					
	MTW	Business Activities	THA Owned Property	Reserves with Restrictions (ACC sale proceeds)	Section 8 Reserves held at HUD	Total
Estimated Reserves - 01/01/22	\$1,500,000	\$23,000,000	\$2,700,000	\$7,465,000	\$8,300,000	\$42,965,000
a. Recurring Surplus/(Shortfall) <sup>1</sup>	(\$507,000)	(\$164,000)	\$833,000			\$162,000
Non-Recurring Income/(Expense)						Amount
b. Non Recurring Income - Operational	\$246,000	\$2,991,000	\$13,000			\$3,250,000
c. Non Recurring Income - Capital	\$0	\$1,250,000				\$1,250,000
d. Non Recurring Expenses - Operational	(\$4,166,000)	(\$4,943,000)	(\$23,000)			(\$9,132,000)
e. Non Recurring Expenses - Capital	(\$1,997,000)	(\$9,000,000)				(\$10,997,000)
f. Operating Transfers		\$700,000	(\$700,000)			\$0
g. HUD HAP Drawdown/Transfer to MTW	\$6,500,000				(\$6,500,000)	\$0
h. Arlington Youth Housing Developer Fee Receivable (2021)		\$1,749,000				\$1,749,000
i. Court F (The Rise) Developer Fee Receivable (2021)		\$750,000				\$750,000
j. Projected Reserves - 12/31/22	\$1,576,000	\$16,333,000	\$2,823,000	\$7,465,000	\$1,800,000	\$29,997,000

4. FY-2022 PROJECTED END OF YEAR RESERVE LEVELS

Type/Purpose of Reserves	Projected Reserves 12/31/22	Minimum	Maximum
a. MTW Reserves	\$1,576,000	\$600,000	\$5,000,000
b. Business Activities (Non-MTW) reserves	\$16,333,000	\$5,000,000	\$8,500,000
c. THA Owned Property	\$2,823,000	\$2,700,000	\$3,000,000
d. Reserves with Restrictions (ACC sale proceeds)	\$7,465,000	\$0	\$0
e. Section 8 Reserves held at HUD.	\$1,800,000	\$0	\$0
f. Totals	\$29,997,000	\$8,300,000	\$16,500,000

Amount to Reserve - 2022	Excess/(Deficit) Reserves Over Amount to Reserve
\$1,000,000	\$576,000
\$8,000,000	\$8,333,000
\$2,800,000	\$23,000
\$0	\$7,465,000
\$0	\$1,800,000
\$11,800,000	\$18,197,000

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

5.1 Notable New Recurring FY-22 Income	Amount	Notable New Recurring FY-22 Expense	Amount
a. Section 8 HAP - HUD increase		Staffing	
b. -FY 2021 MTW Funding Increase	\$2,091,000	- New Positions/Reclass/Transitions from Non Recurring (Includes benefits)	\$1,218,000
c. -FY 2022 Projected MTW Funding Increase	\$0	- Staff Compression/Reorg Placeholder (includes benefits)	\$426,000
d. - Non-MTW Special Programs (FYI,EHV)	\$1,500,000	IT Contract Costs	
e. Section 8 Admin Fees	\$80,000	- Siemens/Genetec Access Control System Maintenance	\$108,000
f. Section 8 Portability In Voucher Income	\$370,000	IT Licenses (Various)	\$190,000
g.		Section 8 HAP	
h.		- Potential switch to Income Bases subsidy for HOPP Vouchers	\$300,000
i.		- 50 New Property Based Subsidy Vouchers	\$600,000
j.		- HAP increases existing MTW Vouchers - 2021	\$1,400,000
k.		-Section 8 Port In Vouchers	\$370,000
l.		- Non-MTW Special Programs (FYI,EHV)	\$1,500,000
m.			
n. Subtotal	\$4,041,000		\$6,112,000
5.2 Notable Recurring 2022 Savings			
a. Move Rapid Rehousing to Non Recurring - 2023 Reduction Amount	\$650,000		
b. Move Rapid Rehousing to Non Recurring - Keep this amount in 23 and reevaluate for 24	\$650,000		
c. Reduce TSHAP from \$800K to \$400K in 2022	\$400,000		
d. Move remaining TSHAP funds to Non Recurring - reevaluate in 2023	\$400,000		
e. Subtotal	\$2,100,000		
5.3 Recurring FY-23 Income		Recurring FY-23 Expense	Amount
a. Section 8 HAP - HUD increase	TBD	HAP expenditures for Hilltop Lofts PBV's	(\$650,000)
b.			
5.4 Non-Recurring FY-23 Income		Non-Recurring FY-23 Expense	Amount
a. Developer Fees		Hillside 2300 Substantial Rehab	\$2,000,000
1. Housing Hilltop	\$875,000	Property Purchases	TBD
2. Hillside 1500	TBD		

6. Board Future Commitments	2021 Commitments	2022 Budget Future Commitments	MTW or Non-MTW	Period



a. Business Process Improvement Project	\$1,260,000	\$1,000,000	MTW	2022-2024
b. Development Projects	\$2,500,000		Non MTW	2021 Forward
c. Education Projects	\$2,400,000		MTW	2021-2025
d. Faircloth RAD units	\$1,500,000	\$1,500,000	MTW	2021-2024
e. James Center North Loan Payment	\$3,000,000	\$3,000,000	Non MTW	2023
f. James Center North Loan Payment	\$2,000,000	\$2,000,000	Non MTW	2025
g. Open Door Future Enhancements	\$2,000,000		MTW	2022-2024
h. Software Platform Conversion/Upgrades		\$2,500,000	MTW	2022 -
i. Property Acquisitions	\$2,000,000	\$2,000,000	MTW/Non MTW	2022 -
j. Section 8 HQPP Increases	\$1,500,000	\$300,000	MTW	2022 -
k. Hillside 2300 Substantial Rehab		\$2,000,000	MTW/Reserves w/ restrictions	2023
l. Reserves				
1. Business Activity Reserves	\$8,000,000	\$8,000,000	Non MTW	In perpetuity
2. MTW Reserves	\$500,000	\$1,000,000	MTW	In perpetuity
3. THA Property Reserves	\$2,600,000	\$2,800,000	Non MTW	In perpetuity
<b>Totals</b>	<b>\$29,260,000</b>	<b>\$26,100,000</b>		



## Back-up Detail - Notable Items

### 7. Non-Recurring Income: FY-2022

Sources of Non-Recurring Income	Amount	MTW/Non-MTW/Properties	Department
<b>Operational</b>			
a. 2021 HAP income carryover and included in 2022 budget	\$6,500,000	MTW	RA
b. <i>Developer Fee Income</i>			
1. Arlington Youth Rental Housing - Additional	\$185,000	Non-MTW	RD
2. Rise at 19th - Additional	\$760,000	Non-MTW	RD
3. Shiloh Development	\$250,000	Non-MTW	RD
c. Public Housing Capital Funds (Final Year carryover)	\$250,000	MTW	PM
d. Grant Income (All grants with end dates)	\$3,581,000	Non-MTW	CS/PI/RA
e. <i>Other Revenue</i>			
1. Pierce County Fees-lease up EHV (Emergency Housing Vouchers	\$253,000	Non-MTW	RA

Capital	Amount	MTW/Non-MTW/Properties	Department
a. James Center North Land Sale	\$1,250,000	Non -MTW	RD

8. Notable Non-Recurring Expenses (Non Grant Funded) - 2022

8.1 Operational

	Amount	MTW/Non-MTW/Properties	Department
a. Salaries		\$903,500	
1. Non project oriented positions	\$453,500	MTW/Non-MTW	Multiple
2. Overtime/Interns	\$75,000	MTW/Non-MTW	Multiple
3. Executive Special Recognition Funds- Salary only	\$200,000	MTW/Non-MTW	EX
4. Temp hires to shore up contracts	\$175,000	MTW/Non-MTW	
b. Information Technology Expenses		\$585,000	
1. Cyber Security Consulting	\$40,000	MTW/Non-MTW	AD
2. Eagle Eye Camera System	\$50,000	MTW/Non-MTW	AD
3. EightCloud Managed Services	\$185,000	MTW/Non-MTW	AD
4. Microsoft Azure & 365 consultant	\$50,000	MTW/Non-MTW	AD
5. Yardi Consulting	\$250,000	MTW/Non-MTW	AD
6. Lease Software Implementation	\$10,000	MTW/Non-MTW	FD
c. Office Equipment		\$100,000	
1. Upgraded Computers and Replacements	\$100,000	MTW/Non-MTW	Multiple
2. Office Furniture & Equipment	\$0	MTW/Non-MTW	Multiple
d. Legal		\$320,000	
1. HR Litigation	\$100,000	Non-MTW	AD
2. New or upcoming Development Projects/Acquisitions	\$205,000	Non-MTW	RD
3. Eviction Requirement Analysis	\$15,000	MTW/Non-MTW	PM
e. Administrative Contracts		\$913,000	
1. Process Improvement Consulting	\$50,000	MTW/Non-MTW	AD
2. Capital Plan - THA Managed/Owned Properties	\$100,000	MTW	AD
3. Cabinet Succession Planning	\$75,000	MTW/Non-MTW	EX
4. Diversity, Equity & Inclusion Contractor	\$125,000	MTW/Non-MTW	EX
5. Budget Support & Finance Consulting	\$25,000	MTW/Non-MTW	FD
6. Employee Engagement Survey	\$25,000	MTW/Non-MTW	HR
7. Salary Compensation & Compensation Study	\$45,000	MTW/Non-MTW	HR
8. HR Consulting and Executive Recruitment	\$175,000	MTW/Non-MTW	HR
9. Administrative Plan	\$25,000	MTW	PI
10. Section 8 Market Study	\$15,000	MTW	RA
11. Service Fees-Lease up of EHV (Emergency Housing Vouchers)	\$253,000	Non-MTW	RA
f. Due Diligence - Development Opportunities		\$1,250,000	
1. Existing Opportunities			
1.1 Hilltop Redevelopment	\$250,000	Non-MTW	RD
1.2 James Center North Redevelopment	\$250,000	Non-MTW	RD
1.3 Hillside 1500 Resyndication	\$250,000	Non-MTW	RD
1.4 Hillside Heights/Bridge Meadows	\$250,000	Non-MTW	RD
2. New Opportunities	\$150,000	Non-MTW	RD
3. Potential land/building acquisition	\$100,000	Non-MTW	RD
g. Tenant Services		\$85,000	
1. Security Deposit Assistance			
1.1 Section 8 Voucher Program	\$65,000	MTW	RA
1.2 THA Managed Rental Units	\$20,000	MTW	PM
h. Housing Assistance Payments		\$100,000	
1. Eviction Prevention/Landlord Incentives	\$100,000	MTW	RA
i. Contingency	\$150,000	Non-MTW	EX/PI

	Amount	MTW/Non-MTW/Properties	Department
b. IT Program Development		\$2,227,000	
1. Laserfiche - 1st Year Implementation	\$250,000	MTW	AD
2. Yardi Implementation	\$1,200,000	MTW	AD
3. Software - Yardi Gaps	\$300,000	MTW	AD
4. Meraki Wi-Fi Access Points - THA	\$25,000	MTW	AD
5. Meraki Switches - 902	\$90,000	MTW	AD
6. Meraki Switches - FIC	\$12,000	MTW	AD
5. IT Community Room Infrastructure Upgrades	\$50,000	MTW	AD
5. Video Collaboration Capable Devices	\$300,000	MTW	AD
c. Maintenance Vehicles	\$50,000	MTW	PM
d. Hillside 2 (2300) Rehab - 2023			
e. James Center North			
2. Next REDI loan payment not due until 2023		MTW or Non MTW	RD
f. Housing Hilltop Redevelopment		\$7,000,000	
1. Gap Financing	\$7,000,000	Non MTW	RD
2. Amazon Loan (Directly to Property)		Directly to Property	RD
g. New Acquisitions			RD
1. THA Funds	\$2,000,000	Non-MTW	RD

9 Notable Position Information/ Changes - FY 2021

Position	Department
<b>9.1 Currently Occupied Position Upgrades</b>	
a. Reclass Finance Manager to range 25	FD
b. Lead Position	FD
c. Lead Position	RA
d. Reclass Landlord Engagement Specialist	RA
e. Transition Program Manager to Supervisor upon any vacancy	RA
f. Transition Compliance Auditor to Program Supervisor	RA
<b>9.2 New Positions in 2022 Budget from 2021 Budget- Recurring</b>	
a. Asset Management Analyst	AD
b. Caseworker (RA support)	CS
c. Program Specialist-Community Builder - RA	CS
d. Department Director	PI
e. Legal Counsel Placeholder	PM
f. Maintenance Supervisor (50%THA-50% Properties)	PM
g. Property Specialist	SM
h. Housing Specialists (2)	RA
i. Program Supervisor	RA
j. Staff Compression Placeholder	HR
k. Staff Changes to Reorganization Placeholder	EX
<b>9.3 Transitions - Non Recurring to Recurring Positions</b>	
a. Accounting Specialist	FD
b. Compliance Auditor - grant funded 2021-transition to Program Supervisor in 22	RA
c. Housing Navigator- Pd by grant through May, then THA recurring	RA
d. Business Process Analysts (3)	AD
<b>9.4 New Positions - Grant Funded - Time limited</b>	
a. Program Specialist-Community Builder-Salishan	CS
b. Program Specialist-Community Builder-Central Tacoma	CS
c. Program Specialist-Community Builder (2/3) 1/3 charged recurring	CS
<b>10.4 Notable Non-Recurring Non Grant Funded Positions</b>	
a. Digital Content Specialist	EX
b. HR Analyst	HR
c. Program Specialist - Eviction Prevention	PM
d. Program Specialist - Eviction Prevention	RA
e. Housing Specialist	RA
<b>10.4 Positions deleted</b>	
Project Manager 1 - Grant Funded in 2021	PI

Tacoma Housing Authority - Agency Wide Budget  
FY2022

	<u>AD Admin</u> <u>Overhead</u>	<u>CS Client Support</u> <u>and</u> <u>Empowerment</u>	<u>EX Executive</u>	<u>FD Finance</u>	<u>HR Human</u> <u>Resources</u>	<u>PI Policy,</u> <u>Innovation &amp;</u> <u>Evaluation</u>	<u>PM Property</u> <u>Management</u> <u>Overhead</u>	<u>RA Rental</u> <u>Assistance</u>	<u>RD Real Estate</u> <u>Development</u>	<u>Agency Total</u>
<b>Revenue - Operations</b>										
Revenue										
Operating Grants	-	2,360,514	-	-	-	-	280,000	66,797,747	-	69,438,261
Tenant Revenue	-	-	-	-	-	-	2,888,179	-	-	2,888,179
Management Fee Revenues	783,375	631,737	152,220	766,779	141,695	-	385,799	437,990	-	3,299,594
Other Revenues	-	855,651	-	32,000	-	131,532	3,146,597	1,460,816	1,357,268	6,983,864
Total Revenue	783,375	3,847,902	152,220	798,779	141,695	131,532	6,700,574	68,696,553	1,357,268	82,609,898
<b>Total Revenue</b>	<b>\$783,375</b>	<b>\$3,847,902</b>	<b>\$152,220</b>	<b>\$798,779</b>	<b>\$141,695</b>	<b>\$131,532</b>	<b>\$6,700,574</b>	<b>\$68,696,553</b>	<b>\$1,357,268</b>	<b>\$82,609,898</b>
<b>Expenses - Operations</b>										
Operating Expense										
Administrative Expenses	5,592,527	154,506	2,071,436	1,845,507	1,294,500	840,806	1,911,388	6,254,221	2,998,968	22,963,859
Tenant Services	-	4,703,808	-	-	-	-	79,850	296,416	-	5,080,074
Utilities	-	-	-	-	-	-	426,394	-	13,000	439,394
Maintenance	-	3,000	-	-	-	-	1,015,829	6,000	10,000	1,034,829
Protective Services (THA)	-	-	-	-	-	-	88,400	-	-	88,400
Insurance Premiums	42,905	21,511	7,818	8,866	3,811	3,193	206,789	40,447	7,907	343,247
Total Other General Expenses	-	-	-	22,500	60,000	-	275,150	103,100	7,000	467,750
Interest Expense and Amortization Cost	-	-	-	-	-	-	526,828	-	-	526,828
<b>Total Operating Expense</b>	<b>\$5,635,432</b>	<b>\$4,882,825</b>	<b>\$2,079,254</b>	<b>\$1,876,873</b>	<b>\$1,358,311</b>	<b>\$843,999</b>	<b>\$4,530,628</b>	<b>\$6,700,184</b>	<b>\$3,036,875</b>	<b>\$30,944,381</b>
Non-Operating Expenses										
Extraordinary Maintenance Expense	-	-	-	-	-	-	17,600	-	-	17,600
Housing Assistance Payments	-	-	-	-	-	-	-	50,494,474	-	50,494,474
<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>\$17,600</b>	<b>\$50,494,474</b>	<b>\$0</b>	<b>\$50,512,074</b>
<b>Total Expenses - Operations</b>	<b>\$5,635,432</b>	<b>\$4,882,825</b>	<b>\$2,079,254</b>	<b>\$1,876,873</b>	<b>\$1,358,311</b>	<b>\$843,999</b>	<b>\$4,548,228</b>	<b>\$57,194,658</b>	<b>\$3,036,875</b>	<b>\$81,456,455</b>
<b>Surplus/(Loss) - Operations</b>	<b>(\$4,852,057)</b>	<b>(\$1,034,923)</b>	<b>(\$1,927,034)</b>	<b>(\$1,078,094)</b>	<b>(\$1,216,617)</b>	<b>(\$712,467)</b>	<b>\$2,152,347</b>	<b>\$11,501,895</b>	<b>(\$1,679,607)</b>	<b>\$1,153,442</b>
Capital Expenses Revenue	(1,947,000)	-	-	-	-	-	(222,653)	-	(7,750,000)	(9,919,653)
Liability and Equity	-	-	-	-	-	-	(199,982)	-	-	(199,982)
Reserve Appropriation - Capital	-	-	-	-	-	-	-	-	9,000,000	9,000,000
<b>Net Surplus/(Loss)</b>	<b>(\$6,799,057)</b>	<b>(\$1,034,923)</b>	<b>(\$1,927,034)</b>	<b>(\$1,078,094)</b>	<b>(\$1,216,617)</b>	<b>(\$712,467)</b>	<b>\$1,729,712</b>	<b>\$11,501,895</b>	<b>(\$429,607)</b>	<b>\$33,807</b>



Resolution 2021-12-08 (1)

Attachment C

**Tacoma Housing Authority - Property Budget  
FY- 2022**

	<u>AMP6</u>		<u>Highland Crest</u>	<u>James Center</u>	<u>Key Bank</u>	<u>Outrigger</u>		
	<u>Scattered Site</u>		<u>Apartment</u>	<u>North</u>	<u>Building</u>	<u>Apartment</u>	<u>Prairie Oaks</u>	<u>Subtotal</u>
	<u>Homes</u>	<u>Salishan 7</u>						
Revenue - Operations								
Revenue	22,400	1,106,955	1,007,169	772,508	3,000	574,651	223,494	3,710,177
<b>Total Revenue</b>	<b>\$22,400</b>	<b>\$1,106,955</b>	<b>\$1,007,169</b>	<b>\$772,508</b>	<b>\$3,000</b>	<b>\$574,651</b>	<b>\$223,494</b>	<b>\$3,710,177</b>
Expenses - Operations								
Operating Expense	7,506	829,701	605,311	564,266	1,441	301,162	189,104	2,498,490
Non-Operating Expenses								
Extraordinary Maintenance Expense	-	16,100	-	-	-	-	-	16,100
Total Non-Operating Expenses	-	16,100	-	-	-	-	-	16,100
<b>Total Expenses - Operations</b>	<b>\$7,506</b>	<b>\$845,801</b>	<b>\$605,311</b>	<b>\$564,266</b>	<b>\$1,441</b>	<b>\$301,162</b>	<b>\$189,104</b>	<b>\$2,514,590</b>
<b>Surplus/(Loss) - Operations</b>	<b>\$14,894</b>	<b>\$261,154</b>	<b>\$401,858</b>	<b>\$208,242</b>	<b>\$1,559</b>	<b>\$273,489</b>	<b>\$34,390</b>	<b>\$1,195,586</b>
Capital Expenses/(Revenue)	-	72,000	32,851	49,999	-	12,552	5,251	172,653
Liabilities and Equities	-	12,500	-	-	-	187,482	-	199,982
<b>Net Surplus/(Loss)</b>	<b>\$14,894</b>	<b>\$176,654</b>	<b>\$369,007</b>	<b>\$158,242</b>	<b>\$1,559</b>	<b>\$73,455</b>	<b>\$29,139</b>	<b>\$822,951</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: Housing Authority City of Tacoma

PHA Code: WA005

PHA Fiscal Year Beginning: January 1, 2022

Board Resolution Number: 2020-12-08(1)

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

DATE

- ☒ Operating Budget approved by Board resolution on: 12/08/2021
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

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

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

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

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

Print Board Chairperson's Name: Stanley Rumbaugh	Signature: 	Date: 12/08/2021
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