



# **TACOMA HOUSING AUTHORITY**

**BOARD OF COMMISSIONERS**

**BOARD PACKET**

**January 24, 2018**



# TACOMA HOUSING AUTHORITY

Michael Mirra  
Executive Director

## BOARD OF COMMISSIONERS

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

## REGULAR MEETING Board of Commissioners

**WEDNESDAY, January 24, 2018**

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold its Regular Meeting on **Wednesday, January 24, 2018, at 4:45 pm.**

The meeting will take place at:

**3201 S. Fawcett Street  
Tacoma, WA 98418**

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 January 24, 2018, I faxed / EMAILED, PUBLIC MEETING NOTICE before:

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

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

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Sha Peterson  
Executive Assistant



# TACOMA HOUSING AUTHORITY

## AGENDA

### REGULAR BOARD OF COMMISSIONERS MEETING

January 24, 2018, 4:45 PM

3201 S. Fawcett Street, Tacoma, WA 98418

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1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
  - 3.1 Minutes of December 13, 2017—Regular Meeting
4. **GUEST COMMENTS**
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION REPORTS**
  - 7.1 Finance
  - 7.2 Policy, Innovation and Evaluation
  - 7.3 Administration
  - 7.4 Client Services
  - 7.5 Property Management
  - 7.6 Real Estate Development
  - 7.7 Human Resources
8. **OLD BUSINESS**
9. **NEW BUSINESS**
  - 9.1 2018-01-24 (1) Amendment #9 to the RAD A&E Contract
10. **COMMENTS FROM THE COMMISSIONERS**
11. **EXECUTIVE SESSION**
12. **ADJOURNMENT**



# **TACOMA HOUSING AUTHORITY**

## **MINUTES**



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, DECEMBER 13, 2017

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at Bay Terrace, 2550 South G. Street, Tacoma, WA 98405 at 4:45 PM on Wednesday, December 13, 2017.

### 1. CALL TO ORDER

Vice Chair Hodge called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:51 PM.

### 2. ROLL CALL

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

| PRESENT  | ABSENT               |
|--|----------------------|
| <b>Commissioners</b>   |                      |
|  | Chair Janis Flauding |
| Vice Chair Minh-Anh Hodge  |                      |
| Commissioner Arthur Banks<br>(arrived late at 4:48 pm; left early at 6 pm) |                      |
| Commissioner Stanley Rumbaugh<br>(arrived late at 4:59 pm)                 |                      |
| Commissioner Derek Young   |                      |
| <b>Staff</b>   |                      |
| Michael Mirra, Executive Director  |                      |
| Sha Peterson, Executive Assistant  |                      |
| 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                          |                      |
| Greg Claycamp, Client Services Director                                    |                      |
| Sandy Burgess, Interim Director for Administrative Services                |                      |

Vice Chair Hodge declared there was a quorum present @ 4:52 pm and proceeded.

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

Vice Chair Hodge asked for any corrections to, or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, November 15, 2017. Commissioner Banks moved to adopt the minutes, Commissioner Young seconded.

Upon roll call, the vote was as follows:

- AYES: 3
- NAYS: None
- Abstain: None
- Absent: 2 (Commissioner Rumbaugh was not yet in attendance)

**Motion approved.**

Vice Chair Hodge asked for any corrections to, or discussion of minutes for the Special Session of the Board of Commissioners for Wednesday, November 29, 2017. Commissioner Young moved to adopt the minutes, Commissioner Banks seconded.

Upon roll call, the vote was as follows:

- AYES: 3
- NAYS: None
- Abstain: None
- Absent: 2 (Commissioner Rumbaugh was not yet in attendance)

**Motion approved.**

**4. GUEST COMMENTS**

There were no guest comments.

**5. COMMITTEE REPORTS**

*Real Estate Development Committee—Commissioner Rumbaugh*

Nothing to report.

*Finance Committee—Vice Chair Hodge and Commissioner Young*

Nothing to report.

*Education Committee—Vice Chair Hodge*

Nothing to report.

*Citizen Oversight Committee—Commissioner Banks*

Nothing to report.

**6. COMMENTS FROM THE EXECUTIVE DIRECTOR**

Executive Director (ED) Michael Mirra directed the board to his report. The board will be asked to adopt Resolution 2017-12-13 (1) to approve THA’s Fiscal Year 2018 Annual Budget. Previous reports and discussions covered the 2018 budget.

The most recent news from Congress on tax reform reported that the house and senate negotiators will keep private activity bonds, which THA uses to build and buy properties, in conjunction with the 4% tax credits. It is still unclear whether negotiators will limit the use of private activity bonds to non-housing purposes. One proposal is to keep them for public infrastructure.

ED Mirra introduced Brandon Wirth, THA’s new manager of communication and marketing. He comes from the health department where he fulfilled similar responsibilities.

**7. ADMINISTRATIVE REPORTS**

**Finance**

Finance Department (FD) Director Ken Shalik directed the board to the finance expense and cash position reports. Staff is starting preparations for year end, and IT is busy making sure reports are available. At the end of September, THA had \$6M in unrestricted funds. The budget study session was held on November 29 and Director Shalik will be asking the board to approve the 2018 budget at this meeting. In September, THA had an audit from the quality assistance division of Housing and Urban Development (HUD) looking at net restricted assets for Housing Assistance Program (HAP). They wanted to make sure THA was not holding extra HAP funds. Results of the audit verified this and they came back with a clean audit.

Commissioner Banks moved to ratify the payment of cash disbursements totaling \$4,454,356 for the month of November, 2017. Commissioner Young seconded.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved.**

**Administration**

Administration (AD) Interim Director Sandy Burgess directed the board to her report. THA is still trying to buy out BFIM, the investors for Salishan 1-3 and Hillsides I & II

before converting these properties to Rental Assistance Demonstration (RAD). AD has been negotiating with BFIM off and on and are waiting for one more approval. Commissioner Young inquired about the guarantee against the potential loss of tax credits that BFIM had been requesting. According to Director Shalik, THA started working with Heritage Bank for a \$2.5M line of credit that would serve that purpose. If the line of credit is not used, THA only has to pay the holding cost.

Before THA completes the RAD conversion of all its public housing units to Section 8 financing, it will consider the chance to turn some other units to public housing using its "FairCloth" reserve of public housing dollars. HUD has made clear that we could do this and then immediately convert the new public housing units under RAD to Section 8 financing. This will bring more subsidized dollars into Tacoma. Commissioner Rumbaugh asked about last year's public housing units. According to Interim Director Burgess, there were 26 units converted to RAD.

THA is transitioning property and liability insurance from HARRP and AHARRP to Philadelphia Insurance Company. The new insurance coverage will take effect on December 20.

Two OpenDoor department liaisons have been assigned from the Departments to get staff more comfortable with the new system. AD will also be hiring a temporary staffing consultant who will provide assistance in completing the list of reports and letters still that still need to be created.

Asset Management is busy with new property acquisitions. Commissioner Rumbaugh asked for feedback from tenants regarding the third party management at James Center North. Tenants are aware that the third party management is representing THA. THA is being very responsive, according to Director Burgess. The feedback Director McCormick received is that tenants are appreciative and a lot of the business owners have business plans.

## **Client Services**

Client Services (CS) Director Greg Claycamp directed the board to his report. Rental Assistance (RA) completed an analysis of THA's current payment standards. The analysis considered the 2018 Fair Market Rents (FMR) and the September 2017 Dupre & Scott local market assessment. Based on this information RA is recommending no increase in the payment standards at this time. Commissioner Rumbaugh inquired about the period for the Dupre & Scott report. The numbers are for the first half of the year according to Director Claycamp. He added that it appeared that local markets relaxed across the board county wide and particularly within the city of Tacoma. Commissioner Rumbaugh asked about the FMR. According to Director Claycamp, THA is provided one number, \$1,142, which slightly exceeds the average rent. According to Deputy Executive Director April Black what helped to make the decision to not increase the payment standards was the report that showed average rents were lower than THA's payment standards. A new analysis of payment standards will occur in March 2018. Yet FD

Shalik noted that total voucher costs are still increasing by \$600,000 a year indicating that any dip in the market is not yet affecting contract rents.

## **Property Management**

Property Management (PM) Director Frankie Johnson directed the board to her report. PM's reliance for vendor contracts is a major problem in slowing unit turn times. THA loses about 20 days when using vendors; using THA staff will reduce those days. PM will also try to decrease vacate days and bring it down to 20 days or less. Commissioner Rumbaugh asked about the cost for the increase in FTEs if PM plans to use THA staff instead of vendors. According to Director Johnson, PM will need to build staff skills and once that is done will be able to control the number of days the units are turned. She will be creating a staff unit to focus on turns. Commissioner Rumbaugh favors that idea, but he would like to know more about the calculations. Director Johnson will report back to the board regarding this.

Last month Director Johnson discussed the success at reducing work order time, especially at Salishan. That same day service has helped increase PM's customer service. Vacant unit days are off target but PM improved in down time and make ready days.

## **Real Estate Development**

Real Estate Development (RED) Department Director Kathy McCormick directed the board to her report. Tina Hansen (with over 20 years at THA) is retiring in the middle of January. RED has selected two people to replace her, which is all within the budget. Karen Peterson will be replacing Tina as real estate manager and Roberta Schur will be coming back to THA as special projects/community development project manager. Both will be introduced at the February board meeting.

RED is pushing the city hard to get the Crisis Residential Center (CRC) agreements signed before spending any more money on design. RED is also working with the city and county to figure out how to cover additional costs. Community Youth Services (CYS) is buying all appliances.

RED is preparing for closing of New Look. HUD has to approve assignment of the Project Based Rental Assistance contract from THA to the LLLP. Director McCormick hopes this will be done by Friday. RED is also working with Banner Bank to close on bonds before the end of year.

## **8. OLD BUSINESS**

None.

**9. NEW BUSINESS**

**9.1 RESOLUTION 2017-12-13(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 2018; and

**WHEREAS**, 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 2018 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 2018 Agency wide budget. Expenses and other cash outflows are projected as follows:

|                                     |                                |
|-------------------------------------|--------------------------------|
| <u>Expenses</u>                     |                                |
| Executive                           | \$ 879,197                     |
| Administration                      | 2,738,178                      |
| Finance                             | 1,246,007                      |
| Human Resources                     | 587,119                        |
| Policy, Innovation and Evaluation   | 1,056,211                      |
| Real Estate Development             | 2,753,246                      |
| Client Services Overhead            | 438,994                        |
| Community Services                  | 2,043,555                      |
| Rental Assistance                   | 39,698,095                     |
| Property Management Overhead        | 684,855                        |
| Property Budgets                    | <u>3,231,636</u>               |
| Subtotal                            | 55,357,093                     |
| <br><u>Additional Cash Outflows</u> |                                |
| Debt Service                        | 67,581                         |
| Capital Expenditures                | 7,492,075                      |
| Replacement Reserves                | <u>112,050</u>                 |
| Subtotal                            | 7,671,706                      |
| <br><b>TOTAL APPROVED BUDGET</b>    | <br><b><u>\$63,028,799</u></b> |

**Comments from Commissioners:**

Commissioner Rumbaugh mentioned that for the 2017 budget, the board agreed to depart briefly from using recurring funds for recurring expenses with the expectation to look into it the following year. He also noted that the financial reports do not show funds for each property. According to Director Shalik, THA

used RAD to deal with some of the expenses; finance does track the income from each of the properties and the goal is to provide the information on future financial reports. In addition, the Asset Management Committee meets regularly to discuss income from purchased properties.

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

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** December 13, 2017

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Janis Flauding, Chair

**9.2 RESOLUTION 2017-12-13 (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 2016-12-14(9), and reflects the Authority's current plans for such capital and operational expenditures of MTW reserves; 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.

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

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** December 13, 2017

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Janis Flauding, Chair

**9.3 RESOLUTION 2017-12-13 (3)  
(Purchase and Sale Agreement for Allenmore Brownstones)**

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

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

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of housing projects; and

**WHEREAS**, RCW 35.82.070(2) authorizes a housing authority to “acquire, lease, rent, sell, or otherwise dispose of any commercial space located in buildings or structures containing a housing project or projects” and RCW 35.82.070(5) authorizes a housing authority to “purchase, lease, obtain options on, acquire by gift, grant bequest, devise, or otherwise... any real or personal property or any interest therein”; and

**WHEREAS**, RCW 35.82.070(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any corporate purposes; and

**WHEREAS**, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments ...necessary or convenient to the exercise of the powers of the authority”; and

**WHEREAS**, RCW 35.82.040 authorizes the Authority to delegate to one or more of its agents such powers or duties as it may deem proper”; and

**WHEREAS**, The board of commissioners of the authority deems it to be in the best interest of the authority to acquire the project for the purpose of future development

to include residential rental components, and to borrow money by the issuance of the Heritage Bank note for the purpose of financing a portion of the cost of acquiring the property.

***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 negotiate, and if those negotiations are successful, execute a purchase and sale agreement for THA's purchase of the Allenmore Brownstones. The agreement will conform to the terms discussed above and in closed Board session.

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

AYES: 3  
NAYS: None  
Abstain: 1  
Absent: 1

**Motion Approved:** December 13, 2017

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Janis Flauding, Chair

**9.4 RESOLUTION 2017-12-13 (4)  
(Agency-Wide Special Recognition Award)**

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

**WHEREAS**, The agency has an established and defined Variable Pay policy; and

**WHEREAS**, Section 7.2.3(c) of the Variable Pay policy authorizes the Executive Director to make this decision; and

**WHEREAS**, THA has required staff to continually meet exceptionally demanding work requirements in 2017; and

**WHEREAS**, In recognition of doing this hard work, some extra compensation would be appropriate; and

**WHEREAS**, Salary payments for 2017 will remain within the existing budget including these SRAs; 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 a one-time Special Recognition Award in the amount of \$1,000.00 for all regular employees based on the following criteria:

- All employees must have successfully passed Probation; and
- All employees must be a currently employed, regular status employee; and
- Eligible employees must not have received a formal Disciplinary notice in the past six (6) months; and
- Temporary and Probationary employees are not eligible.

The board also authorizes an increase of up to 4% of the 2017 salary budget for Special Recognition Awards.

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

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** December 13, 2017

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Janis Flauding, Chair

**9.5 RESOLUTION 2017-12-13 (5)  
(Proposed Revisions to THA’s Administrative Plan and ACOP re Waiting List Consolidation)**

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

**WHEREAS,** The Administrative Plan relates to the administration of the Housing Choice Voucher program and is required by HUD; and

**WHEREAS,** The Admissions and Continued Occupancy Plan (ACOP) relates to the administration of the Public Housing program and is required by HUD; and

**WHEREAS,** The Administrative Plan and ACOP is to establish policies for carrying out 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 and ACOP 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, that:***

THA is authorized to adopt the following updates to the Administrative Plan to reflect the proposed policy changes.

| <b>Policy Proposal</b>  | <b>Applicable THA Policies Requiring Revision</b>  |
|---|--|
| Waitlist consolidation for HOP and PBV assistance<br>(Administrative Plan and ACOP) | <p><b><u>ACOP</u></b></p> <p>4-II.B.<br/>           "Organization of the Waiting List"<br/>           Allow for merging of waitlists</p> <p>4-III.B.<br/>           "Selection Method"<br/>           Allow for selecting off consolidated list</p> <p><b><u>Admin Plan</u></b></p> <p>4-I.D<br/>           "Placement on the Waiting List"<br/>           Allow for placement on a consolidated list</p> <p>4.II.B<br/>           "Organization of Waiting List"<br/>           Allow for merging to a single list</p> <p>4-II.F<br/>           "Updating the Waiting List"</p> |

**Comments from Commissioners:**

Commissioner Rumbaugh inquired about turn downs. According to Director Claycamp, families are allowed two turn downs; if they turn down a second time, they will be removed from the list.

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

Upon roll call, the vote was as follows:

AYES: 3  
NAYS: None  
Abstain: None  
Absent: 2 (Commissioner Banks left the meeting early)

**Motion Approved:** December 13, 2017

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Janis Flauding, Chair

**9.6 RESOLUTION 2017-12-13 (6)  
(Architectural and Engineering (A&E) Services for New Look Apartments)**

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

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

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of housing projects; and

**WHEREAS**, On March 23, 2016, the Board approved Resolution 2016-03-23(5) authorizing the Executive Director to negotiate and execute a contract not-to-exceed \$150,000 with Buffalo Design for the New Look Apartments; and

**WHEREAS**, On December 14, 2016, the Board approved Resolution 2016-12-14(7) authorizing the Executive Director to negotiate an Amendment No 1 to increase Buffalo Design’s agreement not-to-exceed \$237,404.00 for Construction Administration services for a total contract amount of \$387,404; and

**WHEREAS**, THA is requesting authorization for the Executive Director to negotiate an Amendment No. 2 for Additional Services including but not limited to; additional design, civil engineering, building envelop inspection services, value engineering, Evergreen Standard development and furniture selection and specifications. Amendment no. 2 not-to-exceed \$109,201.00; and

**WHEREAS**, The total contract amount for Buffalo Design services including this amendment is not-to-exceed \$496,605.00; now, therefore, be it

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

Authorize THA's Executive Director to negotiate and, if those negotiations are successful, execute Amendment No. 2 of Buffalo Design's A&E Services Agreement dated June 10, 2016 to a total amount not-to-exceed: \$496,605.00

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

Upon roll call, the vote was as follows:

AYES: 3  
NAYS: None  
Abstain: None  
Absent: 2 (Commissioner Banks left the meeting early)

**Motion Approved:** December 13, 2017

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Janis Flauding, Chair

**9. COMMENTS FROM COMMISSIONERS**

Vice Chair Hodge enjoyed the 2017 Employee Appreciation luncheon and thanked THA staff for their work and dedication for 2017.

**10. EXECUTIVE SESSION**

None.

**11. ADJOURNMENT**

There being no further business to conduct the meeting ended at 6:10 PM.

**APPROVED AS CORRECT**

**Adopted:** January 24, 2018

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Janis Flauding, Chair



## **TACOMA HOUSING AUTHORITY**

### **Real Estate Development Committee**

Commissioner Stanley Rumbaugh

### **Finance Committee**

Commissioner Minh-Anh Hodge

Commissioner Derek Young

### **Citizen Oversight Committee**

Chair Arthur C. Banks

### **Education Committee**

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:** January 17, 2018  
**Re:** Executive Director's Monthly Report

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This is my monthly report for January 2018. It supplements the departments' reports.

## 1. CONGRESSIONAL BUDGET 2018

Congress has until the end of Friday, January 19<sup>th</sup>, to pass either a real budget for 2018 or another Continuing Resolution to avoid a governmental shutdown. As I write this, Len Simon and the media report that a governmental shutdown seems more likely than it appeared to be a few weeks ago. The matter is entangled in Congressional disputes about immigration, children's health programs and defense spending. Congress also has to raise the nation's debt ceiling to permit it to continue borrowing. Another continuing resolution would be the fourth this year.

Allow me to remind ourselves of the Board's direction should the government shut down. We will do what we did the last time this happened, in 2013. That time the shutdown lasted two weeks. Should the government shut down, THA will make no change, at least for a while. We will not layoff staff. We will not suspend rent payments to landlords on behalf of our voucher clients. We will not cancel or suspend contracts. We have reserves enough to safely last about two months. We will watch the news carefully and consult with our Congressional offices and Len Simon. If the government is still shut down in early February, we will make a judgment then about how much longer the shutdown will last. If we judge that it will last through February or if we cannot judge, then we will begin planning to curtail our spending starting in March. We can hope it does not come to that.

## 2. CONGRESSIONAL TAX REFORM AND AFFORDABLE HOUSING

Since the Board's last meeting, Congress has passed and President Trump signed the "Tax Cuts and Jobs Act". This is the first major restructuring of the nation's tax code since 1985. It does many things. Its pertinence to THA's work may be most evident in what it did not do.

### 2.1 Private Activity Bonds and 4% Low-Income Housing Tax Credits: Both Preserved!

The final bill did **not** include the House proposal to eliminate two of our most important sources of financing when we build, buy and rebuild properties. The House version of the tax bill would have eliminated private activity bonds and 4% low-income housing tax credits. These programs give a tax break to lenders and investors who finance housing for poor people. THA uses these financing sources a lot. For example, we are using them to refinance the Alberta Canada Building and its major fix up that we will start shortly. In anticipation of a repeal of these financing tools, we had to speed up the financial closing on that deal to get it done

before New Year's Day when the new tax law would take effect. I commend the hard and frantic work this required from our RED staff, our lawyers and financial consultants, and the staff, lawyers and consultants of our investors and bankers. Because of this very good work we would have made the deadline if we had needed to!

Since the House released its proposal to eliminate these affordable housing financial tools the nation's network of housing advocates went to work lobbying to defend these tools. Prominent among these advocates was the Enterprise Community Foundation. I have been circulating its email updates giving the blow by blow account of the lobbying effort. It was a strange effort to follow since Congress conducted no public hearings and did not circulate clear drafts of the proposals as they worked their way through the congressional appropriations process, such as it was. The advocacy worked. Under the final bill that went to the President private activity bonds and 4% tax credits remain available!

That is good news. But it was a close call that offers some revealing aspects about Congressional politics these days concerning affordable housing programs and poor people's programs generally. The House proposal was a major challenge to the nation's affordable housing programs. It differed from two earlier challenges. In 1974, the Congress sought to limit the public housing program in ways that alarmed people who do this work. Yet, that battle saw the compensatory invention of the Section 8 programs. Those Section 8 programs are now the nation's largest housing programs for poor people. The Section 8 program is also THA's largest source of operating dollars for the work we do. The next major challenge came in 1985 when the Congress, again, limited the funding for public housing and Section 8 programs. Yet, that battle gave birth to the Low Income Housing Tax Credit (LIHTC) Program. LIHTC is now the nation's largest source of capital dollars to build, buy, and rebuild housing for poor people. This program is THA's main financing source for our real estate development work. This program financed our construction of New Salishan, Bay Terrace and Hillside Terrace. It was the main refinancing for our RAD fix up of all our senior buildings, Bergerson Terrace and Dixon Village.

In contrast to the battles of 1974 and 1985, this year's tax reform attack on affordable housing offered no compensatory alternative. It was an unalloyed challenge to our work without any new proposal that would have compensated for what the House bill would have eliminated. In this way, the policy debate was not about how to do this work but, more fundamentally, whether the nation wants to support this work at all.

## **2.2 Lowered Tax Rates and the Effect to Lower the Value of Low-Income Housing Tax Credits and to Justify Program Cuts**

The tax bill's main feature is the big reduction of tax rates for corporation and rich people. This rate reduction affects THA in two ways. **First**, the lowered tax rates mean that a low-income housing tax credit is not worth as much to investors. When THA gets tax credits for one of its deals, it offers them for sale on a national market of investors. When we do that, we ask what investors will pay us for a dollar's worth of tax credits. We then choose the best deal we can get. Investors are willing to pay for a tax credit not because they necessarily care about housing for poor people but because they seek to lower the taxes they owe to the federal government. If they are now to owe less in taxes because the rates are lower, they will not value a tax credit as much. Before this tax reform THA did well when we sold tax credits. For example, investors in Bay Terrace and our RAD project paid us \$1.14 and \$1.12 for a dollar's worth of tax credits. That high price showed their confidence in the projects and in THA. With the lowered new tax rate, our financial advisors are telling us to expect a 5% decline in what investors will pay us in future deals. That would be big decrease. It would make our financing harder.

**Second**, the lowered tax rates will add more than \$1 trillion to the nation's deficit over the next ten years. The Congressional leadership has already begun to publicly anticipate that it will seek to pay for these tax cuts for rich people by cuts to programs for poor people. As I noted above, Congress still has not passed a 2018 budget. Perhaps that will be the first occasion for Congress to reveal its intentions about this.

## **3. THA's REAL ESTATE DEVELOPMENT ACTIVITY SINCE 2002, WITH A LOOK AHEAD**

I attach a one page table depicting THA's real estate activity since 2002, with a look ahead to the near term future. In 2002, we began with 1,628 units. Overall, the portfolio was in poor shape. We see this in the total unit-years. A unit-year is the remaining lifespan of a unit before it needs a major fix-up. In 2002, for example, Old Salishan had already outlived its useful life span. Its 855 units had zero unit-years. The remainder of the portfolio had an average of only 5 unit-years. In 2002, the 1,628 units had a total of only 3,865 unit-years.

From 2002 until recently, THA's preoccupation has been to fix up its portfolio. That entailed rebuilding most of it, including New Salishan. We sold off parts. We also began building new and buying. All that work to date reduced our portfolio by 93 units to 1,535 units. Yet, our portfolio is now in very good shape. This shows in a 689% increase in unit-years to 30,525.

With our portfolio in good shape, we can now turn our attention in earnest to growing the number of units. The attached table lists the vacant THA has purchased. Over the next 5 years we will build 690 to 960 units on this land.

The table also depicts the housing we helped other organizations to develop. Sometimes THA is the lender. Sometimes it issues bonds. Sometimes it is the developer. Sometimes it provides the land or sells the housing. Most of the time it project-bases housing vouchers into the development under long-term contracts to finance construction debt, operations and affordability. I think of this as our shadow portfolio. We do not own it. We do not manage it. Instead, we finance it. This portfolio at 1,026 units is 67% the size of our regular portfolio.

I think this depiction shows good, astute work over the years with an effective mix of careful stewardship and ambition for growth. Notably, THA got this done through some hard and complex financial and market conditions.

**4. NEW SALISHAN REPAYS THE PUBLIC INVESTMENT**

I attach a table about New Salishan. It shows that New Salishan, by returning the home sale lots to the taxable property of the city, is repaying the public investment that helped to build it. The data come from the Pierce County Assessor's Office.

New Salishan cost about \$300 million to build. Most of that money came from private sources, primarily tax credit investors, land sales, and debt. Important amounts, however, came from public sources, federal, state and local. The federal government provided about \$44 million. The State of Washington provided about \$15 million. The City of Tacoma provided about \$2 million. The City also provided \$10.3 million to help build the infrastructure, including the underground utilities. The City now owns that infrastructure.

New Salishan has 741 apartments for rent and 393 single-family homes sold to private ownership. The 393 homes pay property taxes. As of 2017, they have paid \$5,596,537 in taxes since the first homes sold in 2006. In 2017, the annual tax revenue from these homes is \$1,238,513.

**5. TACOMA'S NEED FOR AFFORDABLE HOUSING**

I attach a table and a chart that shows the need in Tacoma for affordable housing. In particular, it shows the mismatch in Tacoma of rents and wages. The affordable housing crisis reaches high into the city's working population.



# TACOMA HOUSING AUTHORITY

## THA REAL ESTATE DEVELOPMENT SINCE 2002\* [since the beginning of the development of New Salishan]

January 10, 2018

| THA PORTFOLIO OF HOUSING UNITS AND LAND FOR HOUSING DEVELOPMENT   |                |  |   |
|---|----------------|--|---|
|   | Units          | Unit-Years<br>A unit-year estimates the time remaining before a unit will need major capital repairs; assumes 25 unit-years for newly built or newly fixed up units; 0-23 unit-years for other units |   |
| <b>EXISTING UNITS as of 2002</b>  |                | <b>Unit-Years as of 2002</b>   |   |
| Old Salishan  | 855            | 0 years/unit   | 0                                       |
| Senior Units  | 353            |  | 1,765                                   |
| Hillside 1500 Block   | 16             |  | 80                                      |
| Hillside 1800 Block   | 23             |  | 115                                     |
| Hillside 2300 Block   | 46             |  | 230                                     |
| Hillside 2700 Block   | 81             | 5 years/unit (avg.)  | 405                                     |
| Bergerson Terrace   | 72             |  | 360                                     |
| Dixon Village   | 31             |  | 155                                     |
| Single Family Homes   | 93             |  | 465                                     |
| Stewart Court   | 58             |  | 290                                     |
| <b>Subtotal Existing Units/Unit-Years in 2002</b>   | <b>1,628</b>   |  | <b>3,865</b>                            |
| <b>UNITS SOLD/DEMOLISHED SINCE 2002</b>   |                |  |   |
| Old Salishan (demolished)   | -855           |  |   |
| Hillside 1800 Block (demolished)  | -23            |  |   |
| Hillside 2500 Block (demolished)  | -81            |  |   |
| Stewart Court (sold)  | -58            |  |   |
| Single Family Homes (sold; some sales pending)  | -93            |  |   |
| <b>Subtotal Sold/Demolished Units since 2002</b>  | <b>-1,110</b>  |  |   |
| <b>UNITS FIXED UP SINCE 2002</b>  |                |  |   |
|   |                | <b>Unit-Years as of 2017</b>   |   |
| Bergerson Terrace (2017)  | 72             | 25 years/unit  | 1,800                                   |
| Dixon Village (2017)  | 31             | 25 years/unit  | 775                                     |
| Hillside Terrace (1500 and 2300 block)(2002)  | 62             | 10 years/unit  | 620                                     |
| 7 Buildings for Seniors/Disabled Persons (2017)   | 353            | 25 years/unit  | 8,825                                   |
| <b>Subtotal of Units Fixed-Up Since 2002</b>  | <b>518</b>     |  | <b>12,020</b>                           |
| <b>UNITS BUILT SINCE 2002</b>   |                |  |   |
|   |                | <b>Unit-Years as of 2017</b>   |   |
| New Salishan (2004 – 2010)<br><i>(not counting 110 senior units &amp; 379 home sales developed by THA partners)</i> | 630            | 16 years/unit (avg.)   | 10,080                                  |
| Bay Terrace (rebuilt Hillside 2500 block)(2017)   | 144            | 25 years/unit  | 3,600                                   |
| Prairie Oaks Apartments (2015)  | 15             | 23 years/unit  | 345                                     |
| <b>Subtotal Built Units since 2002</b>  | <b>789</b>     |  | <b>14,025</b>                           |
| <b>UNITS PURCHASED SINCE 2002</b>   |                |  |   |
|   |                | <b>Unit-Years as of 2017</b>   |   |
| New Look Apartments (2015; to be fixed up 2018)   | 48             | 25 years/unit  | 1,200                                   |
| Outrigger Apartments (2015)   | 49             | 15 years/unit  | 735                                     |
| Highland Crest (2017)   | 73             | 15 years/unit  | 1,095                                   |
| Allenmore Brownstones (sale pending)  | 58             | 25 years/unit  | 1,450                                   |
| <b>Subtotal Units Purchased since 2002</b>  | <b>228</b>     |  | <b>4,480</b>                            |
| <b>TOTAL UNITS/UNIT YEARS as of 2017</b>  | <b>1,535</b>   |  | <b>30,525</b>                           |
| <b>Net Change Since 2002</b>  | <b>-93</b>     |  | <b>26,660</b><br><b>(689% increase)</b> |
| <b>PLANNED UNITS AS OF 2017 ON VACANT LAND THAT THA OWNS</b>  |                |  |   |
| Arlington Drive Youth Campus  | 52-72          |  |   |
| Salishan Remaining Lots   | 18             |  |   |
| Hillside 1800 Block   | 70             |  |   |
| <b>Vacant Land Purchased Since 2002</b>   |                |  |   |
| James Center North  | 300-500        |  |   |
| Hillsdale Heights   | 100-150        |  |   |
| Hilltop Parcels   | 150            |  |   |
| <b>TOTAL OF PLANNED UNITS as of 2017</b>  | <b>690-960</b> |  |   |

### UNITS IN OTHER PORTFOLIOS THAT THA FINANCED

THA finances the development of units owned and managed by non-profit partners or others. Sometimes THA is the lender. Sometimes it issues bonds. Sometimes it is the developer. Sometimes it provides the land or sells the housing. Most of the time it project-bases housing vouchers into the development under long-term contracts to finance construction debt, operations and affordability.

**TOTAL THA FINANCED UNITS IN OTHER PORTFOLIOS** 1,026

\* These data do not include about 3,500 low-income households that receive tenant-based rental assistance under various THA programs that pay rent to landlords on the private rental market.



# TACOMA HOUSING AUTHORITY

## UPDATE ON TAX REVENUES ATTRIBUTABLE TO NEW SALISHAN

January 12, 2018

The Tacoma Housing Authority (THA) has largely completed the New Salishan planned community on Tacoma's Eastside. It is one of the largest redevelopments in the City's history, and one of the largest of its kind in the nation. In 2006, THA started with 855 old and worn out public housing units on 188 acres, which were exempt from taxation. Today, New Salishan has 741 apartments for rent and 393 single family homes sold to private ownership. The 393 homes pay over **\$1.2 million** yearly in local and state property taxes. These taxes are repaying the public dollars that helps build Salishan.

New Salishan cost about \$300 million to build. Most of that money came from private sources, primarily tax credit investors, land sales, and debt. Important amounts came from public sources, federal, state and local. The federal government provided about \$44 million. The State of Washington provided about \$15 million. The City of Tacoma provided about \$2 million. The City also provided \$10.3 million to help build the infrastructure, including the underground utilities. The City now owns that infrastructure.

New Salishan's newly taxable properties are repaying this public investment through additional tax revenues. As of 2017, they have contributed **\$5,596,537** since the first homes sold in 2006. In 2017, the annual tax revenue from these homes is **\$1,238,513**. The chart below shows the approximate annual distribution of the **\$1,238,513** among the various taxing jurisdictions, according to the 2017 distribution formulae.

| Taxing Jurisdiction         | 2017<br>Tax Rate Per \$1,000<br>Property Value | 2017<br>Annual Share of<br>Salishan Property<br>Taxes |
|-----------------------------|--|---|
| Tacoma                      | 2.959815659                                    | \$229,650   |
| City/Town of Tacoma EMS     | 0.500000000                                    | 38,795  |
| Tacoma-bonds                | 0.131833942                                    | 10,083  |
| Metro Parks                 | 0.707259165                                    | 54,876  |
| Metro Parks-bonds           | 0.901747527                                    | 68,971  |
| School District #10 M&O     | 3.963725494                                    | 303,168   |
| School District #10 Cap     | 0.461068269                                    | 35,265  |
| School District #10 Bond    | 2.524823447                                    | 193,112   |
| State                       | 2.066965867                                    | 160,375   |
| County                      | 1.284826284                                    | 99,689  |
| Port of Tacoma              | 0.184099823                                    | 14,284  |
| Flood Control Zone          | 0.091720983                                    | 7,117   |
| Conservation Futures        | 0.048087083                                    | 3,731   |
| Central PS Regional Transit | 0.250000000                                    | 19,397  |
| <b>Total</b>                |  | <b>\$1,238,513</b>                                    |

NOTE: These calculations do not include any increased tax revenues resulting from any rise in property values that New Salishan spurred in the surrounding area. New Salishan is in appraisal area 18. That area's assessed value increased 14% in 2016-2017. In that same year, Pierce County's average assessed value increased 12.29%.

Data Source: Pierce County Office of Assessor-Treasurer (2018).

# City of Tacoma's Estimated Rent Burden-Housing Need by Income: 2017 – 2040

| 2017 Household Gross Income levels <sup>1</sup>  | No. of renter households <sup>2</sup><br>% of renter population <sup>3</sup> | Affordable Monthly Housing Payment <sup>4</sup> | 2017 Monthly Rental Housing Costs <sup>5</sup>                                    | Affordable Units Needed for Rent Burdened Households |              |                      |              |  |               |                                   |       |       |  |  |
|--|--|---|---|--|--------------|----------------------|--------------|--|---------------|-----------------------------------|-------|-------|--|--|
|  |  |   |   | % of rent burdened households <sup>6</sup>           |              | 2017 (existing need) |              | 2017 – 2040 (future need) <sup>8</sup> |               | Totals (existing and future need) |       |       |  |  |
|  |  |   |   | >30%   | >50%         | >30%                 | >50%         | >30%                                   | >50%          | >30%                              | >50%  |       |  |  |
| Computer Programmer (\$90,420/year)  | > 80% AMI<br>↓   | \$2,261   | \$2,017 – 4BR<br>\$1,666 – 3BR<br>\$1,145 – 2BR<br><br>\$881 – 1BR<br>\$773 – 0BR |  |              |                      |              |  |               |                                   |       |       |  |  |
| <b>Area Median (AMI) Income (\$25.09/hour;\$52,200/year)</b>                                       |  | 13,845<br>36%                                   |   | \$1,305  |              |                      |              |  |               |                                   |       |       |  |  |
| Starting Teacher (\$21.88/hour; \$45,500/year)   |  |   |   | \$1,101  | 11%          | 1%                   | 1,523        | 139                                    | 998           | 91                                | 2,521 | 230   |  |  |
| <b>Low Income: 80% AMI (\$20.07; \$41,750/year)</b>  |  | 7,750<br>20%                                    |   | \$1,013  |              |                      |              |  |               |                                   |       |       |  |  |
| Secretary/Admin. Asst. (\$19.18/hour;\$40,890)   |  |   |   | \$1,012  |              |                      |              |  |               |                                   |       |       |  |  |
| Financial Clerk (\$18.68/hour;\$40,220/year)   |  |   |   | \$997  | 53%          | 10%                  | 4,108        | 775                                    | 2,671         | 504                               | 6,779 | 1,279 |  |  |
| Medical Lab Technician (\$17.63/hour;\$38,440)   |  |   |   | \$988  |              |                      |              |  |               |                                   |       |       |  |  |
| Retail Sales (\$13.01/hour;\$34,330/year)  |  |   |   | \$787  |              |                      |              |  |               |                                   |       |       |  |  |
| <b>Very Low Income; 50% AMI (\$12.55/hour;\$26,100/year)</b>                                       |  | 6,745<br>18%                                    |   | \$634  |              |                      |              |  |               |                                   |       |       |  |  |
| Cook, short order (\$12.16/hour;\$25,290)  |  |   |   | \$632  |              |                      |              |  |               |                                   |       |       |  |  |
| Home Care Aide (\$12.10/hour;\$25,253/year)  |  | \$631   | 83%   | 39%  | 5,598        | 2,631                | 3,764        | 1,769                                  | 9,362         | 4,400                             |       |       |  |  |
| City of Tacoma Minimum Wage (\$12.00/hour;\$25,044/year)   |  | \$626   |   |  |              |                      |              |  |               |                                   |       |       |  |  |
| Federal Poverty Line for Family of 4 (\$11.83/hour;\$24,689/year)                                  |  | \$617   |   |  |              |                      |              |  |               |                                   |       |       |  |  |
| <b>Extremely Low Income; 30% AMI (\$15,650/year)</b>   | 9,855<br>26%   | \$391   |   |  |              |                      |              |  |               |                                   |       |       |  |  |
| SSI Disability Income (\$750/month;\$9,007/year)   |  | \$225   | 76%   | 64%  | 7,490        | 6,307                | 4,978        | 4,192                                  | 12,468        | 10,499                            |       |       |  |  |
| TANF for Family of 3 (\$521/month; \$6252/year)  |  | \$143   |   |  |              |                      |              |  |               |                                   |       |       |  |  |
| <b>Affordable Units Needed</b>   |  |   |   | <b>18,719</b>  | <b>9,852</b> | <b>12,411</b>        | <b>6,556</b> | <b>31,130</b>                          | <b>16,408</b> |                                   |       |       |  |  |
| <b>Estimated Existing Affordable Units (hard units and rental assistance vouchers)<sup>9</sup></b> |  |   |   | <b>1,300</b>   | <b>5,200</b> |                      |              |  |               |                                   |       |       |  |  |
| <b>Net Additional Affordable Units Needed</b>  |  |   |   | <b>17,419</b>  | <b>4,652</b> |                      |              | <b>29,830</b>                          | <b>11,208</b> |                                   |       |       |  |  |
| <b>City of Tacoma Vision 2040 Target for Additional Affordable Rental Units</b>                    |  |   |   |  |              |                      |              |  |               | <b>14,750</b>                     |       |       |  |  |

1. U.S. Department of Labor Bureau of Labor Statistics, March 2017 Metropolitan and Nonmetropolitan Occupational Employment and Wage Estimates Tacoma, WA Metropolitan Division [http://www.bls.gov/oes/current/oes\\_45104.htm#19-0000](http://www.bls.gov/oes/current/oes_45104.htm#19-0000)  
 U.S. Dept. HUD CHAS Data Query Tool Tacoma, Washington 2009-2013 American Community Survey at: [https://www.huduser.gov/portal/datasets/ep/CHAS/data\\_querytool\\_chas.html](https://www.huduser.gov/portal/datasets/ep/CHAS/data_querytool_chas.html)  
 City of Tacoma Minimum Wage: <http://www.cityoftacoma.org/sms/one.aspx?chasetid=82891>  
 SSA SSI Federal Payments Amounts For 2018 at: <https://www.ssa.gov/oaet/cola/SSI.html>  
 Washington State DSHS Economic Services Administration TANF and Support Services <https://www.dshs.wa.gov/esa/community-services-offices/tanf-and-support-services>  
 SSI Federal Payment Amounts for 2018: <https://www.ssa.gov/oaet/cola/SSI.html>  
 U.S. Dept. HUD, FY 2017 Income Limits Summary Individual AMI at: <https://www.huduser.gov/portal/datasets/il/2017/2017summary.odn>

2. U.S. Housing and Urban Development 2009-2013 American Community Survey at: [https://www.huduser.gov/portal/datasets/ep/CHAS/data\\_querytool\\_chas.html](https://www.huduser.gov/portal/datasets/ep/CHAS/data_querytool_chas.html)

3. Tacoma has 38,195 renter households. 2009-2013 American Community Survey. The % of that total in each income tier derives from dividing the number in each tier by that total. The % and number for the top tier are households at or above 80% AMI.

4. "Housing is considered to be affordable when the cost of housing plus utilities equals no more than 30% of household [gross] income." Page 38 of Tacoma-Lakehood Consortium Consolidated Plan 2015-2019.

5. Tacoma, WA HUD FMR FY 2018. [https://www.huduser.gov/portal/datasets/fmr/fmr/e/FY2018\\_code/2018summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmr/e/FY2018_code/2018summary.odn)  
 HUD calculates Fair Market Rents (FMR) annually. "In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities." FMRs reflect the rent for the 40th percentile of the market. U.S. Housing and Urban Development.

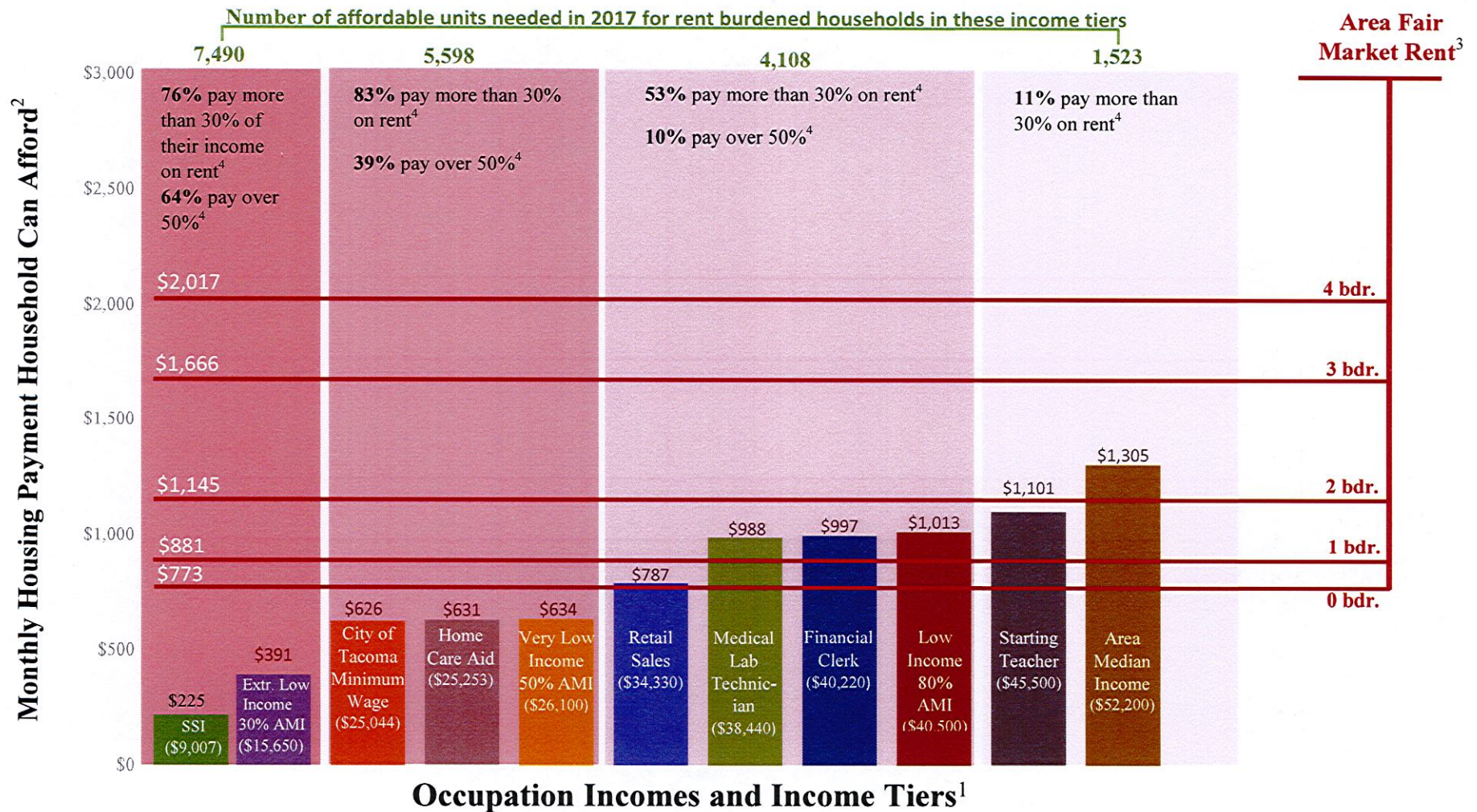
6. U.S. Housing and Urban Development 2009-2013 American Community Survey at [https://www.huduser.gov/portal/datasets/ep/CHAS/data\\_querytool\\_chas.html](https://www.huduser.gov/portal/datasets/ep/CHAS/data_querytool_chas.html)

7. Households paying >30% of their income include those paying >50%.

8. The City projects that 51,417 households will join the city by 2040. One Tacoma Comprehensive Plan, December, 2015. 49% of current city households rent. Tacoma-Lakehood Consortium Consolidated Plan 2015-2019 (page 38). Applying that % to the new households means 25,194 of them will rent. Applying the % of the current renter population in each income tier and rent burden categories estimates the number of the new renter households in each income tier that will be rent burdened.

9. State of Washington HOUSING NEEDS ASSESSMENT (Washington State Department of Commerce 2015) (<http://www.commerce.wa.gov/wp-content/uploads/2016/10/AHAB-needs-urban-Tacoma.pdf>)  
 NOTE: The assessment reported 6,278 subsidized housing units in 2015. This includes units whose subsidy were set to expire by 2017. This does not include units built since 2015. These units are affordable to a range of incomes from zero to 80% AMI. This estimate judges that 80% are affordable to the lowest income households, which are the most rent burdened.

# City of Tacoma's Estimated Rent Burden-Housing Need by Income: 2017



1. U.S. Department of Labor Bureau of Labor Statistics, March 2017 Metropolitan and Nonmetropolitan Occupational Employment and Wage Estimates Tacoma, WA Metropolitan Division: [www.bls.gov/oes/current/oes\\_45104.htm#19-0000](http://www.bls.gov/oes/current/oes_45104.htm#19-0000)  
 U.S. Department of Housing and Urban Development CHAS Data Query Tool Tacoma, Washington 2009-2013 American Community Survey at: [www.huduser.gov/portal/datasets/cp/CHAS/data\\_querytool\\_chas.html](http://www.huduser.gov/portal/datasets/cp/CHAS/data_querytool_chas.html)  
 City of Tacoma Minimum Wage: [www.cityoftacoma.org/cms/one.aspx?objectId=89891](http://www.cityoftacoma.org/cms/one.aspx?objectId=89891)  
 Social Security Administration SSI Federal Payments Amounts For 2018 at: [www.ssa.gov/oact/cola/SSI.html](http://www.ssa.gov/oact/cola/SSI.html)  
 SSI Federal Payment Amounts for 2018 [www.ssa.gov/oact/cola/SSI.html](http://www.ssa.gov/oact/cola/SSI.html)  
 U.S. Department of Housing and Urban Development, FY 2017 Income Limits Summary Individual AMI at: [www.huduser.gov/portal/datasets/il/2017/summary.odt](http://www.huduser.gov/portal/datasets/il/2017/summary.odt)

2. "Housing is considered to be affordable when the cost of housing plus utilities equals no more than 30% of household [gross] income." Page 38 of Tacoma-Lakewood Consortium Consolidated Plan 2015-2019

3. Tacoma, WA, 2018 FMR HUD calculates Fair Market Rents (FMR) annually. "In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities." FMRs reflect the rent for the 40<sup>th</sup> percentile of the market.

4. U.S. Housing and Urban Development 2009-2013 American Community Survey at: [www.huduser.gov/portal/datasets/cp/CHAS/data\\_querytool\\_chas.html](http://www.huduser.gov/portal/datasets/cp/CHAS/data_querytool_chas.html)



**TACOMA HOUSING AUTHORITY**

**ADMINISTRATION  
REPORTS**



# **TACOMA HOUSING AUTHORITY**

## **FINANCE**



# TACOMA HOUSING AUTHORITY

## **Motion**

Adopt a consent motion ratifying the payment of cash disbursements totaling \$4,766,789 for the month of December, 2017.

**Approved: January 24, 2018**

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Janis Flauding, Chair

**TACOMA HOUSING AUTHORITY**  
**Cash Disbursements for the month of December 2017**

|   |           | Check Numbers |    | Amount    | Totals                             |
|---|-----------|---------------|----|-----------|------------------------------------|
|   |           | From          | To |           |                                    |
| <b>A/P Checking Account</b>                               |           |               |    |           |                                    |
| Accounts Payable Checks                                   | Check #'s | 91,027        | -  | 91,175    |                                    |
| Business Support Center                                   |           |               |    | 260,112   | Program Support                    |
| Moving To Work Support Center                             |           |               |    | 32,151    |                                    |
| Moving To Work Buildings (used by Support Center)         |           |               |    | 263,548   |                                    |
| Tax Credit Program Support Center                         |           |               |    | 17,808    |                                    |
| Section 8 Programs  |           |               |    | 35,366    | Section 8 Operations               |
| Hillside Terrace 1800 Court G                             |           |               |    | 8         | Properties                         |
| Hillsdale Heights   |           |               |    | 1,792     |                                    |
| Highland Crest Apts                                       |           |               |    | 714       |                                    |
| James Center  |           |               |    | 99        |                                    |
| KeyBank Building  |           |               |    | 37,729    |                                    |
| Outrigger   |           |               |    | 9,812     |                                    |
| Salishan 7  |           |               |    | 41,096    |                                    |
| Salishan Common Areas                                     |           |               |    | 1,324     |                                    |
| Bay Terrace - CFP-RAD HAP                                 |           |               |    | 6,014     |                                    |
| James Center  |           |               |    | 9,103     |                                    |
| New Look-Development                                      |           |               |    | 85,484    | Development                        |
| Salishan Area 4 - Arlington                               |           |               |    | 18,984    |                                    |
| Salishan Developer Fee                                    |           |               |    | 671       |                                    |
| Hilltop Redevelopment                                     |           |               |    | 7,433     |                                    |
| Bus Development Activity                                  |           |               |    | 7,997     |                                    |
| MTW Development Activity                                  |           |               |    | 294       |                                    |
| CS General Business Activities                            |           |               |    | 500       | Community Service                  |
| Community Services MTW Fund                               |           |               |    | 10,497    |                                    |
| Education Private Grants (Gates, etc.)                    |           |               |    | 159       |                                    |
| HUD-ROSS Svc Coord  |           |               |    | 47        |                                    |
| AMP 6 - Scattered Sites                                   |           |               |    | 35,599    | Public Housing                     |
| AMP 7 - HT 1 - Subsidy                                    |           |               |    | 214       |                                    |
| AMP 8 - HT 2 - Subsidy                                    |           |               |    | 3,809     |                                    |
| AMP 9 - HT 1500 - Subsidy                                 |           |               |    | 41        |                                    |
| AMP 10 - SAL 1 - Subsidy                                  |           |               |    | 23,658    |                                    |
| AMP 11 - SAL 2 - Subsidy                                  |           |               |    | 26,951    |                                    |
| AMP 12 - SAL 3 - Subsidy                                  |           |               |    | 23,369    |                                    |
| AMP 13 - SAL 4 - Subsidy                                  |           |               |    | 24,556    |                                    |
| AMP 14 - SAL 5 - Subsidy                                  |           |               |    | 27,337    |                                    |
| AMP 15 - SAL 6 - Subsidy                                  |           |               |    | 28,194    |                                    |
| AMP 16 - Bay Terrace - Subsidy                            |           |               |    | 18,371    |                                    |
| THA SUBTOTAL  |           |               |    | 1,060,844 |                                    |
| Hillside Terrace 1 through 1500                           |           |               |    | 1,687     | Tax Credit Projects - Reimbursable |
| Bay Terrace 1 & Community Facility                        |           |               |    | 1,550     |                                    |
| Bay Terrace 2   |           |               |    | 3,295     |                                    |
| Renew Tacoma Housing                                      |           |               |    | 8,320     |                                    |
| Salishan I - through Salishan 6                           |           |               |    | 11,080    |                                    |
| TAX CREDIT SUBTOTAL (Operations & Development - billable) |           |               |    | 25,932    | <b>1,086,775</b>                   |
| <b>Section 8 Checking Account (HAP Payments)</b>          |           |               |    |           |                                    |
| SRO/HCV/VASH/FUP/NED                                      | Check #'s | 482,203       | -  | 482,246   | 32,734                             |
|   | ACH       |               |    |           | 2,898,483                          |
|   |           |               |    |           | <b>\$ 2,931,217</b>                |
| <b>Payroll &amp; Payroll Fees - ADP</b>                   |           |               |    |           | <b>\$ 748,796</b>                  |
| <b>Other Wire Transfers</b>                               |           |               |    |           |                                    |
|   |           |               |    |           | <b>\$ -</b>                        |
| <b>TOTAL DISBURSEMENTS</b>                                |           |               |    |           | <b>\$ 4,766,789</b>                |

## TACOMA HOUSING AUTHORITY

### CASH POSITION - Oct 2017

| Account Name   | Current Balance      | Interest |
|--|----------------------|----------|
| <b>HERITAGE BANK</b>                                       |                      |          |
| Accounts Payable   | 1,158,542            | 0.33%    |
| Section 8 Checking   | 4,358,063            | 0.33%    |
| THA Affordable Housing Proceeds-Salishan                   | 3,428,801            | 0.33%    |
| Scattered Sites Proceeds                                   | 3,463,584            | 0.33%    |
| FSS Escrows  | 142,790              | 0.33%    |
| Note Fund Account  | 101                  | 0.33%    |
| Credit Card Receipts                                       | 3,643                | 0.33%    |
| THA Investment Pool  | 332                  | 0.33%    |
| THA LIPH Security Deposits                                 | 4,216                | 0.33%    |
| THDG - Tacoma Housing Development Group                    | 388,674              | 0.33%    |
| Salishan 7   | 1,238,882            | 0.33%    |
| Salishan 7 Security Deposit                                | 26,799               | 0.33%    |
| Salishan 7 Replacement Reserve                             | 229,790              | 0.33%    |
| Salishan 7 Operating Reserve                               | 200,449              | 0.33%    |
| Outrigger Operations                                       | 92,885               | 0.33%    |
| Outrigger Security Deposit                                 | 26,208               | 0.33%    |
| Outrigger Replacement Reserve                              | 65,649               | 0.33%    |
| Highland Crest Operations                                  | 100,029              | 0.33%    |
| Highland Crest Security Deposit                            | 39,845               | 0.33%    |
| Prairie Oaks Operations                                    | 83,231               | 0.33%    |
| Prairie Oaks Security Deposit                              | 3,561                | 0.33%    |
| Prairie Oaks Replacement Reserve                           | 14,110               | 0.33%    |
| Payroll Account  | 9,808                | 0.33%    |
| <b>WASHINGTON STATE</b>                                    |                      |          |
| Investment Pool  | \$ 99                | 0.87%    |
| <b>1. TOTAL THA CASH BALANCE</b>                           | <b>\$ 15,080,091</b> |          |
| <b>Less:</b>   |                      |          |
| <b>2. Total MTW Cash Balance</b>                           | <b>\$ 613,643</b>    |          |
| <i>Less Minimum Operating Reserves</i>                     |                      |          |
| 2.01 Public Housing AMP Reserves (4 months Operating Exp.) | 65,000               |          |
| 2.02 S8 Admin Reserves (3 months Operating Exp.)           | 726,000              |          |
| 2.10 Total Minimum Operating Reserves                      | \$ 791,000           |          |
| <b>3. MTW Cash Available (Lines 2-2.10)</b>                | <b>\$ -</b>          |          |
| <b>3. MTW Cash Held By HUD</b>                             |                      |          |
| 3.11 Undisbursed HAP Reserves Held by HUD                  | \$ 978,441           |          |
| 3.20 Total MTW Cash Held By HUD                            | \$ 978,441           |          |

## TACOMA HOUSING AUTHORITY

### CASH POSITION - Oct 2017

|   |  |                |                     |                    |
|---|--|----------------|---------------------|--------------------|
| <b>4. Non MTW Cash Restrictions</b>                                   |  |                |                     |                    |
| <i>Other Restrictions:</i>  |  |                |                     |                    |
| 4.01 FSS Escrows  |  | \$             | 149,564             |                    |
| 4.02 VASH, FUP & NED HAP Reserves                                     |  |                | 160,198             |                    |
| 4.03 Mod Rehab Operating Reserves                                     |  |                | 109,808             |                    |
| 4.04 Security Deposit Accounts  |  |                | 100,628             |                    |
| 4.05 Gates Foundation   |  |                | 204,557             |                    |
| 4.06 Outrigger Reserves   |  |                | 115,649             |                    |
| 4.07 Salishan 7 Reserves  |  |                | 1,280,239           |                    |
| 4.08 Prairie Oaks Reserves  |  |                | 54,110              |                    |
| 4.09 Highland Crest Reserves  |  |                | 50,000              |                    |
| 4.10 THDG - 048   |  |                | 388,674             |                    |
| 4.11 Area 2B Sales Proceeds (Afford Hsg)                              |  |                | 3,428,801           |                    |
| 4.12 Scattered Sites Proceeds (Afford Hsg)                            |  |                | 3,463,584           |                    |
| 4.20 Total - Other Restrictions                                       |  |                | \$ 9,505,812        |                    |
| <b>5. Agency Liabilities:</b>   |  |                |                     |                    |
|   |  |                |                     |                    |
| 5.10 Total - Agency Liabilities                                       |  |                | \$ -                |                    |
|   |  |                |                     |                    |
| 5.20 Development Draw Receipts for Pending Vendor Payments            |  |                | \$ -                |                    |
|   |  |                |                     |                    |
| 5.30 Development Advances/Due Diligence Commitments <sup>1</sup>      |  |                | \$ -                |                    |
|   |  |                |                     |                    |
| <b>6. Total Non MTW Cash Restrictions (Lines 4.20+5.10+5.20+5.30)</b> |  |                | <b>\$ 9,505,812</b> |                    |
| <b>7. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-6)</b>               |  |                | <b>\$ 4,960,635</b> |                    |
| <b>8. MTW Reserve Commitments</b>                                     |  |                |                     |                    |
|   |  |                |                     |                    |
| 8.01 Renovation/Remodel of Salishan FIC Building                      |  |                | \$ 669,100          |                    |
| 8.02 Renovation of Salishan Maintenance Shop                          |  |                | 286,500             |                    |
| 8.03 Software Conversion for Operational Platform (VH)                |  |                | (292,646)           |                    |
| 8.04 Education Projects - McCarver & Others                           |  |                | 310,000             |                    |
|   |  |                |                     |                    |
| 8.10 Total Reserve Commitments (Lines 8.01 through 8.04)              |  |                | \$ 972,954          |                    |
| <b>9. Agency Current Commitments:</b>                                 |  |                |                     |                    |
|   |  | Board Approval | Expended            | Obligation Balance |
|   |  |                |                     |                    |
| <sup>1</sup> Total Current Commitments outstanding                    |  |                |                     | \$ -               |
| <b>Agency Advances for Current Development Projects</b>               |  |                |                     |                    |
|   |  |                | \$ -                |                    |
|   |  |                | \$ -                |                    |
| <b>Total Agency Advances</b>  |  |                | <b>\$ -</b>         |                    |



**TACOMA HOUSING AUTHORITY**

**POLICY, INNOVATION, AND  
EVALUATION**



# TACOMA HOUSING AUTHORITY

**DATE:** January 24, 2018

**TO:** THA Board of Commissioners

**FROM:** April Black  
Deputy Executive Director  
Director of Policy, Innovation and Evaluation

**RE:** Policy, Innovation and Evaluation Department Board Report

## 1. Introduction

Policy, Innovation and Evaluation (PIE) is now fully staffed and working through a number of key projects. We are reporting in detail this month on the Housing Opportunity Program (HOP) analysis, the adjustment to the Moving to Work (MTW) baseline target and the College Housing Assistance Program (CHAP) Expansion. We are continuing to work on other large projects such as:

- Children's Savings Account Implementation and Redesign;
- Data Sharing between Tacoma Public Schools (TPS) and Tacoma Housing Authority (THA);
- Redesign and Expansion of the Elementary School Housing Assistance Program (ESHAP);
- A plan for the current ESHAP participants;
- A review and revision of the criminal screening practices and policies on THA's programs;
- Grant and resource development;
- Increasing the voucher utilization and increasing the success of voucher holders finding housing; and
- Redesigning THA's waiting list management (to begin in February).

I will report in detail on these topics in future reports but am available to answer any questions you might have during the January board meeting.

## 2. Housing Opportunity Program Evaluation and Possible Recommendations

Aley Thompson, THA's PIE Project Manager II, has been spending the better part of her first year with THA completing a comprehensive evaluation of THA's HOP. This evaluation came with a number of challenges related to data—some data that wasn't being captured and some data that was difficult to access due to the change in software systems. What you will find attached to this report is the full evaluation report and a shorter summary document. A summary of the findings in the evaluation include:

1. The program is significantly less expensive to operate than the housing choice voucher (HCV) program and allows THA to serve more households;

2. HOP households had seen marked increases in their earned income;
3. Households were paying a higher percentage of their income to rent when compared to those on an income-based subsidy;
4. Elderly and disabled households were paying the highest proportions of their rent to income; and
5. If households are exited from the program at their scheduled five-time limit they will be paying more than 50% of their income as rent and might experience housing instability.

This evaluation is now out for public review and comment. The evaluation includes nearly twenty possible recommendations for changes. Some are administrative changes. Others are significant changes to program components such as the extension policies, the rent calculation for elderly and disabled households, and an expansion of the program to all voucher holders.

We invite the board to attend the public meetings that will be held to share the findings and solicit feedback on the possible recommendations. The meetings will be held on February 5<sup>th</sup>. The first meeting will be at 11:30 am at Bay Terrace – 2550 S G. Street, Tacoma 98405. The second meeting is the same day at 6:00 pm at Tacoma Housing Authority – 902 S. L Street, Tacoma 98405.

We will be asking to meet with you and have you approve recommendations in February. There will be a board study session on February 22<sup>nd</sup> when you will hear the recommendations that come from our community consultation. We will be seeking board approval of recommendations at the February board meeting. The reason for the fairly short turn around for recommendations is due to the scheduled time limit expiration dates of the current HOP participants. The first household is scheduled to reach its time limit at the beginning of April and would need to be notified of any program changes/extensions at the beginning of March.

### **3. 95% Utilization of MTW Baseline**

This topic should be familiar to each of you. To write a budget, THA must presume on the expenditures necessary for its rental assistance programs. These programs are THA's largest, measured by either persons served or money spent.

The calculation begins with a requirement of the MTW statute. That statute requires that each MTW agency plan to serve "substantially the same" number of families we would serve if we were not MTW.

HUD and the MTW agencies have contended over the meaning of this requirement for the past several years. HUD assigns to each MTW agency a "baseline" number of families calculated from the number each agency was serving right before it became an MTW agency. For THA, which became an MTW agency in 2010, our baseline number for 2018 is 4,570.

HUD has recently clarified its view that the requirement to serve “substantially the same” as the baseline number means serving the baseline number. This is called 100% utilization. In the discussions with HUD over its interpretation, THA has offered its legal opinion that HUD’s interpretation clashes with the statute. For example, “substantially the same” does not mean the “same”.

When the board adopted the 2018 budget it presumed upon a 95% target utilization of this baseline number. The board did this because of the brutal arithmetic THA faces with a stagnant federal budget and rising rental market that results in higher rental subsidy payments.

In order to formally adopt this 95% utilization target THA must seek public comment and amend its MTW Plan. THA will discuss this topic with the community on the same community consultation and board review schedule as the HOP evaluation and recommendations. We hope you can attend the public meetings where this will be discussed. The document that is posted to our website as part of the public comment process is attached to this report.

#### **4. 2018 MTW Plan Approval**

On January 12<sup>th</sup>, THA received approval of its 2018 MTW Plan that was submitted in October. The adoption of the 95% target utilization of the MTW Plan will be part of an amendment to this plan. The board will be asked to consider and approve that amendment in the February board meeting.

#### **5. College Housing Assistance Program**

We are about three months into the expansion of the College Housing Assistance Program in partnership with TCC. In June 2017, the board approved an expansion of this program from 25 rental subsidies for near and literally homeless students to 150. With the expansion, THA and TCC will partner with Temple University for a third-party evaluation that includes randomized testing. The randomized testing will only apply to the near-homeless students. We made this decision because withholding available subsidies from homeless students could have a potentially harmful impact on the students.

With the expansion, TCC will hold up to four open application periods per year. Each application period will last three school days. At that time any homeless or near-homeless student may apply. Homeless students may also apply at any time outside of the open application periods if there are vouchers available.

TCC had a three day open application period in October 2017 and received 63 applications from near-homeless students and 44 applications from homeless students. 34 of the near-homeless students were selected to receive vouchers and all of the homeless students are being screened. THA and TCC have been coordinating to get these resources in students’ hands.

TCC will have another open application period in January. We might adjust the application process slightly in an effort to get more completed applications upfront and make it easier for students to get vouchers after they are selected through the randomization.

Karen Bunce, THA's PIE Department Manager and Resource and Development Manager, worked with TCC staff to put together an application to the City of Tacoma for security deposit assistance for the students accessing CHAP subsidies. This would be very helpful to the students. We should know if we've received the funds in the next month or so.

Ava Pittman, THA's Planning and Policy Analyst, is also working with TCC staff, Department of Corrections, and Vera Institute to design the element of the CHAP for students exiting corrections. This program has been more complicated than intended because of unpredictable release dates, private screening criteria, and other factors. There is a possibility that we will be proposing to make this part of the program project-based as opposed to tenant-based so we can have hard units ready and waiting for students immediately exiting corrections. We are continuing to consult research and with stakeholders before formalizing the proposal but it is a possibility that you should be aware of.





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## **EXECUTIVE SUMMARY**

This analysis is an evaluation of Tacoma Housing Authority's (THA) Housing Opportunity Program (HOP). The HOP is an activity approved under the agency's Moving to Work (MTW) flexibility and was adopted by THA's Board of Commissioners in 2012. The HOP helps low-income families pay rent on the private rental market. HOP replaced THA's Section 8 Housing Choice Voucher (HCV) program for newly assisted households as of 2013. HOP differs from the HCV program in the following main ways:

- fixed subsidies for all admissions to the HOP;
- five year time limits for work-able households; and
- enhanced community services for HOP households.

The time limit and fixed subsidies serve two separate purposes. First, they give households a reason to strive to increase their earned income so they are better prepared to return to the unsubsidized rental market. THA offers them supportive services to help do that. Second, THA cannot serve more than a fraction of the households that need help paying the rent. A 5-year time limit and a shallower subsidy give other needy households their turn to receive rental assistance.

This analysis examines the extent to which households and the agency are meeting outcome expectations. This evaluation will compare the outcomes of HOP participants with recipients of the Housing Choice Voucher (HCV). There are two key differences between the HOP and the HCV program:

- There is no time limit attached to the HCV subsidy for work-able households.
- The HCV housing assistance payment (HAP) is based on a percentage of household income and in some cases a utility allowance is also provided.

The HOP was implemented in April 2013, when all newly assisted Housing Choice Voucher households joined the HOP. The time limits will begin to expire in the spring of 2018 for the first cohort of participants. To date, participants of the HOP have not been closely monitored. Community Services has conducted outreach to participants. THA's Community Services staff met with HOP recipients when the recipients joined the program. Staff emphasized the 5-year time limit and the recipients' need to prepare for the end of the assistance. Staff offered them supportive services to help them do that. Few HOP recipients responded to this offer. Each year, recipients received a letter reminding them of the ever-approaching expiration date. In the last year, the letters came more frequently and with scheduled appointments. THA has seen an increase in engagement with community services following the implementation of appointment letters. THA has not adequately monitored the year over year shelter burdens, income and self-sufficiency outcomes of these participants. Therefore, obtaining historical data for this analysis proved difficult and at times incomplete.

Results from this analysis will provide THA with information to evaluate program policies and whether it is achieving its goals. For that purpose, this analysis seeks to answer the following questions:

**Has THA served more families?**

As a result of the fixed subsidy, THA has served more families than we would be able to serve without it. The average monthly HAP for HOP households is \$508 compared to \$648 for HCV participants. **The HOP's monthly HAP savings of \$140 per household means that for every four HCV households served, THA can serve five HOP families with the same expenditure.** This would be a 20% increase. When compared to 2012, THA has not been able to serve more families. In 2012, THA served 3,487 families with housing assistance payments compared to 3,494 in 2017. THA is essentially serving the same number of families as a result of the rising costs of HAPs. Yet, without the HOP's fixed subsidy, THA would have assisted 138 fewer households.

**Does a fixed-subsidy and the five-year time limit provide incentives to work-able households to increase their earned income?**

The HOP has a population of work-able cohorts who are more likely to be earning wages at admission when compared to HCV households (67% vs. 51%). These households also earn higher wages when compared to HCV households (+37%). The average 2013 work-able HOP participant has increased its earned income by 45% and reduced its reliance on welfare by 53%. The number of work-able households with wages has also increased to 83% (up from 67% at admission). HOP households have not increased their earned income significantly more than 2012 HCV households who increased their earned income by 90%. Wage gains across both programs increased household earnings to similar dollar amounts (within \$550). Because fewer HCV households are working at admission, their wage gains are more significant. HOP households have, however reduced their reliance on welfare at a higher rate than HCV households (53% vs. 19%).

**Does a fixed-subsidy reduce administrative burden?**

It is clear from feedback from staff, participants and landlords that the fixed subsidy is easier to administer and understand when compared to the HCV program. A lack of data makes it hard to quantify the staff time and cost savings to the agency.

**Does the HOP create any disparate impacts on protected classes or extremely low income households?**

Participants in the HOP program have a similar racial breakdown when compared to HCV participants (race of head of householder) and mapping proves that there is no apparent clustering of lease up locations for households of color. HOP households are primarily headed by women and this is consistent with participants in the HCV program and in fact THA's other programs as well.

HOP participants have slightly higher incomes and are much more likely to have wages at admission when compared to HCV participants. The HOP has slightly fewer participants with AMIs <30% (-6%) and slightly more households in the 30-50% AMI range (+10%)<sup>1</sup> when compared to HCV participants admitted in 2012. Overall, the HOP is serving slightly fewer extremely low income households but continues to serve both extremely low and low income households. Characteristics of those unable to lease with a HOP voucher indicate that lower income households struggle to find housing. As of November, 33% of HOP vouchers issued to new participants in 2017 were returned to THA unused.

Elderly/disabled households seem to be disproportionately disadvantaged by the fixed subsidy. The percentage of HOP elderly/disabled households with current shelter burdens greater than fifty percent is 30% higher than HCV households and 24% higher than HCV households admitted in 2012.

Overall, the HOP serves households with slightly higher incomes, is inaccessible to zero income households and causes extreme shelter burden in elderly/disabled households.

### **Are HOP households “ready to exit” when their five-year term ends?**

The average 2013 work-able HOP participant has increased its earned income by 45% and reduced its reliance on welfare by 53% and the vast majority of households have wages (83%, up from 67% at admission). However, these households are not yet ready to exit. Exiting households have an average market shelter burden<sup>2</sup> of 68%. The majority of these households would be considered extremely shelter burdened (>50%) and will be considered at-risk of homelessness upon exit.

The Tacoma of 2013 is not the Tacoma of today. An increasingly hot rental market resulted in double digit rental rate increases between 2015 and 2016 and rates continue to rise year over year. Although HOP households have made strides to increase their earned income, market rents are rising quickly.

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<sup>1</sup> Participant’s current AMI levels.

<sup>2</sup> Market Shelter Burden is the household’s shelter burden without rental assistance. Calculated as: Contract Rent + Utility Allowance / monthly income

Based on the findings of this analysis, THA is considering a number of program changes. THA would not and could not make all of these changes. THA will use a public comment and consultation period to solicit comment about which changes it should make to the HOP program to make it more successful while still meeting the goals of the program. This list of possible program changes are just ideas and possibilities, meant to spur conversations about what changes THA should make. THA's Board of Commissioners will make the final decisions.

**1. Permit HOP Households With A Market Shelter Burden >50% To Apply For A One Year Extension (up to 3 times)**

The time limit allows THA to serve more unique households and encourages households to make strides toward self-sufficiency. The majority of HOP households in the final year of the program are not yet ready to exit. THA must consider whether to serve more unique households at the cost of exiting households who are not yet prepared to rent on their own in the private rental market.

THA should consider permitting those who will be extremely shelter burdened<sup>3</sup> without rental assistance to apply for a one year extension of rental assistance. Households should be permitted to reapply for a one year extension up to three (3) times. The maximum number of years of rental assistance provided on the HOP will be eight (8) years under this possible program change.

In order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families<sup>4</sup> partner at least twice per year in their fourth and fifth year on the program. When granted an extension, households will be required to continue these meetings or they may not apply for an additional extension. In considering these possible program changes THA should carefully deliberate the following:

**1.1 Not Ready to Exit**

When THA developed the HOP in 2013 it identified two main purposes for the time limit: (i) it gives a turn at rental assistance faster to people on its waiting list and (ii) it gives work-able households a greater reason to increase earned income to be ready for the private rental market in five years. In 2013, THA recognized that the 5 year time limit might not be enough time for a household to earn enough income to comfortably pay the rent. This is true. Today, the average "market" shelter burden for the 59 households exiting the program in 2018 would be 68% (median=65%). Only 34% of households will have shelter burdens at or below 50% if they were to assume their contract rents.

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<sup>3</sup> Extremely sheltered burdened households will pay greater than 50% of their income toward rent and utilities.

<sup>4</sup> Centers for Strong Families are funded by United Way and have a variety of community partners. This financial planning program is a complete wrap around service that provides Pierce County residents with a multitude of services from financial coaching, workforce development, access to basic services, parenting resources and asset accumulation.

## **1.2 Alternative Time Limit Terms**

Any time limit has an arbitrary quality to it. Among PHA's who have implemented time limits of varying lengths the reasoning behind many of the 3 to 7 year time limits has more to do with aligning with TANF or with the agency's MTW contract rather than a study of self-sufficiency outcomes.<sup>5</sup> THA is unable to identify research that quantifies the amount of time it may take for a household to achieve some measure self-sufficiency while receiving rental assistance. The best metric THA has is the average tenure on the HCV program prior to the HOP; this was 8.1 years.<sup>6</sup>

Five years may be arbitrary. THA chose it for several reasons. Five years is time enough for a toddler to get into elementary school, for a parent to get a GED, a two or four year college degree or job training. Five years also provides for turnover, giving other needy households their turn at receiving rental assistance. Any potential extension of the time limit must acknowledge the impact on those who are waiting and who are just as needy. An extension of the time limit will increase wait times for those households. A shorter time limit would decrease their wait.

## **1.3 A Lack of Data & Monitoring**

Without implementing metrics for program participant success, THA has been unable to track the progress of households on an annual basis. THA has resorted to reporting on outcomes late in its program administration. Identifying clear metrics earlier on in the program's administration would have assisted THA in identifying at-risk households and developing improved mechanisms for capturing data. This is further explored in section twelve.

## **1.4 Advantages Of Permitting An Extension Of Rental Assistance:**

- THA will not exit households who will be extremely market shelter burdened.
- Permitting an extension gives households more time to earn income and work toward self-sufficiency.
- THA (and other PHA's) five year time limits are not based on social science research identifying self-sufficiency outcomes expected within a five year time period.
- Permitting an extension will not hurt utilization, at a time when THA's utilization numbers are falling. Permitting an extension could potentially help maintain utilization by preventing an influx of shopping vouchers.

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<sup>5</sup> Applied Real Estate Analysis, Inc., and The Urban Institute. "The Experiences of Public Housing Agencies That Established Time Limits Policies Under the MTW Demonstration." May 2007  
<https://www.urban.org/sites/default/files/publication/31876/411701-The-Experiences-of-Public-Housing-Agencies-That-Established-Time-Limits-Policies-Under-the-MTW-Demonstration.PDF>

<sup>6</sup> "Housing Opportunity Program (HOP) Policy Decisions" Memo. January 2013.

- Permitting an extension will not impact THA’s ability to serve substantially the same number of people. The fixed subsidy affords THA the ability to continue to serve more households by “thinning the soup.”
- Permitting an extension will not increase HAP costs.
- Permitting an extension will not impact landlords. Permitting an extension may cause landlords to be less reluctant to rent to HOP households.

### **1.5 Disadvantages Of Permitting An Extension:**

- Permitting an extension will impact THA’s ability to serve new households.
- Permitting an extension will increase the amount of time a household spends on the waitlist.
- Permitting an extension may be a disincentive for work-able households to increase their earned income and exit the program.

### **1.6 Incentivize Case Management**

Very few HOP households engage with case workers or enroll in FSS. THA recommends that in order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families partner at least twice per year in their fourth and fifth year on the program.

When granted an extension, households will be required to meet with a THA caseworker or designated THA partner at least twice per year or they may not apply for an additional extension. Community Services can use this requirement as a “carrot” to entice participants to engage with case management and conduct a Bridge<sup>7</sup> assessment if one has yet to be completed. To support this requirement, consider remote case management technologies and extending the hours of THA caseworkers (depending on demand). Over 70% of work-able households are wage earners and 80% have children under the age of 18.

### **1.7 Monitoring & Compliance**

If a HOP household meets the shelter burden criteria for an extension of rental assistance but has not engaged with services in year four and five, the household will not be granted an extension of their rental assistance. THA can justify the denial of an extension of rental assistance for three reasons. First, the household joined a time limited program. Second, the household refused the opportunity to be housed in a portfolio unit and third, the household did not engage with community services.

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<sup>7</sup> EMPATH's Bridge to Self-Sufficiency® is a theory of change that takes a comprehensive, multi-faceted approach to fostering economic mobility. The theory describes a person’s advancement from poverty to economic self-sufficiency as a journey across a bridge supported by five critical pillars—family stability, well-being, education and training, financial management, and employment and career management. To successfully cross this bridge and reach economic self-sufficiency, the traveler must attain explicitly defined objectives in each of these five areas.

## **2. Revise The Interim Hardship Policy<sup>8</sup>**

If possible program change one (an opportunity for three 1-year extensions of rental assistance) is not implemented, the Hardship Policy should be revised. An interim Hardship Policy was devised in August of 2017. The evaluation of hardship applications and feedback from households to date suggest that further revision is necessary.

THA should simplify the hardship language to make it easier to understand and should permit households who are engaged in a “qualifying self-sufficiency activity” that will not be completed within 1 year to apply for a one year hardship extension of their rental assistance. The existing policy does not permit a hardship extension for households engaged in self-sufficiency activities that may take more than one year to complete.

## **3. Offer an Income Based Subsidy and a THA Portfolio Unit to At-Risk Households**

Recent changes to the waitlist permit new admissions to choose between a HOP voucher and an income based subsidy in one of THA’s portfolio<sup>9</sup> units. For new admissions that chose a HOP voucher instead of a portfolio unit, THA should monitor and identify households who are projected to be extremely shelter burdened and re-offer them the opportunity to be housed in a portfolio unit through their third year on the program. THA should do so with existing households as well.

## **4. Expand The Definition Of A Successful Program Exit To Include A “Ready To Exit Benchmark” Of <50% Shelter Burden Post Subsidy**

THA has no metric for a successful program exit aside from a household achieving an income at or above 80% of AMI. If a household’s income rises to 80% of AMI, THA considers the family a success and transitions them off the program. HUD has set a standard that a household should pay no more than 30% of their income toward rent. Unfortunately, in increasingly competitive housing markets, 50% is the new 30%. In a recent report, HUD acknowledged that the number of HCV assisted households remained flat 2013-2015, but the number of shelter burdened households increased by over 50%.<sup>10</sup> In 2015, over a quarter of Tacomans were paying over 50% of their income toward rent and utilities.

THA should develop an additional metric of success for households who do not achieve 80% AMI. Achieving 80% AMI could be considered “model success.” A second definition, “ready to exit,” might be measured by a household’s market shelter burden. Based on the shelter burdens of the average Tacoman and similar metrics adopted by the Alaska Housing Finance Corporation (AHFC) it may be amenable to define “ready to exit” as a household with

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<sup>8</sup> This possible program change should only be implemented if there is no adjustment to the time limit. If the time limit is adjusted to 5-8 years, this possible program change is not applicable.

<sup>9</sup> Portfolio refers to properties that THA owns.

<sup>10</sup> *Rent Burden in the Housing Choice Voucher Program*. U.S. Department of Housing and Urban Development Office of Policy Development and Research. October 2017. <https://www.huduser.gov/portal/sites/default/files/pdf/Rent-Burden-HCV.pdf>

a market shelter burden under 50%. Several years ago, the Delaware State Housing Authority adopted a 40% shelter burden metric as a measure of self-sufficiency.

A shelter burden of 50% is considered to be at the upper boundary of a 'moderately burdened' household according to "State of the Nation's Housing 2016" by Harvard University's Joint Center for Housing Studies (JCHS). According to JCHS, more than a 1/3 of all U.S. households were either moderately or severely rent burdened in 2014. HOP households with a shelter burden between 30 and 50% may not be the model of success, but they will be better off than one quarter of Tacomans. If adopted, this "ready to exit" metric should be revisited as the housing market changes.

#### **5. Revisit The Policy Regarding Households That May Transition To Work-Able**

If an elderly/disabled household adds a work-able member to their household or if a minor in that household turns 18, the household immediately becomes work-able. The time limits for that household reverts back to the date the household was admitted to the program. If the household has been on the program longer than five years they would receive a 90 day notification.

One troubling aspect of this policy relates to the educational aspirations of children living in elderly/disabled households. 14% of elderly/disabled households have children under the age of 18 and 7% of elderly/disabled households contain children between the ages of 13 and 17. A high school aged student turning 18 would immediately change the household's status to work-able. If this person decided to attend college, under the current program policy they would need to move out or jeopardize the household's rental assistance. Ironically, this person could then potentially qualify for THA's College Housing Assistance Program (CHAP) program. This is wrong and contradicts THA's strategic objectives.

THA should consider exempting households from transitioning to work-able if a child who turns 18 is pursuing an education or a self-sufficiency activity. Tracking this may become administratively burdensome. Alternatively, THA could consider beginning the clock on the five year time limit when a work-able person joins the household; this gives all work-able household members a five year term.

#### **6. Expand HOP's Elderly/Disabled Criteria To Include TANF Recipients Whom DSHS Has Determined Are Exempt From WorkFirst Participation**

THA defines an elderly/disabled household as one where all adult members of the household are 57 years of age or older at the time of admission or all adult members' income comes from a source that qualifies them as being a senior or disabled. By doing this, THA relies on the designation of agencies with more expertise in determining the household's disability status. Households in the process of applying for disability or appealing a decision are considered work-able.

The Northwest Justice Project (NJP) and staff have expressed concerns that some households considered to be work-able may not truly be work-able. NJP recommends that THA

expand its elderly/disabled criteria to include TANF recipients whom DSHS has determined are exempt from WorkFirst participation.

THA should consider expanding its definition to include any of the reasons listed in WAC 388-301-0350.<sup>11</sup> The approved exemptions are further defined in the WAC and include: an adult (55+) caretaker relative providing kinship care for a child, an adult with a documentable severe and chronic disability, an adult required in the home to care for a child with special needs and an adult required to be in the home to care for another adult with disabilities.

## **7. Consider an Income Based Subsidy For Elderly/Disabled Households**

HOP elderly/disabled households are much more likely to be extremely shelter burdened when compared to HCV participants. The average shelter burden for HOP elderly/disabled households is 45%. This is 9% greater than HCV households and 4% greater than HCV households admitted in 2012. When examining for extreme shelter burden (>50%), 45% of elderly/disabled HOP households currently pay over 50% of their income toward rent. Only 15% of HCV households pay over 50% of their income toward rent and 21% of HCV households admitted in 2012. Shelter burdens for elderly/disabled HOP households continue to trend up. The average shelter burden for the 2017 cohort jumped to 58%, up 13% over 2016 admits. These households are more likely to be on a fixed income and have fewer options to address increasing housing costs in a hot rental market.

THA should consider offering elderly/disabled households an income based subsidy. The annual additional HAP costs associated with this change are estimated to be \$326,000<sup>12</sup>. This increased cost represents 54 HOP households that could be served annually with a fixed subsidy.

## **8. Require Supportive Services And Engagement With The Center For Strong Families (CSF)**

The Community Services team has struggled to engage HOP households with case management. This possible program change suggests that new admissions to the HOP should be required to engage in a minimum level of case management. At admission, families would sign a participation agreement similar to the Elementary Housing Assistance Program. This agreement would stipulate that the household's rental assistance is contingent on their engagement with the CSF. Feedback from other public housing authorities experimenting with mandates has been mixed (see section 10.4).

The CSFs focus on improving the financial bottom line for low- to moderate-income families and helping people in a way that encourages a long-term commitment to increasing income, decreasing expenses, building credit and acquiring assets. The CSFs provide on-site employment services, financial coaching and income supports (public benefits, tax credits etc.).

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<sup>11</sup> *WorkFirst – Other Exemptions From Mandatory Participation*. Washington State Legislature. WAC 388-310-0350. <http://app.leg.wa.gov/wac/default.aspx?cite=388-310-0350>.

<sup>12</sup> Calculation: Average contract rent minus average of 28.5% of elderly/disabled household incomes plus utility allowance

### **8.1 Advantages Of Requiring Supportive Services**

- THA and its partners will closely monitor the progress of program participants
- THA will identify struggling households earlier on
- THA can study the impact of mandatory case management on self-sufficiency outcomes (income progression, educational attainment etc.)
- CSF may be equip to provide case management for HOP households

### **8.2 Disadvantages Of Requiring Supportive Services**

- THA lacks the staffing and capacity to conduct case management for all work-able HOP households (300). THA also lacks the administrative capacity to monitor each household's engagement with supportive services.
- If HOP is expanded to all work-able HCV participants, THA also lacks the staffing and capacity to conduct case management for 1200 work-able households. THA lacks the administrative capacity to monitor each household's engagement with supportive services.
- If CSF is able to monitor the engagement of THA families, a strong data sharing agreement and relationship with various CSF locations may become administratively burdensome when THA must make decisions about program compliance.
- THA must clearly define "engagement" in order to evaluate a household's engagement with supportive services. It will be difficult to develop a one size fits all definition of engagement, particularly for households on either end of the Bridge Assessment. Without a one size fits all definition, it would be hard to justify terminating households for non-compliance. A lack of a clear definition raises the potential for unequal application of the policy.
- THA will terminate households for not complying with mandates.
- THA lacks internal data to prove that increased or mandated case management improves participant outcomes.
- There are no high performing Public Housing Authorities that have demonstrated evidence that mandating supportive services leads to improved outcomes for program participants.

## **9. Develop a HOP Communications Plan**

Clear and consistent guidelines should be developed for communicating with participants, landlords and the general public about the HOP. Currently, Rental Assistance and Community Services communicate separately with HOP households. These points of communication should be streamlined and must be easy to understand and administer. The end of participation communication process with participants and landlords should be automated to reduce the opportunity for error. Components of this plan should address engaging waitlist households in a ready to rent program and engaging existing participants with FSS/caseworkers. This

communication plan should also address how to present the HOP to the media as THA begins to exit households off the program. THA should consider developing communication guidelines for HOP participants, HOP landlords and for the general public.

#### **10. Improve Data Collection**

THA should expand participant data collection to capture and improve metrics for educational attainment, full & part-time employment, year five income and self-sufficiency related gains, early exits, shared housing households, race demographics and voucher utilization.

A lack of data regarding educational achievement makes it difficult for THA to identify if households are using their time on the program to advance their education. Additionally, THA obtains wage data for households but is unable to determine if the wages are derived from full or part time employment. Without a final certification, THA has no way to capture the progress of time limited households in the final year of the program. Similarly, THA has no way to capture the progress of early exits and the relevant reasons for their exit. Finally, THA has an opportunity to improve its tracking of households searching for housing (shoppers) and voucher utilization and should track shared housing voucher utilization separately.

#### **11. Create A Mechanism For Bi-Annual Data Reporting On Key Metrics For HOP Households. Automate This Reporting In OpenDoor And Memorialize Historical Data**

Conduct twice a year reporting on HOP households for key metrics. These metrics should include progression of income, wages, welfare, employment, educational attainment, shelter burden and contract rents.

#### **12. Consider Limiting a Household's Ability to Reapply to the HOP**

There are no specific policies regarding the ability to reapply for assistance on the HOP once a household has exited the program. THA should create reapplication criteria in order to serve more unique households.

#### **13. Prepare Waitlisted Households To Be "Ready to Rent"**

HOP households are struggling to secure housing in the private rental market. A number of households expressed frustration about not knowing where to look for housing and being overwhelmed with the process. THA's Landlord Advisory Committee expressed strong interest in supporting a "ready to rent" program. These landlords suggested that participants graduating from a ready to rent program would be more appealing tenants. THA should consider a ready to rent program for individuals approaching the top of the waitlist. Efforts to educate clients about successful lease-up habits could be tested to improve client outcomes and increase voucher utilization.

#### **14. Strengthen Relationships with Landlords**

To attract new landlords, to solicit existing landlord engagement and to educate landlords about the HOP, THA should improve landlord engagement. HOP landlords were much more willing to communicate with THA about the HOP when compared to program participants. THA received feedback that landlords appreciated receiving THA's Community Impact Report (new as of 2017). THA is underutilizing landlords as a resource and has an opportunity to improve engagement and outreach. THA should develop methods to engage landlords in program design and solicit new landlords.

#### **15. Adopt A Data Driven Approach To Outreach To At-Risk & End Of Participation Households**

Other Housing Authorities conduct strategic outreach to at-risk program participants. THA began to explore expanding the targeted outreach conducted by the Community Services team in the development of the Interim Hardship Policy. THA has experienced an increase in engagement with HOP households as a result of implementing these changes.

THA should consider developing a limited number of straightforward metrics for data driven targeted outreach. Recommended metrics include households with no wages, households who are currently over 50% shelter burdened and households in their 4<sup>th</sup> and 5<sup>th</sup> year who will be over 50% market shelter burdened. THA should invite all households in their final year on the program to an end of participation meeting to prepare for life after rental assistance. THA has already started implementing some of these possible program changes.

#### **16. Monitor The Impact of Exiting Households On Voucher Utilization**

THA will need to closely monitor the exit process. THA should consider over issuing vouchers in advance of months when there will be a large number of HOP households exiting the program. THA recently lowered its voucher utilization targets for 2018 to 95%. Exiting HOP households means that currently housed vouchers will be replaced with shopping vouchers at a time when 33% of HOP families turn vouchers back in unused.

#### **17. Clarify The End of Participation Date**

THA developed HOP as a five year time limited program but did not define five years. Currently, when a household enters the HOP, the voucher expiration date is the household's date of admission plus five years (4/17/2013 admit date = 4/17/2018 voucher expiration date). THA has not developed guidelines defining when the final HAP payment will be made. If a household joined the program on 4/17/2013, it is currently unclear if their final HAP payment will be made on 4/1/2018 or 5/1/2018.

THA should consider issuing the final HAP payment for the HOP on the first of the month five years after the household was first admitted to the program. In the example, the last payment would be on 4/1/2018. Households admitted to the program at the earlier end of a month will receive slightly over five years of assistance. More importantly, households

admitted toward the end of a month will not receive rental assistance short of five years. THA should also consider revising the language used when referring to the end of a HOP program term. THA should refer to the end date as the final housing assistance payment date. This will reduce confusion.

### **18. Examine Long-Term HCV Households**

Analysis revealed that 70% of HCV households have been on the program for at least 10 years and 35% have been on the program for 15+ years. At the current rate of natural transition off the program, housing assistance for HCV households will end in nine years. Further analysis is required to understand the characteristics of this population and to examine the impact of a potential fixed subsidy on these households. 60% of these households are elderly/disabled.

### **19. Consider Extending the Fixed-Subsidy and Time Limits of the HOP Program to the HCV Participation**

At the current rate of “natural” transition of served households from HCV to HOP, the transition will be complete in nine years. Focused solely on work-able households, the transition will take ten years. Consider extending the fixed-subsidy and time limits of the HOP to the HCV participants now.

#### **19.1 The advantages of doing so include:**

- It would expand the numbers of households served in two ways. **First**, it would continue to save money and allow THA to serve 5 HOP families for every four HCV families. Once the HCV population is fully transitioned to HOP it would allow THA to serve an additional 481 families.<sup>13</sup> If all elderly/disabled households receive an income based subsidy<sup>14</sup> and work-able households receive a fixed subsidy (possible program change 6), the transition of HCV households to HOP would serve an additional 117 families.<sup>15</sup> **Second**, the five year time limit will turn over the housing assistance from one set of work-able households who have benefited from it for at least five years to other households, who are just as needy, waiting their turn.
- It would unify THA’s mainline rental assistance programs from two to one.

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<sup>13</sup> An additional 498 families would be served if all families received a fixed subsidy.

<sup>14</sup> Including HOP elderly/disabled households currently on a fixed subsidy

<sup>15</sup> 883 existing work-able HCV households exist. THA can serve an additional 221 with a fixed subsidy. Converting existing HOP elderly/disabled households to an income based subsidy reduces the number served by 79, which equals 142 additional households served.

- The HOP program is easier than the HCV program for landlords and tenants to understand and for THA to administer.
- If HOP does have the effect of spurring work-able households to strive, we should extend this effect to the HCV participants. This effect may become more pronounced with other recommended HOP changes that would more fully and directly engage work-able households in support services to help them increase their earned income.

### **19.2 The disadvantages of extending HOP to the HCV population include:**

- It would increase the rent burden on families who do not increase their earned income.
- It would end the assistance for work-able families, after generous extensions, whether or not they are ready to return back to the private unsubsidized rental market.

Some of the other possible program changes in this report will mitigate the effects on some of these advantages.

### **19.3 Options For Extending HOP to the HCV population: Time Limits**

Extending the HOP time limits to work-able HCV households can occur on one of the following schedules:

- THA can apply the time limits to all work-able HCV households starting at zero, as if they were newly joining the HOP program. Their prior years on the HCV won't count.
- In applying the time limits to all work-able HCV households, count their years on the HCV program. This would mean that such families that have been on the program for 5 years would lose their assistance after a reasonable notice period, perhaps extending at least to the end of a current lease and subject to the normal HOP hardship extensions.

### **19.4 Extending HOP to the HCV population: Fixed Subsidy**

- Begin the fixed-subsidy for all HCV families after a reasonable notice period, perhaps extending at least to the end of a current lease
- If a fixed-subsidy would mean a decrease in rental assistance, allow for an extension of the income based subsidy for the same time period and on the same terms as the

hardship policy allows for time limit extension. No such extensions would be necessary for cases where a fixed-subsidy would increase the rental assistance.

THA conducted outreach with program participants, landlords, staff and the Northwest Justice Project to inform our analysis of participant outcomes. A number of recommendations from these stakeholders align with the data behind participant outcomes. In January 2018, THA will release this full analysis for public comment and will meet with THA families, landlords, community groups and advocates to solicit their views on the possible program changes.

Time limited participants considered five years to be too short, one household remarked “I am just starting to gain momentum.” Participants also seek assistance utilizing their vouchers, many participants found the housing search to be incredibly difficult.

Landlords seek solutions to mitigate damages caused by tenants and suggest that addressing this issue will prevent landlords from leaving the program and may attract new landlords.

THA staff believe that the majority of work-able program participants will not be prepared to exit after five years. Staff are also concerned about the increasing rent burdens of elderly/disabled households. Staff recommends experimenting with mandates or opt-in casework and considering eliminating the fixed subsidy for elderly/disabled households.

## **FULL EVALUATION & REPORT**

### **1. BACKGROUND**

To understand more about the background of the HOP, this section will review the history and goals of the HOP and provide an overview of the changes made to the HOP.

#### **1.1 History & Program Goals**

Under its Moving to Work flexibility, THA launched the HOP as a rent reform program for new admissions to the tenant based Housing Choice Voucher (HCV) program beginning in April 2013. The program is a fixed subsidy time limited program and the core tenets of the HOP are as follows:

- Fixed subsidies for all admissions to the HOP.
- Five year time limits for work-able households admitted to the HOP.
- Offer of enhanced community services for HOP households.

All households on the HOP are on a fixed subsidy including senior/disabled households. Work-able households have a five-year time limit on their assistance. The five-year time limit does not apply to senior/disabled households. Work-able is defined as a household that contains at least one person who is 56 years or younger who does not receive income due to the person being classified as senior and/or disabled.

HOP households complete annual reexaminations so THA can monitor earned income progression and program eligibility. There are no interim examinations. Fixed subsidies are determined by bedroom size and are calculated at 50% of the payment standard. There are no adjustments to the household subsidy for a change of circumstances with the exception of a household size decrease. If a household size decreases the fixed subsidy will decrease according to the assigned bedroom size.

**Table 1: HOP Payment Standards (Effective 1/01/2017)**

| <b>HOP<br/>BEDROOM<br/>SIZE</b> | <b>FIXED<br/>SUBSIDY<br/>AMOUNT</b> |
|---------------------------------|-------------------------------------|
| 0                               | \$383                               |
| 1                               | \$443                               |
| 2                               | \$571                               |
| 3                               | \$831                               |
| 4                               | \$1,006                             |
| 5                               | \$1,157                             |
| 6                               | \$1,308                             |
| 7                               | \$1,459                             |
| 8                               | \$1,610                             |

THA introduced the HOP as an alternative to an income based subsidy non time limited program in order to:

- (1) Serve more households (an estimated 20-30 additional households per year).  
Time limits and the fixed subsidy allow THA to serve more families and to predict and plan for HAP.
- (2) Reduce the amount of time a household spends on the waitlist.  
Serving more families results in a decrease in the amount of time households spend waiting for a voucher.
- (3) Provide incentives to work-able households to increase their earned income without having a rent increase.  
The fixed subsidy is not based on income and will not decrease if a household reports an increase in income. This incentivizes families to maximize household earnings while on the program.
- (4) Reduce the administrative burden of complex rent calculations and interims.  
The fixed subsidy and no interim certifications reduce the amount of time staff spends calculating the HAP. The fixed subsidy also reduces the opportunity for error in HAP calculations. The staff time savings are reinvested to provide additional subsidies and services for households. In addition to administrative ease, the fixed subsidy makes it easier for households and landlords to understand what THA will pay.

Prior to HUD's approval of the HOP in the 2013 annual MTW Plan, HOP was the subject of extensive discussion and study among THA staff. THA conducted extensive community outreach, including 16 public meetings.

## **1.2 Changes to the HOP**

Since its inception the program requirements and administration of the HOP has remained unchanged with the exception of the hardship policy. The existing policy lacked a definition of hardship. That would make it hard to apply and hard to explain or defend any application of it. In August of 2017, the Board of Commissioners adopted an interim hardship policy change. THA will offer work-able households facing hardship two types of limited extensions of the rental assistance, as follows:

- **Unforeseen Loss of Income Hardship: 90 day Extension**

Within three (3) months prior to the voucher expiration, households may request a 90 day hardship extension by showing:

- (1) an extraordinary change in circumstances resulting in an unforeseen loss of income that occurs within the three months prior to voucher expiration; and
- (2) the unforeseen loss of income must cause the household, once the rental assistance ends, to experience a shelter burden requiring more than 50% of its income for rent and utilities

- **Hardship Plus Completing a Qualifying Self-Sufficiency Activity: Up to 1 year Extension**

Within 6 months prior to the voucher expiration households may request up to a 1 year extension by showing:

- (1) the household once the assistance ends would experience a shelter burden requiring more than 50% of its income for rent and utilities; and
- (2) the household must be engaged in the qualifying self-sufficiency activity at least six months prior to voucher expiration; and
- (3) the household must remain engaged in the qualifying self-sufficiency activity until the earlier of the end of the shelter burden or the end of the extension.

“Qualifying activities” are any activity for which all the following is true: (i) will be completed within a period of 1 to 12 months; (ii) must likely result in the reduction of shelter burden to below 50% by the end of the extension and for a

sustained period beyond that end. Examples of qualifying self-sufficiency activities include: degree, vocational certificate, or homeownership programs and completion of FSS.

Any adult member of the household may be engaged in the qualifying activity. This is not restricted to the head of household(s).

THA staff, in consultation with the household, will determine the duration of the extension but in no case shall it last longer than 1 year beyond the expiration of the 5 year time period.

This revision was adopted as an interim change to leave room to make adjustments based on the findings of this analysis.

## **2. EVALUATION FRAMEWORK**

This report seeks to evaluate the HOP using many of the performance measures outlined in the 2013 MTW Report as well as other metrics recommended by staff. This analysis seeks to evaluate the extent to which HOP participants are meeting outcome expectations, to determine whether the program has disparate impact on certain groups and to recommend program revisions. For these purposes, this analysis will evaluate household outcomes and financial performance. To do this, THA has reviewed program performance data as well as sources and uses of funding for HOP and for HCV participants. This data analysis coupled with qualitative feedback from program participants, landlords and staff will help THA understand the impacts of this program and determine if the first work-able cohort will be ready to exit.

## **3. FINANCIAL ANALYSIS**

The primary reason THA implemented the HOP is to serve more households. This section explores whether THA has succeeded in doing so and examines program costs. Utilizing a fixed subsidy, THA is able to serve more households with the same expenditure.

### **3.1 Costs Per Household**

The average monthly HAP for HOP households is \$508 compared to \$648 for HCV participants. The average HAP for HCV households who joined the program around the time of the first HOP cohort (2012) is \$667. HOP's monthly HAP savings of \$140 per household means that for every four HCV households served, THA can serve five HOP households with the same expenditure.<sup>16</sup>

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<sup>16</sup> "October 2017 Voucher Utilization Report." Oct. 2017.

**Table 2. Average HAP Costs: HOP vs. HCV<sup>17</sup>**

| YEAR      | HOP   | CHG | HCV   | CHG |
|-----------|-------|-----|-------|-----|
| 2013      | \$451 |     | \$618 |     |
| 2014      | \$444 | -2% | \$622 | 1%  |
| 2015      | \$444 | 0%  | \$616 | -1% |
| 2016      | \$493 | 11% | \$657 | 7%  |
| 2017      | \$502 | 2%  | \$667 | 2%  |
| 2013-2017 | \$51  | 11% | \$49  | 8%  |

HAPs are rising across programs and have increased 8% for HCV participants (\$49 per household) since 2013, compared to 11% (\$51 per household) for HOP households. Contract rents for the 2013 HOP cohort have increased 9%. In 2016 and 2017, THA adjusted the payment standard which resulted in a cumulative average HAP increase of 15% across all bedroom sizes. This is further explored in section five. If funding remains flat or decreases and HAPs continue to rise, THA will serve fewer households. This is true for households across all of THA’s programs.

### 3.2 Is THA Serving More Households?

THA is not serving more households when compared to 2013. Much of this can be attributed to Tacoma’s hot rental market and the increase in HAPs. However, based on the expenditures per household outlined above, THA would serve 138 fewer households without the HOP. If THA expanded the fixed subsidy to HCV participants, the agency could serve an additional 498 households per year.

HUD’s statutory obligation requires each MTW housing authority to serve “substantially the same” number of families as it would serve if it did not have the MTW status. (“Sts”). In 2013, HUD defined this obligation to require MTW housing authorities to serve 100% of the baseline number of families that HUD has assigned to each housing authority. Tacoma’s increasingly competitive rental market is making this harder to achieve. In 2016, THA was at 100%. In October of 2017, THA was at 93.7%.<sup>18</sup> THA households are having a tough time competing in a rental market where landlords can be selective about their tenants. This is reflected in THA’s turn-back rate: about 40% of households who receive a voucher, are unable to lease-up.<sup>19</sup>

<sup>17</sup> “THA’s HAP Management Report.” Finance Department. Received September 2017. (HAP by bedroom size. Used Avg December HAPs for each year. Used July for 2017)

<sup>18</sup> “Tacoma Housing Authority’s Board of Commissioners Packet.” October 2017.

<sup>19</sup> “Tacoma Housing Authority’s Board of Commissioners Packet.” October 2017.

By design, HOP's shallower subsidy helps THA serve more households in the face of stagnant funding. However, a tight rental market is making it increasingly difficult for all households, regardless of subsidy to use their vouchers.

When compared to 2012, THA has not been able to serve more families. In 2012, THA served 3,487 families with housing assistance payments compared to 3,494 in 2017. THA is essentially serving the same number of families. "In 2016, THA's aggregate voucher costs increased by \$600,000 over 2015, just one year earlier. In 2017, costs have increased by another \$600,000. Even with this increase our utilization rates have lowered from 100% to about 95%, and we had to redirect dollars from other parts of our activities. We do not see an end to this accumulating increase as Tacoma's rental market continues to rise."<sup>20</sup>

### **3.3 Will THA Be Able to Serve More Households in the Future?**

Across programs, THA is not serving more households due to rising rents and increasing HAPs. We can say for certain that without HOP, THA would serve even fewer households. The HAP savings for each HOP household become a part of HAP excess funds that are reprogrammed to other areas including rental assistance and community services.

At the current rate of "natural" transition of served households from HCV to HOP, the transition will be complete in nine years. Focused solely on work-able households, the transition will take ten years.

If THA extended the fixed-subsidy and time limits of the HOP to the HCV participants now it would expand the numbers of households served. It would save money and allow THA to serve five HOP families for every four HCV families. Once the HCV population is fully transitioned to the HOP that would allow THA to serve an additional 498 families.<sup>21</sup> If all elderly/disabled households are given an income based subsidy<sup>22</sup> and all work-able households receive a fixed subsidy (possible program change 6), THA would still serve many more households than are served today. The ability to serve more households should inform THA's consideration of expanding the HOP subsidy to the HCV participation.

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<sup>20</sup> "Tacoma Housing Authority's Board of Commissioners Packet." November 2017.

<sup>21</sup> An additional 498 families would be served if all families received a fixed subsidy.

<sup>22</sup> Including HOP elderly/disabled households currently on a fixed subsidy

## 4. HOP PARTICIPANT DEMOGRAPHICS

Over 500 households are currently enrolled in the HOP, 60% of households are work-able and are subject to the five year time limit. Overall, HOP households represent 11% of THA’s program participants.<sup>23</sup> This section explores HOP household characteristics.

### 4.1 HOP & HCV Households

508 currently housed HOP households joined the program between 2013 and 2017. 2,109 currently housed HCV households joined the program between 1978 and 2017. The majority of HCV households joined prior to 2012 (65%), and 35% percent of HCV households have been on the program for 15+ years. 153 currently housed HCV households joined the program the year prior to the HOP. Throughout this analysis it will be necessary to use 2012 HCV households as a baseline to compare the outcomes of HOP.

In the following sections, 2013 and 2014 HOP cohort self-sufficiency outcomes will be compared to those of all traditional voucher holders (HCV) and to traditional voucher holders who joined the program in 2012 (2012 HCV).

### 4.2 Cohort Size

Averaged across HOP cohorts, 60% of HOP households are work-able and 40% are elderly/disabled. The 2012 HCV cohort has the same breakdown of work-able and elderly/disabled households. The 2015 through 2017 HOP cohorts have been trending toward more work-able participants. Across all HCV participants (admits ’78-’17) the breakdown differs significantly, 46% of HCV households are work-able and 54% are elderly/disabled.

**Table 3. HOP Cohort Size**

| YEAR | WORK-ABLE  | ELDERLY / DISABLED | TOTAL      |
|------|------------|--------------------|------------|
| 2013 | 63         | 56                 | 119        |
| 2014 | 40         | 36                 | 76         |
| 2015 | 75         | 39                 | 114        |
| 2016 | 71         | 48                 | 119        |
| 2017 | 54         | 26                 | 80         |
|      | <b>303</b> | <b>205</b>         | <b>508</b> |

<sup>23</sup> “OpenDoor data - active voucher households with leases.” 17 Oct. 2017. (498 HOP households / 4,411 active voucher households)

**4.3 Household Size**

The average household size for HOP households is 2.3 members, which is the consistent with the HCV program. The average household size in the City of Tacoma is 2.5 persons.<sup>24</sup>

**4.4 Head of Household**

The majority of households are female headed (81%) and this is consistent with the HCV program.

**4.5 Race**

The race demographics of HOP and HCV households are nearly the same when “unknowns” are excluded from the HOP population. Beginning in 2016, the number of HOP households with an “unknown” race increased dramatically. It is unclear why. The 2013 and 2015 HOP application forms both included an optional question about race. The 2013 application permitted the applicant to skip the question entirely, where the 2015 application, forced the applicant to select “decline” if they preferred not to answer. On the 2015 application there was a slightly more noticeable notification box alerting the applicant that the question about race was optional. However, this is subjective. THA was unable to determine a root cause for this discrepancy. THA is investigating whether the upload of race data from Visual Homes to OpenDoor in 2016/2017 may have been compromised.

**Table 4. Households by Race of Head of Household: HOP vs. HCV**

| RACE                     | HOP 2013 | HOP 2014 | HOP 2015 | HOP 2016 | HOP 2017 | ALL HOP | HOP (EXCLUDE UNKNOWN) | HCV   |
|--------------------------|----------|----------|----------|----------|----------|---------|-----------------------|-------|
| American Indian/Alaska   | 2%       | 1%       | 2%       | 0%       | 0%       | 1%      | 1%                    | 2%    |
| Asian                    | 3%       | 5%       | 3%       | 2%       | 0%       | 3%      | 4%                    | 5%    |
| Black / African American | 36%      | 38%      | 37%      | 25%      | 17%      | 30%     | 42%                   | 40%   |
| Multi-Racial             | 7%       | 7%       | 5%       | 0%       | 0%       | 4%      | 5%                    | 2%    |
| Native Hawaiian/Pacific  | 2%       | 1%       | 4%       | 2%       | 0%       | 2%      | 2%                    | 2%    |
| Unknown                  | 2%       | 7%       | 14%      | 52%      | 64%      | 28%     | -                     | 1%    |
| White                    | 48%      | 41%      | 36%      | 20%      | 19%      | 33%     | 46%                   | 48%   |
| Total Count              | 116      | 76       | 112      | 118      | 72       | 494     | 357                   | 2,123 |

<sup>24</sup> 2016 ACS Survey. United States Census Bureau / American FactFinder. American Community Survey 2016. U.S. Census Bureau’s American Community Survey Office. Web. 1 September 2017.

The racial breakdown of HOP households differs from the racial breakdown of extremely low, very low and low income households in Tacoma. When examining incomes for extremely low, very low and low income households of 2 persons (the average household size in Tacoma is 2.3), Census data reveals that the majority of these households are white (67%) followed by African American/Black (13%) and Asian (8%).<sup>25</sup> HOP is serving a larger percentage of African American/Black households and a smaller percentage of White households when compared to low income households in the City of Tacoma.<sup>26</sup>

#### 4.6 Children

A greater percentage of HOP households have household members under the age of 18 when compared to HCV participants (+10%). The vast majority (80%) of work-able households have children.

#### 4.7 Cohort Demographic Comparisons

The demographics above are consistent among all HOP cohorts with some exceptions for the most recent cohort. The 2017 cohort includes more households with children (+10%), and accordingly, those households have larger average household sizes (+0.4%).

**Table 5. Demographics HOP vs. HCV**

|                            | HOP | HCV |
|----------------------------|-----|-----|
| Average Household Size     | 2.3 | 2.3 |
| Households with Children   | 52% | 42% |
| Female Head of Household   | 81% | 81% |
| Male Head of Household     | 19% | 19% |
| Race of Head of Household: |     |     |
| White                      | 34% | 48% |
| Black / African American   | 30% | 40% |
| Unknown                    | 26% | 1%  |
| Multi-Racial               | 4%  | 2%  |
| Asian                      | 3%  | 5%  |
| Native Hawaiian/Pacific    | 2%  | 2%  |
| American Indian/Alaska     | 1%  | 2%  |

<sup>25</sup> This analysis of low income households by race is an imprecise estimate because the census data does not exact household size by race, therefore the average household size was assumed and rounded down.

<sup>26</sup> “Age of Householder By Household Income In The Past 12 Months (In 2016 Inflation-Adjusted Dollars).” United States Census Bureau / American FactFinder. 2012-2016 American Community Survey 5-Year Estimate. U.S. Census Bureau’s American Community Survey Office. Web. 8 December 2017.

## **5. HOP PARTICIPANT OUTCOMES**

To determine participant outcomes, this section examines HOP household certification data at admission and compares that to the most recent certification data available. Historical data mining was limited at times due to the migration of Visual Homes data to the OpenDoor Salesforce system. Sections with incomplete or insufficient data were noted.

### **5.1 Waiting List Times**

HCV participants admitted to the program in 2012 spent an average of 4.6 years waiting for a voucher. HOP households spent an average of 1.6 years waiting for a voucher. This is a 65% reduction in wait time. THA exhausted its 2013 waitlist in 2015 and its 2015 waitlist in 2017. The administration of the HOP and HCV waitlists was fundamentally different which resulted in the dramatic decrease in waiting time. 10,000+ households applied to each HOP waitlist and THA used a lottery system to reduce the number of applicants to 1,500. The waitlists for the traditional program did not use any mechanism to limit the number of participants on the waitlist.

In future evaluations and following the exit of the initial HOP cohorts, THA will study the impact of the time limit on wait list times.

### **5.2 Income at Admission**

HOP households pay a larger percentage of their income toward rent (50% of the payment standard). HOP participants also have higher incomes at admission. Average household incomes at admission for HOP participants in the 2013 cohort were 7% higher when compared to households admitted to the HCV program in 2012 (\$14,122 vs. 13,213). Incomes at admission for elderly/disabled households were 9% higher.

Across HOP cohorts, incomes at admission for all households have fluctuated and have no detectable trends. Both work-able and elderly/disabled household incomes at admission have not yet trended positive or negative. Between 2013 and 2016 the HOP admitted households at similar income levels. A recent atypical trend indicates that this metric must be closely monitored; the average income at admission grew by 24% year over year in 2017. Further analysis of this data reveals a large, but less startling increase (13%) when median incomes were examined. Incomes at admission must be monitored.

**Table 6. Income At Admission**

| YEAR OF ADMIT   | ADMIT     | CHG YR/YR | CHG SINCE 2013 |
|-----------------|-----------|-----------|----------------|
| <b>ALL HOP</b>  | \$ 14,220 |           |                |
| <b>HOP 2013</b> | \$ 14,122 |           |                |
| <b>HOP 2014</b> | \$ 12,915 | -9%       | -9%            |
| <b>HOP 2015</b> | \$ 13,391 | 4%        | -6%            |
| <b>HOP 2016</b> | \$ 13,424 | 0%        | -6%            |
| <b>HOP 2017</b> | \$ 16,644 | 24%       | 17%            |
|                 |           |           |                |
| <b>HCV</b>      | \$ 12,612 |           |                |
| <b>HCV 2012</b> | \$ 13,213 |           |                |

The recent increase in income at admission comes at a time when Tacoma is experiencing a very tight rental market with a 10% year over year increase in rental rates (since 2015). Households across Tacoma are paying more of their incomes to rent. As rental rates rise, fewer households may be able to afford 50% of the payment standard. Median household incomes are growing at a much slower pace (2% between 2014 & 2015). Voucher holders have experienced difficulty leasing up and it is worth exploring if those who are successful are households with higher incomes (or if successful lease ups are beginning to trend that way. This is explored in section seven.

### 5.3 HOP Household AMI Levels

Program requirements dictate that households admitted to the HOP must have incomes below 50% of area median income (AMI) at the time of program entry. For one person 50% of AMI is \$26,100, for a family of four it is \$37,250.<sup>27</sup>

59% of HOP households have current incomes below 30% of AMI compared with 73% of all HCV participants. This suggests that HOP households have higher incomes. When compared to 2012 HCV households HOP households still have higher incomes with fewer households in the less than 30% AMI range (-6%) and more households (+11%) in the 30-50% AMI range.

With the exception of the 2016 cohort, AMI levels for HOP households across cohorts have not fluctuated significantly since program inception.

<sup>27</sup> "Pierce County 2017 Median Income." Washington State Housing Finance Commission, [www.wshfc.org/limits/detail.aspx?County=pierce&Year=2017](http://www.wshfc.org/limits/detail.aspx?County=pierce&Year=2017).

**Table 7. Current AMI Levels by Program Admission Year**

| HOP AMI | ALL HOP | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------|---------|------|------|------|------|------|
| <30%    | 59%     | 61%  | 61%  | 59%  | 53%  | 61%  |
| 30-50%  | 33%     | 33%  | 30%  | 30%  | 41%  | 30%  |
| 50-80%  | 13%     | 6%   | 8%   | 10%  | 5%   | 9%   |

| HCV AMI | ALL HCV | 2010 | 2011 | 2012 |
|---------|---------|------|------|------|
| <30%    | 73%     | 79%  | 79%  | 65%  |
| 30-50%  | 19%     | 15%  | 19%  | 22%  |
| 50-80%  | 6%      | 5%   | 2%   | 10%  |

#### 5.4 Income & Wage Growth All Households

THA introduced a fixed subsidy to serve more households and to give incentives to work-able households to increase their earned income without having a rent increase. The introduction of the fixed subsidy removed the manipulation and concealing of income that some households committed to lower their share of the rent.

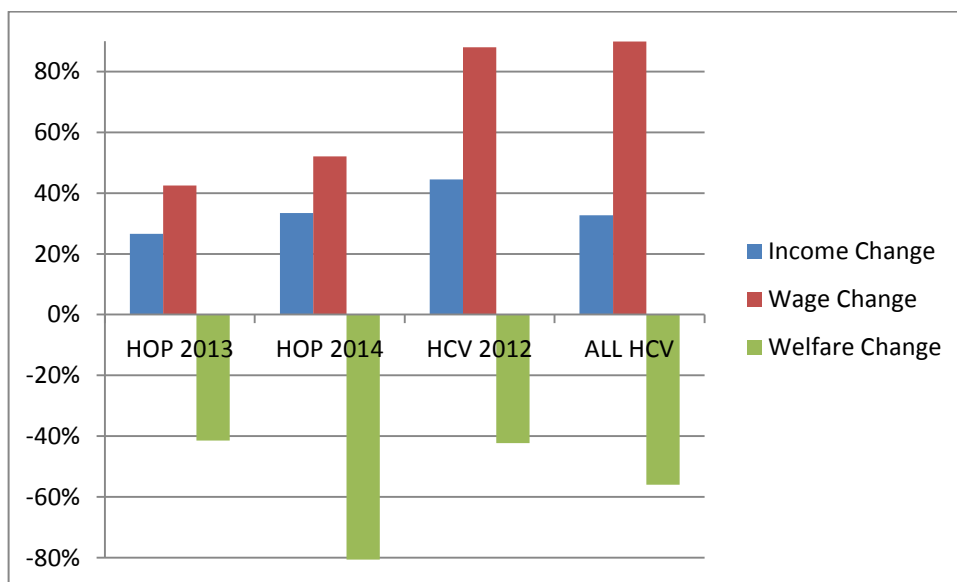
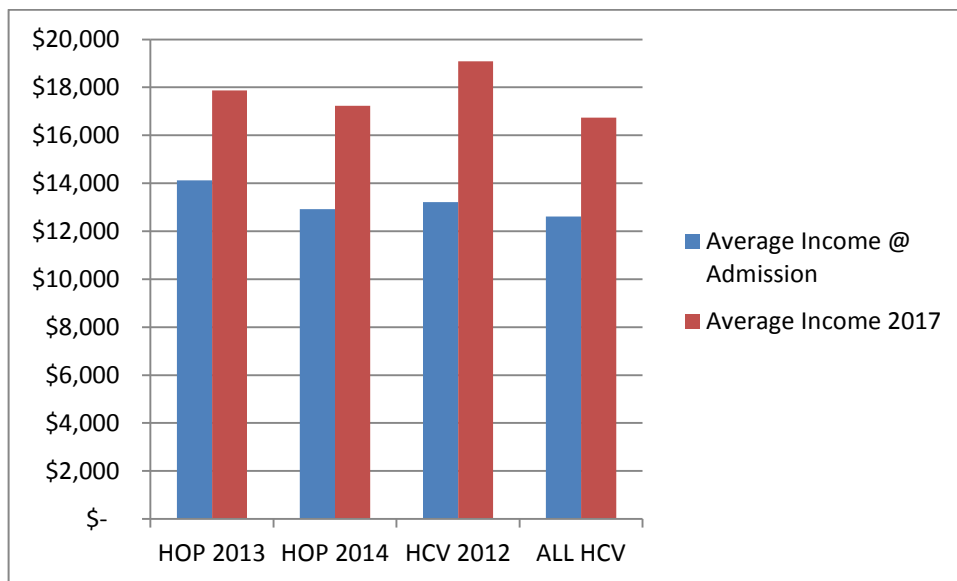
The 2013 and 2014 HOP cohorts are experiencing income and wage growth and it is unsurprising that work-able households are experiencing the largest income gains. However, the growth that HOP households experience does not outpace that of HCV households.

The HOP 2013 and 2014 cohorts are experiencing similar increases in income, but the 2014 cohort is experiencing more wage growth (+10%) and two times the decrease in dependence on welfare.

When compared with all HCV participants the 2013 and 2014 HOP cohorts are experiencing similar increases in overall income. However, the 2012 HCV cohort has experienced a much higher increase in overall income (+10%).

The HCV participants (including 2012 HCV) experience far greater wage gains when compared to HOP participants (90% vs. 42%). This may be because HCV participants enter the program with wages far lower than HOP participants.

**Table 8. Income Progression For All Households (Work-able & Elderly/Disabled)**



It is also important to consider rent increases when examining income progression. The 2013 HOP cohort experienced a 27% percent increase in income but as indicated in section three, they also experienced a 9% increase in contract rents.

**5.5 Income & Wage Growth Work-able Households**

HOP households are more likely to be working when compared to traditional voucher holders and their wages at admission are significantly higher (37%).

**Table 9. Wage Progression for Work-Able Households**

| <b>WORK-ABLE HOUSEHOLDS</b> | <b>WAGES @ ADMISSION</b> | <b>WAGES 2017</b> | <b>WAGE CHG</b> | <b>HHS WITH WAGES CHG</b> |
|-----------------------------|--------------------------|-------------------|-----------------|---------------------------|
| <b>HOP ADMIT 2013</b>       | \$ 11,827                | \$ 17,109         | 45%             | +16%                      |
| <b>HOP ADMIT 2014</b>       | \$ 12,074                | \$ 18,330         | 52%             | +9%                       |
| <b>HCV ADMIT 2012</b>       | \$ 8,734                 | \$ 16,564         | 90%             | +15%                      |

*5.5.1 Number of Households Working At Admission*

51% percent of work-able 2012 HCV households entered the program with wages compared to 67% and 69% of 2013 and 2014 HOP households.

*5.5.2 Wages of Working Households at Admission*

Wages at admission for HCV households were on average 37% less than 2013/2014 HOP cohorts (\$8,734 vs \$11,827).

*5.5.3 Change in the Number of Working Households*

The number of work-able wage-earning households increased at almost the same rate for 2012 HCV households and the 2013 HOP cohort (16% and 15%). 67% of the 2013 of the work-able HOP cohort had wages at admission and 83% had wages in 2017.

*5.5.4 Wage Progression of Working Households*

Because HCV wage earning households entered the program with wages far below HOP households, those households experience much larger increases in their actual wage amounts. Wages for 2012 HCV households increased 90% compared to 45% for the HOP 2013 cohort and 52% for the HOP 2014 cohort. Wage gains across both programs increased household earnings to similar dollar amounts (within \$550).

This suggests that 2012 HCV households are increasing their wages by obtaining higher paying jobs. HOP households enter the program with jobs that pay more than 2012 HCV households. This could be an impact of the fixed subsidy and market conditions, HOP households must earn more to pay their higher portion of the rent.

**Table 10. Income Progression for Work-Able Households**

| <b>WORK-ABLE HOUSE HOLDS</b> | <b>INCOME @ ADMIT</b> | <b>INCOME 2017</b> | <b>INCOME CHG</b> | <b>WAGE CHG</b> | <b>WELFARE CHG</b> | <b>HHS</b> | <b>HHS WITH WAGE CHG</b> |
|------------------------------|-----------------------|--------------------|-------------------|-----------------|--------------------|------------|--------------------------|
| HOP 2013                     | \$ 16,222             | \$ 21,989          | 36%               | 45%             | -53%               | 57         | 16%                      |
| HOP 2014                     | \$ 15,202             | \$ 22,508          | 48%               | 52%             | -79%               | 35         | 9%                       |
| HCV 2012                     | \$ 14,649             | \$ 22,804          | 56%               | 90%             | -19%               | 71         | 15%                      |

It is clear that the majority of work-able HOP households are working. However their incomes are not rising as quickly as households on the HCV program. Strategies should be developed to assist these already wage-earning households to increase their earned-income.

**5.6 Income & Wage Growth Elderly/Disabled Households**

Somewhat surprisingly, HOP elderly/disabled households in the 2013 cohort are experiencing a median income growth of 13% (due to an increase in benefits). The 2014 cohort’s income progression of 2% aligns with the 2012 HCV cohort’s 0% income growth. When this analysis of elderly/disabled income progression was expanded to include all HOP cohorts the median<sup>28</sup> household income increase was 14% (average = 10%). Most elderly/disabled households are on a fixed income so we would expect to see very limited income growth.

**Table 11. Income Progression for Elderly/Disabled Households**

|                           | <b>MEDIAN INCOME @ ADMISSION</b> | <b>MEDIAN INCOME CHG ADMIT - 2017</b> | <b>MEDIAN WAGE CHG ADMIT - 2017</b> | <b>MEDIAN WELFARE CHG ADMIT - 2017</b> | <b>MEDIAN BENEFIT CHG ADMIT - 2017</b> | <b>COUNT</b> |
|---------------------------|----------------------------------|---------------------------------------|-------------------------------------|--|--|--------------|
| Elderly/Disabled 2013 HOP | \$ 11,947                        | 13%                                   | 0%                                  | 0%                                     | 17%                                    | 55           |
| Elderly/Disabled 2014 HOP | \$ 10,629                        | 2%                                    | 0%                                  | 0%                                     | 3%                                     | 35           |
| Elderly/Disabled 2012 HCV | \$ 10,946                        | 0%                                    | 0%                                  | 0%                                     | 8%                                     | 45           |

Average incomes for elderly/disabled households at admission are similar among 2012 HCV and 2013/2014 HOP households. Current incomes are also very similar for

<sup>28</sup> This section considers median incomes (vs. averages) more significant for elderly/disabled households due to outliers.

these cohorts. The income increases among HOP households represent increases in benefits.

### **5.7 Reliance on Welfare**

HOP households and HCV households significantly reduced their reliance on welfare. 2012 HCV households decreased reliance by 42% for all households, but only 19% for work-able households. HOP households experience a significant reduction in welfare, especially work-able households (see table 10). The 2013 cohort reduced dependence by 41% and the 2014 cohort reduced dependence by 82% (all households). Work-able households experienced reductions of 53% (2013) and 79% (2014).

The decreases in dependence on welfare may correlate with the Department of Social and Health Service's narrowing of the qualifications for TANF time limit extensions which occurred in 2011. This change limits most families to 60 months of assistance.

### **5.8 Contract Rents**

HOP households across cohorts lease up in less expensive units when compared to HCV households. The average contract rent for HOP households (\$920) is 7% less than HCV households. When 2013 HOP households are compared to HCV households who entered the program more recently (2012) HOP contract rents are 15% less. Contract rents for the HOP 2013 cohort have increased 9% since admission. The 2012 HCV cohort has also experienced a considerable increase in average contract rents (16%). In 2016 and 2017, THA adjusted the payment standard which resulted in a cumulative average HAP increase of 15% across all bedroom sizes. The fact that HOP households lease up in less expensive units coupled with the increase in contract rents is reflective of the increasingly competitive housing market.

### **5.9 Shelter Burdens**

The analysis above highlights the progress HOP households have made toward achieving self-sufficiency. However, rents are rising fast in Tacoma and have increased dramatically since the inception of the HOP. It is critical to consider shelter burden when assessing a work-able household's readiness to exit the program. It is also important to consider shelter burden to evaluate the impact of the fixed subsidy on all households regardless of whether they are subject to the time-limit. To account for extreme outliers, this analysis examines median shelter burdens. For the sections below, the following calculations were used:

- **Utility Allowance:** Although HOP households do not receive a utility allowance, the Utility Allowance schedule (effective 1/1/2017) was used to estimate tenant utility costs according to voucher size.

- **Total Tenant Payment (TTP):** Contract Rent – HAP + Utility Allowance
- **Current Shelter Burden:** TTP / monthly income
- **Market Shelter Burden:** Contract Rent + Utility Allowance / monthly income

#### 5.9.1 *Current Shelter Burdens: HOP vs. HCV*

It is unsurprising that HOP households pay a larger percentage of their income toward rent since they receive a shallower subsidy. However, all HOP households have median shelter burdens only 5% higher when compared to all HCV households (41% vs 36%).

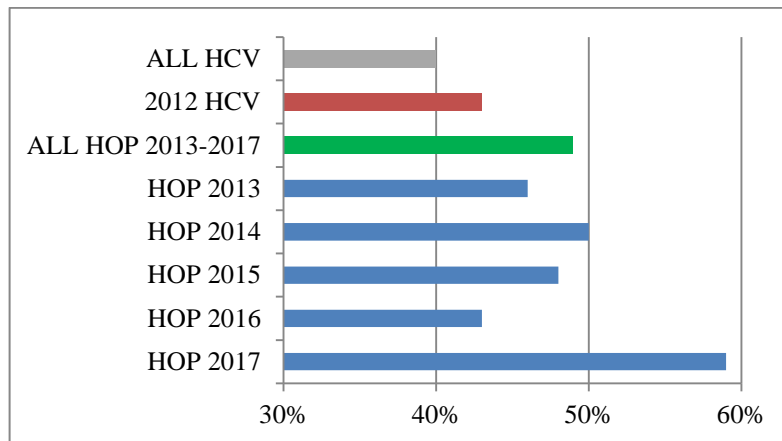
Extreme shelter burden is defined as households that pay over 50% of their income toward rent and utilities. When examining for extreme shelter burden, 36% of HOP households have shelter burdens greater than 50% compared to only 18% of all HCV households and 21% of the 2012 HCV cohort.

Higher shelter burdens disproportionately impact elderly/disabled households. These households are more likely to be on a fixed income and have fewer options to address increasing housing costs in a hot rental market. This is explored further in the sections below.

#### 5.9.2 *Elderly/Disabled Household Shelter Burdens: HOP vs. HCV*

Elderly/disabled households account for the largest discrepancy in shelter burdens between HOP and HCV households. The median shelter burden for all elderly/disabled HOP households is 9% higher than all elderly/disabled HCV households. However when compared to these HCV households housed in 2012, HOP elderly/disabled households have only slightly higher shelter burdens (+4%). This is likely a reflection of the competitive housing market, as households who have leased up more recently have been subject to higher rents.

**Table 12. Elderly/Disabled Median Current Shelter Burdens**



Further analysis indicates that data on extreme shelter burdens for elderly/disabled HOP households is worth close monitoring. 45% of the 205 elderly/disabled HOP households have extreme shelter burdens (greater than 50%). When compared to HCV elderly/disabled households who leased in 2012, only 21% experience extreme shelter burden.

**5.9.3 Work-able Household Shelter Burdens: HOP vs. HCV**

HOP work-able households have slightly higher shelter burdens when compared to HCV households (including the 2012 HCV cohort). The median work-able shelter burden for HOP is 38% and for HCV is 34%.

**5.9.4 HOP Market Shelter Burdens**

Examining market shelter burden helps THA determine if households are prepared to assume all of their housing costs. Throughout this analysis the calculation of shelter burden includes an assumption for the cost of utilities.<sup>29</sup> The median market shelter burden for households exiting the program in 2013 is 65%. This suggests that the majority of households will be unable to maintain their current housing without rental assistance. Although the 2014 cohort is making more wage gains, it is not enough to reduce their shelter burdens. The median market shelter burden for the 2014 cohort is 68%.

<sup>29</sup> Shelter Burden = Contract Rent – HAP + Utility Allowance / Monthly Income

**Table 13. Household Shelter Burdens: HOP**

| <b>ALL HOP Households (497 COUNT)</b> | <b>Average Current Shelter Burden</b> | <b>Median Current Shelter Burden</b> | <b>Average Market Shelter Burden</b> |
|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| 2013                                  | 45%                                   | 41%                                  | 75%                                  |
| 2014                                  | 46%                                   | 43%                                  | 77%                                  |
| 2015                                  | 47%                                   | 39%                                  | 75%                                  |
| 2016                                  | 44%                                   | 40%                                  | 75%                                  |
| 2017                                  | 54%                                   | 46%                                  | 79%                                  |
| All HOP                               | 47%                                   | 41%                                  | 76%                                  |

| <b>Workable (292 COUNT)</b> | <b>Average Current Shelter Burden</b> | <b>Median Current Shelter Burden</b> | <b>Average Market Shelter Burden</b> |
|-----------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| 2013                        | 44%                                   | 34%                                  | 68%                                  |
| 2014                        | 41%                                   | 38%                                  | 67%                                  |
| 2015                        | 46%                                   | 38%                                  | 72%                                  |
| 2016                        | 42%                                   | 39%                                  | 69%                                  |
| 2017                        | 51%                                   | 38%                                  | 73%                                  |
| All Work-able HOP           | 45%                                   | 38%                                  | 70%                                  |

| <b>Elderly/Disabled (205 COUNT)</b> | <b>Average Current Shelter Burden</b> | <b>Median Current Shelter Burden</b> | <b>Average Market Shelter Burden</b> |
|-------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| 2013                                | 46%                                   | 43%                                  | 82%                                  |
| 2014                                | 50%                                   | 48%                                  | 88%                                  |
| 2015                                | 48%                                   | 40%                                  | 79%                                  |
| 2016                                | 43%                                   | 45%                                  | 83%                                  |
| 2017                                | 59%                                   | 58%                                  | 92%                                  |
| All E/D HOP                         | 49%                                   | 45%                                  | 84%                                  |

**Table 14. Household Shelter Burdens: HCV**

| <b>ALL HCV Households (1998 COUNT)</b> | <b>Average Current Shelter Burden</b> | <b>Median Current Shelter Burden</b> | <b>Average Market Shelter Burden</b> |
|--|---------------------------------------|--------------------------------------|--------------------------------------|
| 2012 HCV                               | 43%                                   | 37%                                  | 88%                                  |
| ALL HCV                                | 40%                                   | 36%                                  | 91%                                  |

| <b>Workable ALL HCV Households</b> | <b>Average Current Shelter Burden</b> | <b>Median Current Shelter Burden</b> | <b>Average Market Shelter Burden</b> |
|------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| 2012 HCV                           | 42%                                   | 33%                                  | 83%                                  |
| ALL HCV                            | 41%                                   | 34%                                  | 86%                                  |

| <b>Elderly/Disabled ALL HCV Households</b> | <b>Average Current Shelter Burden</b> | <b>Median Current Shelter Burden</b> | <b>Average Market Shelter Burden</b> |
|--|---------------------------------------|--------------------------------------|--------------------------------------|
| 2012 HCV                                   | 44%                                   | 41%                                  | 96%                                  |
| ALL HCV                                    | 39%                                   | 36%                                  | 96%                                  |

**5.10 Households Participating in Case Management**

A critical component of the HOP is a continued offer of support via THA’s Community Services team. Staff emphasized the 5-year time limit and the recipients’ need to prepare for the end of the assistance. Staff offered them supportive services to help them do that. Each year, recipients received a letter reminding them of the ever-approaching expiration date. In the last year, the letters came more frequently. Few HOP recipients responded to these offers.

Households who do respond may enroll in the Family Self-Sufficiency program and work with case managers to achieve milestones in a structured program or they can opt into case management outside of the FSS model.

Beginning in 2016, households enrolled in FSS or who participate in general case management are invited to participate in the Bridge Assessment. THA’s Bridge to Economic Stability is adapted from EMPATH’s Bridge to Self-Sufficiency. “EMPATH’s Bridge to Self-Sufficiency® is a theory of change that takes a comprehensive, multi-faceted approach to fostering economic mobility. The theory describes a person’s advancement from poverty to economic self-sufficiency as a journey across a bridge supported by five critical pillars—family stability, well-being, education and training, financial management, and employment and career management. To successfully cross this bridge and reach economic self-sufficiency, the traveler must attain explicitly defined objectives in each of these five areas. The five areas are: housing stability,

well-being, education and training, financial planning and management, income and employment.”<sup>30</sup>

This section examines the outcomes of participants engaged with case management and those enrolled in the FSS program.

#### *5.10.1 Case Management Outcomes*

Over 160 unique cases have been opened for HOP households (130 when FSS participants are excluded). In order to track outcomes, THA sought to examine households that had engaged with a Case Worker for greater than five hours. This would eliminate households who only came in to meet with a case worker once. Unfortunately, THA only began tracking the number of hours spent on each case in 2015. For future cohorts, we will be able to conduct an analysis of outcomes for households who have received a baseline number of case management hours. Data limitations prevent an analysis of 2013/2014 HOP households who participated in case management.

30 households admitted to the HOP in 2013 and 16 households admitted in 2014 enrolled in case management. Both cohorts have seen significant increases in incomes and wages. Because we cannot determine how much case management was administered (hours) we cannot directly correlate these outcomes to enhanced case management. Improvements in data collection will allow THA to conduct a robust analysis of case management outcomes beginning with the 2015 cohort. THA staff report that general case management with HOP households has been minimal.

#### *5.10.2 FSS Outcomes*

Thirty-five HOP households are enrolled in the Family Self-Sufficiency program (FSS). Participants in the FSS program meet with case workers to develop an individual development plan that they strive to complete within the program’s term. The plan consists of goals, each with a monetary value for which the participant receives credit in their individual development account (IDA). Participants can remain in the program for five years or until they complete all the goals in their Individual Training and Service Plan (ITSP), whichever is earlier.

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30 “Bridge to Self-Sufficiency.” EMPATH Economic Mobility Pathways, [www.empathways.org/our-work/our-approach/bridge-to-self-sufficiency](http://www.empathways.org/our-work/our-approach/bridge-to-self-sufficiency).

The vast majority of FSS participants are work-able households. Ten percent of work-able HOP household are enrolled in FSS, this participation rate is consistent with other programs.

The sample size is small (35 households) and smaller for those admitted to the program in 2013 and 2014 (nine and five households), but the outcomes are promising.

**Table 15. HOP FSS Participants**

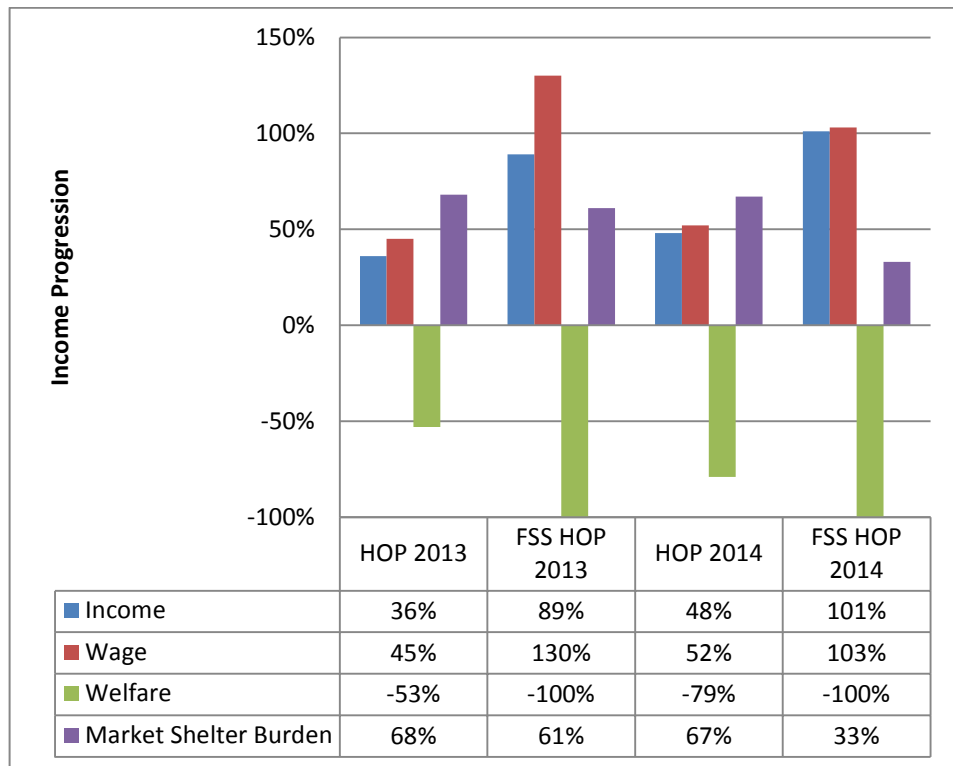
| <b>HOP FSS PARTICIPANTS</b>          | <b>35</b> |
|--------------------------------------|-----------|
| % of HOP Households in FSS           | 7%        |
| % of Work-able HOP Households        | 10%       |
| % of Elderly/Disabled HOP Households | 2%        |
| 2013 Admits                          | 9         |
| 2014 Admits                          | 5         |
| 2015 Admits                          | 11        |
| 2016 Admits                          | 6         |
| 2017 Admits                          | 4         |

The 2013 FSS cohort experienced a 90% increase in income, 130% increase in wages and a 100% reduction in reliance on welfare. This cohort has a 61% market shelter burden.

Even with significantly more income and wage gains the 2013 FSS cohort will be extremely market shelter burdened. These households will be 4% less shelter burdened than work-able 2013 HOP households who did not enroll in FSS. The incomes at admission for FSS and non FSS participants were nearly the same. 2013 FSS participants have incomes 3% higher than those not enrolled.

The 2014 FSS cohort experienced a 101% increase in income, 103% increase in wages and a 100% reduction in reliance on welfare. This cohort has a 33% market shelter burden. The five 2014 FSS participants were admitted with incomes that were 36% higher than work-able 2014 HOP participants not enrolled in FSS. These households are significantly less shelter burdened at present and therefore experience dramatically lower market shelter burdens following income gains.

**Table 16. FSS Participant Outcomes**



Participation in FSS leads to significant income and wage gains and will likely completely remove a household from its reliance on welfare. However, only households with higher than average incomes at admission seem to make significant gains toward self-sufficiency, achieving market shelter burdens under 50%. This may suggest that the positive outcomes of FSS have more to do with the types of households who join rather than the program itself.

56% of the 2013 HOP FSS cohort has an escrow balance and 20% of the 2014 HOP FSS cohort has an escrow balance. The estimated costs of the FSS program are \$835 per household.<sup>31</sup>

<sup>31</sup> Per Community Services. December 2017. Costs per household for all THA households.

























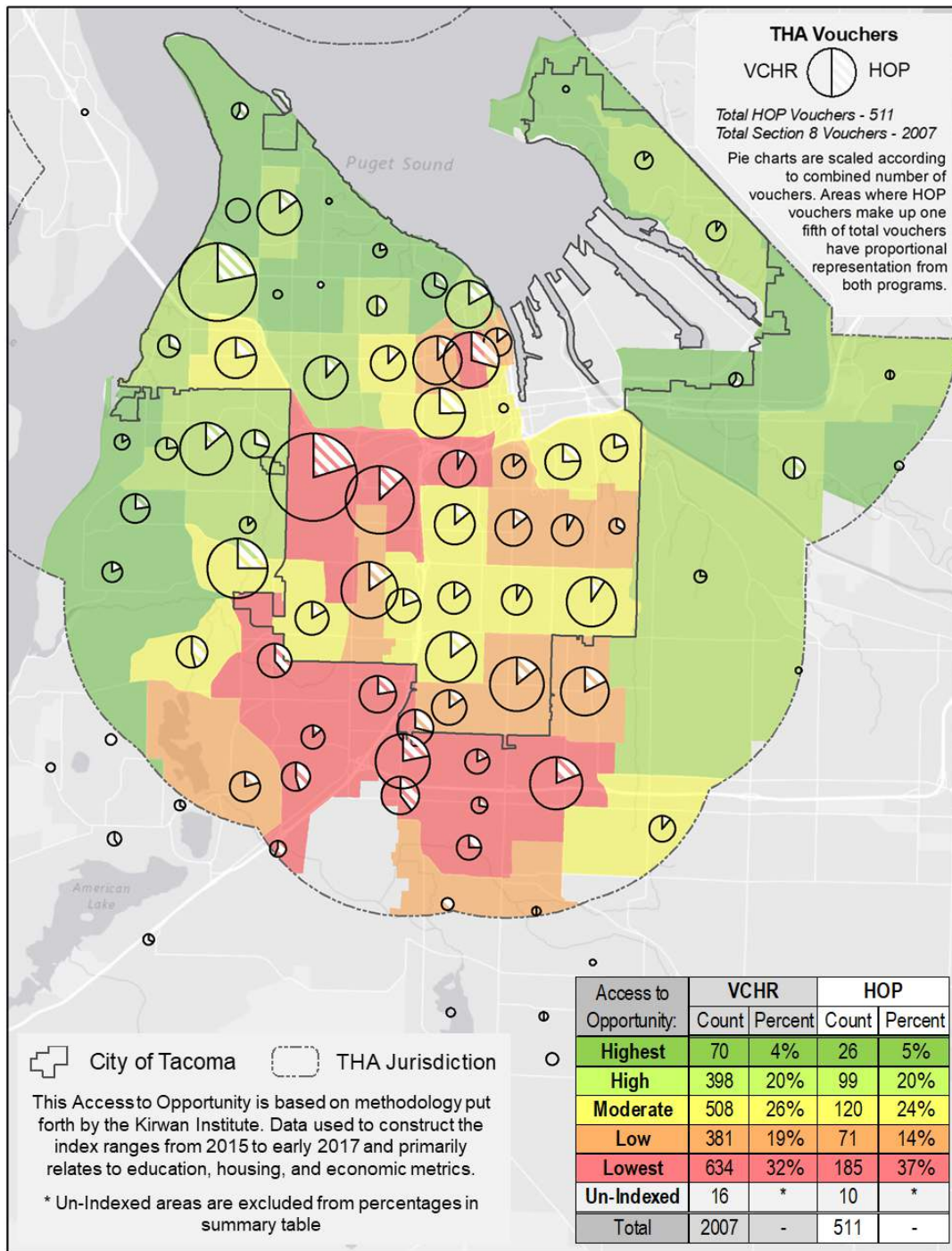




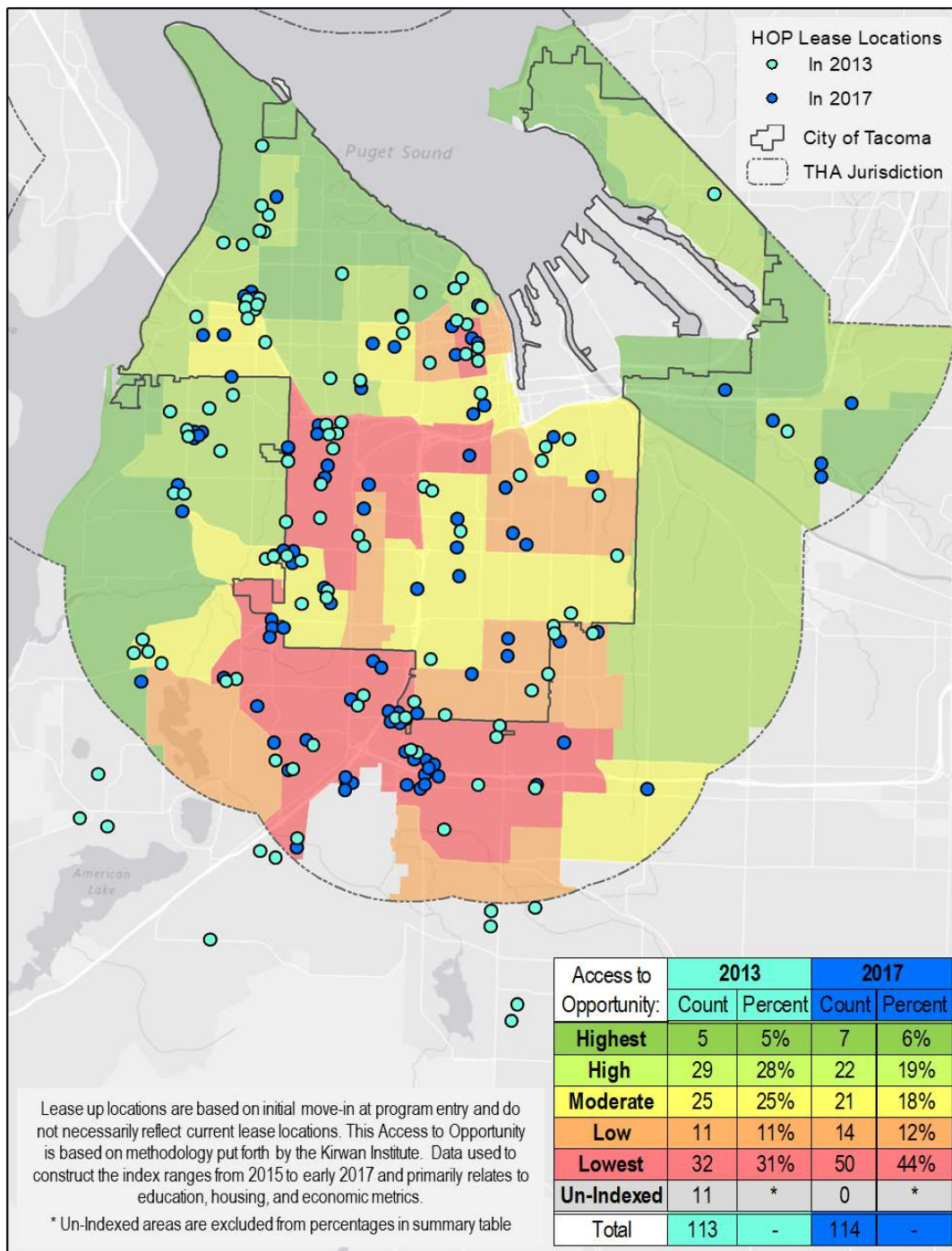


**Map 6.1 HOP Lease-up Locations By Race**

**Map 7. Access to Opportunity Map: HOP vs. VCHR**



**Map 7.1: Access to Opportunity Map: HOP 2013 vs. HOP 2017**



**7.2 Unhoused HOP Households**

The data above examines the characteristics and outcomes of successfully housed HOP households. It is important to examine the unhoused, or those who have been lucky enough to be granted a voucher but are unable to utilize it. Due to data limitations including instances when the same voucher number was reissued to new households it is difficult to obtain a clear picture of historical voucher utilization statistics. Therefore in the sections below, 2017 utilization data was examined.

As of November 2017, 67 never previously housed HOP households were issued a voucher in 2017<sup>51</sup>. 40% of these households are housed, 33% had their vouchers expire and 27% are still shopping. Of those shopping, the average number of shopping days is 122.

**Table 21. HOP Vouchers Issued In 2017 To New Participants**

|                     | Households | %   | Average Income | Race | Elderly/Disabled Households |
|---------------------|------------|-----|----------------|------|-----------------------------|
| Housed              | 27         | 40% | \$ 17,594      | N/A  | 37%                         |
| Voucher Expirations | 22         | 33% | \$ 300         | N/A  | 36%                         |
| Shoppers            | 18         | 27% | \$ 6,643       | N/A  | 13%                         |
| Total               | 67         |     |                |      |                             |

*7.2.1 Turnback Rate*

In 2017, 33% of HOP households who receive vouchers, after waiting years for them, turn them back unused because they cannot find a landlord to rent to them.

*7.2.2 Race: Unhoused Vs Leased Up*

Race data was captured for only one household with an expired voucher. Therefore we are unable to identify any potential disparate impacts based on race.

*7.2.3 Income: Unhoused Vs Leased Up*

22 not previously admitted HOP households were granted a voucher in 2017 and had their voucher expire. 60% of these households received an extension and were shopping for at least 210 days. An analysis of these 22 households revealed that nearly 95% of them had zero income. It is unsurprising that the HOP is inaccessible to zero income households since the family’s portion of the rent is 50% of the payment standard,

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<sup>51</sup> As of November 2017, 92 HOP households joined the program in 2017. Only 33 of these households were issued a voucher in 2017.

although on those grounds even the lesser subsidy would have a comparatively greater value because of the greater need.

## **8. ADMINISTRATIVE BURDEN & PROGRAM OPERATIONS**

Administrative operations for the HOP are considerably less burdensome when compared to the traditional voucher program (HCV). This reduced burden is felt by THA staff, clients and landlords. The primary source of the reduction of administrative burden is the fixed subsidy which simplifies the rent calculation and is easy to explain and understand. On the HOP, there is no uncertainty about what THA will pay. A lack of data makes it hard to quantify the staff time and cost savings to the agency.

### **8.1 Rental Assistance**

The Rental Assistance department benefits from the majority of the cost savings. Although HOP households are required to recertify annually (vs. biennially & triennially for the HCV program) the fixed subsidy eliminates the need for a complicated rent calculation. There are no utility allowance calculations with the HOP. Staff, landlords and participants indicate that the HOP rent calculation is easy to explain and to understand.

### **8.2 Community Services**

The Community Services team conducts outreach to work-able households to engage them with self-sufficiency activities. Community Services also currently manages the end of participation communications with HOP participants. Monthly letters are sent beginning 18 months prior to exit reminding households to meet with case workers to prepare for life after HOP. OpenDoor's ability to automate portions of the outreach process (letters, at-risk reporting) will reduce staff time in the future.

## **9. COMMUNITY CONSULTATION**

THA conducted outreach with program participants, landlords and the Northwest Justice Project to inform our analysis of participant outcomes.

### **9.1 Participant Reflections**

In July, THA revised the HOP hardship policy and reached out to 40 households for comment and participation in focus groups. 2 households attended. In October THA conducted outreach to over 200 households in their fourth and fifth year on the program (elderly/disabled and work-able households). These households were invited to attend a listening session to discuss the HOP. They were also provided a link to complete an online survey to share information about their experiences on the HOP. A total of 7 households attended listening sessions and 9 households completed the online survey.





### 9.1.5 *Participant Recommendations*

This section contains responses to the question, “what would you CHANGE about the HOP?” Participant recommendations in bold were made by more than one household.

- Revert back to Section 8 – tenant paying 30% of income toward rent. “I want a good life, I want to be able to contribute to society and I feel like I cannot with how much I need to pay.”
- Do a better job explaining how to use the voucher and what households will pay, the briefing is overwhelming.
- **Reconsider the time limit.** 5 years is too little, “I am just starting to gain momentum.”
- Host events or family gathering for HOP participants to get to know one another.
- **Increase the payment standard to respond to the rise in rents.**
- When a child exits the household the reduction in the subsidy should not occur.
- Conduct yearly meetings to check in about how we are doing. “An inspector comes to my house every year, but no one asks me how I am doing.”
- Develop a good way to advertise available listings or provide a housing locator service to help with lease up.
- Increase services for households 18 months prior to exit.
- Accept walk-ins for help.
- Provide tenant landlord help, not just referrals.
- If a household size increases the subsidy amount should increase.
- The time limit should be expanded to other programs
- Provide an extension of rental assistance for households in good standing
- Provide education about purchasing a home with a low income.
- Post what properties will accept HOP

## 9.2 **Landlord Reflections**

THA surveyed 294 HOP landlords and received an 11% response rate. The survey respondents were a good sample of owners (63%) and property managers (37%). The respondents included a broad range of landlords who house between one (41%) and five or more (16%) THA assisted households.





- When they come for an inspection they should follow through. It is not ok to take a day off of work to because that is the day we were told (we have no say in it) and then they do not come during the scheduled time and say the last one took longer than they thought.
- The Email that comes out about the monthly payment should have the address with rental number.
- Increase time notifications on the tenant portion of rent change

### **9.3 Northwest Justice Project**

THA met with the Northwest Justice Project (NJP) in July of 2017 to discuss proposed changes to the hardship policy. This meeting resulted in feedback on the hardship policy as well comments on the program design of the HOP. THA will consult with NJP in early 2018 to obtain input on the possible program changes put forth in this analysis.

#### *9.3.1 HOP Hardship Policy*

NJP supported the interim hardship policy change but suggested that THA should simplify the process and eligibility criteria to qualify for a hardship extension. NJP suggests that households with an established shelter burden could request either the short-term 90-day extension, or the longer term hardship extension with a qualifying self-sufficiency activity, depending on their individual circumstances; or allow all HOP households to request an extension of up to one year based on hardship plus either a qualifying self-sufficiency activity or an unforeseen loss of income. If a household who has been working and increasing their income, or has been engaged in qualifying self-sufficiency activity over time, but still experiences an unforeseen loss of income near the end of their five-year limit, they could receive the additional time needed (be it 30 days, 90-days or up to a year). Under this approach, NJP also recommends ensuring that "qualifying self-sufficiency activity" includes efforts made by working families to increase their income to levels that would remove them from the "shelter-burdened" category.

A simplified HOP hardship extension policy would be easier to administer and less prone to the possibility of unequal application, yet still achieve THA's announced goals of offering limited additional assistance to at-risk households, and engaging households for whom slightly longer term additional assistance would be beneficial, while still enforcing the five- year limit on work-able households who either do not request an extension, or cannot demonstrate that the termination of HOP housing assistance will cause a shelter burden.

### 9.3.2 *The HOP's Definition of Work-able Households*

NJP recommends that THA review and consider revising its policy governing which HOP recipients are determined “work-able,” and therefore subject to the five year time limit. NJP suspects that there are many HOP households who do not meet THA’s very narrow definition, yet are nevertheless not realistically “work-able.” NJP strongly encourages THA to consider revising its current definition of “work-able.”

There are likely, for example, HOP households that include at least one adult who receives TANF assistance who has been determined by the state WorkFirst program to be unable to work or engage in work activities, and is therefore exempt from the five year lifetime limit for TANF. See WAC 388-484-0006(2)(a), WAC 388-301-0350.<sup>52</sup> THA's HOP policy should recognize that TANF recipients whom DSHS has determined are exempt from WorkFirst participation for any of the reasons listed in WAC 388-484-0006(2)(a), are not “work-able” for purposes of the HOP.

The approved exemptions are further defined in the WAC and include: an adult (55+) caretaker relative providing kinship care for a child, an adult with a documentable severe and chronic disability, an adult required in the home to care for a child with special needs and an adult required to be in the home to care for another adult with disabilities.

## 9.4 **Voices of the Unserved**

The voices of the unserved households are harder to consult. The ones who cannot even get on our waiting list are harder to find. Indeed, they are generally absent from these sorts of discussions. Ignoring them makes some of these policy questions easier. For example, if we consulted only the people presently on the program or focused only on their interests, we would more easily eliminate the time limits of the fixed subsidy. Yet doing so would mean we would serve fewer families or others would wait longer for their turn. For this reason, THA will regard itself and others as a proxy voice for those unserved families who are just as needy but harder to hear.

## 10. **PEER CONSULTATION**

This section explores the outcomes of other Housing Authorities who have implemented five year time-limited programs similar to the HOP. These include the Housing Authority of the County of San Bernardino’s fixed subsidy program, Alaska Housing Finance Corporation’s stepped subsidy program and the Housing Authority of

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<sup>52</sup> “WorkFirst—Other exemptions from mandatory participation.” *Washington State Legislature*, [app.leg.wa.gov/wac/default.aspx?cite=388-310-0350](http://app.leg.wa.gov/wac/default.aspx?cite=388-310-0350).

the County of San Mateo’s mandatory FSS program. This section also explores research on mandates, examining Charlotte Housing Authority’s work requirements and mandatory case management.

### **10.1 The Housing Authority of the County of San Bernardino (HACSB)<sup>53</sup>**

Established in 2012, HACSB operates a five year program for work-able households with a fixed subsidy based on 50% of the payment standard.<sup>54</sup> San Bernardino is the only Housing Authority with a recently implemented five year time limit that has started to exit households off the program. A successful household is one that exits the program with an income that is greater than 50% of AMI. HACSB requires all families to complete an annual assessment with a caseworker to examine income progression, employment status, and educational attainment and review progress toward achieving stated goals. 18 months prior to exit, HACSB flags “at-risk” households and mandates their participation in monthly check-ins with caseworkers to develop a plan to become self-sufficient by the end of their time limit.

When compared to a local voucher program without time limits and additional supports, HACSB households showed a 26.7% wage increase from year 1 to 4 in comparison to a 19.7% increase.<sup>55</sup> HOP household are experiencing greater wage and income gains when compared to San Bernardino. However, 39% of HACSB participants exited between year 1-4. Of the 61% of families that remain in the program for a fifth year 17% are >50% AMI and are “ready to exit,” 51% are 30-50% AMI and are “close to exit” and 32% are “not ready to exit.”

HACSB’s hardship policy for time limited program participants is as follows:

- **Unforeseen loss of income:** Households experiencing a significant unforeseen loss of income such as loss of employment, within the last six months of participation. This one-time exception will provide six additional months of assistance.
- **Completion of Activity Related to Self-Sufficiency:** This exception will apply to families who need additional time to complete a self-sufficiency goal. The family must be actively working toward meeting the goal at the time the exception is requested (enrolled in the activity at least 6 months prior to time expiration), and the

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<sup>53</sup> The Housing Authority of the County of San Bernardino. *Term-Limited Lease Assistance Program Face Sheet. 2017, Term-Limited Lease Assistance Program Fact Sheet.* <http://ww2.hacsb.com/files/pdf/news-reports/fact-sheets/term-limited-program-2017-web-2.pdf>.

<sup>54</sup> HACSB abandoned fixed subsidies in Summer of 2017 and reverted income based rental assistance.

<sup>55</sup> The Housing Authority of the County of San Bernardino. *Term-Limited Lease Assistance Program Face Sheet. 2017, Term-Limited Lease Assistance Program Fact Sheet.* <http://ww2.hacsb.com/files/pdf/news-reports/fact-sheets/term-limited-program-2017-web-2.pdf>.

goal must be achievable within the time of the extension. This one-time exception will provide up to two years of additional assistance.

The first wave of time limited participants began to exit the program in April of 2017. As of October, 24% of eligible work-able households requested a hardship and 75% were approved. Approximately 18% of households are receiving an extension to their time of assistance.

After five years, San Bernardino considers the program a success but has recently abandoned its fixed subsidy and is reverting new admissions to an income based subsidy. There were two reasons behind the change, “the main reason was that the fixed subsidy was precluding extremely low income and some very low income families from initially leasing, because even with HACSB paying 50% of our payment standard as subsidy, the family’s income was too low to afford the remaining rent. We initially attempted to address this via a hardship option for ELI families that would set their initial tenant rent portion at 30% of their gross income for up to two years, followed by a conversion to the fixed subsidy for the remainder of their term. We ultimately requested authority to change the rent subsidy for all families to the income-based formula and did not implement the hardship option for the second reason – administrative burden. It didn’t make sense to add another layer of complexity for families to understand and HACSB to administer. We already have another rent reform activity that utilizes the 30% of gross income methodology, and it made sense for us to expand that rather than create something different.”<sup>56</sup>

## **10.2 Alaska Housing Finance Corporation (AHFC)**

Established in 2014, AHFC operates “Step,” a five year stepped subsidy program for work-able households. In year one, household TTP is income based and then gradually increases from 40-70% percent by year five. A successful household is one that exits the program with <50% shelter burden. AHFC uses annual certifications as a mechanism to flag fledgling households. Households will begin exiting the program in 2019.

AHFC’s first wave of Step participants have experienced a 58% increase in earned income when compared to the baseline year. These households have experienced a decrease in shelter burden and a 13% increase in working households. As of November 2017, 75% of households in their final year of assistance will have a market shelter burden greater than 50%. HOP participants are experiencing wage increases similar to AHFC’s first cohort (45%) and a

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<sup>56</sup> The Housing Authority of the County of San Bernardino. Nov. 2017. Email Communication.

similar increase in the percentage of households working (15%), but market shelter burdens for HOP households are slightly lower. AHFC households in their final year pay 70% of their income toward their rent compared to HOP households who pay 50% of the payment standard. Additionally, 50% of Step participants are enrolled in AHFC's version of FSS.

If households meet rigorous requirements, AHFC's current hardship policy affords households an additional term of rental assistance (60 days to 6 months).

- The family must have an extraordinary change in life circumstances that significantly impacts the family's income; AND
- the hardship must be of long-term or permanent duration (at least 90 days); AND
- the hardship event must cause the family to experience a shelter burden in excess of 50 percent of gross or adjusted monthly income; AND
- As of November 2016 - in order to receive assistance in excess of 60 days (up to 6 months), households must be enrolled in FSS (Jumpstart).

AHFC has utilized the hardship policy above for current program participants "stepping up" (i.e. from 30% to 40% tenant portion) but has not used this policy for participants who are exiting the program. In the second year of the Step program, AHFC experienced an increase of over 150% in hardship applications. AHFC anticipates revising the hardship policy for exiting households by October 2018. The current hardship policy was designed to give immediate relief for households experiencing an extraordinary change in life circumstance. To receive a longer period of relief the household must be engaged in self-sufficiency activities.

AHFC built the tiered hardship structure around the most common reasons families were historically applying for hardship assistance (unexpected income loss, medical circumstances that prevent work or decrease income from wages, and loss of family members with income). For families experiencing an unexpected income loss, AHFC saw that many simply needed a couple of months of relief to get back on their feet, but others had significant barriers to overcome to replace the lost income or just did not appear to be making an effort. Though it is always offered, AHFC did not want to force participation in Jumpstart (FSS) for those who were able to meet their own needs during the initial hardship period (90 days). AHFC wanted to focus their efforts for those families with barriers to replacing the income.<sup>57</sup>

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<sup>57</sup> Alaska Housing Finance Corporation. July. 2017. Email Communication with Amy Hiley.

AHFC's first cohort is entering their final year on the program. AHFC calculates market shelter burden based on the payment standard plus utilities and has determined that 75% of households will be shelter burdened over 50% upon exit. AHFC has not developed any program changes but is considering a two year extension to their time-limited program. After the two years, AHFC may consider continuing to "Step" the households up to paying a greater percentage of the rent until they are unsubsidized.<sup>58</sup>

### **10.3 The Housing Authority of the County of San Mateo (HACSM)**

In 2010, HACSM expanded and restructured its time limited program to a five year tiered subsidy program for all newly admitted households. Elderly/disabled households are subject to the time limit but may apply for a hardship each year to extend their rental assistance every year. All households are required to participate in FSS and elderly/disabled households are removed from the FSS contract after five years. Households are required to meet with a case worker at least once a year. HACSM targets at-risk households (unemployed, receiving welfare etc.) to meet with case workers once per quarter. Households that do not comply with mandates are reminded of their meeting obligations at 60 days, 6 months and 9 months. At 12 months of non-compliance the rental assistance is terminated. HACSM has not had to terminate assistance due to non-compliance.

Since 2013, HACSM has operated a hardship policy that essentially extends the five year time limit to seven years for work-able households. The hardship policy allows work-able households to extend their rental assistance for a maximum time period of two additional years. The hardship policy has specific criteria:

- Households enrolled in an educational or vocational activity certified by a case manager may apply for a one year hardship extension after five years. Households may only receive a one year extension and can only apply once.
- All households may apply for a "tight rental market hardship" if the following criteria are met: the San Mateo County vacancy rate is under 4%; the HACSM voucher utilization rate is under 95%; the household income is below 80% AMI; and the household agrees to participate in self-sufficiency activities. Households may receive a one year extension and can apply twice.
- Elderly/disabled households may apply for a one year hardship extension each year following five years of assistance with no limit on their extensions as long as they continue to meet program requirements.

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<sup>58</sup> Alaska Housing Finance Corporation. November. 2017. Email Communication with Mandi Manning.

- Sole caretakers of a disabled child may apply for a one year hardship extension each year following five years of assistance with no limit on their extensions as long as they continue to meet program requirements.

In 2015/16, 35 households exited the program due to self-sufficiency. In 2016/17 45 households exited. Due to data limitations HACSM does not track self-sufficiency outcomes based on cohorts of entry year so it is hard to qualify the annual program exits since households joined the program at different times.

#### **10.4 Charlotte Housing Authority (CHA)<sup>59</sup>**

Charlotte Housing Authority (CHA) is one a several housing authorities that implemented work requirements as an MTW activity. “Many PHAs couple work requirements with supportive services like job training, education assistance, and childcare and transportation subsidies to help residents obtain and maintain employment.”<sup>60</sup> CHA’s requirements mandate that heads of households at five sites are required to work at least 15 hours per week or face sanctions. For a portion of these households, CHA provides on-site case managers to assist households with meeting this requirement. Work related activities including job training, educational courses etc. can also fulfil the requirement. CHA was able to analyze and compare the outcomes of three populations: case management with no work requirements, case management and work requirements and a control group requiring neither. Results were mixed, case management alone did not result in increases in work, but case management with work requirements resulted in employment gains. Work requirements did not increase average incomes or the average number of hours worked. Employment gains were likely due to an increase in part-time work. Overall, CHA has found that work requirements have resulted in part-time employment gains but have not resulted in the kind of financial improvement that would lead households to exit the program.

Work requirements imposed under Temporary Assistance to Needy Families (TANF) showed that sanctioned families often had significant barriers to employment such as more children, less work experience and health issues. These households also experienced lower earnings and more hardship after leaving the program.

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<sup>59</sup> Rohe, William H, et al. Work Requirements in Public Housing: Impacts on Tenant Employment and Evictions. University of North Carolina at Chapel Hil. Center for Urban and Regional Studies. September 2015. <http://curs.unc.edu/files/2015/09/Work-Requirements-in-Public-Housing.pdf>.

<sup>60</sup> Rohe, William H, et al. Work Requirements in Public Housing: Impacts on Tenant Employment and Evictions. University of North Carolina at Chapel Hil. Center for Urban and Regional Studies. September 2015. <http://curs.unc.edu/files/2015/09/Work-Requirements-in-Public-Housing.pdf>.

## **11. STAFF CONSULTATION**

This analysis solicited feedback from THA staff, particularly Rental Assistance and Community Services staff members who have the most experience interfacing with HOP households at various points during their time on the program. Five years ago these team members were supportive of adopting a time limited program with the goal of providing assistance to more households. After reviewing outcomes from the initial cohort, staff has conflicting opinions about what they consider to be the successes and failures of the HOP.

### **11.1 The Fixed Subsidy**

Some staff questions the metric of shelter burden as a measure of success. “The fixed subsidy wasn’t designed to alleviate a higher shelter burden so why are we using that as a metric of success?” It was noted that oftentimes people living in units over the payment standards are those that complain about housing costs. Many staff members lament that the fixed subsidy is not enough. This opinion was echoed and repeated particularly for elderly/disabled households. Staff is concerned about the rent increases for elderly/disabled households. One staff member suggests that subsidies should increase as families grow (by birth). One staff member wants to know more about the demographics of HOP households who are unable to lease up. Several staff recommends removing the fixed subsidy for elderly/disabled households.

### **11.2 The Time Limits**

All staff recognizes and appreciates that the time limit was put into effect to give more households a turn. Staff is concerned about households who are not prepared to exit. Staff also highlights the “benefits cliff” and THA not doing enough to prepare households for self-sufficiency. Others strongly believe that THA is doing a lot to outreach to families, but that households do not engage. The five year time limit is perceived as arbitrary by many. Some staff questioned what outcomes we would expect after five years of assistance. “Most will fail and likely lean on other service providers in the community.” One staff member recommends simplifying and renaming the hardship policy because it is too hard to explain and understand.

### **11.3 Case Management**

Staff acknowledges that Community Services regularly reaches out to households but that most do not engage. Many staff indicates that the time between briefing and lease up is too long and households lose the enthusiasm for engaging with services and FSS. Staff agrees that mandates are controversial, but many think THA should experiment with some type of mandate to do better at improving self-sufficiency outcomes. Staff spent some time discussing the merits of an opt-out case management

approach. Many were in favor but some were concerned about the administrative burden that would fall on the community services team.

## **12. POSSIBLE PROGRAM CHANGES**

THA is considering a number of program changes. THA would not and could not make all of these changes. THA will use a public comment and consultation period to solicit comment about which changes it should make to the HOP program to make it more successful while still meeting the goals of the program. This list of possible program changes are just ideas and possibilities, meant to spur conversations about what changes THA should make.

### **12.1 Permit HOP Households With A Market Shelter Burden >50% To Apply For A One Year Extension (up to 3 times)**

The time limit allows THA to serve more unique households and encourages households to make strides toward self-sufficiency. The majority of HOP households in the final year of the program are not yet ready to exit. THA must consider whether to serve more unique households at the cost of exiting households who are not yet prepared to rent on their own in the private rental market.

THA should consider permitting those who will be extremely shelter burdened<sup>61</sup> without rental assistance to apply for a one year extension of rental assistance. Households should be permitted to reapply for a one year extension up to three (3) times. The maximum number of years of rental assistance provided on the HOP will be eight (8) years under this possible program change.

In order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families partner at least twice per year in their fourth and fifth year on the program. When granted an extension, households will be required to continue these meetings or they may not apply for an additional extension. In considering these possible program changes THA should carefully deliberate the following:

#### *12.1.1 Not Ready to Exit*

When THA developed the HOP in 2013 it identified two main purposes for the time limit: (i) it gives a turn at rental assistance faster to people on its waiting list and (ii) it gives work-able households a greater reason to increase earned income to be ready for the private rental market in five years. In 2013, THA recognized that the 5 year time limit might not be enough time for a household to earn enough income to comfortably pay the rent. This is true. Today, the average “market” shelter burden for the 59 households exiting the program in 2018 would be 68% (median=65%). Only

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<sup>61</sup> Extremely sheltered burdened households will pay greater than 50% of their income toward rent and utilities.

34% of households will have shelter burdens at or below 50% if they were to assume their contract rents.

#### *12.1.2 Arbitrary Time Limit Terms*

Among PHA's who have implemented time limits of varying lengths the reasoning behind many of the 3 to 7 year time limits has more to do with aligning with TANF or with the agency's MTW contract rather than a study of self-sufficiency outcomes.<sup>62</sup> THA is unable to identify research that quantifies the amount of time it may take for a household to achieve some measure self-sufficiency while receiving rental assistance. The best metric THA has is the average tenure on the HCV program prior to the HOP; this was 8.1 years.<sup>63</sup>

Five years may be arbitrary but it provides for turnover, giving other needy households their turn at receiving rental assistance. Any potential extension of the time limit must acknowledge the impact on those who have not been served. An extension of the time limit will increase wait times for those households. THA recommends permitting "not ready to exit" households to apply for a maximum of three one year extensions beyond the five year term.

#### *12.1.3 A Lack of Data & Monitoring*

Without implementing metrics for program participant success, THA has been unable to track the progress of households on an annual basis. THA has resorted to reporting on outcomes late in its program administration. Identifying clear metrics earlier on in the program's administration would have assisted THA in identifying at-risk households and developing improved mechanisms for capturing data. This is further explored in section twelve.

#### *12.1.4 Positive Impacts Of Permitting An Extension Of Rental Assistance:*

- THA will not exit households who will be extremely market shelter burdened.
- Permitting an extension gives households more time to earn income and work toward self-sufficiency.

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<sup>62</sup> Applied Real Estate Analysis, Inc., and The Urban Institute. "The Experiences of Public Housing Agencies That Established Time Limits Policies Under the MTW Demonstration." May 2007  
<https://www.urban.org/sites/default/files/publication/31876/411701-The-Experiences-of-Public-Housing-Agencies-That-Established-Time-Limits-Policies-Under-the-MTW-Demonstration.PDF>

<sup>63</sup> "Housing Opportunity Program (HOP) Policy Decisions" Memo. January 2013.

- THA (and other PHA's) five year time limits are not based on social science research identifying self-sufficiency outcomes expected within a five year time period.
- Permitting an extension will not hurt utilization, at a time when THA's utilization numbers are falling. Permitting an extension could potentially help maintain utilization by preventing an influx of shopping vouchers.
- Permitting an extension will not impact THA's ability to serve substantially the same number of people. The fixed subsidy affords THA the ability to continue to serve more households by "thinning the soup."
- Permitting an extension will not increase HAP costs.
- Permitting an extension will not impact landlords. Permitting an extension may cause landlords to be less reluctant to rent to HOP households.

*12.1.5 Negative Impacts Of Permitting An Extension:*

- Permitting an extension will impact THA's ability to serve new households.
- Permitting an extension will increase the amount of time a household spends on the waitlist.
- Permitting an extension may be a disincentive for work-able households to increase their earned income and exit the program.

*12.1.6 Incentivize Case Management*

Very few HOP households engage with case workers or enroll in FSS.

THA recommends that in order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families partner at least twice per year in their fourth and fifth year on the program.

When granted an extension, households will be required to meet with a THA caseworker or designated THA partner at least twice per year or they may not apply for an additional extension. Community Services can use this requirement as a "carrot" to entice participants to engage with case management and conduct a Bridge<sup>64</sup> assessment if one has yet to be completed. To support this requirement, consider remote case management technologies and extending the hours of THA caseworkers (depending on

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<sup>64</sup> EMPATH's Bridge to Self-Sufficiency® is a theory of change that takes a comprehensive, multi-faceted approach to fostering economic mobility. The theory describes a person's advancement from poverty to economic self-sufficiency as a journey across a bridge supported by five critical pillars—family stability, well-being, education and training, financial management, and employment and career management. To successfully cross this bridge and reach economic self-sufficiency, the traveler must attain explicitly defined objectives in each of these five areas.

demand). Over 70% of work-able households are wage earners and 80% have children under the age of 18.

#### 12.1.7 *Monitoring & Compliance*

If a HOP household meets the shelter burden criteria for an extension of rental assistance but has not engaged with services in year four and five, the household will not be granted an extension of their rental assistance. THA can justify the denial of an extension of rental assistance for three reasons. First, the household joined a time limited program. Second, the household refused the opportunity to be housed in a portfolio unit and third, the household did not engage with community services.

**Possible program change:** Permit extremely market shelter burdened HOP households to apply for a one year extension if they have engaged with THA or a designated partner in their final years on the program. Offer an income based subsidy and a THA portfolio unit to struggling households through their third year on the program.

#### 12.2 **Revise The Interim Hardship Policy**<sup>65</sup>

If possible program change one (an opportunity for three 1-year extensions of rental assistance) is not implemented, the Hardship Policy should be revised. An interim hardship policy was devised in August of 2017. The evaluation of hardship applications and feedback from households to date suggest that further revision is necessary.

**Possible program change:** THA should simplify the hardship language to make it easier to understand and should permit households who are engaged in a “qualifying self-sufficiency activity” that will not be completed within 1 year to apply for a one year hardship extension of their rental assistance. The existing policy does not permit a hardship extension for households engaged in self-sufficiency activities that may take more than one year to complete.

#### 12.3 **Offer an Income Based Subsidy and a THA Portfolio Unit to At-Risk Households**

Recent changes to the waitlist permit new admissions to choose between a HOP voucher and an income based subsidy in one of THA’s portfolio<sup>66</sup> units.

**Possible program change:** For new admissions that chose a HOP voucher instead of a portfolio unit, THA should monitor and identify households who are projected to be extremely shelter burdened and re-offer them the opportunity to be housed in a portfolio

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<sup>65</sup> This possible program change should only be implemented if there is no adjustment to the time limit. If the time limit is adjusted to 5-8 years, this possible program change is not applicable.

<sup>66</sup> Portfolio refers to properties that THA owns.

unit through their third year on the program. THA should do so with existing households as well.

#### **12.4 Expand The Definition Of A Successful Program Exit To Include A “Ready To Exit Benchmark” Of <50% Shelter Burden Post Subsidy**

THA has no metric for a successful program exit aside from a household achieving an income at or above 80% of AMI. If a household’s income rises to 80% of AMI, THA considers the family a success and transitions them off the program. HUD has set a standard that a household should pay no more than 30% of their income toward rent. Unfortunately, in increasingly competitive housing markets, 50% is the new 30%. In a recent report, HUD acknowledged that the number of HCV assisted households remained flat 2013-2015, but the number of shelter burdened households increased by over 50%.<sup>67</sup> In 2015, over a quarter of Tacomans were paying over 50% of their income toward rent and utilities.

THA should develop an additional metric of success for households who do not achieve 80% AMI. Achieving 80% AMI could be considered “model success.” A second definition, “ready to exit,” might be measured by a household’s market shelter burden. Based on the shelter burdens of the average Tacoman and similar metrics adopted by the Alaska Housing Finance Corporation (AHFC) it may be amenable to define “ready to exit” as a household with a market shelter burden under 50%. Several years ago, the Delaware State Housing Authority adopted a 40% shelter burden metric as a measure of self-sufficiency.

A shelter burden of 50% is considered to be at the upper boundary of a 'moderately burdened' household according to "State of the Nation's Housing 2016" by Harvard University's Joint Center for Housing Studies (JCHS). According to JCHS, more than a 1/3 of all U.S. households were either moderately or severely rent burdened in 2014. HOP households with a shelter burden between 30 and 50% may not be the model of success, but they will be better off than one quarter of Tacomans. If adopted, this “ready to exit” metric should be revisited as the housing market changes.

**Possible program change:** Adopt a <50% market shelter burden benchmark for “ready to exit.” Shelter burdens should be calculated as monthly income/monthly rent + utilities. Monthly rent and utilities should be calculated using the payment standard that aligns with the household’s voucher size.

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<sup>67</sup> *Rent Burden in the Housing Choice Voucher Program*. U.S. Department of Housing and Urban Development Office of Policy Development and Research. October 2017. <https://www.huduser.gov/portal/sites/default/files/pdf/Rent-Burden-HCV.pdf>

## 12.5 Revisit The Policy Regarding Households That May Transition To Work-Able

If an elderly/disabled household adds a work-able member to their household or if a minor in that household turns 18, the household immediately becomes work-able. The time limits for that household reverts back to the date the household was admitted to the program. If the household has been on the program longer than five years they would receive a 90 day notification.

One troubling aspect of this policy relates to the educational aspirations of children living in elderly/disabled households. 14% of elderly/disabled households have children under the age of 18 and 7% of elderly/disabled households contain children between the ages of 13 and 17. A high school aged student turning 18 would immediately change the household's status to work-able. If this person decided to attend college, under the current program policy they would need to move out or jeopardize the household's rental assistance. Ironically, this person could then potentially qualify for THA's College Housing Assistance Program (CHAP) program. This is wrong and contradicts THA's strategic objectives.

THA should consider exempting households from transitioning to work-able if a child who turns 18 is pursuing an education or a self-sufficiency activity. Tracking this may become administratively burdensome. Alternatively, THA could consider beginning the clock on the five year time limit when a work-able person joins the household; this gives all work-able household members a five year term.

**Possible program change:** THA should exempt households from transitioning to work-able if a child who turns 18 is pursuing an education or a self-sufficiency activity. Tracking this may become administratively burdensome. Alternatively, THA could begin the clock on the five year time limit when a work-able person joins the household; this gives all work-able household members a five year term.

Regardless of whether THA changes the current policy it is recommended that Rental Assistance improve communication with households regarding their time limited status. Presently, there is no mechanism in place to flag a household or alert a housing specialist that a child has become work-able. It is not adequate to wait until this household completes an annual certification. Because a household's work-able status in the system will automatically changes, the household may appear in work-able reports. Appearing in these reports will result in the household receiving notifications from Community Services about job training or worse, how much time they have remaining on the program.

**Possible program change:** THA should communicate with households immediately if there are changes to their time limited status to avoid confusion and distress.

## **12.6 Expand HOP's Elderly/Disabled Criteria To Include TANF Recipients Whom DSHS Has Determined Are Exempt From WorkFirst Participation**

THA defines an elderly/disabled household as one where all adult members of the household are 57 years of age or older at the time of admission or all adult members' income comes from a source that qualifies them as being a senior or disabled. By doing this, THA relies on the designation of agencies with more expertise in determining the household's disability status. Households in the process of applying for disability or appealing a decision are considered work-able.

The Northwest Justice Project (NJP) and staff have expressed concerns that some households considered to be work-able may not truly be work-able. NJP recommends that THA expand its elderly/disabled criteria to include TANF recipients whom DSHS has determined are exempt from WorkFirst participation.

THA recommends expanding its definition to include any of the reasons listed in WAC 388-301-0350.<sup>68</sup> The approved exemptions are further defined in the WAC and include: an adult (55+) caretaker relative providing kinship care for a child, an adult with a documentable severe and chronic disability, an adult required in the home to care for a child with special needs and an adult required to be in the home to care for another adult with disabilities.

**Possible program change:** Consider the NJP recommendation described in section nine. NJP recommends that THA expand its elderly/disabled criteria to include TANF recipients whom DSHS has determined are exempt from WorkFirst participation for any of the reasons listed in WAC 388-301-0350.<sup>69</sup>

## **12.7 Consider an Income Based Subsidy For Elderly/Disabled Households**

HOP elderly/disabled households are much more likely to be extremely shelter burdened when compared to HCV participants. The average shelter burden for HOP elderly/disabled households is 45%. This is 9% greater than HCV households and 4% greater than HCV households admitted in 2012. When examining for extreme shelter burden (>50%), 45% of elderly/disabled HOP households currently pay over 50% of their income toward rent. Only 15% of HCV households pay over 50% of their income toward rent and 21% of HCV households admitted in 2012. Shelter burdens for elderly/disabled HOP households continue to trend up. The average shelter burden for the 2017 cohort jumped to 58%, up 13% over 2016 admits. These households are more likely to be on a fixed income and have fewer options to address increasing housing costs in a hot rental market.

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<sup>68</sup> *WorkFirst – Other Exemptions From Mandatory Participation*. Washington State Legislature. WAC 388-310-0350. <http://app.leg.wa.gov/wac/default.aspx?cite=388-310-0350>.

<sup>69</sup> *WorkFirst – Other Exemptions From Mandatory Participation*. Washington State Legislature. WAC 388-310-0350. <http://app.leg.wa.gov/wac/default.aspx?cite=388-310-0350>.

THA should consider offering elderly/disabled households an income based subsidy. The annual additional HAP costs associated with this change are estimated to be \$326,000.<sup>70</sup> This increased cost represents 54 HOP households that could be served annually with a fixed subsidy.

**Possible program change:** THA should offer elderly/disabled households an income based subsidy. The annual additional HAP costs associated with this change are estimated to be \$326,000. The increased cost represents 54 HOP households that could be served annually with a fixed subsidy.

## **12.8 Require Supportive Services And Engagement With The Center For Strong Families (CSF)**

The Community Services team has struggled to engage HOP households with case management. This possible program change suggests that new admissions to the HOP should be required to engage in a minimum level of case management. At admission, families would sign a participation agreement similar to the Elementary Housing Assistance Program. This agreement would stipulate that the household's rental assistance is contingent on their engagement with the CSF. Feedback from other public housing authorities experimenting with mandates has been mixed (see section 10.4).

The CSFs focus on improving the financial bottom line for low- to moderate-income families and helping people in a way that encourages a long-term commitment to increasing income, decreasing expenses, building credit and acquiring assets. The CSFs provide on-site employment services, financial coaching and income supports (public benefits, tax credits etc.).

### *12.8.1 Advantages Of Requiring Supportive Services*

- THA and its partners will closely monitor the progress of program participants
- THA will identify struggling households earlier on
- THA can study the impact of mandatory case management on self-sufficiency outcomes (income progression, educational attainment etc.)
- CSF may be equip to provide case management for HOP households

### *12.8.2 Disadvantages Of Requiring Supportive Services*

- THA lacks the staffing and capacity to conduct case management for all work-able HOP households (300). THA also lacks the administrative capacity to monitor each household's engagement with supportive services.

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<sup>70</sup> This calculation does not include the cost of utility allowances.

- If HOP is expanded to all work-able HCV participants, THA also lacks the staffing and capacity to conduct case management for 1200 work-able households. THA lacks the administrative capacity to monitor each household's engagement with supportive services.
- If CSF is able to monitor the engagement of THA families, a strong data sharing agreement and relationship with various CSF locations may become administratively burdensome when THA must make decisions about program compliance.
- THA must clearly define "engagement" in order to evaluate a household's engagement with supportive services. It will be difficult to develop a one size fits all definition of engagement, particularly for households on either end of the Bridge Assessment. Without a one size fits all definition, it would be hard to justify terminating households for non-compliance. A lack of a clear definition raises the potential for unequal application of the policy.
- THA will terminate households for not complying with mandates.
- THA lacks internal data to prove that increased or mandated case management improves participant outcomes.
- There are no high performing Public Housing Authorities that have demonstrated evidence that mandating supportive services leads to improved outcomes for program participants.

**Possible program change:** THA should evaluate the capacity of the Community Services Team and the CSF and consider requiring engagement with case management.

## **12.9 Develop a HOP Communications Plan**

Clear and consistent guidelines should be developed for communicating with participants, landlords and the general public about the HOP. Currently, Rental Assistance and Community Services communicate separately with HOP households. These points of communication should be streamlined and must be easy to understand and administer. The end of participation communication process with participants and landlords should be automated to reduce the opportunity for error. Components of this plan should address engaging waitlist households in a ready to rent program and engaging existing participants with FSS/caseworkers. This communication plan should also address how to present the HOP to the media as THA begins to exit households off the program.

**Possible program change:** THA should consider developing communication guidelines for HOP participants, HOP landlords and for the general public.

## **12.10 Improve Data Collection**

THA should expand participant data collection to capture and improve metrics for educational attainment, full & part-time employment, year five income and self-sufficiency related gains, early exits, shared housing households, race demographics and voucher utilization.

A lack of data regarding educational achievement makes it difficult for THA to identify if households are using their time on the program to advance their education. Additionally, THA obtains wage data for households but is unable to determine if the wages are derived from full or part time employment. Without a final certification, THA has no way to capture the progress of time limited households in the final year of the program. Similarly, THA has no way to capture the progress of early exits and the relevant reasons for their exit. Finally, THA has an opportunity to improve its tracking of households searching for housing (shoppers) and voucher utilization and should track shared housing voucher utilization separately.

### *12.10.1 Track Educational Outcomes*

Currently, THA can only track educational outcomes for households participating in the FSS program. Only 10% of HOP households participate in that program. A lack of access to data surrounding educational achievement makes it difficult for THA to identify if households are using their time on the program to advance their education.

**Possible program change:** Request educational attainment information from participants by adding a field to the annual review form.

### *12.10.2 Track Full Time & Part Time Employment*

Currently, THA obtains wage data for households but is unable to determine if the wages are derived from full or part time employment.

**Possible program change:** Request that participants designate if wage income is from full or part time employment by adding a field to the annual review form.

### *12.10.3 Track Year 5 Gains*

Without an annual certification in year five, THA has no way to capture the progress of time limited households in the final year of the program.

**Possible program change:** Conduct exit interviews and/or require the completion of a program exit annual review.

#### *12.10.4 Track Early Exits*

Without an annual certification THA has no way to capture the progress of early exits and the reasons for their exit.

**Possible program change:** Conduct exit interviews and/or require the completion of a program exit annual review.

#### *12.10.5 Identify & Track Shared Housing Households*

The HOP permits households to use their voucher in shared housing situations. THA has no method of easily identifying these households without drilling down to the lease. It is critical to identify these households because if their shelter burdens are calculated with the entire HOP population they will skew the data. THA is unable to calculate shelter burden for a shared housing tenant's portion of the shared rent, therefore these shelter burdens should not be considered with households who are not in shared housing. It is also important to track the number of households living in shared housing situations.

**Possible program change:** Add a field to identify home sharing households in OpenDoor.

#### *12.10.6 Track Shopping Households & Voucher Utilization*

Due to data limitations including instances when the same voucher number was reissued to new households it is difficult to obtain a clear picture of historical voucher utilization statistics.

**Possible program change:** THA should track voucher issue date, the number of extensions, the reason for the extension and the reason the voucher expired. THA should generate monthly reports of "the unhoused." These reports should identify the household size, race and income of those unable to utilize a voucher. These households should be monitored for disparate impacts.

#### *12.10.7 Capture Race Data*

Revisit how THA inquiries about race and ethnicity on the HOP application.

**Possible program change:** Develop optional questions in a way that encourages a response.

**12.11 Create A Mechanism For Bi-Annual Data Reporting On Key Metrics For HOP Households. Automate This Reporting In OpenDoor And Memorialize Historical Data**

**Possible program change:** Conduct twice a year reporting on HOP households for key metrics. These metrics should include progression of income, wages, welfare, employment, educational attainment, shelter burden and contract rents.

**12.12 Consider Limiting a Household’s Ability to Reapply to the HOP**

There are no specific policies regarding the ability to reapply for assistance on the HOP once a household has exited the program. THA should create reapplication criteria in order to serve more unique households. The language in Administrative Plan in Chapter 5, Section 2E discusses the expiration of a voucher, but it is written in the context of the expiration of a shopping voucher. Under that section of the Administrative Plan, a household is permitted to reapply to the program when the voucher expires.

**Possible program change:** Limit reenrollment options in order to serve more unique households.

**12.13 Prepare Waitlisted Households To Be “Ready to Rent”**

HOP households are struggling to secure housing in the private rental market. A number of households expressed frustration about not knowing where to look for housing and being overwhelmed with the process. THA’s Landlord Advisory Committee expressed strong interest in supporting a “ready to rent” program. These landlords suggested that participants graduating from a ready to rent program would be more appealing tenants.

**Possible program change:** Consider a ready to rent program for individuals approaching the top of the waitlist. Efforts to educate clients about successful lease-up habits can be tested to improve client outcomes and increase voucher utilization.

**12.14 Strengthen Relationships with Landlords**

To attract new landlords, to solicit existing landlord engagement and to educate landlords about the HOP, THA should improve landlord engagement. HOP landlords were much more willing to communicate with THA about the HOP when compared to program participants. THA received feedback that landlords appreciated receiving THA’s Community Report (new as of 2017). THA is underutilizing landlords as a resource and has an opportunity improve engagement and outreach.

**Possible program change:** Develop methods to engage landlords in program design and solicit new landlords.

#### **12.15 Adopt A Data Driven Approach To Community Services Outreach To At-Risk And End Of Participation Households**

Other Housing Authorities conduct strategic outreach to at-risk program participants. THA began to explore expanding the targeted outreach conducted by the Community Services team in the development of the Interim Hardship Policy. THA has experienced an increase in engagement with HOP households as a result of implementing these changes.

**Possible program change:** THA should consider developing a limited number of straightforward metrics for data driven targeted outreach. Recommended metrics include households with no wages, households who are currently over 50% shelter burdened and households in their 4th and 5th year who will be over 50% market shelter burdened. THA should invite all households in their final year on the program to an end of participation meeting to prepare for life after rental assistance.

#### **12.16 Monitor The Impact of Exiting Households On Voucher Utilization**

THA will need to closely monitor the exit process. THA should consider over issuing vouchers in advance of months when there will be a large number of HOP households exiting the program. THA recently lowered its voucher utilization targets for 2018 to 95%. Exiting HOP households means that currently housed vouchers will be replaced with shopping vouchers at a time when 33% of HOP families turn vouchers back in unused.

**Possible program change:** THA should consider over issuing vouchers in advance of months when there will be a large number of HOP households exiting the program.

#### **12.17 Clarify The End of Participation Date**

THA developed HOP as a five year time limited program but did not define five years. Currently, when a household enters the HOP, the voucher expiration date is the household's date of admission plus five years (4/17/2013 admit date = 4/17/2018 voucher expiration date). THA has not developed guidelines defining when the final HAP payment will be made. If a household joined the program on 4/17/2013, it is currently unclear if their final HAP payment will be made on 4/1/2018 or 5/1/2018.

THA should consider issuing the final HAP payment for the HOP on the first of the month five years after the household was first admitted to the program. In the example, the last payment would be on 4/1/2018. Households admitted to the program at the earlier end of a month will receive slightly over five years of assistance. More

importantly, households admitted toward the end of a month will not receive rental assistance short of five years.

**Possible program change:** THA should consider revising the language used when referring to the end of a HOP program term. THA should refer to the end date as the final housing assistance payment date. This will reduce confusion.

### **12.18 Examine Long-Term HCV Households**

Analysis revealed that 70% of HCV households have been on the program for at least 10 years and 35% have been on the program for 15+ years. At the current rate of natural transition off the program housing assistance for HCV households will end in nine years.

**Possible program change:** Further analysis is required to understand the characteristics of this population and to examine the impact of a potential fixed subsidy on these households. 60% of these households are elderly/disabled.

### **12.19 Consider Extending the Fixed-Subsidy and Time Limits of the HOP Program to the HCV Participation**

At the current rate of “natural” transition of served households from HCV to HOP, the transition will be complete in nine years. Focused solely on work-able households, the transition will take ten years. Consider extending the fixed-subsidy and time limits of the HOP to the HCV participants now.

#### *12.19.1 The advantages of doing so include:*

- It would expand the numbers of households served in two ways. **First**, it would continue to save money and allow THA to serve five HOP families for every four HCV families. Once the HCV population is fully transitioned to HOP it would allow THA to serve an additional 481 families.<sup>71</sup> If all elderly/disabled households receive an income based subsidy<sup>72</sup> and work-able households receive a fixed subsidy (possible program change 6), the transition of HCV households to HOP would serve an additional 117 families. **Second**, the five year time limit will turn over the housing assistance from one set of work-able households who have benefited from it for at least five years to other households, who are just as needy, waiting their turn.
- It would unify THA’s mainline rental assistance programs from two to one.

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<sup>71</sup> An additional 481 families would be served if all families received a fixed subsidy.

<sup>72</sup> Including HOP elderly/disabled households currently on a fixed subsidy

- The HOP program is easier than the HCV program for landlords and tenants to understand and for THA to administer.
- If HOP does have the effect of spurring work-able households to strive, we should extend this effect to the HCV participants. This effect may become more pronounced with other recommended HOP changes that would more fully and directly engage work-able households in support services to help them increase their earned income.

*12.19.2 The disadvantages of extending HOP to the HCV population include:*

- It would increase the rent burden on families who do not increase their earned income.
- It would end the assistance for work-able families, after generous extensions, whether or not they are ready to return back to the private unsubsidized rental market.

Some of the other possible program changes in this report will mitigate the effects on some of these advantages.

*12.19.3 Options For Extending HOP to the HCV population: Time Limits*

Extending the HOP time limits to work-able HCV households can occur on one of the following schedules:

- THA can apply the time limits to all work-able HCV households starting at zero, as if they were newly joining the HOP program. Their prior years on the HCV won't count.
- In applying the time limits to all work-able HCV households, count their years on the HCV program. This would mean that such families that have been on the program for 5 years would lose their assistance after a reasonable notice period, perhaps extending at least to the end of a current lease and subject to the normal HOP hardship extensions.

*12.19.4 Extending HOP to the HCV population: Fixed Subsidy*

- Begin the fixed-subsidy for all HCV families after a reasonable notice period, perhaps extending at least to the end of a current lease
- If a fixed-subsidy would mean a decrease in rental assistance, allow for an extension of the income based subsidy for the same time period and on the same terms as the hardship policy allows for time limit extension. No such extensions would be necessary for cases where a fixed-subsidy would increase the rental assistance.



# TACOMA HOUSING AUTHORITY

## THA is Considering Some Changes to Its Housing Opportunity Program (HOP): THA Seeks Public Comment January 16, 2018

The Tacoma Housing Authority (THA) is reviewing its new rental assistance program that it began in 2013. The program is called the Housing Opportunity Program (also known as HOP). For newly assisted households, HOP replaced the Section 8 Housing Choice Voucher Program (HCV). HOP differs from the HCV program in two main ways:

- **Fixed Subsidy**  
The HCV rental subsidy amount depends on the household income. The lower the income the more the subsidy. The greater the income, the lower the subsidy. In contrast, the HOP subsidy is fixed. It depends on family size and not family income. In most cases, HOP subsidies are lower than HCV subsidies.
- **5 Year Time Limit for Work-Able Households**  
The HCV has no time limit. It lasts as long as a household remains eligible and as long as THA's funding holds out. In contrast, HOP imposes a 5-year time limit on all households with a work-able adult. HOP offers these households supportive services to help them increase earned income. HOP extends the subsidy beyond 5 years in two situations. **First**, to meet an unexpected hardship, it offers up to 3 more months of subsidy. **Second**, it offers up to a 1-year extension if the household enrolls in a qualified program to increase earned income. The time limit does not apply to seniors or disabled participants.

THA created HOP to serve three main purposes:

- to give work-able people a greater incentive to increase their earned income and to help them do that;
- to serve more households and to give other needy families their turn at the rental assistance;
- to make the program easier to explain, understand and administer, and to make it less intrusive.

Two reasons make this a good time for THA to review the HOP program and how it is serving these purposes:

- The first of the HOP 5-year time limits are expiring in April 2018.
- Tacoma has a very different rental market than in 2013. Rents are rising quickly. Vacancy rates are falling. Wages are not keeping up. More and more people need help paying the rent. Yet, THA's resources have remained flat.

It remains clear that THA will not have enough resources to meet more than a small fraction of the City's need. THA must continue to make hard choices about who to serve and who will get nothing. Any choice will still leave most needy households unserved. HOP, and THA's review of HOP, is THA's effort to make those hard choices in a reasonable way.

At its February 28<sup>th</sup> meeting, THA's Board of Commissioners will consider some changes to HOP. To help it decide, THA analyzed the HOP program to date. Its report is available at <https://www.tacomahousing.net/news-updates/articles/proposed-changes-housing-opportunity-program>. That report lists some possible changes for the Board to consider. They also show below. In writing this report, THA consulted with program households, participating landlords, community partners, public officials, and other housing authorities that face the same brutal challenge of increasing need and flat resources. THA has also consulted available research.

**The 30-day comment period begins on  
January 16, 2018 (8:00 a.m.)  
and ends  
February 15, 2018 (5:00 p.m.)**

**TWO PUBLIC MEETINGS Will Be Held**  
**February 5th**  
**11:30 AM Bay Terrace – 2550 S G. Street, Tacoma 98405**  
**6:00 PM Tacoma Housing Authority – 902 S. L Street, Tacoma 98405**

THA always welcomes more advice to help us make these hard choices. You can mail, email, or call in comments and questions to the contact information listed below: Aley Thompson

902 S. L Street  
Tacoma, WA 98405  
THA Project Manager  
(253) 274-5587  
[athompson@tacomahousing.org](mailto:athompson@tacomahousing.org)

**1. THE INCREASING NEED IN TACOMA FOR HOUSING ASSISTANCE;  
THA’S LIMITED RESOURCES TO MEET THE NEED**

The City of Tacoma faces a worsening shortage of housing affordable to a growing segment of its residents. This unmet need shows in various ways. At the same time, THA’s resources to meet the need have remained flat. THA judges that for the foreseeable future the need will continue to grow and its resources will remain flat. Here are four main ways to understand the need and the limits on THA’s resources:

**1.1 Homelessness**

- On May 9, 2017, the City Council of Tacoma declared a public health emergency arising from the extent of homelessness in the City. See Ordinance 28430. In support of that declaration the Council found, among other facts, a growing number of homeless individuals, homeless families and homeless unaccompanied youth:

“WHEREAS point in time counts conducted in the greater Tacoma and Pierce County area have identified 1,997 homeless persons in year 2012; 1,303 in year 2013; 1,474 in year 2014; 1,283 in year 2015; 1,762 in year 2016; and 1,321 in year 2017, and

“WHEREAS, despite the improving economy, on any given night in Tacoma approximately 500 people, including families and unaccompanied youth, can be found sleeping in parks, cars, and abandoned buildings, on streets and wooded areas, under highway overpasses, and in other places not meant for human habitation, and

“WHEREAS, of the 1,321 homeless persons counted in the point in time count for 2017, 21 percent were identified as chronically homeless, 14 percent were households with children, 39 percent were female, 14 percent were victims of domestic violence, 6 percent were unaccompanied youth and young adults, 10 percent were veterans, and 41 percent were people of color, and

“WHEREAS, in years 2015-2016, the unsheltered population in the greater Tacoma area increased by 46 percent and since 2010, the unsheltered homeless population had increased by 192 percent, with more individuals, families and unaccompanied youth living in places not fit for human habitation, and

“WHEREAS the supply of available temporary and permanent support housing for unsheltered persons residing in Tacoma is inadequate to meet demand, resulting in long lines for emergency shelters (the wait list for some shelters is as high as 100 people per night), a lack of other housing interventions, and long waits for temporary, permanent or supportive housing, leading to an increased number of unsheltered households, and

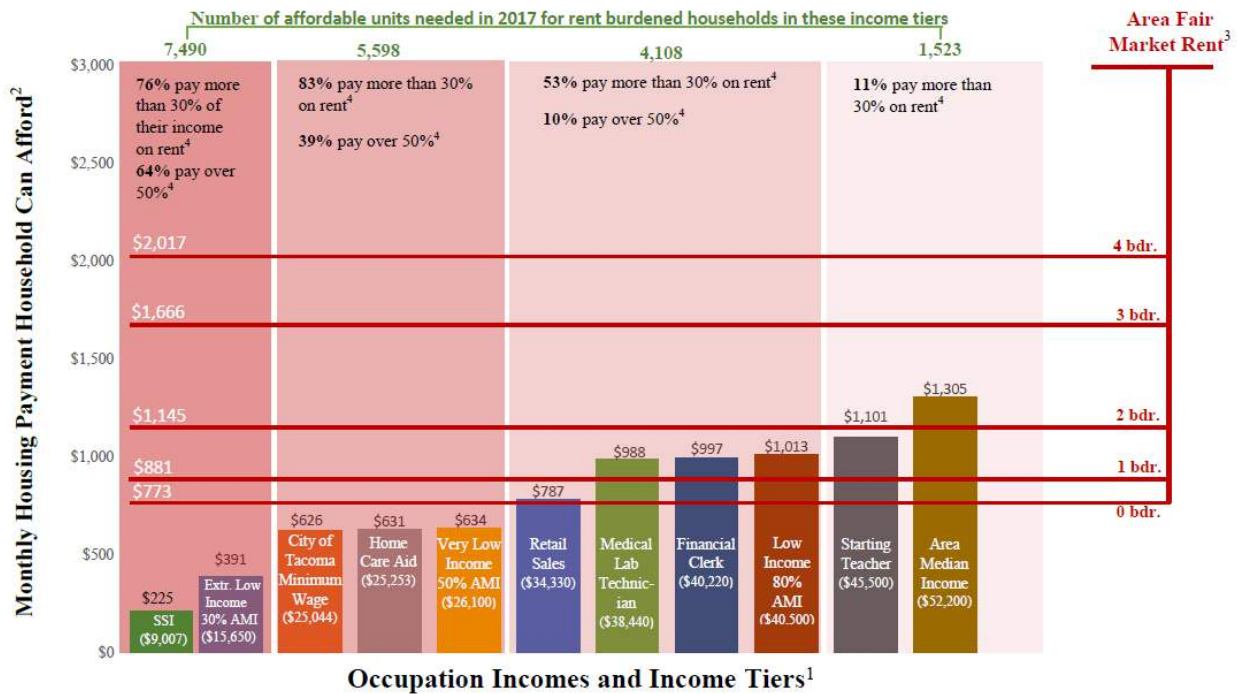
“WHEREAS, on any given night, over 50 homeless encampments can be found in Tacoma, some of which may be occupied by 100 or more persons, . . .”

- In 2018, the Tacoma Public School District reported 1,335 homeless enrolled schoolchildren. This school counts uses a broader definition of homeless than the City Council used. The school definition derives from federal law. It includes not only people sleeping outside, in cars or shelter but also those who doubled or tripled up with others. This count is a 21% increase from 2013. Throughout the State of Washington, the number of homeless enrolled schoolchildren grew by 90% from 20,780 to 39,671. See Office of the Superintendent of Public Instruction. <http://www.k12.wa.us/HomelessEd/Data.aspx>

## 1.2 Rent Burden

The shortage of affordable housing reaches deep into Tacoma’s working population. Increasing numbers of Tacoma families cannot afford the rent they pay. The customary definition of housing affordability would not require more than 30% of a modest income for rent and utilities. A quarter of Tacoma households are paying more than 50%. Rents in Tacoma are rising quickly. Its market shows a mismatch between rents and wages.

**City of Tacoma’s Estimated Rent Burden-Housing Need by Income: 2017**



Tacoma’s rental market requires a full-time hourly wage of \$21.96 to afford a modest two-bedroom apartment. See Out of Reach, page 252 (National Low Income Housing Coalition 2017) ([http://nlihc.org/sites/default/files/oor/OOR\\_2017.pdf](http://nlihc.org/sites/default/files/oor/OOR_2017.pdf)). In contrast, for example, Tacoma’s minimum hourly wage is \$12.

## 1.3 THA’s Wait List

THA last opened its wait list for a HOP voucher in 2015. It invited applications for 10 days. In that time, it received over 12,000 applications. From that number it randomly chose 1,200 for the wait list. There is no way to distinguish by any factor that should matter between those lucky few who got on the wait list and those who did not. They are the same by income, family composition, age, race, ethnicity, national origin, ability and disability. THA judges that only two factors distinguish those it serves and those who get nothing from THA: luck, and savvy to negotiate the application process.

#### 1.4 THA's Flat Funding and Increasing Costs

THA funds its rental assistance programs, including HOP, with federal allocations from the U.S. Department of Housing and Urban Development (HUD). The amount depends on Congressional appropriations. This amount has been flat for the past several years. THA judges that it will remain flat for the foreseeable future.

At the same time, THA's rental costs have been rising. As Tacoma's rental market increases, THA has tried to keep up by increasing what it pays in rent on behalf of HCV and HOP families. THA has increased the total amount it pays in rental subsidies by an accumulating additional \$600,000 per year for the past three years. THA judges that these costs will continue to increase for the foreseeable future. This increase is not sustainable. The arithmetic does not allow us to serve the same number of families at increasing costs with the same amount of funding.

## 2. HOP PROGRAM: WHAT IT SEEKS TO DO; SOME OUTCOMES TO DATE

HOP's fixed subsidy and time limits serve three main purposes. Results to date are mixed. The details show in the full report. Here are some highlights:

### 2.1 Purpose No. 1: Give People Incentives to Increase Their Earned Income and Help Them Do That

THA seeks to spur people to increase their earned income and to reward them when they do. THA sought to do this in two ways. **First**, the fixed-subsidy removes the HCV disincentive to work. Under the HCV rules, a household's share of the rent increases if its earned income increases. In this way, the household would lose about a third of any increase in wages. This is a disincentive to work. The HOP fixed-subsidy removes this disincentive. It allows a household to keep all of any increase in wages. **Second**, the HOP 5-year time limit gives households a reason to strive because they know they will be returning to the unsubsidized rental market. They will need to be ready to pay the full rent. THA offers them enhanced supportive services to help them get ready.

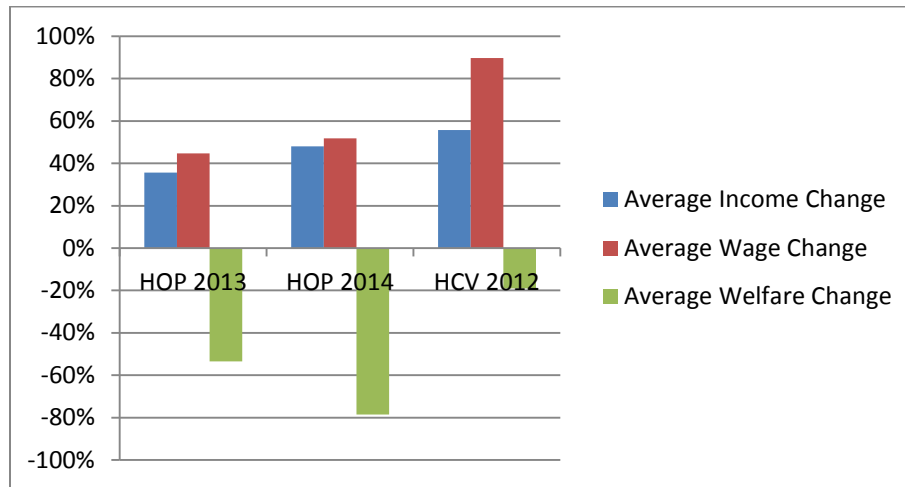
The outcomes to date are mixed. In general, HOP families have notably increased their earned income and reduced their dependence on public assistance. The percentage of HOP families with an earned income increased from 67% at admission to 83%. HCV families have progressed even more, although on average they started with a lower income at admission. Senior or disabled households have received increases in their fixed incomes from Social Security, SSI and other programs. However, none of these increases in earnings or program income kept pace with Tacoma's rising rental market. As a result, HOP households bear an increasing rent burden. In general, work-able HOP families are not ready for the private rental market when their 5-year terms expire. When that happens, on average, they will pay more than 50% of their income in rent and utilities.

- *Notable Wage Progression and Reduced Dependency on Public Assistance*

**Table 1: Wage Progression Work-Able Households**

| Work-able Households (Admission Year) | Wages At Admission | Wages 2017 | Wage Change |
|---------------------------------------|--------------------|------------|-------------|
| HOP (2013)                            | \$ 11,827          | \$ 17,109  | 45%         |
| HOP (2014)                            | \$ 12,074          | \$ 18,330  | 52%         |
| HCV (2012)                            | \$ 8,734           | \$ 16,564  | 90%         |

**Table 2: Income Progression Work-able HOP vs. Work-able Housing Choice Voucher (HCV)**



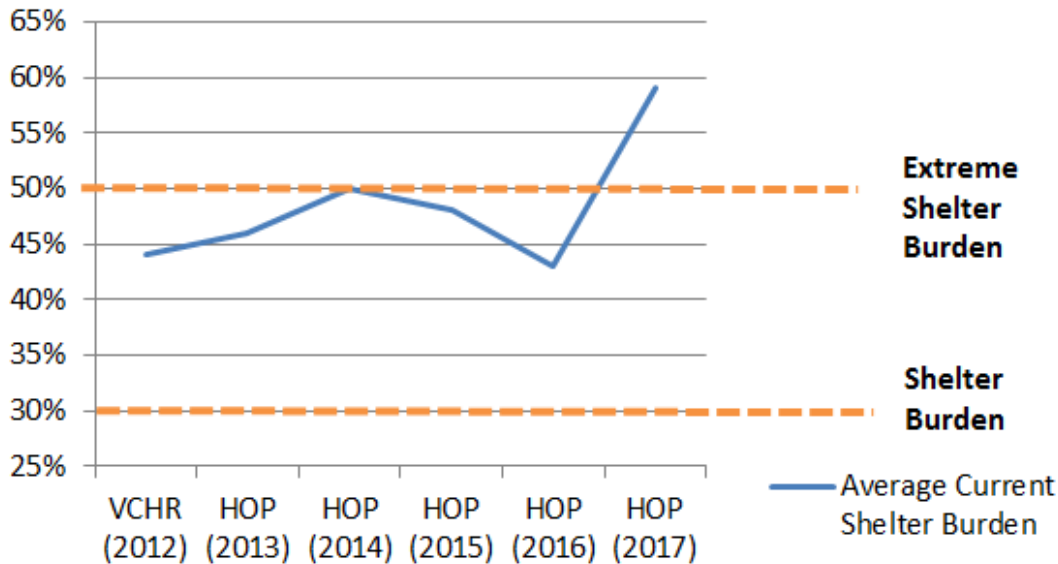
- *HOP households pay a high rent burden.*

**Table 3: HOP 2013 Cohort Shelter Burden**

| Program & Year of Admission | Average Current Shelter Burden | Average Shelter Burden (no rental assistance) |
|-----------------------------|--------------------------------|---|
| HOP (2013) Work-able        | 44%                            | 68%   |

- *Elderly and disabled households pay paying the highest proportions of their rent to income.*

**Table 4: Average Current Shelter Burden: Elderly / Disabled Households**



- *Increases in HOP Wages and Income Have Not Kept Pace With Tacoma's Rising Rents*

On average, HOP households who lose their subsidy at the expiration of their 5-year time limit will pay more than 50% of their income as rent and might experience housing instability. In this way, they will rejoin the large and growing number of severely rent burdened Tacoma households.

## 2.2 **Purpose No. 2: Serve More Households and Give Others a Turn to Receive Rental Assistance**

The fixed subsidy and the 5-year time allow THA to serve more families, in two ways. Both are important.

- **First**, the fixed subsidy costs THA less per household. This allows THA to spread its dollars over more families. In general, the HOP program serves **20%** more households than the same dollars could serve under the HCV program. In recent years, this has not allowed THA to increase the size of the program. Instead, it has only allowed THA to keep up with the rental market's rising costs of serving the same number of households. In this way, the HOP savings has allowed THA to avoid reducing the size of the program.
- **Second**, the 5-year time limit gives other households a turn at the subsidy. THA has not yet ended any subsidy because of the 5-year time limit. That will begin in April. When it does, it will free up HOP vouchers for other families waiting their turn. Those waiting families match the presently assisted families by any factor that matters: need, income, family composition, language, national origin, race, age, and ability the disability.

## 2.3 **Simplify the Program; Make it Easier to Explain, Understand and Administer, and Less Intrusive**

The HCV Program has a complicated formula that determines how much the rent subsidy will be. That subsidy also changes as the family's income and composition changes. This can be hard for families and landlords to understand. This complication makes the program less appealing for landlords to join. Also, the complication makes the program administratively burdensome for THA to administer. This is important because Congress funds only about 80% of what HUD calculates its costs to manage the program. Finally, the normal HCV formula requires THA to be nosy into the details of a family's affairs. In contrast, the HOP fixed subsidy is easier to explain, understand and administer. It is also less intrusive.

The HOP program is significantly less expensive to operate than the HCV program. This helps THA withstand the shortfalls in HUD's funding for administrative costs.

### 3. SOME POSSIBLE CHANGES TO HOP

Based on the findings in the evaluation, THA is considering a number of program changes. The evaluation has the details. See <https://www.tacomahousing.net/news-updates/articles/proposed-changes-housing-opportunity-program>. They show below in a summary way. These possible changes are just suggestions meant to elicit discussion. THA’s Board will decide. To help it decide it will also consider any further advice or comment we receive.

|    | Possible Change  | Possible Benefits   | Possible Problems   |
|----|--|---|---|
| 1. | <p><b>Time Limit for Work-Able Households:</b></p> <ul style="list-style-type: none"> <li>● Keep it (5 years),</li> <li>● Drop It (No limit);</li> <li>● Shorten it (3 years)</li> <li>● Lengthen It (7 years);</li> </ul>   | <ul style="list-style-type: none"> <li>● time limit gives people an incentive to increase their earned income.</li> <li>● time limits gives other needy people a turn to receive the rental assistance</li> <li>● 5 years is enough to get a toddler into elementary school, to get a GED, a college degree, and job training</li> <li>● longer time limit will give people more time to increase their earned income.</li> <li>● shorter time limit will give more unique people a turn to receive the assistance</li> </ul> | <ul style="list-style-type: none"> <li>● any time limit has an arbitrary quality to it;</li> <li>● Tacoma’s rental and wage market does not allow households to afford housing without a subsidy;</li> <li>● Ending the subsidy even after 5 years will throw some households back into crisis</li> </ul>   |
| 2. | <p><b>Provide Broader or More Generous Extensions of the Rental Subsidy. E.g,</b></p> <ul style="list-style-type: none"> <li>● 1 year extension for households facing a market shelter burden <math>\geq 50\%</math>;</li> <li>● Allow up to 3 such extensions for a total of 8 years</li> <li>● Condition extension on household’s active engagement in support services to help them increase earned income. (require meeting with THA caseworker at least twice a year; require participation with Center for Strong Families)</li> </ul> | <ul style="list-style-type: none"> <li>● such extensions recognize the hard rental and wage market HOP households face</li> </ul>   | <ul style="list-style-type: none"> <li>● the present extension policy is adequate. It provides a 3-month extension for hardship; it provides up to a 1 year extension for households that enroll in a qualified program to increase earned income</li> <li>● any broader extension will mean needy households on the wait list will wait longer for their turn.</li> <li>● conditioning extensions on household compliance will require staff monitoring and resources that THA cannot afford.</li> </ul> |

|    | Possible Change  | Possible Benefits   | Possible Problems   |
|----|--|---|---|
| 3. | <p><b>Require or More Effectively Elicit the Willingness of Work-Able HOP families to Engage in Supportive Services to Increase Earned Income</b></p> <ul style="list-style-type: none"> <li>Do a better job in identifying struggling work-able families for extra attention to encourage their participation in supportive services.</li> <li>Require these struggling households to engage supportive services as a condition of getting the rental assistance.</li> <li>At least require them to meet with THA caseworkers periodically</li> <li>More effectively elicit their voluntary willingness to do this.</li> <li>As a condition of the rental assistance, require all work-able HOP households to engage in supportive services to increase earned income.</li> </ul> | <ul style="list-style-type: none"> <li>Most HOP households did not accept THA’s offer of supportive services; requiring that they do so will improve their chances to increasing their earned income.</li> <li>THA now partners with United Way and Sound Outreach for these services through the Centers for Strong Families. Those Centers will offer more effective and comprehensive support for people to increase their earned income. <i>E.g.</i>, financial coaching, workforce development, access to basic services, parenting resources and asset accumulation. The model uses an integrated approach where families develop close relationships with coaches and planners to help them “Earn it, Keep it, and Grow it”. These Centers will make HOP families a priority.</li> <li>These Centers will relieve THA staff of the need to provide these services.</li> <li>Voluntary participation has not been working.</li> </ul> | <ul style="list-style-type: none"> <li>Monitoring compliance with such requirements will require staff effort and resources that THA does not have</li> <li>Such services may be less effective if they are required.</li> <li>The problem is not only a lack of services; the problems are the rental and wage markets in Tacoma; services may not work to overcome those problems.</li> </ul> |

|    | Possible Change   | Possible Benefits  | Possible Problems   |
|----|---|--|---|
| 4. | <p><b>Expand the Definition of Disability</b><br/> The HOP time limit does not apply to households whose adults are disabled and on those grounds cannot work. THA defines disability for this purpose as participation in an income program whose eligibility requires a finding of disability, <i>e.g.</i>, SSI, SS. This relieves THA of the need to judge disability, something it lacks the competence to do.</p> <p>THA could expand the definition of disability to households whom DSHS excuses from the TANF work requirement. This will exclude an adult (55+) caretaker relative providing care for a child, an adult required in the home to care for a child with special needs and an adult required to be in the home to care for another adult with disabilities.</p> | <ul style="list-style-type: none"> <li>● recognizes good reasons why a non-disabled adult cannot work</li> <li>● recognizes that an adult may be disabled from working even if they do not qualify for SSI or SS.</li> <li>● allows THA to continue to rely on the judgments of other agencies.</li> </ul>   | <ul style="list-style-type: none"> <li>● it is not clear how many households would become free of the time limit under this expansion. If it is a lot, other needy households on the waiting list will wait longer.</li> </ul>  |
| 5. | <p><b>Restore the Income Based Subsidy, <i>e.g.</i></b></p> <ul style="list-style-type: none"> <li>● Restore the income-based subsidy to all HOP families;</li> <li>● Offer struggling work-able HOP families a THA apartment whose rent is based upon income;</li> <li>● Restore the income based subsidy at least for seniors and disabled persons.</li> </ul>  | <ul style="list-style-type: none"> <li>● HOP households with the fixed subsidy are bearing too much of a rent burden; an income based subsidy will relieve them.</li> <li>● An income based subsidy recognizes the greater need of lower income households and the lesser need of higher income households.</li> <li>● A fixed subsidy is meant to incentivize people to increase their earned income by allowing them to keep all of any increase; this does not apply to seniors and disabled persons who by definition have no chance to increase their earned income.</li> <li>● Seniors and disabled HOP households are more likely to be extremely rent burdened.</li> </ul> | <ul style="list-style-type: none"> <li>● The fixed subsidy in providing less per household allows THA to serve more households; changing back to an income based formula means THA will serve fewer households.</li> <li>● Serving fewer households will make it harder for THA to fulfill its obligation under HUD rules to serve THA's assigned baseline number of households.</li> <li>● THA does not have enough apartments to offer to all struggling HOP households; offering them will lengthen the time others will wait for those apartments.</li> </ul> |

|    | Possible Change   | Possible Benefits   | Possible Problems   |
|----|---|---|---|
| 6. | <p><b>Extend HOP to the Current Housing Choice Voucher Population.</b><br/>At the current rate of natural transition, it will take 10 years for all households to be in the HOP program.</p> <p>THA could transition them all at once. It could do this in one of several ways:</p> <ul style="list-style-type: none"> <li>● Transition all HCV households at once, after reasonable notice to them and their landlords. In doing so, their time to date on the HCV program will not count toward the HOP 5-year time limit.</li> <li>● Their time on the HCV will count toward the HOP 5-year time limit. Households above that limit will lose their subsidy, after reasonable notice.</li> <li>● If the fixed HOP subsidy will result in an undue rent burden, stagger the transition over time or allow a hardship exception for a limited period of time.</li> </ul> | <ul style="list-style-type: none"> <li>● It would expand the number of households served, in two ways. <b>First</b>, it would continue to save money in lowered subsidy allowing THA to serve 20% more families. Once the HCV population fully moves to HOP THA would serve an additional 481 families. If elderly/disabled households receive an income-based subsidy, the transition of HCV households to HOP would serve an additional 117 families. <b>Second</b>, the five-year time limit will turn over the housing assistance from one set of work-able households who have benefited from it for at least five years to other households, who are just as needy, waiting their turn.</li> <li>● Serving more families will help THA meet its HUD assigned baseline of households to serve.</li> <li>● It would unify THA’s mainline rental assistance programs from two to one.</li> <li>● The HOP program is easier than the HCV program for landlords and tenants to understand. This may ease landlord recruitment.</li> <li>● The HOP program is easier and less expensive to administer. This will save THA administrative costs.</li> <li>● If HOP does have the effect of spurring work-able households to strive, we should extend this effect to the HCV participants. This effect may become more pronounced with other recommended HOP changes that would more fully and directly engage work-able households in support services to help them increase their earned income.</li> </ul> | <ul style="list-style-type: none"> <li>● The HOP lowered subsidy will impose a higher rent burden on HCV households who presently enjoy an income based subsidy.</li> <li>● HCV households presently enjoy a rental subsidy with no time limit. They can keep it as long as they remain eligible and as long as THA’s funding holds out. With the transition, work-able households would face a 5-year time, limiting the duration of their subsidy.</li> </ul> |

|           | Possible Change   | Possible Benefits  | Possible Problems  |
|-----------|---|--|--|
| <b>7.</b> | <b>Miscellaneous Changes to Consider</b>  |  |  |
|           | <p><i>7.1 When a work-able adult joins the senior/disabled households</i><br/>Sometimes a work-able adult joins a senior/disabled household. Sometimes it is a new household member. Sometimes it is a child turning 18 years of age. (14% of senior/disabled households have a minor child.) Presently the 5-year time applies retroactively. Change the rule to start the 5-year time anew.</p>                         | <ul style="list-style-type: none"> <li>● These households should have the same 5 years to increase their earned income.</li> <li>● A full five years allows an 18 year old to pursue further education and training.</li> </ul>  | <ul style="list-style-type: none"> <li>● This change invites the possibility of a household manipulating around the 5-year time limit by strategically changing its family composition with a successive addition of a new work-able member. Avoiding this will require some thought in how the rule is designed.</li> </ul>   |
|           | <p><i>7.2 Limit a Household's Ability to Reapply for HOP</i><br/>Presently a household who leaves the program after the expiration of its 5-year term limit may reapply.<br/><br/>Disqualify such households from reapplying.</p>   | <ul style="list-style-type: none"> <li>● This will give other households a turn.</li> </ul>  | <ul style="list-style-type: none"> <li>● This is rarely a problem. It takes a rare stroke of luck to get onto the wait list by winning the wait list lottery. Winning it twice would be uncommon.</li> </ul>   |
|           | <p><i>7.3 Prepare Wait List Households to be "Ready to Rent"</i><br/>Seeking housing and a willing landlord is harder as the market tightens. Households would be more competitive if they were able to show prospective landlords that they completed a meaningful training in how to be a good tenant.<br/><br/>THA could offer tenants financial assistance to pay application fees, security or utility deposits.</p> | <ul style="list-style-type: none"> <li>● Presently 33% of households who received a HOP voucher return it unused because they were not able to find a landlord willing to rent to them. Training and financial assistance will increase their chances of finding a willing landlord.</li> <li>● THA is having to extend the time a household has to shop well beyond the normal 120 days. This keeps a voucher unused. Training and financial assistance may reduce the shopping time and get vouchers in use faster.</li> </ul> | <ul style="list-style-type: none"> <li>● THA does not have the resources to manage such a training course. It will need help from landlords and other service providers.</li> <li>● The training must have the confidence of landlords.</li> <li>● Money spent on financial assistance for application fees and deposits will reduce the money available to pay the rent.</li> </ul> |
|           | <p><i>7.4 Strengthen the Program's Relationship with Landlords</i></p> <ul style="list-style-type: none"> <li>● Improve marketing to landlords</li> <li>● Offer limited damage guarantees</li> </ul>  | <p>These measures may increase the number of landlords willing to participate in the program.</p>  | <p>These efforts will require staff time and resources. Money spent on damage guarantees will reduce the money available to pay rent.</p>  |



# TACOMA HOUSING AUTHORITY

**To:** Interested Persons  
**From:** April Black  
**Date:** January 16, 2018  
**Re:** Moving to Work 2018 Plan Amendments

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The Tacoma Housing Authority (THA) seeks comments and suggestions about two changes it is considering to its housing programs. The main change would help THA with its continuing and increasingly hard struggle to serve the same number of needy households at rising rental costs in one of the hardest rental markets in the nation and to do so with flat funding from HUD. The other change would have THA retain property it already owns. Instead of its original plan to sell this property, THA proposes to keep it and to develop a campus to house and serve homeless youth.

The biggest topic of discussion in the development of THA's 2018 budget has been the expenditure of THA's Housing Assistance Payment (HAP) funds. This is the largest allocation of federal funding that THA receives, approximately \$35.5 million per year. The main challenge is to conform with HUD's expectations that we continue to serve the same number of families as the baseline number of families HUD assigned to THA in 2010 when we become a Moving to Work (MTW) agency. This expectation has been manageable up to the last few years. Starting about two or three years ago, however, the Tacoma rental market has accelerated to make it one of the hottest rental markets in the nation. In response, we have increased the value of our vouchers to try and keep our assisted families competitive. This has increased THA's costs by an additional \$600,000 per year for each of the last three years. We do not see any change in the next year covered by this budget. Instead, we anticipate in 2018 an additional \$625,000 cost to fund the same number of vouchers. Yet, Congressional funding for this program has remained largely flat over that time and will likely remain flat. This is not sustainable. The arithmetic just does not allow us to serve the same number of families at an increasing cost with flat funding. In response, THA poses to lower the target number of families it serves. It will still try to serve its baseline number, but this change will have THA face the arithmetic.

THA also owns a parcel of property on Tacoma's eastside. THA had planned to sell that land for future developments and it told this to HUD when THA redeveloped Salishan. THA would now like to keep this property to develop housing for homeless youth and young adults. THA must seek public comment in order to do this.

These changes would show in an amendment to THA's 2018 Moving to Work (MTW) Plan. We warmly welcome your comments and suggestions. Please send them to us by **February 15, 2018; 5:00 p.m.** You can do that by email, mail or telephone to:

Tacoma Housing Authority  
*April Black*  
902 S L Street  
Tacoma, WA 98405  
Email: [ablack@tacomahousing.org](mailto:ablack@tacomahousing.org)  
Phone: 253.207.4474

THA will hold public hearings to listen to your comments:

**February 5<sup>th</sup>**

**11:30 AM Bay Terrace – 2550 S G. Street, Tacoma 98405**

**6:00 PM Tacoma Housing Authority – 902 S. L Street, Tacoma 98405**

THA's Board of Commissioners will consider these changes on February 28, 2018; 4:45 PM at EB Wilson Apartments, 1202 South M Street in Tacoma. You are also welcome to attend and comment then.

## **SOME DETAIL ABOUT THE PROPOSAL**

### **1. LOWER THE NUMBER OF HOUSEHOLDS THA PLANS TO SERVE WITH ITS FEDERAL FUNDING**

Each year THA budgets for its upcoming fiscal year. THA's fiscal year aligns with the calendar year. On December 13, 2017, the THA Board adopted a THA budget for fiscal year 2018. 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.

To write a budget, THA must presume on the expenditures necessary for its rental assistance programs. These programs are THA's largest, measured by either persons served or money spent.

The calculation begins with a requirement of the MTW statute. That statute requires that each MTW agency plan to serve "substantially the same" number of families we would serve if we were not MTW.

HUD and the MTW agencies have contended over the meaning of this requirement for the past several years. HUD assigns to each MTW agency a "baseline" number of families calculated from the number each agency was serving right before it became an MTW agency. For THA, which became an MTW agency in 2010, our baseline number for 2018 is 4,570.

HUD has recently clarified its view that the requirement to serve "substantially the same" as the baseline number means serving the baseline number. This is called 100% utilization. In the discussions with HUD over its interpretation, THA has offered its legal opinion that HUD's interpretation clashes with the statute. For example, "substantially the same" does not mean the "same".

Up to 2017, THA has been able to reach 100% utilization easily enough. However, beginning in 2017, the steeply rising Tacoma rental market caught up to us. That market had been rising quickly since 2015. Tacoma's rental market is now among the fastest rising in the nation. That market presents two different and reinforcing challenges to our families and to our budget. **First**, the value of our vouchers has trouble keeping up with the rising rents. **Second**, as vacancies diminish, landlords get fussier. Our families do not compete well against other tenants with stronger credit or rental histories. About 40% of our families who receive a new voucher from THA, after waiting years for it, cannot find a landlord willing to rent to them within the 3 months they have to use it. They require extensions of up to another 6 months, and more frequently longer.

At the same time, THA has received no increase in funding. Indeed, our funding has been essentially flat since 2013. Our judgment about Congress does not allow us to anticipate any increases in funding in 2018 or beyond.

In response to the market, THA has increased the value of its vouchers in an effort to keep its assisted families somewhat competitive. This has direct budget consequences. THA has increased what it has spent on rent payments for the same number of families by \$600,000 each year for the past three years, for an accumulating total increase of \$1.8 million. We have done that by redirecting funds from reserves and other uses. We do not see an end to the market's rise. For 2018, we expect the rising cost to THA of subsidizing same number of vouchers to be an additional \$625,000. This increase is not sustainable.

THA now must face the brutal arithmetic. HUD does not adjust the baseline number to account for either the changes in our rental market since 2010 or flat congressional funding. In such a circumstance, the arithmetic tells us that we simply cannot serve the same number of families at such increasing costs when congressional funding is flat.

The Board has considered the four main options available to THA to manage this challenge. I describe them below. At the Board's direction, THA's 2018 budget adopts the fourth option. Pursuant to that option, while the budget funds efforts to try for 100% utilization rate, it presumes that we will end up with a 95% utilization rate. Here are the four options and the reasons why the Board chose the fourth one:

**1.1** *First Option: Lower the Value of Vouchers: "Thin the Soup"*

We could lower the value of our vouchers to spread the money over more families and perhaps raise our utilization rate. We did this in 2010 in response to that year's Congressional funding shortfalls. Doing that allowed THA to avoid removing anyone from our programs for lack of funds. We call this option "thinning the soup". The first option would have us thin the soup further and further reduce the value of our voucher. We judge that doing this in 2018 would be a mistake. Our market is much tighter now. Our present voucher values are having trouble competing in the market. Lowering their value further would make them less competitive and instead may lower rather than raise our utilization rate.

**1.2** *Second Option: Favor Higher Income Households*

We could purposefully redirect vouchers away from lower-income households to higher income households. Doing this may increase our utilization rate in two ways. **First**, those higher income households are probably more competitive in the market than lower-income households. **Second**, vouchers for those higher income households cost less because the households pay more of the rent. However, we will not do this because it would clash with THA's strategic objective directs that us to it "focus this assistance to meet the greatest need."

**1.3** *Third Option: Redirect Money from Other Services and Purposes*

We can redirect funds from other services, support and investments to pay for the increased cost of 100% utilization. For example, THA spends \$3.4 million on supportive services, the Education Project, and administrative support. I attach the chart we use to depict these expenditure choices. We could serve more

families if we redirected the money to vouchers. This budget does not propose we do that. We do not propose it for three main reasons.

**First**, this budget does not propose to cut those other services because they are valuable. Moreover, they are valuable in ways that increase utilization. These services include the following:

- Supportive services: These services help our families succeed as tenants. Some families need help to stabilize coming to us from homelessness, domestic violence or other trauma. Services make their success as tenants a lot more likely. These services also drive our mission to help them succeed, not just as tenants, but also “parents, students, wage earners and builders of assets.”
- THA’s Education Project: This project is a THA signature initiative. It seeks ways to help the people we assist succeed in school and help the success of Tacoma schools and colleges in educating low-income students. This project too is central to THA’s mission.
- Real Estate Development: THA is buying or building housing to increase its portfolio of housing. It is urgent that THA do this as Tacoma gentrifies. In five years the only affordable housing in large parts of Tacoma and their only measure of racial and economic integration will be from housing we now succeed in building or buying. Yet we have 3 to 5 years to do this before the land becomes too expensive. Moreover, these purchases or developments will become the only housing that will accept THA’s vouchers. In that way, they will help THA’s utilization rate.
- Administrative Services: We spend the money it takes to administer THA and its programs. We must always be mindful that we are reasonably efficient. We have some benchmarks to assure us that we are. **First**, Congress does not fund us at levels that HUD judges it takes to administer the Section 8 program and the portfolio. We use funds to backfill these shortfalls. But we do not backfill our operations to more than what 100% funding would give us. **Second**, we spend only 6% on our back office functions of Finance, Administration, HR and Executive functions. This is well within the normal range, especially for such a heavily regulated business like a housing authority.

**Second**, we do not propose to curtail these expenditures and redirect money to more vouchers because these expenditures are necessary to serve more families, for our voucher families to find housing and to our hopes of getting as close as possible to 100% utilization. For example:

- Real Estate Development: The budget will allow us to build or buy more housing. This will increase the number of families we serve. That will help our utilization rate. This housing development will also ensure that those properties at least will remain one of the dwindling number of properties in town that will welcome vouchers. We will know that they will welcome vouchers because THA will own them. That too will help our utilization rate.
- Supportive Services Helps Families Find and Keep Housing: Our services will help families find and keep housing. For the first time, we are budgeting a landlord-liaison function to help recruit landlords to the voucher program and to help families shop for landlords. Our supportive services will intervene when problems arise in a tenancy. This too will help recruit landlords. It will also save tenancies that may otherwise end. All this will help our utilization rate.
- Administrative Services: We are spending a lot of money on our software conversion. We also spend a lot on staffing our programs. This is necessary to provide the customer service necessary to recruit landlords to our voucher programs.

**Third**, we do not propose to redirect other expenditures to vouchers because doing so is not sustainable. Our rental market is increasing our voucher payment costs by \$625,000 a year. We do not see an end in sight. If we cannibalized our other services and operations at that rate it quickly would so weaken THA that we would not be able to function at acceptable levels of competency and customer service.

#### 1.4 *Fourth Option: Face the Arithmetic*

The Board has chosen a fourth option. This option would have THA face the arithmetic directly. That arithmetic tells us that it is impossible to serve the same number of families at such an increasing cost with flat funding. Therefore, while this budget provides services that we hope will get us to 100% utilization, for purposes of devising a balanced budget, THA's 2018 budget proposal presumes on a 95% utilization rate. That rate is about where THA's utilization currently is.

NOTE: THA serves other households that do not count toward our utilization rate. For example, the budget provides approximately \$1.3 million for special program initiatives:

- Rapid rehousing for homeless families
- Housing for unaccompanied youth

The funding for special programs represents housing an equivalent of approximately 140 families per year that somehow does not count toward HUD's

baseline. If we did count them toward HUD's baseline, it would increase our utilization rate by 3% or so. Also, we house still other families in our properties that receive no HUD funding. Somehow, they do not count either. Counting them would increase our utilization rate even further.

We come to this fourth option after extensive consultation with HUD staff, other housing authorities, our congressional offices and consultants. We understand that this lowered utilization rate will be acceptable as long as we explain our choice.

We are now asking for the views and suggestions of the community. If the community offers other ideas or suggestions to balance our budget, the Board could take that chance to revise the budget. This is the feedback we are asking for now during this public comment period.

## **2. RETAIN PROPERTY AT THA's ARLINGTON DRIVE**

THA owns a parcel of property on Tacoma's eastside. THA had planned to sell that land for future developments and it told this to HUD when THA redeveloped Salishan. THA now intends to retain property located at 38<sup>th</sup> and Portland Avenue to provide a Crisis Residential Center (CRC) for housing and social services to assist low income homeless youth in Pierce County. The CRC will offer significant benefit to low-income individuals by serving one of the most vulnerable populations; youth 12 to 17 who are currently homeless or experiencing crisis or conflicts in their home environment making them at risk of homelessness. The population is either homeless or near homeless; thus by no means exceeding 80% AMI. THA will be requesting an exception to the requirement to compensate HUD for the retention of the property.

## **CONCLUSION**

Upon completion of the public comment period, THA will consider all comments. It will then fashion a proposal for its Board of Commissioners for approval. THA plans to seek board approval at the February 28, 2018 Board of Commissioner meeting.



**TACOMA HOUSING AUTHORITY**

**ADMINISTRATION**



# TACOMA HOUSING AUTHORITY

**DATE:** January 24, 2018  
**TO:** THA Board of Commissioners  
**FROM:** Sandy Burgess  
Interim Director of Administration and Asset Management  
**RE:** Administration and Asset Management Department Monthly Board Report

## 1. RENTAL ASSISTANCE DEMONSTRATION (RAD) PROJECT

### 1.1. Existing Tax Credit Properties

The process of buying out BFIM continues. Finance and Asset Management anticipate completing this and moving through the conversion of the existing tax credit portfolio from Public Housing to Rental Assistance Demonstration (RAD) by the end of the second quarter this year. We do not currently anticipate any rehabilitation as part of this conversion. The conversion may result in additional reserves being set aside for the properties.

Staff will also be considering the resyndication of Hillside I and II after the conversion is complete. This cannot occur until after January 2019, and if we determine to pursue a resyndication, these properties would undergo rehabilitation at the time of the resyndication.

As part of converting all of Tacoma Housing Authority's (THA) Public Housing to RAD, or disposing of it through the Section 32 Homeownership Program, staff have been researching taking our Faircloth units "off the shelf" and placing them in affordable housing properties, and then converting them to RAD. Preliminary results of this research indicate we can do this, but must first go through a mixed-finance application process with Housing and Urban Development (HUD) to take the units off the shelf. And then we must apply to HUD for RAD units, get approval if there is any approval authority remaining under the current cap on RAD units nationally, and complete the conversion. We anticipate these two HUD application and approval processes would require at least a year to complete.

## 2. PROCUREMENT POLICY

### 2.1 Revising the THA Procurement Policy

Staff anticipate bringing a revised Procurement Policy to the Board in February. It is a significant rewrite of the policy to account for changes in state law and regulations, clarifying that housing authorities are governed by both the state and federal regulations

regarding procurement. The policy also clarifies procurement by third party management companies for THA owned properties. And, as reported to the Board in September 2017, the policy provides guidance on less restrictive procurement regulatory authority by the State over procurement conducted by tax credit entities. Foster Pepper, our legal counsel, has provided memos from both the Department of Commerce and the State Auditor's office clarifying that tax credit entities are not public agencies. This clarification results in our policy allowing for a reduction in paperwork burdens for our contractors and makes development of our affordable housing projects more affordable with less onerous requirements primarily about the payment of prevailing wages.

### **3. STAFFING**

#### **3.1 Business Process Manager**

The hiring process for a Business Process Manager is concluding this month, with interviews January 12. This is an important, long standing project for the agency. The position will be deeply involved with OpenDoor and working across all departments to define and document processes in all departments of the agency. The addition of this position to the agency will compliment the work we are doing to refresh our training in property management, risk management, and safety. It will also clarify our work, incorporating in new and changing regulatory requirements, best practices, and efficiencies.

#### **3.2 Director of Administrative Services**

Human Resources and THA's Executive Director are conducting the search for the new Director of Administrative Services and initial interviews with two candidates are scheduled this month.

### **4. OPENDOOR UPDATES**

#### **4.1 Staffing and Consultants**

A temporary staff person from Protiviti started this month, working with IT to create reports for staff and train staff on pulling reports based upon their data needs. We anticipate this particular temporary staffing to be a 12-week assignment. Additional temporary staffing is anticipated, but we will phase this in as needed and as staff have the capacity to interact with and oversee the temps.

The department liaisons from Property Management and Rental Assistance are closely involved with documenting the instructional material for OpenDoor processes and training staff in using the documentation and gaining skills and confidence in using the system.

A Subject Matter Expert (SME) panel has been formed with representatives from most of the departments in the agency. This group meets weekly to brainstorm and plan

communications and work necessary in OpenDoor to continue rolling out the system to staff and building the use of the system across the agency.

Eight Cloud is making their final progress to complete the documentation of the OpenDoor system, with the technical requirements and components. This work is part of their initial contract work with THA to build the system and we anticipate its completion by mid-year, 2018.

#### **4.2 Year End Finance and Compliance Reporting**

Significant process has been made to prepare reports and provide other data necessary for year-end reporting in both Finance and Compliance. We anticipate a successful sync of our tenant reporting from OpenDoor to WBARS, the state reporting system for tax credits and public financing of our properties by month end.

We are also on course to meet the 1099 financial reporting by month end. Additional work continues to assist Finance with the reports they require to meet the agency and tax credit entity reporting deadlines, as well as the integration between Intacct and OpenDoor.



**TACOMA HOUSING AUTHORITY**

**CLIENT SERVICES**



# TACOMA HOUSING AUTHORITY

**DATE:** January 24, 2018

**TO:** THA Board of Commissioners

**FROM:** Greg Claycamp  
Director of Client Services

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

## 1. STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

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

## 2. DIRECTOR'S COMMENT

**The Rental Assistance Division** is preparing to begin offering Housing Opportunity Program (HOP) vouchers to applicants on THA newly consolidated waitlist, as approved by the Board at its December meeting. We have some technical issues to resolve in OpenDoor, to ensure that we are accurately tracking the applicant pools available for our portfolio unit openings as HOP vouchers are issued.

Working with our Administration Department, we hope to have this issue resolved in the next few weeks. We would like to begin offering HOP vouchers by the end of January.

**The Community Services Division** served 1,012 unduplicated persons in 2017, up from 858 in 2016. The increase in services mainly occurred in two areas, Family Self Sufficiency (FSS) and General Services.

The FSS program increased the number of households served from 169 to 229, or 60 households. We expect the need for FSS services to continue to grow as the Elementary School Housing Assistance Program (ESHAP) expands, as we enroll new households in HOP, and as our relationship with United Way's Centers for Strong Families becomes more operational.

In 2017, we increased the number of clients served without increasing staff. This is not sustainable. We have three FSS case workers, with Housing and Urban Development (HUD) mandating a minimum caseload size of 50. We are now in position to request

increased funding for additional Case Workers. However, HUD’s prioritization in funding is befuddling. Successful programs requesting to expand are deprioritized, behind program requesting stable funding and new program requests. So, if we request additional funding, we risk losing funding altogether. We are working with Karen Bunce in Policy, Innovation and Evaluation (PIE) to develop a strategy for expansion, including seeking funding from alternative sources.

The increase in General Services from 128 served in 2016 to 214 in 2017 reflects the strong collaboration between Property Management and Client Services to prevent evictions within our portfolio. In addition to working with individual households, Client Services and Property Management will be working on new community building strategies at our family properties in 2018.

Building self-sufficiency and preventing housing destabilization are emerging as the areas where THA can most readily measure the cost-effectiveness of the investments we make in Community Services.

**3. COMMUNITY SERVICES:** Caroline Cabellon, Stacey Johnson, & Nicole Meshesha | Community Services Division

**3.1 NUMBER OF PEOPLE AND HOUSEHOLDS SERVED**

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

| <b>December 2017</b>                              | <b>Program/<br/>Caseload Entries<br/>this Month</b> | <b>Program/<br/>Caseload Exits<br/>this Month</b> | <b>Unduplicated<br/>Number Served<br/>(Month)</b> | <b>Unduplicated<br/>Number Served<br/>(YTD)</b> |
|---|---|---|---|---|
| Case Staffing (Eviction Prevention Services)      | 10  | 3   | 35  | 74  |
| Families in Transition (FIT)                      | 0   | 0   | 0   | 8   |
| Family Self Sufficiency (FSS)                     | 15  | 1   | 215   | 229   |
| General Services                                  | 16  | 17  | 37  | 214   |
| Hardship  | 0   | 0   | 4   | 4   |
| Housing Opportunity Program (HOP) Case Management | 4   | 1   | 26  | 86  |
| Children's Savings Account (CSA) K-5th Grade      | 3   | 0   | 64  | 64  |
| Children's Savings Account (CSA) 6th - 12th Grade | 1   | 0   | 51  | 51  |
| McCarver  | 0   | 1   | 36  | 62  |
| Senior & Disabled                                 | 10  | 5   | 45  | 220   |
| <b>DEPARTMENT TOTAL</b>                           | <b>59</b>   | <b>28</b>   | <b>513</b>  | <b>1,012</b>                                    |

## 3.2 PROGRAM UPDATES

### 3.2.1 Programming Updates

**Employment & Asset Building:** This year the Family Self-Sufficiency program entered 64 new participants! Four of our participants have gone on to their ultimate goal of homeownership. The FSS program is in its second year in partnership with Sound Outreach Financial Empowerment Services. 31 FSS participants actively utilize this service and as a result have enjoyed the benefit of increased credit scores and growing savings accounts.

The Family Investment Center hosted the Tacoma Works Event this year. The goal of the event was to connect individuals in the community to employment and apprenticeships in the trades. 65+ people attended the event and had the opportunity to hear from Mayor Strickland and leaders in the trade industry.

This year THA in partnership with Genesis House hosted a Test Technology Educational Program (TTEP) testing site. Individuals from the Eastside community had an opportunity to enroll in pre-apprenticeship programs. 42 people accessed this service and 26 went on to enroll in pre-apprenticeship programs.

**Senior & Disabled Services:** Community Services continued to coordinate food bank trips in December. There was a lot of time spent with 6<sup>th</sup> Avenue and Wright around the recovery effort from their Rental Assistance Demonstration (RAD) relocation. Clients expressed appreciation that THA is stepping up to help them recover and/or replace their items that went missing or were damaged during relocation. CS was present for much of the unpacking effort for those clients who did not receive assistance in unpacking after their items were returned.

CS attended the Tenant Representative Action Council (TRAC) meeting and introduced the new WSU nutritionist to the building representatives. WSU worked with the building representatives to determine the 2018 Food \$ense workshops. CS delivered the winter issue of Crosstown Conversations and promoted the upcoming free art class that will be offered by FEAST.

**Family Property Services:** Client Services (CS) coordinated efforts with NW Football Ministries to promote the opportunity for free soccer classes at Bergerson Terrace, Dixon Village and Bay Terrace. General Services Case Worker (CW) vigorously promoted the FSS program to residents at these properties. Many clients expressed interest in the opportunity and were referred to the program. CS is working closely with Risk Management, and Property Management (PM) to increase safety efforts at the properties. THA is working closely with Tacoma Fire Department to schedule fire safety events at the properties.

At Salishan, staff are adjusting to the current office space at the Family Investment Center (FIC) due to remodel. Clients enjoy working with the Sound Outreach financial coach, and stabilization efforts with new CW, Shelly Azabache. KBTC continues to offer youth activities at Salishan with several children enjoying weekly Play to Learn classes.

**4. RENTAL ASSISTANCE AND LEASING:** Julie LaRocque, Associate Director of Client Services

Moving to Work (MTW) Voucher Baseline Utilization was 94.2% for the month of December 2017.

Below is a breakdown of the utilization of THA’s special programs and project based vouchers:

| <b>Program Name</b>                               | <b>Units Allocated</b> | <b>Units Leased</b> | <b>Shoppers</b> | <b>Percentage Leased</b> |
|---|------------------------|---------------------|-----------------|--------------------------|
| VASH (Veterans Administration Supportive Housing) | 177                    | 153                 | 30              | 86%                      |
| NED (Non Elderly Disabled) Vouchers               | 100                    | 92                  | 9               | 92%                      |
| FUP (Family Unification Program)                  | 50                     | 43                  | 6               | 86%                      |
| CHOP (Child Welfare Housing Opportunity Program)  | 20                     | 15                  | 4               | 75%                      |
| McCarver Program                                  | 50                     | 36                  | 7               | 72%                      |
| CHAP (College Housing Assistance Program)         | 25                     | 22                  | 38              | 88%                      |
| <b>TOTAL</b>                                      | <b>422</b>             | <b>361</b>          | <b>94</b>       | <b>86%</b>               |

*\* The CHAP program is currently over issuing vouchers in an attempt to increase utilization. We continue to take referrals in preparation for the CHAP expansion.*

| <b>Project-Based Properties</b> | <b>Units Allocated</b> | <b>Units Leased</b> | <b>Percentage Leased</b> |
|---------------------------------|------------------------|---------------------|--------------------------|
| Bay Terrace 1 & 2               | 72                     | 69                  | 96%                      |
| Eliza McCabe Townhomes          | 10                     | 10                  | 100%                     |
| Flett Meadows                   | 14                     | 12                  | 86%                      |
| Guadalupe Vista                 | 40                     | 37                  | 93%                      |
| Harborview Manor                | 145                    | 144                 | 99%                      |
| Hillside Gardens                | 8                      | 6                   | 75%                      |
| Hillside Terrace                | 14                     | 13                  | 93%                      |
| Nativity House                  | 50                     | 47                  | 94%                      |
| Pacific Courtyards              | 23                     | 21                  | 91%                      |
| New Tacoma Phase II             | 8                      | 8                   | 100%                     |
| Salishan 1-7                    | 340                    | 336                 | 99%                      |
| Tyler Square                    | 15                     | 13                  | 87%                      |
| <b>TOTAL</b>                    | <b>739</b>             | <b>716</b>          | <b>97%</b>               |



**TACOMA HOUSING AUTHORITY**

**PROPERTY MANAGEMENT**



# TACOMA HOUSING AUTHORITY

**Date:** January 24, 2018  
**To:** THA Board of Commissioners  
**From:** Frankie Johnson  
 Director of Property Management  
**Re:** Property Management Monthly Board Report

## 1. OCCUPANCY OVERVIEW

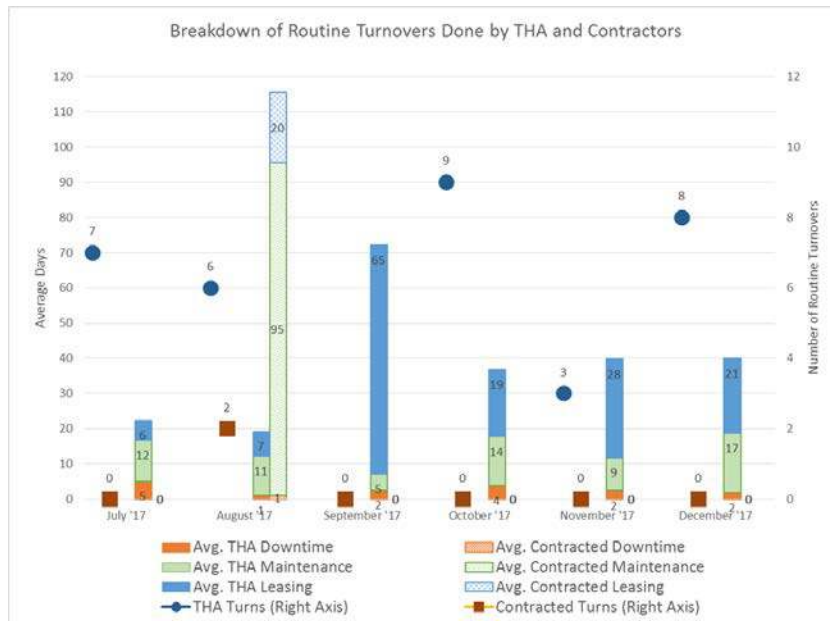
### 1.1 Occupancy

| PROPERTY                 | UNITS AVAILABLE | UNITS VACANT | UNITS OFFLINE | UNITS OCCUPIED | % MONTH OCCUPIED | % YTD OCCUPIED |
|--------------------------|-----------------|--------------|---------------|----------------|------------------|----------------|
| All Hillside/Bay Terrace | 206             | 4            | 0             | 202            | 98%              | 98%            |
| Family Properties        | 118             | 2            | 0             | 116            | 98%              | 99%            |
| Salishan                 | 631             | 0            | 0             | 631            | 100%             | 99%            |
| Senior/Disabled          | 353             | 8            | 0             | 345            | 98%              | 98%            |
| <b>All Total</b>         | <b>1,308</b>    | <b>14</b>    | <b>0</b>      | <b>1,294</b>   | <b>98%</b>       | <b>98%</b>     |

Unit occupancy is reported for the first day of the month. This data is for the month of December, 2017. The chart above now reflects all of the THA units, including Bay Terrace II, for a total of 1,308.

### 1.2 Vacant Clean Unit Turn Status





All Turns - Performed by THA and Contractors  
 Today's Date 1/10/2018

|                         |           |    |      |
|-------------------------|-----------|----|------|
| Select End Month & Year | December  | 12 | 2017 |
|                         | November  | 11 | 2017 |
|                         | October   | 10 | 2017 |
|                         | September | 9  | 2017 |
|                         | August    | 8  | 2017 |
| Beginning Month         | July      | 7  | 2017 |

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

|      |           | All THA Turnover Information |                 |                  |                 |                    |                       |                   |
|------|-----------|------------------------------|-----------------|------------------|-----------------|--------------------|-----------------------|-------------------|
| Year | Month     | Total Number of Turns        | Total THA Turns | Total Meth Turns | Avg. Total Days | Avg. Downtime Days | Avg. Maintenance Days | Avg. Leasing Days |
| 2017 | December  | 11                           | 11              | 0                | 49.7            | 2.9                | 21.2                  | 25.6              |
| 2017 | November  | 5                            | 5               | 0                | 57.8            | 2.2                | 27.0                  | 28.6              |
| 2017 | October   | 10                           | 10              | 0                | 36.7            | 3.9                | 14.6                  | 18.2              |
| 2017 | September | 20                           | 20              | 0                | 74.5            | 2.5                | 4.7                   | 65.0              |
| 2017 | August    | 8                            | 6               | 0                | 19.2            | 1.0                | 11.2                  | 7.0               |
| 2017 | July      | 7                            | 7               | 0                | 22.3            | 5.0                | 11.7                  | 5.6               |

|      |           | All Contracted Turnover Information |                  |                  |                 |                    |                       |                   |
|------|-----------|-------------------------------------|------------------|------------------|-----------------|--------------------|-----------------------|-------------------|
| Year | Month     | Total Number of Turns               | Contracted Turns | Total Meth Turns | Avg. Total Days | Avg. Downtime Days | Avg. Maintenance Days | Avg. Leasing Days |
| 2017 | December  | 11                                  | 0                | 0                | 0.0             | 0.0                | 0.0                   | 0.0               |
| 2017 | November  | 5                                   | 0                | 0                | 0.0             | 0.0                | 0.0                   | 0.0               |
| 2017 | October   | 10                                  | 0                | 0                | 0.0             | 0.0                | 0.0                   | 0.0               |
| 2017 | September | 20                                  | 0                | 0                | 0.0             | 0.0                | 0.0                   | 0.0               |
| 2017 | August    | 8                                   | 2                | 0                | 115.5           | 1.0                | 94.5                  | 20.0              |
| 2017 | July      | 7                                   | 0                | 0                | 0.0             | 0.0                | 0.0                   | 0.0               |

The average unit turn time for the month of December was 40 days for eight (8) routine units turns and 76 days for three (3) extraordinary unit turns by Tacoma Housing Authority (THA) staff.

**Routine** - units with repairs that fall under the category of normal wear and tear that can be repaired within 5-15 days.

**Extraordinary**- units with heavy damage as a result of the tenancy, including meth, extensive damage and casualty loss that cannot be repaired in less than 30 days.

**Exempt** - units with special circumstances, such as transfers, temporary hotel holds or moves relating to a Reasonable Accommodation.

### **Extraordinary Unit Explanations**

**2350 South G Street, apt #217:** The tenant lived in this unit for 11 years. A vast scope of work was required to complete the unit turn, including a complete replacement of all doors and flooring. A portion of the work was subcontracted due to the extent of repair needed.

**1512 Court F Street, apt #185:** Vacancies with this property historically are challenging to lease due to the property's location. The leasing process for this unit began in October. Five offers were extended to applicants, each refused due to the location. The unit was offered to the sixth applicant who accepted on 12/26/2017.

**1512 Court F Street, apt #190:** Vacancies with this property historically are challenging to lease due to the property's location. The leasing process for this unit began in September. Six offers were extended to applicants, each refused due to the location. The unit was offered to the seventh applicant who accepted on 12/21/2017.

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

- **Downtime** - Start the unit turn process within 1 day of vacancy. Reduce downtime to 1 day.
- **Repair make ready**
  - ✓ Identify appropriate staffing levels needed to complete maintenance work during the move-out inspection.
  - ✓ Procure contractors who will respond to request for service if needed that have the appropriate staff to assign multiple units.
  - ✓ Increase inspections to deter heavy damage at move out.
  - ✓ Unit work every working day. Unit is the sole priority by assigned staff.
  - ✓ Use of tracking charts to monitor projected progress.
- **Leasing**
  - ✓ Prescreen to identify ready applicants.
  - ✓ Site-based leasing. Concentrated efforts on units. Each property staff will be responsible for the leasing efforts to fill their units.
  - ✓ THA staff will undergo training to better lease out units that are not subsidized. THA is competing with the open market in some cases. Having better tools and tactics will be helpful to attract applicants that will accept the units in a timelier manner.

**Proposed**

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

**1.3 THA Meth Data Trends**

Per July 2017 Board discussion, Meth information will be included only when there are updates to report.

**1.4 Work Orders**

**Completed WO's by Priority  
 For Month Ending December 2017**

| <b>Property Name</b>        | <b>Priority</b> |               |                  | <b>Grand Total</b> |
|-----------------------------|-----------------|---------------|------------------|--------------------|
|                             | <b>Routine</b>  | <b>Urgent</b> | <b>Emergency</b> |                    |
| 6th Ave Apartments          | 15              | 2             | 0                | <b>17</b>          |
| Bay Terrace Phase One       | 16              | 3             | 1                | <b>20</b>          |
| Bay Terrace Phase Two       | 14              | 3             | 0                | <b>17</b>          |
| Bergerson Terrace           | 42              | 28            | 0                | <b>70</b>          |
| Dixon Village               | 19              | 1             | 5                | <b>25</b>          |
| E.B. Wilson                 | 60              | 0             | 0                | <b>60</b>          |
| Fawcett Apartments          | 25              | 2             | 0                | <b>27</b>          |
| Hillside Terrace 1500 Block | 8               | 0             | 0                | <b>8</b>           |
| Hillside Terrace Ph 1       | 1               | 4             | 0                | <b>5</b>           |
| Hillside Terrace Ph II      | 4               | 1             | 0                | <b>5</b>           |
| Ludwig Apartments           | 30              | 15            | 0                | <b>45</b>          |
| North G St                  | 11              | 4             | 0                | <b>15</b>          |
| North K St                  | 9               | 4             | 0                | <b>13</b>          |
| Salishan Five               | 20              | 1             | 0                | <b>21</b>          |
| Salishan Four               | 20              | 2             | 0                | <b>22</b>          |
| Salishan One                | 11              | 1             | 0                | <b>12</b>          |
| Salishan Seven              | 21              | 3             | 0                | <b>24</b>          |
| Salishan Six                | 28              | 0             | 0                | <b>28</b>          |
| Salishan Three              | 11              | 0             | 0                | <b>11</b>          |
| Salishan Two                | 17              | 2             | 0                | <b>19</b>          |
| Wright Ave                  | 9               | 3             | 0                | <b>12</b>          |
| <b>Grand Total</b>          | <b>391</b>      | <b>79</b>     | <b>6</b>         | <b>476</b>         |

In the month of December, 100% of emergency work orders were completed within 24 hours; maintenance staff completed 476 non-emergency work orders with a total of 4,352 for the calendar year. The year-to-date average number of days to complete a non-emergency work order is 11 days.

**Open Work Orders  
 For Month Ending December 31, 2017**

| Property Name                  | Priority  |          | Grand Total |
|--------------------------------|-----------|----------|-------------|
|                                | Routine   | Urgent   |             |
| Bay Terrace Community Facility | 1         | 0        | 1           |
| Bay Terrace Phase One          | 4         | 0        | 4           |
| Bay Terrace Phase Two          | 6         | 1        | 7           |
| Bergerson Terrace              | 1         | 0        | 1           |
| Hillside Terrace Ph II         | 1         | 1        | 2           |
| Salishan Five                  | 2         | 0        | 2           |
| Salishan Four                  | 3         | 0        | 3           |
| Salishan One                   | 2         | 0        | 2           |
| Salishan Seven                 | 4         | 0        | 4           |
| Salishan Six                   | 2         | 0        | 2           |
| Salishan Three                 | 1         | 0        | 1           |
| Salishan Two                   | 2         | 0        | 2           |
| Wright Ave                     | 1         | 0        | 1           |
| <b>Grand Total</b>             | <b>30</b> | <b>2</b> | <b>32</b>   |

Property Management (PM) continues to bring down the number of outstanding work orders and improve customer service.

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

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



**TACOMA HOUSING AUTHORITY**

**REAL ESTATE DEVELOPMENT**



# TACOMA HOUSING AUTHORITY

**DATE:** January 24, 2018  
**TO:** THA Board of Commissioners  
**FROM:** Kathy McCormick  
Director of Real Estate Development  
**RE:** Real Estate Development Department Monthly Board Report

## 1. SALISHAN/HOPE VI

### 1.1 Phase II Construction

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

Discussions continue with Bates Technical College and Community Health Services regarding the Salishan Core. Staff also showed space at the Family Investment Center (FIC) to a local child care operator who expressed some interest in providing day care or before/after school programs at this location. These discussions are all in the very early stages.

### 1.2 Salishan Family Investment and Maintenance Shop Renovations

Construction is scheduled to begin for the renovation of the Family Investment Center and the Salishan Maintenance Shop on January 8, 2018, with a duration of 4 months. Staff at the building chose from numerous options to upgrade flooring, wall colors, door trim and accents. The construction includes tenant improvements in the Family Investment Center (FIC) building along with a new Heritage Branch office and ATM. The Maintenance Shop includes plans for a mezzanine and an underground fiber optic cable between the FIC and the shop.

## 2. NEW DEVELOPMENT

### 2.1 Bay Terrace – Phase II

Construction is 99.9% complete. We continue to work on remaining punch and other items until we are satisfied the work has been completed.

**Absher Construction is addressing the Building J roofing issues. Absher has agreed to the following:**

Lower Roof – Complete removal and replacement. 100% of the lower roof has been replaced to date. The contractor has a few punch list items to complete.

Upper Roof - The upper roof replacement is 100% complete with the exception of punch list items. The entire roof had to be replaced.

**ADA Parking Stalls**

The contractor reinstalled the ADA parking stalls to the correct slope. The City has approved the recommended fix proposed by our civil engineer. The contractor has priced the alley regrade and will be submitting a schedule to complete the work.

NOTE: The following information is based on Draw 17 for period ending 7/31/2017. There have been no budget changes since the last report.

**Budget**

**% Complete 99.9%**

| Item   | Original Budget   | Revised Budget    | Expended           | Balance            |
|--|-------------------|-------------------|--------------------|--------------------|
| Soft Cost Inc. Reserves                          | 4,861,258         | 4,904,798         | 2,973,739          | 1,931,059          |
| Interest Reserve                                 | 1,000,369         | 1,000,369         | 217,609            | 782,760            |
| Hard Cost Inc. Contingency                       | 16,980,410        | 17,096,870        | 16,159,233         | 937,637            |
| <b>Total Budget</b>                              | <b>22,842,037</b> | <b>23,002,037</b> | <b>19,350,581</b>  | <b>3,651,456</b>   |
| <i>Owners Contingency</i>                        | <i>880,000</i>    | <i>880,000</i>    | <i>880,000</i>     | <i>0</i>           |
| <i>Additional Sponsor Loan for Owner Changes</i> |                   | <i>\$160,000</i>  | <i>\$70,734.35</i> | <i>\$89,265.65</i> |



**Building J – At Court G**



**Building H – At Court G**

Absher Construction’s Total Resident Employment, and M/WBE and Apprenticeship goal commitment and monthly utilization:

|                            | GOAL | PREVIOUS ACTUAL | FINAL AS OF 8/31/2017 |
|----------------------------|------|-----------------|-----------------------|
| <b>MBE</b>                 | 10%  | 13%             | 13%                   |
| <b>WBE</b>                 | 8%   | 12%             | 12%                   |
| <b>Section 3 Business</b>  | 10%  | 14%             | 14%                   |
| <b>Section 3 New Hires</b> | 30%  | 29.41%          | 29.41%                |
| <b>Apprenticeship</b>      | 15%  | 13.05%          | 13%                   |

### **3. OTHER PROJECTS**

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

##### **Background**

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

##### **Capital Improvements**

RED has issued the bid to demolish an old restaurant that cannot be repaired. A contract will be awarded by the end of January.

##### **Leasing**

A listing agreement for leasing the property has been executed with CB Danforth and a lease up strategy has been determined. The property is being actively marketed and prospective tenants are touring the vacant spaces.

- Community Youth Services is using one of the vacant spaces as storage for their winter donations
- Month to month leases are being renegotiated with tenants to extend for 2-3 years at market rents to stabilize cash flow and allow for THA flexibility to redevelop.

##### **Predevelopment**

A contract is being negotiated with Urban Land Institute to host a Technical Advisory Panel as part of the kick off for predevelopment activities. The Panel is expected to meet in early March.

#### **3.2 Public Housing Scattered Sites**

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

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

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

| Units Sold            | Combined Market Value | Combined Sold Price | Combined Rehab Costs | Total Sales Costs     | Net Proceeds       |
|-----------------------|-----------------------|---------------------|----------------------|-----------------------|--------------------|
| 21                    | \$4,355,000.00        | \$4,364,964.60      | \$510,008.00         | \$906,079.16          | \$2,943,877.44     |
| Units Listed          | Market Value          | List Price          | Rehab Costs          | Sales Costs Estimated | Projected Proceeds |
| 3                     | \$667,000.00          | \$667,000.00        | \$94,300.00          | \$105,000.00          | \$467,700.00       |
| Units in Construction | Scope Preparation     | Occupied            |                      |                       |                    |
| 1                     | 8                     | 1                   |                      |                       |                    |



5814 Swan Creek - Listed

3.2.3 Rehabilitation Work on Scattered Site Units and Sold:

- Rehabilitation work on 4 houses is out to bid. The addresses are as follows: 6750 East B Street, 4909 NE 35<sup>th</sup> Street, 618 S Prospect, and 3008 S 13<sup>th</sup> St.
- 21 houses sold, 13 houses remain
- Final 5 houses in scoping process
- 1 All tenants have been relocated
- CYS is occupying 120 Bismark to temporarily house homeless youth. They are consistently at capacity. Staff have been asked to sell this house to CYS for a permanent Crisis Residential Center.
- 2225 E. George Street has been completed in November and has been listed for \$225,000.00 in December 2017.
- 5814 Swan Creek and 4823 E. M Street have been listed for sale and are awaiting offers from eligible buyers.
- Relocation for the last household with children is complete. Households were given over 90 days to relocate. These 90-day notices were scheduled to allow for relocation over the summer months. Due to a low availability of affordable housing in Tacoma, some households needed an extension to utilize their vouchers. THA has granted these extensions when possible and all residents are expected to utilize their vouchers by the end of December 2017.

### **3.3 Consulting and Community Engagement**

Staff is working with the Korean Women's Association (KWA). They asked THA to be their development advisor for a 45-unit senior building in response to a City of Tacoma RFP for a developer for property located at 9<sup>th</sup> and MLK. Unfortunately, KWA was not chosen for this project

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

The closing for the financing needed to remodel New Look is scheduled for January 16<sup>th</sup>. There have been a myriad of details to attend to on this closing that are proving more complex than a new construction project. The rehabilitation work will begin in January. The subsidy tied to the Enclave has been transferred to Alberta Canada and will free up the Project Based Vouchers assigned to this property for other uses.

### **3.5 Community Youth Services (CYS): Arlington Drive Property**

The City of Tacoma allocated \$700,000 to the Tacoma Community Redevelopment Authority (TCRA) and \$250,000 in CDBG funds for the development of the Crisis Residential Center (CRC). Pierce County is contributing \$250,000. Staff have also completed a proposal request for another \$500,000 in capital from Pierce County. SMR Architects has completed the master site planning and related preliminary work. A portion of the SMR work will be reimbursed as part of the City of Tacoma agreement and THA will fund the balance. CYC has advised THA that they will add HOPE beds as part of the Crisis Residential Center operations. HOPE Centers/Responsible Living Skills Program (RLSP) is the Washington State Homeless, Youth Prevention/Protection and Engagement Act (HOPE). HOPE Centers are temporary residential placements for street youth. Youth can remain in a HOPE Center for up to 30 days while they receive assessment services and a permanent placement is identified. HOPE Centers are intended to stabilize an adolescent, perform comprehensive assessments of the youth's physical and mental health, identify substance abuse problems and educational status, and develop a long-term permanent plan. This change will require a modification to the development agreements THA has negotiated with the City of Tacoma. Community Youth Services (CYS) will provide the supportive services to the CRC.

THA will also develop a portion of the site for rental housing for homeless young adults ages 18-24. THA will fund this development with LIHTC and related sources. The initial costs to THA for planning the CRC will not exceed \$50,000.

The design development is complete and an initial cost estimate completed. The cost estimate is significantly higher than anticipated because this project has to meet commercial codes and specific licensing requirements. Staff started conversations with the City of Tacoma, Pierce County and others about covering these additional costs.

THA has engaged the Corporation for Supportive Housing to assist with issuing an RFP for a service provider for the rental housing component of the Arlington Campus and is consulting with Corporation for Supportive Housing. An executed agreement with a service provider is an important factor in obtaining state and local funding, including 9% tax credits. Services to be offered to homeless young adults are a core component of long term success for this project. Given this, THA will work toward a 2019 tax credit submission for the rental housing component of this project.

The firm of BDS Planning and Urban design was selected as the consultant for the community engagement and consultation effort. The fourth Community Advisory Committee meeting was held October 12<sup>th</sup> at the FIC.

### **3.6 Allenmore Brownstones**

The seller of the Allenmore Brownstones accepted THA's offer to purchase the property and the Purchase and Sale Agreement has begun. We are in the due diligence and financing phase at this time.

## **4. DEVELOPMENT PIPELINE PROJECTS**

### **4.1 1800 Hillside Terrace Redevelopment**

The 1800 block of Hillside Terrace was demolished during the Bay Terrace Phase I redevelopment. Staff submitted a Housing Trust Fund application to the Department of Commerce on October 9, 2017, in response to a Stage 2 NOFA although the State does not have an approved budget for funding. Staff plans to submit a 2018 9% tax credit application.

Staff purchased two adjacent single-family homes in anticipation of developing this site and demolition of these two homes is complete. Clean up, site grading, seeding and a fence has been installed around the property for liability mitigation purposes.

### **4.2 Intergenerational Housing at Hillsdale Heights**

The Executive Director met with Many Lights and Catholic Family Services to discuss a potential partnership between the three agencies. Safe Streets has been selected as the consultant for the community engagement and consultation for the project. Their work was slated to begin in 2018; however, this may be delayed for several months. THA will likely issue an RFP to select the service provider.

### **4.3 Hilltop Lofts and THA Owned Properties Master Development Plan**

THA and the City extended the timeline by two years for THA to develop the Hilltop Lofts project. Council approved the extension request at its November 3, 2015, meeting. Work needs to begin by the end of 2017. Staff submitted a January, 2017 9% tax credit submission; however, it did not score high enough to receive tax

credits. Staff is reviewing other financing options for this site. In the meantime, the City has asked THA to take over the property and manage the lease and building with Mr. Mack. The City will quit claim the deed to THA.

**4.3.1 City of Tacoma 311 Mobilization**

RED, in partnership with the Hilltop Action Coalition, will facilitate the outreach and mobilization so that residents of the Hilltop understand and use the City’s 311 customer service line. This will be completed through a series of workshops, events, canvassing and literature creation. The agreement with the City has been executed and planning work initiated.

**5. Renew Tacoma Housing, LLLP**

**5.1 Construction**

| Property                    | Construction start | Construction schedule complete | Units complete | Units underway | Units remaining |
|-----------------------------|--------------------|--------------------------------|----------------|----------------|-----------------|
| Bergerson                   | 5/4/2016           | 12/27/2016                     | 72             | 0              | 0               |
| E.B. Wilson<br>aka M Street | 5/4/2016           | 12/27/2016                     | 77             | 0              | 0               |
| Dixon Village               | 9/16/2016          | 12/27/2016                     | 31             | 0              | 0               |
| Ludwig                      | 6/23/2016          | 3/15/2017                      | 41             | 0              | 0               |
| Fawcett                     | 1/9/2017           | 5/24/2017                      | 30             | 0              | 0               |
| K Street                    | 10/11/2016         | 3/27/2017                      | 43             | 0              | 0               |
| Wright Street               | 2/6/2017           | 10/5/2017                      | 58             | 0              | 0               |
| 6 <sup>th</sup> Avenue      | 4/1/2017           | 9/26/2017                      | 64             | 0              | 0               |
| G Street                    | 3/7/2017           | 9/7/2017                       | 40             | 0              | 0               |

2016 Projects: Bergerson, Dixon and E.B. Wilson

The *Certificates of Substantial Completion* were issued on December 27, 2016, for Bergerson, Dixon and E.B. Wilson sites required to be delivered in 2016 and the tax-exempt bond “50% test” was met for each site.

2017 Projects: Ludwig, Fawcett, K Street, 6<sup>th</sup> Avenue, Wright, G Street

The *Certificates of Substantial Completion* were issued on December 21, 2017 for Ludwig, Fawcett, K Street, 6<sup>th</sup> Avenue, Wright and G Streets and the tax-exempt bond “50% test” met for each site.

Elevators

Modernization of elevators is complete with the exception of one of the Ludwig elevators. Ludwig’s elevator requires that the single bottom jack be replaced. The cost of the work ranges from approximately \$50,000 to \$200,000. The range is based on whether or not the existing jack hole is plumb and cased or jacketed to

prevent hole collapse once the existing jack is removed. These conditions hinder installation of the new jack. There are funds to cover the cost.

RED staff coordinate meetings with appropriate staff to educate and provide warranty, etc. information on the elevators.

## **5.2 Relocation**

All units are complete at E.B. Wilson. No more relocation activity is happening. Relocation activity ended October, 2016.

All units are completed at Bergerson Terrace. No more relocation activity is happening. Relocation activity ended October, 2016.

All units are completed at Dixon Village. No more relocation activity is happening. Relocation activity ended December, 2016.

All units are completed at Ludwig. No more relocation activity is happening. Relocation activity ended February 27, 2017.

All units are completed at North K Street. No more relocation activity is happening. Relocation activity ended March 1, 2017.

All units are completed at Fawcett Street Apartment. No more relocation activity is happening. Relocation activity ended March 17, 2017.

All units are completed at North G Street. No more relocation activity is happening. Relocation activity ended May 15, 2017.

All units are completed at Sixth Avenue Apartments. No more relocation activity is happening. Relocation activity ended August 3, 2017.

All units are completed at Wright Street Apartments. Relocation activity ended October 5, 2017.

## **5.3 Watch list**

**Environmental** – The Department of Ecology (DOE) issued a *No Further Action* letter for 6<sup>th</sup> Street.

DOE required additional testing at K and Wright Streets. THA's environmental consultant developed work plans and presented them to DOE for comments. Fortunately, DOE supported the lower cost option for clean-up at Wright Street. As noted below, the consultant is working with the DOE to complete the final steps for Wright and K Street closeout and issuance of *No Further Action* letters.

K Street:

THA and its consultant were informed by the DOE that the K Street plan looks good and only requires minimal additional testing. Vapor testing to the elevator pit was performed to assure there are no toxic emissions. The testing is complete and there are no vapor issues. THA's consultant prepared the *Remedial Investigation and Feasibility Study* and recommendation report that DOE reviewed in April. THA and its consultant met with DOE staff the end of May. DOE's opinion letter stated that they recommended 3-4 monitoring events and long-term monitoring at longer intervals over the next 5 years.

On August 31, 2017, Robinson Noble constructed three groundwater monitoring wells and collected groundwater samples for laboratory analysis. DOE is currently reviewing the Environmental Covenant language. Once the Environmental Covenant is executed and filed of record, DOE will issue the *No Further Action* letter.

Wright Street:

**Contaminated Dirt:** THA staff and Robinson Noble met with DOE and a report with mitigation requirements was received from DOE. At the meeting, Ecology staff verbally reported that two monitoring wells and long-term monitoring will be required. Department of Ecology staff verbally stated that removal of dirty dirt is not required because of the cost and anticipate they can issue an NFA letter.

**Underground Storage Tank:** Robinson Noble's recent investigation confirmed that there isn't an underground storage tank.

On August 17, 2017, Robinson Noble drilled three more test borings and constructed two groundwater monitoring wells. The results of the soil borings will indicate if the dirty dirt has moved upward. The contamination is likely bunker oil. DOE is currently reviewing the Environmental Covenant language. Once the Environmental Covenant is executed and filed of record, DOE will issue the *No Further Action* letter.

It is our understanding that the neighbor's property was recently sold. Prior to this, Robinson Noble suggested that THA buy the contaminated portion of the neighbor's property or encumber the property with an environmental covenant. The property owner may object to the covenant. If it is the case that the property is sold, we may still offer to buy the portion with the contamination and offer the neighbor an easement to continue using it for parking or consider buying the entire parcel. Environment condition exists only on the edge adjoining THA property. Of two tests bores one tested clean and the other dirty. The toxic dirt is so far below the surface that no risks for gardening exist right now.

Legal Counsel sent a letter to Superior Linen informing them that and a formal complaint will be filed against them for restitution for environmental expenses. Superior Linen's legal counsel has not responded to any of the letters. THA staff

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

#### 5.4 Issues Encountered/Status

The following information provides a status as of Draw #18 (November 2017 draw).

| <b>Budget</b>                                  | <b>Total budget</b>   | <b>Expended</b> | <b>Outstanding</b> |
|--|---|-----------------|--------------------|
| Soft Costs*                                    | \$24,023,498  | \$10,236,747    | \$13,786,751       |
| Construction<br>(includes owner's contingency) | \$33,155,555<br>(includes \$500,000 reallocation from Environmental Escrow + \$100,000 seismic bracing release) | \$34,067,779    | ***(\$312,224)     |
| Environmental Escrow                           | \$3,500,000   | **\$1,100,000   | \$2,400,000        |

\*Excludes \$30,640,000 Site/Building Acquisition Expended at Closing Draw.

\*\*\$600,000 reallocated to construction budget due to 6<sup>th</sup> Avenue "No Further Action Letter" issued by DOE. \$500,000 reallocated to construction due to significant progress on K and Wright Street remediation. \$100,000 reallocated to construction due to seismic bracing sign-off.

\*\*\*Excess "soft cost" budget will cover the \$312,224. Extra construction work was required to meet the 50% test.

#### 5.5 Walsh Construction - MWBE and Section 3 Reporting

|                            | <b>GOAL</b> | <b>ACTUAL AS OF 5/31/2017</b> |
|----------------------------|-------------|-------------------------------|
| <b>MBE</b>                 | 14%         | 8.78%                         |
| <b>WBE</b>                 | 8%          | .29%                          |
| <b>Section 3 Business</b>  | ----        | 7.41%                         |
| <b>Section 3 New Hires</b> | 30%         | 27.78% (20 new hires)         |

#### Section 3 New Hires:

- The above information represents a combination of Section 3 hires that were hired by Walsh prior to the start of RAD and subsequently assigned to RAD and new Section 3 hires in which their initial assignment is the RAD project.
- Also please note that the above information is a computation of the % of new hires that meet the Section 3 guidelines under RAD. There were 70 hires total for the RAD project.

**Walsh provided some context for why meeting the Minority and Women Business Enterprise (MWBE) goals is a challenge:**

- The small work scope is such that it is difficult to package scopes into smaller packages to achieve minority and MWBE results. This is easier to do on larger, single purpose projects;
- The RAD project is complex and maintaining the aggressive schedule is critical. There are significant consequences to any delays in the work. For example, the investor is expecting delivery of 3 projects by the end of 2016. If any one of the projects is not delivered, there is a serious financial and reputational risk. Also, if there are delays in the work, the project will face increased relocation costs;
- AVA Siding is a Section 3 business; however, due to market conditions and their work load, RDF Builders has had to step in and take over some of the siding scope simply to finish the project on time;
- Cerna Landscaping, WCC's go-to MBE landscape subcontractor failed on the Bergerson project, again due to an excessive amount of work that they could not complete;
- There has been difficulty identifying MWBE subs; unfortunately Walsh's outreach results were not what they had hoped; and,
- Walsh's outreach efforts, such as town hall meetings, advertising, speaking at National Association of Minority Contractors (NAMC) meetings, and phone calls were outstanding. We simply had trouble finding MWBE subcontractors. It is possible that this can be attributed to the significant amount of work underway in the South Sound.



**TACOMA HOUSING AUTHORITY**

**HUMAN RESOURCES**



# TACOMA HOUSING AUTHORITY

**DATE:** January 24, 2018

**TO:** THA Board of Commissioners

**FROM:** Toby Kaheiki  
Human Resources Director

**RE:** Human Resources Board Report

## 1. HR 2017 YEAR-IN-REVIEW

- 2017 was the first full year of the Human Resources (HR) department functioning under its new structure. It was also a very active year for HR, especially from a support and guidance perspective. We also celebrated professional accomplishments and efforts. I successfully received my senior-level HR certification (SHRM-SCP) in July and Barbara Tanbara, HR Manager, successfully recertified her senior-level HR certification (SPHR). Additionally, Sharrall Madden, HR Admin Coordinator, continues to pursue her BA in Human Resource Management.
- **Client Services** – Working with Client Services leadership, HR provided support for the placement of 11 different staff. These efforts were a result of vacancies in both existing and newly created positions. Additionally, we assisted in the modification of the Rental Assistance division, which include the hire of a new Operations Coordinator. Also in 2017, HR worked on the development of two new job classifications for Client Services, to include, Landlord Engagement Specialist and Peer Advocate. The creation of these positions is part of the continuing effort to improve the services provided to our clients.
- **Property Management** – HR worked with Property Management leadership on the staffing efforts for 9 positions. Most notably, the hire of a new Department Director, which resulted in the internal identification and promotion of Frankie Johnson as the new Director of Property Management in July.
- **Administrative Services** – In 2017, HR began a close collaboration with department leadership and Cabinet in the restructuring of the Administration department. This resulted in a decision that Todd Craven would step down as the Department Director, so that he may focus on the completion of the OpenDoor migration. This created a vacancy in the Department Director position. Sandy Burgess, Associate Director, agreed to fill-in on an interim basis until the position could be filled through a competitive recruitment process. HR continues to work with Sandy on the departments restructuring efforts as this process remains “in-progress”.

HR continues to emphasize the importance of investing significant time in our leadership through in-house training and coaching, as appropriate. The goal is to provide supervisors/managers with the resources and guidance to aid in their success for 2017.

- **New Medical Benefit Carrier** – In 2017, HR developed and led a Joint Benefit Committee that was responsible for the research and procurement of a new medical carrier for Non-represented and OPEIU-represented employees. This was a huge, year-long project that resulted in a new high-quality medical program that provided a savings to the agency of over 10%, while at the same time provided additional benefits for our employees.

## 2. GRIEVANCES / EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC) COMPLAINTS

The chart below lists the most recent grievances and/or formal complaints we have received since 2016. There was one grievance and one EEOC/Human Rights Campaign (HRC) complaint filed in 2017. However, the EEOC complaint was dismissed.

| Most Recent Grievances or EEOC/Human Rights Complaints | Date      | Result   |
|--|-----------|--|
| None   | 2016      | No grievances or EEOC/Human Rights complaints                        |
| EEOC Complaint   | July 2017 | Dismissed: Info obtained does not support violation of statutes      |
| OPEIU Grievance  | July 2017 | OPEIU is reviewing info/data associated with the employee separation |

## 3. COLLECTIVE BARGAINING

As part of the procurement of a new medical carrier, HR partnered with Finance to successfully negotiate a new benefit cost-sharing agreement with Office of Professional Employees International Union (OPEIU). In the previous cost-share agreement, THA paid 97.5% of the “Employee Only” medical coverage and 81% of the additional dependent cost. Under the new agreement, THA pays 98% of the “Employee Only” coverage and 76% of the additional dependent costs. We believe that the new cost-share agreement further supports THA’s philosophy of providing top-quality healthcare benefits to its employees.

As we move into 2018, HR will again lead the collective effort of contract negotiations, as both the Trades and OPEIU contracts end in May and June respectively.

#### 4. COMPLIANCE

There were two significant compliance topics that developed in 2016/2017. Both topics were around employer provided sick leave. HR began working with Payroll in 2017 to ensure we are prepared for these changes and compliant with the federal and state Wage & Hour regulations.

- **WA State Paid Sick Leave** – In late 2016, Initiative 1433 was passed by Washington voters and has been included in Chapter 49.46 RCW Minimum Wage Act. As it relates to THA, the new law increases the minimum wage and requires employers to provide their employees with paid sick leave beginning January 1, 2018.
- **WA State Paid Family Leave** – Starting in 2020, Washington will be the fifth state in the nation to offer paid family and medical leave benefits to workers and employers. The program will be funded by premiums paid by both employees and employers and will be administered by the Employment Security Department (ESD). As directed by the Legislature, premium assessment begins on January 1, 2019, and benefits will be available on January 1, 2020.

#### 5. 2017 STAFFING

As mentioned above, 2017 marked the third consecutive year of heavy recruitment for THA. During this time, we hired, promoted, transferred or reclassified 38 employees. This figure represents approximately 16% promotions, 64% new hire and 20% reclassified/transferred. As with 2016, most of the new hires were the result of backfilling positions vacated by promoted employees.

Our voluntary and involuntary turnover for 2017 was 9.89% compared to 10.1% in 2016. Our goal remains 10%. HR will continue to work toward improving retention by continually refining the recruiting process and talent management through identified training opportunities.

The start of 2018 has six open positions for which THA is recruiting. These positions range from administrative to director level. HR is excited about the prospect of filling these positions with the best and most qualified candidates available.

As a whole, THA represents a diverse workforce and HR is committed to continually working to ensure our workforce is representative of the community it serves. Assuming a +/- of 5%, THA's current employee demographic shows the following:

- Gender ratio is 74% female/26% male (75% female/25% male in 2016)
- Ethnicity for Hispanic/Latino is 7% (4% in 2016)
- American Indian/Alaskan Native is 1% (1% 2016)
- Asian is 4% (7% in 2016)
- Black or African American is 19.5% (19% in 2016)
- Native Hawaiian/Pacific Islander is 2% (1% in 2016)
- More than one race is 6% (5% in 2016)

THA's employee to manager ratio by gender is as follows:

- 28% of males are managers
  - 35% of females are managers
- 
- **Diversity & Inclusion** – In 2018, HR is committed to continually working to ensure our workforce is representative of the diverse community it serves.

## 6. HR FOCUS IN 2018

In 2018, HR will continue its attention on Compliance. HR can truly make an impact in how it delivers valuable and effective service to the organization. As a first step, HR will focus on certain core service areas in order to meet emergent and foreseeable needs. This will require HR to "take one step back, to take two forward" and means creating better and tighter processes around what we do best (e.g. workforce planning/recruiting, compensation, benefits and organizational development). I anticipate the department "renovation" process will start in 2018 and will continue through 2019.



**TACOMA HOUSING AUTHORITY**

**NEW BUSINESS**



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2018-01-24 (1)

**Date:** January 24, 2018  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** RAD A&E Work Addendum #9, Casey + DeChant Architects

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*This Resolution would authorize Tacoma Housing Authority's (THA) Executive Director to increase the amount of the contract with Casey + DeChant Architects for Architectural and Engineering (A&E) Services needed to complete the Rental Assistance Demonstration (RAD).*

### Background

On June 24, 2015, the Board approved Resolution 2015-6-24 (1) authorizing THA's Executive Director to negotiate and award a contract for the Architectural and Engineering (A&E) Services for the RAD Conversion Project, in an amount not-to-exceed \$500,000.00 for the predevelopment phase of work, to Casey + DeChant Architects.

On July 7, 2015, Tacoma Housing Authority (THA) entered into a contract with Casey DeChant Architects to provide limited professional Architectural and Engineering in conjunction with Walsh Construction, the General Contractor/Construction Manager (GCCM).

On January 27, 2016, the Board approved Resolution 2016-01-27 (1) authorizing THA's Executive Director to proceed with additional Work Scope. During the Design Phase, numerous requests for additional Work Scope were requested from several sources; RAD funders required additional Seismic and Environmental Reports, THA Property Management staff requested all new security system designs, changes to the HVAC systems required additional Consulting Engineer work, and during the Permit review process the City of Tacoma requested significant changes to the ROW improvements at all of the sites. Value Engineering also added additional costs. THA staff requested the inclusion of Construction Administration costs for the duration of the project from Casey + DeChant Architects. The additional A&E work resulted in an increase in the A&E contract to a not-to-exceed amount of \$1,031,000, including an additional amount of \$162,000.00 for contingency.

On July 26, 2017, the Board approved Resolution 2017-7-26 (1) authorizing THA's Executive Director to proceed with additional Work Scope and services. A large number of ASI's, RFI's

and supporting documents required a substantial increase in Construction Administration Services. Additional design work and consulting services were required due to plumbing defects discovered during demolition. HVAC venting systems were found to be failing and required vent replacement consulting and design. Roofing/Envelope consultants were required to perform more observations and reporting due to bad weather and roofing crews. The City of Tacoma required a surveyor to complete the As-built drawings of the Right of Way work at all 9 building sites. The additional A&E work resulted in an increase in the A&E contract to a not-to-exceed amount of \$211,100.

At this time, THA would like to revise the total contract for Casey + DeChant Architects due to additional scope. The Roofing/Envelope consultants performed additional observations and reporting due to continued bad weather and roofing crews. One of the elevators at Ludwig was found to contain a hydraulic jack that is 50 years old. It is of obsolete design and could not be brought up to meet current codes and regulations. The scope will require complete removal and replacement of the hydraulic jack and possibly additional removal, cleanup procedures and costs. Additional review and Elevator Consulting Services will be necessary and approval of Submittals, Request for Information and Change in Condition, design questions and other services. The construction schedule has been extended from September, 2017 to April, 2018 and follow-up work will add additional time to the A&E schedule and Scope of Work. A higher than usual contingency is included to cover the potential added removal and cleanup scope.

The additional fee for Construction Administration Services is \$70,000.00 which is attributed to the continued oversight and completion of RAD related work and the increase in Consultant fees for Elevator Consultants, Mechanical Engineering, Civil Engineering and Roofing/Envelope Observations is \$28,500.00 for a total contract increase of \$98,500.00.

Funding for the proposed increase is from the RAD Budget.

### **Recommendation**

Authorize THA's Executive Director to increase the contract amount for the A&E Services for the RAD Conversion Project by \$98,500.00 for a not-to-exceed amount of \$1,418,283.00 for the A&E services of Casey + DeChant Architects. This is less than 4% of the RAD construction budget.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2018-01-24 (1) (RAD A&E Work Addendum #9, Casey + DeChant Architects)**

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

**WHEREAS**, On June 24, 2015, THA's Board of Commissioners approved Resolution 2015-6-24 (1) authorizing THA's Executive Director to award a contract for the Architectural and Engineering Services for the RAD Conversion Project to Casey + DeChant Architects in an amount not-to-exceed of \$500,000; and

**WHEREAS**, On January 27, 2016, THA's Board of Commissioners approved Resolution 2016-01-27 (1) in the amount of \$531,000 for additional A&E work scope for the project; and

**WHEREAS**, On July 26, 2017, THA's Board of Commissioners approved Resolution 2017-7-26 (1) in the amount of \$240,500 for additional A&E work scope for the project; and

**WHEREAS**, THA has estimated an additional \$98,500.00 in A&E services will be needed for the RAD Conversion project; now therefore, be it

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

Authorize THA's Executive Director to increase the contract amount with Casey + DeChant Architects by \$98,500.00 for a total not-to-exceed of \$1,418,283.00.

**Approved: January 24, 2018**

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Janis Flauding, Chair