



# **TACOMA HOUSING AUTHORITY**

## **BOARD OF COMMISSIONERS**

### **BOARD PACKET BOARD RETREAT**

**June 5, 2010**



# TACOMA HOUSING AUTHORITY

**To:** THA Board of Directors  
**From:** Michael Mirra, Executive Director  
**Date:** June 2, 2010  
**Re:** FY 2011 Budget

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This memo describes the budget we are presently set to propose for THA's FY 2011. The attachments provide some more detail. The Board will adopt a budget at its regular June meeting on June 23rd. In advance of that, on June 5<sup>th</sup>, the Board will discuss this proposal at its retreat. We will meet at THA and we start at 8 AM with a light breakfast snack. We will also serve lunch. We hope to be done before 12:30 PM or so.

This budget proposal arose from the cabinet discussions, helpfully informed by department staff discussions and consultation with our union partners. I believe it is a reasonable proposal that reflects the important choices we should make. The following budget choices and principles govern our proposal.

## **Budget Choices and Principles:**

We propose this budget upon the following choices and principles:

- *Reserves:* We will balance this budget without dipping into reserves. We spent down our reserves last year to keep Salishan going. Instead, we must rebuild them.
- *Salishan:* We will continue with Salishan's rental construction. We cannot afford a stall this year any more than we could last year. We will finish all rental phases by the end of FY 2011.
- *Spend Non-Recurring Income:* This year we will have about \$750,000 net non-recurring income. We propose to spend it this year.
- *Limited Layoffs/Position Cuts:* We propose to lay off a few staff and keep other positions vacant. We propose no layoffs/position cuts that would notably delay our continuing improvements in operations.

## **Some Budget Assumptions:**

- Public Housing Subsidy calculated at 100%. We think this is likely because HUD recalibrated this subsidy and saved significant amounts.
- HAP Income calculated with a 2.0% increase and prorated at 99.5% for CY2011.
- Section 8 Admin Fees pro-rated at 92.5%.
- Funding for Section 8 HAP and Administrative fee as baseline amount for the Moving to Work demonstration program will be effective January 1<sup>st</sup> as a block grant. We do not expect to learn the exact amount from HUD until February, 2011.

**Main Features of the Budget**

- *Salishan Developer Fee:* THA will receive approximately \$1,270,000 net income Development fees for Salishan 5, 6, and 7. These amounts represent the final development fee payments to THA.
- *Salishan Lot Sales Expenses:* Approximately \$560,000 is budgeted for expenses related to lots for sale in Salishan.
- *Changes to Voucher Occupancy Standards:* The budget assumes a change to the Voucher Occupancy standards and the adoption of a minimum rent of \$50 per unit. This change could free up \$250,000 this next fiscal year in HAP funds, and would be usable for other housing purposes. I append a memo from April with more details. Here are the basics of this proposal.

Presently, a voucher will pay for one bedroom for each household member, with exceptions for small children. This budget anticipates changing standards to two people per bedroom, with allowances for extra bedrooms necessary for reasons related to a disability.

<b>THA Housing Choice Voucher Occupancy Standard</b>		
<b>Household Composition</b>	<b>Number of Bedrooms</b>	
	<b>Current Standard</b>	<b>Proposed Standard</b>
Two adults	1	1
Two adults and child	2	2
One adult and child	1 or 2	1
One adult and two children	2 or 3	2

Families affected by this change could remain in their present unit, but they would have to pay the difference from their own pocket. This may average about \$200 per month. They could also move to a less expensive unit, whether of the same size or smaller.

Families would have at least one year to adjust and plan. The change will take effect on a family’s second annual recertification following the change.

This change will free up \$250,000 in HAP for FY 2011, and a higher amount when the change takes full effect over the next two years.

Before adopting this change, THA would consult with stakeholders. It would constitute a change to the Voucher Program’s Administrative Plan that the Board would approve.

- *Capital Fund Program (CFP) Money for Operations:* Even under HUD's regular rules, a PHA can use up to 20% of its CFP funds for operations. THA has not used this authority to a significant extent. The last time THA used CFP for operations was in 2003, when we used \$90,000. We now propose to use \$309,000 of CFP funds for public housing operations, \$91,000 for Community Services, and \$45,000 for the Desk Manual Technical Writer.
- *Limited Lay Offs/Positions Left Unfilled:* The budget proposes to remove funding for a net of 6 regular positions and 3 temporary positions. The 3 temporary positions will end at the end of the current fiscal year and the staff in them have already been notified. The lack of funding for the regular positions results largely from the disappointing news that we did not get the HOPE VI grant for Old Hillside Terrace. To make these cuts, we will leave some open positions unfilled and will lay-off other positions. We will extend one sunset position and fill the new position for Moving to Work Coordinator. These are critical positions for moving our projects forward.

We avoid more layoffs this year by spending the non-recurring income and using the CFP funds for operational purposes. We may only be postponing the need for more layoffs in 2012 if we do not replace that non-recurring income or reduce expenses over the next year.

In the meantime, we will watch our budget carefully throughout FY 2011. As part of this scrutiny, the Board will review the budget in January 2012. I also will carefully scrutinize any request to fill a vacancy. With care, even if we are not able to replace the nonrecurring income for FY 2012, these precautions will moderate and perhaps eliminate the need for further cuts in 2012.

- *Reserves:* This budget will leave us with the following reserves as indicated in Attachment A:
  - ~ Public Housing/Voucher HAP Reserves \$5.241 million
  - ~ Unrestricted Reserves: \$1.858 million

Please Note: These reserves do **not** include an additional \$3.3 million we have set aside, should it be necessary, for the cash pledge to Citibank for the Salishan infrastructure loan.

### **Budget Uncertainties**

Here are the notable and largely unavoidable uncertainties about our budget:

- *Congressional Appropriations:* As always, we will not know our congressional appropriations for the second half of our budget year starting January 1<sup>st</sup>. Congress is due to pass its budget for that period by October 1<sup>st</sup>. It usually misses that deadline. This year is an election year so the federal budget may be later than usual.
- *Wage and Health Insurance Costs Reopeners:* THA and its two unions will be conferring about wage and health insurance reopeners. Any changes would be

effective on July 1, 2010 for the Trades and January 1, 2011 for OPEIU. THA has received notice of upcoming health coverage cost increases ranging from 6%-32%. For that reason, we will be examining plan options for OPEIU and non-represented staff. We have until late in CY 2010 to propose changes.

- *Moving to Work:* We have only begun to explore our MTW flexibilities. As we learn, we may find other ways to use or save money.
  
- *Old Hillside Terrace:* We did not receive the Hillside HOPE VI grant. In the short term, this will require us to eliminate some positions (see above). We are devising a “Plan B” for the property. This may require further expenditures to pursue other sources of money and would save or bring in more money if we are successful. The possibilities include:
  - ~ apply for the next round of HOPE VI funding;
  - ~ apply for a Choice Neighborhoods grant;
  
  - ~ demolish Old Hillside Terrace in the meantime, for two reasons: (i) doing so would make us more competitive for HOPE VI or Choice Neighborhood funding because HUD regards vacant land as an advantage in making a project “ready” to go; (ii) Old Hillside is very expensive to operate. However, demolishing housing before we arrange the financing for its rebuilding will require extensive thought and community consultation.

The cabinet and I look forward to the discussion on June 5<sup>th</sup>.

Thank you.

## Attachment A. THA Resources and Planned Uses: FY 2011 Budget

	Restricted Programs						Unrestricted Programs					L. TOTAL (Column F + K)
	A. Rental Assistance - HAP (Non MTW)	MTW Demonstration				F. Total Reserve with Restrictions	G. Local Funds	H. Community Service HUD Grants	I. Business Activities	J. Central Office Cost Center	K. Total Reserve without Restrictions	
		B. Rental Assistance MTW	C. Low Income Public Housing	D. MTW Demonstrati on	E. Total MTW							
1 <b>Beginning Reserve - 07/01/10</b>	328,750	1,180,000	3,478,000	0	4,658,000	4,986,750	739,000	0	4,954,000	0	5,693,000	10,679,750
2 Projected HUD HAP Funding	1,021,310	30,986,204			30,986,204	32,007,514						32,007,514
3 Projected HUD HAP Expense	(1,021,310)	(30,482,645)			(30,482,645)	(31,503,954)						(31,503,954)
4 <i>Projected FYE 2011 HAP Surplus/(Deficit)</i>	0	503,559	0	0	503,559	503,559						503,559
5 Projected Operating Income		2,766,268	4,197,239	602,804	7,566,311	7,566,311	1,001,975	381,332	3,024,529	2,623,243	7,031,079	14,597,390
6 Projected Operating Expense		(2,522,160)	(4,274,138)	(1,019,312)	(7,815,610)	(7,815,610)	(798,851)	(381,332)	(1,623,596)	(3,207,921)	(6,011,700)	(13,827,311)
7 <i>Projected FY 2011 Operational Surplus/(Deficit) (lines 4 + 5 + 6)</i>		747,668	(76,899)	(416,509)	254,260	254,260	203,124	0	1,400,933	(584,678)	1,019,379	1,273,639
8 FY 2011 projected transfer for Development Loans/Capital Expenses									(1,320,226)		(1,320,226)	(1,320,226)
9 <i>Projected FY 2011 Operating Surplus/(Reserve Appropriation) (lines 7 + 8)</i>		747,668	(76,899)	(416,509)	254,260	254,260	203,124	0	80,707	(584,678)	(300,847)	(46,587)
10 Salishan Area 3 Pledged Reserves *									(3,300,000)		(3,300,000)	(3,300,000)
11 <b>FY 2011 Available Resources before projects/initiatives (Lines 1 + 9 + 10)</b>	328,750	1,927,668	3,401,101	(416,509)	4,912,260	5,241,010	942,124	(416,509)	1,734,707	(584,678)	2,092,153	7,333,163
<b>FY 2011 Projects/Initiatives/Funding</b>												
<u>Salishan Development</u>												
12 Education Training & Retail Center									(234,000)		(234,000)	(234,000)
<u>Other Initiatives</u>												
13											0	0
14 <i>Total FY2011 Initiatives</i>	0	0	0	0	0	0	0	0	(234,000)	0	(234,000)	(234,000)
15 <b>Ending Reserve (line 11 + 14)</b>	328,750	1,927,668	3,401,101	(416,509)	4,912,260	5,241,010	942,124	(416,509)	1,500,707	(584,678)	1,858,153	7,099,163

\* Total Salishan Area 3 Citibank pledged commitment is for \$3,300,000. Even though included in Operations, based on proposed bond restructuring, interest payments will reduce the pledge amount

Transfer to Development Loans/Capital Expenditures	Amount
<u>Salishan Development</u>	
Salishan 5	0
Salishan 6 - Loan Conversion to Permanent	(80,000)
Salishan 7 - Loan Conversion to Permanent	(1,240,226)
Salishan Infrastructure 2B	0
<b>Line 6 - Projected Transfer to Capital</b>	<b>(1,320,226)</b>

**FY 2011 Tacoma Housing Authority Budget  
Agency Total by Department**

<b>Executive</b>	<b>Human</b>	<b>Finance/</b>	<b>Community</b>	<b>Development</b>	<b>Rental</b>	<b>REM</b>	<b>MTW including</b>	<b>Agency</b>
	<b>Resources</b>	<b>Administration</b>	<b>Services</b>		<b>Assistance</b>		<b>Transition</b>	<b>Total</b>

**INCOME**

1	Tenant Revenue - Dwelling rent	\$0	\$0	\$0	\$0	\$0	\$2,519,913	\$0	\$2,519,913	
2	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$44,000	\$0	\$44,000	
3	HUD grant - Section 8 HAP reimbursement	\$0	\$0	\$0	\$0	\$32,007,514	\$0	\$0	\$32,007,514	
4	HUD grant - Section 8 Admin fee earned	\$0	\$0	\$0	\$12,000	\$0	\$2,630,264	\$0	\$2,642,264	
5	HUD grant - Public Housing subsidy	\$0	\$0	\$0	\$0	\$0	\$2,279,701	\$0	\$2,279,701	
6	HUD grant - Community Services/HOPE	\$0	\$0	\$0	\$425,961	\$0	\$0	\$0	\$425,961	
7	HUD grant - Capital Fund Operating Revenue	\$0	\$0	\$45,000	\$91,109	\$345,150	\$0	\$309,000	\$790,259	
8	Management Fee Income	\$0	\$0	\$643,297	\$0	\$315,150	\$0	\$1,290,447	\$2,248,893	
9	Fee For Service Income	\$0	\$0	\$40,000	\$0	\$0	\$40,596	\$0	\$80,596	
10	Other Government grants	\$0	\$0	\$0	\$127,225	\$192,647	\$0	\$0	\$319,872	
11	Investment income	\$0	\$0	\$45,000	\$0	\$0	\$8,500	\$0	\$53,500	
12	Fraud Recovery Income - Sec 8	\$0	\$0	\$0	\$0	\$0	\$31,375	\$0	\$31,375	
13	Other Revenue- Developer Fee Income	\$0	\$0	\$0	\$0	\$2,509,657	\$0	\$0	\$2,509,657	
14	Other Revenue	\$0	\$0	\$42,980	\$266,544	\$95,000	\$48,000	\$198,874	\$651,398	
<b>TOTAL OPERATING RECEIPTS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$816,277</b>	<b>\$922,840</b>	<b>\$3,457,604</b>	<b>\$34,717,153</b>	<b>\$6,691,031</b>	<b>\$0</b>	<b>\$46,604,904</b>

**OPERATING EXPENDITURES****Administrative**

15	Administrative Salaries	\$211,772	\$154,204	\$939,755	\$90,954	\$326,824	\$911,474	\$773,121	\$55,000	\$3,463,104
16	Administrative Personnel - Benefits	\$72,828	\$64,164	\$351,239	\$26,946	\$120,475	\$392,153	\$334,947	\$22,000	\$1,384,752
17	Accounting & Audit Fees	\$0	\$0	\$12,500	\$0	\$21,500	\$19,500	\$22,000	\$0	\$75,500
18	Management Fees	\$0	\$0	\$0	\$110,593	\$425,134	\$866,290	\$526,472	\$0	\$1,928,489
19	Rent	\$0	\$0	\$0	\$7,014	\$51,830	\$89,906	\$0	\$12,024	\$160,774
20	Advertising	\$0	\$0	\$0	\$4,300	\$2,500	\$0	\$5,750	\$0	\$12,550
21	Data Processing Expenses	\$18,440	\$0	\$80,426	\$31,000	\$10,500	\$37,519	\$56,710	\$70,000	\$304,595
22	Office Supplies	\$7,000	\$1,400	\$12,500	\$17,500	\$5,000	\$32,000	\$22,000	\$0	\$97,400
23	Publications & Memberships	\$30,055	\$5,400	\$3,020	\$350	\$2,500	\$1,000	\$2,550	\$0	\$44,875
24	Telephone	\$3,000	\$1,400	\$28,700	\$7,500	\$3,000	\$1,500	\$44,000	\$0	\$89,100
25	Postage	\$600	\$150	\$2,500	\$8,100	\$750	\$25,000	\$8,550	\$2,000	\$47,650
26	Leased Equipment & Repairs	\$250	\$0	\$21,214	\$4,100	\$16,915	\$18,056	\$11,620	\$0	\$72,155
27	Office Equipment Expensed	\$0	\$0	\$39,500	\$3,000	\$1,000	\$12,000	\$1,000	\$3,500	\$60,000
28	Legal	\$10,000	\$27,000	\$0	\$0	\$50,000	\$3,000	\$24,500	\$5,000	\$119,500
29	Local Mileage	\$500	\$140	\$1,000	\$2,300	\$2,500	\$2,500	\$7,450	\$0	\$16,390
30	Staff Training/ Out of Town Travel	\$28,800	\$16,045	\$43,000	\$7,600	\$19,050	\$16,450	\$31,850	\$17,250	\$180,045
31	Professional Services	\$13,000	\$68,900	\$27,100	\$59,200	\$95,000	\$31,750	\$46,400	\$45,000	\$386,350
32	Other Administrative Expenses	\$23,000	\$15,250	\$2,500	\$8,111	\$2,500	\$8,500	\$29,600	\$0	\$89,461
33	Due Diligence - Development Proj Abandon	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$50,000
34	Contingency	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500
<b>Total Administrative Expenses</b>		<b>\$421,745</b>	<b>\$354,053</b>	<b>\$1,564,954</b>	<b>\$388,568</b>	<b>\$1,206,978</b>	<b>\$2,468,598</b>	<b>\$1,948,520</b>	<b>\$231,774</b>	<b>\$8,585,190</b>

**FY 2011 Tacoma Housing Authority Budget  
Agency Total by Department**

	Executive	Human Resources	Finance/ Administration	Community Services	Development	Rental Assistance	REM	MTW including Transition	Agency Total
<b>Tenant Services</b>									
35 Tenant Services - Salaries	\$0	\$0	\$0	\$592,226	\$0	\$0	\$0	\$0	\$592,226
36 Tenant Service Personnel - Benefits	\$0	\$0	\$0	\$227,884	\$0	\$0	\$0	\$0	\$227,884
37 Relocation Costs	\$0	\$0	\$0	\$0	\$25,000	\$0	\$11,500	\$0	\$36,500
38 Tenant Service - other	\$12,000	\$0	\$0	\$116,200	\$0	\$2,000	\$9,100	\$0	\$139,300
<b>Total Tenant Services</b>	<b>\$12,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$936,310</b>	<b>\$25,000</b>	<b>\$2,000</b>	<b>\$20,600</b>	<b>\$0</b>	<b>\$995,910</b>
<b>Utilities</b>									
39 Water	\$0	\$0	\$0	\$0	\$0	\$0	\$89,126	\$0	\$89,126
40 Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$183,588	\$0	\$183,588
41 Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$61,367	\$0	\$61,367
42 Sewer	\$0	\$0	\$0	\$0	\$30,720	\$0	\$249,684	\$0	\$280,404
<b>Total Project Utilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,720</b>	<b>\$0</b>	<b>\$583,765</b>	<b>\$0</b>	<b>\$614,485</b>
<b>Ordinary Maintenance &amp; Operations</b>									
43 Maintenance Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$576,182	\$0	\$576,182
44 Maintenance Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$162,941	\$0	\$162,941
45 Maintenance Materials	\$0	\$0	\$0	\$0	\$0	\$6,000	\$169,200	\$0	\$175,200
46 Contract Maintenance	\$0	\$0	\$0	\$0	\$69,000	\$3,900	\$652,500	\$0	\$725,400
<b>Total Routine Maintenance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,000</b>	<b>\$9,900</b>	<b>\$1,560,823</b>	<b>\$0</b>	<b>\$1,639,723</b>
<b>General Expenses</b>									
47 Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$120,400	\$0	\$120,400
48 Insurance	\$2,634	\$1,058	\$23,122	\$15,208	\$4,289	\$27,142	\$122,274	\$333	\$196,059
49 Other General Expense	\$0	\$0	\$0	\$0	\$0	\$55,000	\$815,312	\$0	\$870,312
50 Payment in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$14,843	\$0	\$14,843
51 Collection Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$26,500	\$0	\$26,500
52 Interest Expense	\$0	\$0	\$0	\$0	\$348,000	\$0	\$315,890	\$0	\$663,890
<b>Total General Expenses</b>	<b>\$2,634</b>	<b>\$1,058</b>	<b>\$23,122</b>	<b>\$15,208</b>	<b>\$352,289</b>	<b>\$82,142</b>	<b>\$1,415,218</b>	<b>\$333</b>	<b>\$1,892,003</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$436,379</b>	<b>\$355,111</b>	<b>\$1,588,076</b>	<b>\$1,340,086</b>	<b>\$1,683,986</b>	<b>\$2,562,640</b>	<b>\$5,528,925</b>	<b>\$232,107</b>	<b>\$13,727,311</b>
<b>Nonroutine Expenses and Capital Expenditures</b>									
53 Ext Maint/Fac Imp/Gain/Loss prop sale	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$0	\$100,000
54 Casualty Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
55 Section 8 HAP Payments	\$0	\$0	\$0	\$0	\$0	\$31,503,954	\$0	\$0	\$31,503,954
<b>Total Nonroutine Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,503,954</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$31,603,954</b>
<b>TOTAL EXPENSES</b>	<b>\$436,379</b>	<b>\$355,111</b>	<b>\$1,588,076</b>	<b>\$1,340,086</b>	<b>\$1,683,986</b>	<b>\$34,066,594</b>	<b>\$5,628,925</b>	<b>\$232,107</b>	<b>\$45,331,265</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(\$436,379)</b>	<b>(\$355,111)</b>	<b>(\$771,800)</b>	<b>(\$417,246)</b>	<b>\$1,773,618</b>	<b>\$650,558</b>	<b>\$1,062,105</b>	<b>(\$232,107)</b>	<b>\$1,273,639</b>
56 THA Transfer to Development Projects	\$0	\$0	\$0	\$0	(\$1,554,226)	\$0	\$0	\$0	(\$1,554,226)
57 Reserve Appropriations	\$0	\$0	\$0	\$58,333	\$234,000	\$0	\$0	\$0	\$292,333
<b>Surplus/Deficit</b>	<b>(\$436,379)</b>	<b>(\$355,111)</b>	<b>(\$771,800)</b>	<b>(\$358,914)</b>	<b>\$453,392</b>	<b>\$650,558</b>	<b>\$1,062,105</b>	<b>(\$232,107)</b>	<b>\$11,745</b>



**2010 Tacoma Housing Authority Budget  
LIPH**

	<b>AMP 1</b>	<b>AMP 2</b>	<b>AMP 3</b>	<b>AMP 4</b>	<b>AMP 5</b>	<b>AMP 6</b>	<b>Tax Credit AMPS</b>	<b>LIPH Total</b>	
	K, M & G St. Apts. Elderly Disabled 160 Units	Fawcett, Wright, 6th St. Apts. (Elderly/Disabled) 152 Units	Lawrence, Bergerson Terrace, Dixon Village 144 Units	Hillside Terrace (1800 & 2500 Blocks) 104 Units	Old Salishan (Demo'd)	Single Family Homes 34 Units			
<b>INCOME</b>									
1	Tenant Revenue - Dwelling rent	\$420,252	\$401,902	\$422,746	\$223,873	\$0	\$69,165	\$0	\$1,537,938
2	Tenant Revenue - Other	\$6,000	\$7,500	\$13,000	\$7,000	\$0	\$500	\$0	\$34,000
3	HUD grant - Section 8 HAP reimbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	HUD grant - Section 8 Admin fee earned	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	HUD grant - Public Housing subsidy	\$362,279	\$308,071	\$313,711	\$279,181	\$0	\$91,084	\$925,375	\$2,279,701
6	HUD grant - Community Services/HOPE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	HUD grant - Capital Fund Operating Reven	\$46,942	\$103,688	\$52,571	\$92,079	\$0	\$13,720	\$0	\$309,000
8	Management Fee Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Fee For Service Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Other Government grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Investment income	\$1,500	\$1,250	\$1,875	\$1,875	\$0	\$0	\$0	\$6,500
12	Fraud Recovery Income - Sec 8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Other Revenue- Developer Fee Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Other Revenue	\$10,000	\$8,100	\$2,000	\$10,000	\$0	\$0	\$0	\$30,100
<b>TOTAL OPERATING RECEIPTS</b>		<b>\$846,973</b>	<b>\$830,511</b>	<b>\$805,903</b>	<b>\$614,008</b>	<b>\$0</b>	<b>\$174,469</b>	<b>\$925,375</b>	<b>\$4,197,239</b>

<b>OPERATING EXPENDITURES</b>									
<b>Administrative</b>									
15	Administrative Salaries	\$125,245	\$140,329	\$87,714	\$73,981	\$0	\$24,660	\$0	\$451,929
16	Administrative Personnel - Benefits	\$54,411	\$57,763	\$43,231	\$39,570	\$0	\$13,190	\$0	\$208,165
17	Accounting & Audit Fees	\$3,600	\$3,985	\$4,000	\$2,725	\$0	\$890	\$5,000	\$20,200
18	Management Fees	\$113,158	\$107,500	\$101,842	\$73,553	\$0	\$24,046	\$59,074	\$479,173
19	Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Advertising	\$1,500	\$500	\$1,000	\$0	\$0	\$0	\$0	\$3,000
21	Data Processing Expenses	\$10,336	\$10,223	\$12,281	\$10,668	\$0	\$1,560	\$0	\$45,068
22	Office Supplies	\$4,513	\$4,513	\$4,012	\$4,259	\$0	\$503	\$0	\$17,800
23	Publications & Memberships	\$200	\$150	\$200	\$0	\$0	\$0	\$0	\$550
24	Telephone	\$14,544	\$12,018	\$8,490	\$4,104	\$0	\$866	\$0	\$40,022
25	Postage	\$1,500	\$800	\$1,500	\$1,000	\$0	\$250	\$0	\$5,050
26	Leased Equipment & Repairs	\$3,392	\$3,361	\$2,142	\$2,784	\$0	\$363	\$0	\$12,040
27	Office Equipment Expensed	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$500
28	Legal	\$4,000	\$5,000	\$5,000	\$2,500	\$0	\$1,000	\$0	\$17,500
29	Local Mileage	\$804	\$1,052	\$798	\$535	\$0	\$1,211	\$0	\$4,401
30	Staff Training/ Out of Town Travel	\$4,000	\$5,000	\$5,000	\$3,500	\$0	\$750	\$0	\$18,250
31	Professional Services	\$8,733	\$9,870	\$8,060	\$6,383	\$0	\$2,430	\$2,000	\$37,475
32	Other Administrative Expenses	\$7,754	\$6,388	\$6,364	\$4,263	\$0	\$1,086	\$0	\$25,855
33	Due Diligence - Development Proj Aband	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Administrative Expenses</b>		<b>\$358,189</b>	<b>\$368,452</b>	<b>\$291,634</b>	<b>\$229,823</b>	<b>\$0</b>	<b>\$72,805</b>	<b>\$66,074</b>	<b>\$1,386,977</b>

**2010 Tacoma Housing Authority Budget  
LIPH**

	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	LIPH Total	
<b>Tenant Services</b>								
35 Tenant Services - Salaries	\$21,326	\$20,258	\$5,462	\$0	\$0	\$0	\$0	\$47,045
36 Tenant Service Personnel - Benefits	\$5,681	\$5,396	\$1,455	\$0	\$0	\$0	\$0	\$12,532
37 Relocation Costs	\$1,500	\$2,500	\$2,500	\$2,500	\$0	\$2,500	\$0	\$11,500
38 Tenant Service - other	\$3,847	\$3,794	\$2,712	\$2,727	\$0	\$536	\$0	\$13,615
<b>Total Tenant Services</b>	<b>\$32,353</b>	<b>\$31,948</b>	<b>\$12,129</b>	<b>\$5,227</b>	<b>\$0</b>	<b>\$3,036</b>	<b>\$0</b>	<b>\$84,692</b>
<b>Utilites</b>								
39 Water	\$17,299	\$16,459	\$23,489	\$23,550	\$0	\$311	\$0	\$81,109
40 Electric	\$57,957	\$50,781	\$26,687	\$15,838	\$0	\$2,167	\$0	\$153,430
41 Gas	\$35,444	\$18,249	\$6,993	\$340	\$0	\$711	\$0	\$61,736
42 Sewer	\$49,098	\$50,732	\$65,179	\$58,454	\$0	\$282	\$0	\$223,746
<b>Total Project Utilities</b>	<b>\$159,798</b>	<b>\$136,222</b>	<b>\$122,348</b>	<b>\$98,182</b>	<b>\$0</b>	<b>\$3,472</b>	<b>\$0</b>	<b>\$520,022</b>
<b>Ordinary Maintenance &amp; Operations</b>								
43 Maintenance Salaries	\$94,691	\$98,584	\$138,703	\$94,309	\$0	\$37,536	\$0	\$463,822
44 Maintenance Personnel - Benefits	\$26,024	\$26,606	\$38,482	\$25,936	\$0	\$11,511	\$0	\$128,559
45 Maintenance Materials	\$28,044	\$26,641	\$32,439	\$31,228	\$0	\$8,509	\$0	\$126,862
46 Contract Maintenance	\$116,138	\$121,955	\$117,275	\$102,363	\$0	\$22,273	\$0	\$480,003
<b>Total Routine Maintenance</b>	<b>\$264,896</b>	<b>\$273,786</b>	<b>\$326,900</b>	<b>\$253,836</b>	<b>\$0</b>	<b>\$79,829</b>	<b>\$0</b>	<b>\$1,199,246</b>
<b>General Expenses</b>								
47 Protective Services	\$29,286	\$22,546	\$38,607	\$10,610	\$0	\$2,667	\$0	\$103,717
48 Insurance	\$23,914	\$21,056	\$21,897	\$18,865	\$0	\$8,098	\$0	\$93,830
49 Other General Expense	\$2,200	\$1,000	\$2,000	\$1,000	\$0	\$1,250	\$781,862	\$789,312
50 Payment in Lieu of Taxes	\$2,524	\$2,500	\$2,400	\$1,750	\$0	\$560	\$5,109	\$14,843
51 Collection Loss	\$1,500	\$4,000	\$4,500	\$4,000	\$0	\$2,500	\$0	\$16,500
52 Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total General Expenses</b>	<b>\$59,423</b>	<b>\$51,103</b>	<b>\$69,404</b>	<b>\$36,226</b>	<b>\$0</b>	<b>\$15,075</b>	<b>\$786,971</b>	<b>\$1,018,201</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$874,659</b>	<b>\$861,510</b>	<b>\$822,415</b>	<b>\$623,293</b>	<b>\$0</b>	<b>\$174,217</b>	<b>\$853,045</b>	<b>\$4,209,138</b>
<b>Nonroutine Expenses and Capital Expenditures</b>								
53 Ext Maint/Fac Imp/Gain/Loss prop sale	\$20,000	\$20,000	\$10,000	\$10,000	\$0	\$5,000	\$0	\$65,000
54 Casualty Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
55 Section 8 HAP Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Nonroutine Expenditures</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$65,000</b>
<b>TOTAL EXPENSES</b>	<b>\$894,659</b>	<b>\$881,510</b>	<b>\$832,415</b>	<b>\$633,293</b>	<b>\$0</b>	<b>\$179,217</b>	<b>\$853,045</b>	<b>\$4,274,138</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(\$47,686)</b>	<b>(\$50,998)</b>	<b>(\$26,512)</b>	<b>(\$19,285)</b>	<b>\$0</b>	<b>(\$4,748)</b>	<b>\$72,330</b>	<b>(\$76,899)</b>
56 THA Transfer to Development Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
57 Reserve Appropriations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Surplus/Deficit</b>	<b>(\$47,686)</b>	<b>(\$50,998)</b>	<b>(\$26,512)</b>	<b>(\$19,285)</b>	<b>\$0</b>	<b>(\$4,748)</b>	<b>\$72,330</b>	<b>(\$76,899)</b>



# TACOMA HOUSING AUTHORITY

**To:** Michael Mirra, Executive Director  
**From:** April Davis, Director of Real Estate Management and Housing Services  
**Date:** June 5, 2010  
**Re:** Proposal to change occupancy standards

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THA is in the process of preparing its FY2011 budget. During the initial budget discussions there was a projected \$1.5 million short fall. Each department was tasked with helping to decrease this projected deficit. I consulted with each division of my department on where the department could make cuts without significantly impacting the service to THA applicants or participants. The most notable suggested change is to revise THA's occupancy standards for the Housing Choice Voucher (HCV) program.

The occupancy standard determines the maximum number of bedrooms that the housing authority would subsidize. This is reflected in the payment standard amount that a household is given. For example the payment standard for a 1 bedroom would be \$400 per month; a 2 bedroom would be \$600 per month; a 3 bedroom would be \$800 per month.

THA's current occupancy standards are:

Generally, two people will be assigned per bedroom. Bedroom size will also be determined using the following guidelines:

- Two adults will share a bedroom unless related by blood.
- Children of the same sex will share a bedroom.
- Children of the opposite sex will not share a bedroom.
- Adults and children will not be required to share a bedroom.
- Foster adults and children will not be required to share a bedroom with family members.
- Live-in aides will get a separate bedroom.
- THA will grant exceptions to normal occupancy standards when a family requests a larger size than the guidelines allow and documents a medical reason why the larger size is necessary.

The proposed occupancy standard would be:

- Two people will be assigned per bedroom.
- THA will grant exceptions to normal occupancy standards when a family requests a larger size than the guidelines allow and documents a medical reason why the larger size is necessary.

Per HUD regulations, in order to amend these occupancy standards THA would need to follow the following schedule:

- Occupancy standards for new participants and participants moving from one HCV unit to another would be applied on the effective date of the policy change. I am recommending this change be made effective October 1, 2010.

- For participants who would be considered “overhoused” under the new policy, the change would be effective at the participant’s second annual recertification subsequent to the change. For example a participant whose annual recertification date is October 1<sup>st</sup> would be given the prior payment standard for their 2010 annual and the new standard for the 2011 annual.

Households who are overhoused at the first annual recertification subsequent to the change would be informed that their rent would be impacted the following year. Households would have three choices to prepare for this change during the second year:

- 1) Move to an appropriately sized unit;
- 2) Submit a reasonable accommodation for the additional bedroom, if necessary for a reason related to a disability;
- 3) Prepare to pay the additional rent to remain in their current unit.

Other housing agencies have implemented this change to save costs and the increase the number of families they are able to serve. Seattle Housing Authority, for example, implemented a similar policy in 2005 and as a result increased the number of families served by more than 1,000 in 2007. The King County Housing Authority also adopted a similar change.

The estimated cost savings for the first year of implementation will be approximately \$250,000. This number accounts for all new and a portion of moving households experiencing a reduced payment standard for six months of the fiscal year. Approximately 500 households move each year. We only include 40% of moving households in this calculation since that is the estimated percentage of households who would be considered “overhoused” under the new policy.

The cost savings for the second year is conservatively estimated at \$500,000 (new and moving households as well and a percentage of households reaching their second annual recertification). The total overall savings of per year moving forward would be approximately \$750,000 once all households have either moved to an appropriately sized unit or reached their second annual recertification. These savings will be used to further MTW activities such as: assisting more households; increasing community services staff to assist households in achieving self-sufficiency; building more affordable housing developments; or creating local housing assistance programs that will partner affordable housing with supportive services.

Upon receiving the Board’s approval to move forward with this proposed change, THA will begin engaging community partners and program participants. I propose having a series of informational meetings with the tenants while concurrently holding one-on-one meeting with community partners. During those meetings, stakeholders will be informed of how the change will impact households and the options households will have to deal with this change (i.e. reasonable accommodations, moving or paying additional rent). Comments and responses will be documented and presented when final approval for this change is finally requested from the Board in early fall.