



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

June 25, 2014



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

BOARD OF COMMISSIONERS

Greg Mowat, Chair
Stanley Rumbaugh, Vice Chair
Janis Flauding
Dr. Arthur C. Banks
Rose Lincoln Hamilton

REGULAR MEETING BOARD OF COMMISSIONERS

WEDNESDAY, June 25, 2014

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold their Board Regular Meeting on **Wednesday, June 25, 2014 at 4:45 PM**

The meeting will be held at:

**902 South L. Street
Tacoma, WA**

The site is accessible to persons with disabilities. Persons requiring special accommodations should contact Christine Wilson at (253) 207-4421, before 4:00 p.m. the day before the scheduled meeting.

I, Christine Wilson, certify that on or before June 19, 2014, I FAXED/EMAILED, the preceding PUBLIC MEETING NOTICE to:

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

and other individuals and resident organizations with notification requests on file

Christine Wilson
Executive Administrator



TACOMA HOUSING AUTHORITY

REVISED

AGENDA REGULAR MEETING BOARD OF COMMISSIONERS June 25, 2014 4:45 PM 902 South L. Street

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES OF THE PREVIOUS MEETING**
 - 3.1 Minutes of May 28, 2014
4. **GUEST COMMENTS**
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION REPORTS**
 - 7.1 Finance
 - 7.2 Real Estate Management and Housing Services
 - 7.3 Real Estate Development
 - 7.4 Community Services
 - 7.5 Administration
8. **NEW BUSINESS**
 - 8.1 2014-6-25 (1), Salishan Area 2B Purchase and Sale Agreement
 - 8.2 2014-6-25 (2), Construction Contract Amendment to Exceed \$100,000
 - 8.3 2014-6-25 (3), Investment of Tacoma Housing Authority Monies in Local Government Investment Pool
 - 8.4 2014-6-25 (4), Bay Terrace Public Housing Subsidy Reserve (**WALK ON**)
9. **COMMENTS FROM THE COMMISSIONERS**
10. **EXECUTIVE SESSION (if any)**
11. **ADJOURNMENT**

MEETING MINUTES



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, May 28, 2014

(The italicized font indicates quorum changes gained/lost/or maintained in the document).

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 5425 South Lawrence Street, Tacoma, WA at 4:45 PM on Wednesday, May 28, 2014.

1. CALL TO ORDER

Commissioner Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 5:01 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
Stanley Rumbaugh, Vice Chair (arrived at 5:15 PM)	Greg Mowat, Chair
Arthur C. Banks, Commissioner	
Janis Flauding , Commissioner	Rose Lincoln Hamilton, Commissioner
Staff	
Michael Mirra, Executive Director	
Christine Wilson, Executive Administrator	
Ken Shalik, Finance Director	
April Black, REMHS Director	
Barbara Tanbara, Human Resources Director	
Greg Claycamp, Community Services Director	
Kathy McCormick, RED Director	
Todd Craven, Administration Director	

Commissioner Flauding declared there was not a quorum present @ 5:02 PM and proceeded.

3. GUEST COMMENTS

Hope Rehn, president of SAFE, addressed the board. SAFE is working on a couple of projects. They continue to work on establishing a SAFE office and sorting through

residents questions and concerns about the possibility of locating smoking shelters at THA properties. She reported that a tenant of Bergerson Terrace called her because the tenant was concerned about having to walk down the hill to Orchard Street. Commissioner Flauding requested of staff during the transition to smoke free properties to review the issues that were not considered at the beginning of the smoke free implementation process. Ms. Rehn also reported that the SAFE picnic is scheduled for July 25th and invited everyone to attend. As a keyholder of Wright Street, Ms. Rehn also stated her concerns with the keyholders compensation classification. There are impacts to the keyholders they were not aware of that financially impact the keyholders. Director Tanbara offered to meet with Ms. Rehn and address her concerns as well as the other keyholders.

Resident Carl Mastberg addressed the board. He stated his support for the designated smoking shelters. He proposes the shelter at Ludwig Apartments be located in the back of the property. Locating the shelter along 56th Street will be problematic with foot traffic.

Quorum of the board obtained at 5:15 PM, see roll call above for details.

Mr. Shon Sylvia of Metro Parks of Tacoma made a presentation about the plans for a Eastside Community Center.. In particular, he reported on the feasibility study THA helped to fund in collaboration with Metro Parks, the City of Tacoma and the Tacoma Public School District. He also discussed the community consultation process the consultant undertook to elicit community views.

Upon completion of the presentation, Mr. Sylvia took questions from the board. Pastor Banks noted that he had not before heard of the consultation process. Mr. Sylvia stated there were approximately 70 people who attended the meetings. He said that the public outreach will increase as the discussions proceed to the next phase. Commissioner Rumbaugh asked if the aquatic needs are significant enough to justify the addition of a pool in the community. Mr. Sylvia stated the recommendation for the pool was based on a review of the existing aquatic facilities in the area and the population. Mr. Sylvia added a scientific survey will be conducted by a third party to continue focusing on the community needs. ED Mirra asked if the three components of the community center – the pool, the athletic fields and the community building – could be developed in phases. Mr. Sylvia stated yes. The community survey will tell Metro Parks what is to be built first, second, and third. Metro Parks will set aside \$6M for this project from its recently approved bond issuance. Pastor Banks asked who helped prioritize the programs. Mr. Sylvia stated non-profits in the area assisted Metro Parks to identify the prioritized programs. ED Mirra asked if the bond issuance will require Metro Parks to spend the \$6 million on a certain schedule. Mr. Sylvia stated there is no dedicated time table; however, Metro Parks is looking at a 10-year timeframe. ED Mirra asked about the operating revenue and the charges for use of the facilities by the public. Mr. Sylvia stated the fees are comparable or slightly lower than the Star Center. He added the operating budgets were built very conservatively. Commissioner Rumbaugh asked community partners present at the board meeting if they would like to address the board. Catherine

Urshka, TSD Board Member and Eastside resident, stated the need for this facility is tremendous. There is a lack of services for our youth. Ms. Urshka was sorry to hear that Pastor Banks feels that he did not receive notification of the community meetings. Ms. Nancy Davis, Metro Parks Governmental Affairs Director and Eastside resident said that she will send Pastor Banks two Tacoma weekly articles that talked about the study and the public meetings. She added there is a legislator who wants the center built in two years. Alisa O'Hanlon, City of Tacoma, sent Councilmember Marty Campbell's apologies, he wanted to be here this evening. This project has been a project comprised primarily of volunteers. She added the youth do not have the resources needed on the Eastside to keep engaged in programs. This project will provide those programs for our youth.

4. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Commissioner Rumbaugh asked for any corrections to or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, April 23, 2014. Commissioner Banks moved to adopt the minutes, Commissioner Flauding seconded.

Upon roll call, the vote was as follows:

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

Motion approved.

5. COMMITTEE REPORTS

Real Estate Development Committee – No report

Finance Committee – No report

Citizen Oversight Committee – No report

6. ADMINISTRATIVE REPORTS

Executive Director

ED Mirra recognized Sheryl Stansel and Eric Lane both working on MTW Initiatives. Both came to THA from UWT. He noted that they represent the future of the agency.

Finance

Director Shalik directed the board to the finance report. The entrance conference with the state auditors for 2013 was held. THA is in good shape with the audit. The BOC

Special Session will be changed from June 20th to a date in July. Director Shalik reviewed the financials. Budget anomalies continue due to some expenses incurred at the beginning of the year. There will be unintended meth expenses that will be incurred in 2014. Commissioner Rumbaugh asked why the administrative benefit costs are 25% over budget. Director Shalik can't say for sure but he will look at the expenses and report back to the board.

Commissioner Banks moved to ratify the payment of cash disbursements totaling \$4,828,340 for the month of April, 2014. Commissioner Flauding seconded.

Upon roll call, the vote was as follows:

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

Motion Approved

Real Estate Management and Housing Services (REMHS)

Director Black directed the board to her report. In response to the guest comments on the smoke free comment period, she reported that staff accounted for the concerns of locating the shelters on THA property. She said that the appropriateness and location of shelter must be determined site by site.

Director Black introduced both Sheryl Stansel and Eric Lane who are replacing Josh Crites. She reported that staff are busy with leasing up Bay Terrace.

She said that property management had some important reasons for celebrate. We received our REAC scores. Sal 5 received a score of 100 and another Sal received a score of 97. We do not know of another large property that scored so well. We can also celebrate that our unit turn time is under 20 days.

Director Black announced THA will be changing security companies on July 1st.

Commissioner Rumbaugh noted the NJP letter to the health department on meth levels. He asked if we have news from the health department. ED Mirra provided an update on the statewide effort to ask the state health department to change the state's testing threshold for meth contamination. He provided an update on the discussions with NJP on changing our testing protocol to conform to its understanding of due process. ED Mirra also announced that THA was awarded EPA Grant funding to mitigate the clean-up. We will receive \$600,000. This is in addition to the \$500,000 we received from the 2014 state legislature. Commissioner Flauding asked about being proactive with our residents through public outreach on substances not allowed in our housing programs. Commissioner Banks talked about our admission processes to help us look back in time

to applicants criminal history, and rehab treatment programs they attended. ED Mirra stated these topics are part of the discussions with NJP.

Related to rent reform, Commissioner Flauding asked if anyone had turned down the HOP subsidy due to the program restriction such as the 5 year time limit. Director Black said that she did not know if anyone has turned down a HOP subsidy on those grounds.

Real Estate Development

Director McCormick directed the board to the finance report. LASA will close next week. She said that there were no developments to report on various negotiations to purchase properties.

Community Services

Director Claycamp directed the board to the finance report. The new template of the CS board report is almost ready to rollout to the board. He is hoping it will be ready for next month's meeting.

Director Claycamp announced that Michael Power will step down from his position as THA Education Manager in the near future and will go back to working for a school district. Community Services will hire his successor while Michael is still with us. We are also hiring an Operations Coordinator for Community Services business systems.

Commissioner Rumbaugh asked about the employment numbers in the board report. He asked what can we do to increase the program participation? Director Claycamp stated THA needs more collaboration with community partners, and we need to strengthen our approach. The new board report template will show how we are engaged in partnerships. Commissioner Rumbaugh agreed the performance measures matter. Director Claycamp wants to look at what we need to do to obtain living wage jobs for clients. Recording numbers need to mean something. We must restructure how we roll out Community Services programs. THA needs more detailed metrics that must be tracked.

He reported the Gates Foundation has committed over \$ 1 million over 5 years to THA and the Tacoma School District to support their partnership. THA and the School District have made the preliminary decision to dedicate this amount toward the expansion of the McCarver model.

7. OLD BUSINESS

None.

8. NEW BUSINESS

8.1 RESOLUTION 2014-5-28 (1), APPROVAL OF PURCHASE AND SALE AGREEMENT WITH ANNE CURRY TO PURCHASE THE WEDGEWOOD PROPERTY

WHEREAS, Tacoma Housing Authority (THA) owns the rental property known as Wedgewood;

WHEREAS, Tacoma Housing Authority (THA) has received a Letter of Intent from Anne Curry to purchase the Wedgewood property;

WHEREAS, the Letter of Intent outlines development of a Purchase and Sale Agreement containing the terms of the Letter of Intent;

WHEREAS, the Purchase and Sale Agreement has been reviewed by THA legal counsel;

WHEREAS, the Purchase and Sale Agreement contains the brokerage fees of 2.5% of the sales price (\$156,250) to be paid;

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

The Executive Director is authorized to execute the Purchase and Sale Agreement with Dean and Anne Curry, and/or assigns to purchase the Wedgewood property.

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

1. The Executive Director is authorized to negotiate, and if those negotiations are successful, to execute the Purchase and Sale Agreement with Dean and Anne Curry, and/or assigns, to purchase the Wedgewood property. The PSA shall be in substantially the attached form.

Approved: May 28, 2014

Greg Mowat, Chairman

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

Upon roll call, the vote was as follows:

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

Motion Approved: May 28, 2014

Greg Mowat, Chairman

8.2 RESOLUTION 2014-5-28 (2), UPDATE OF THA ADMINISTRATIVE PLAN

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

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

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

2. Adopting the indicated updates to the Administrative Plan.

Approved: May 28, 2014

Greg Mowat, Chairman

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

Upon roll call, the vote was as follows:

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

Motion Approved: May 28, 2014

Greg Mowat, Chairman

8.3 RESOLUTION 2014-5-28 (3), APPROVAL OF NEW UNARMED SECURITY CONTRACT WITH CYPRESS SECURITY

WHEREAS, Tacoma Housing Authority (THA) staff issued a Request for Proposal (RFP) from firms interested in providing unarmed security services at all of its properties on January 16, 2014;

WHEREAS, The proposals were due on February 19, 2014;

WHEREAS, THA received six (6) and scored all six of the proposals;

WHEREAS, The top four scoring proposals were called for the oral interview;

WHEREAS, After the oral interview process, Cypress Private Security was the overall top scoring responsive proposer;

WHEREAS, THA has provided budget authority within each of the Asset Managed Projects (AMP) to allow for unarmed security services;

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

1. The Executive Director is authorized to negotiate a contract with Cypress Private Security and, if those negotiations are successful, to award the contract in the amount of \$150,000 for Unarmed Security Services. If those negotiations are not successful, the Executive Director is authorized to negotiate, and if those negotiations are successful, to award a contract to the next proposer in turn as reflected in the scoring.

Approved: May 28, 2014

Greg Mowat, Chairman

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

Upon roll call, the vote was as follows:

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

Motion Approved: May 28, 2014

Greg Mowat Chairman

8.4 RESOLUTION 2014-5-28 (4), AMENDMENT NUMBER 2 TO PIERCE COUNTY SPECIAL PROGRAM HOUSING CONTRACT—YOUTH HOUSING

WHEREAS, Tacoma Housing Authority (THA) has an approved Moving to Work (MTW) activity allowing it to use a regional approach for administering its special purpose housing programs;

WHEREAS, Pierce County has been selected to oversee some of THA's special programs, to select qualified service providers to administer the programs, and to comply with all State and Federal regulations connected with THA's Moving to Work funds;

WHEREAS, Pierce County has conducted a competitive process and selected qualified service providers to administer these funds for rental assistance for homeless unaccompanied youth and young adults;

WHEREAS, this contract will extend through December 31, 2018;

WHEREAS, the contract amount exceeds the \$100,000 spending limit for the Executive Director.

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

The executive director is authorized and directed to execute a contract with Pierce County in the amount of \$288,000 for CY 2014; \$288,000 for CY 2015; \$288,000 for CY 2016; \$288,000 for CY 2017; \$288,000 for CY 2018 for the purpose of providing rental assistance to homeless families with children.

Approved: May 28, 2014

Greg Mowat, Chair

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

Upon roll call, the vote was as follows:

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

Motion Approved: May 28, 2014

Greg Mowat Chairman

8.5 RESOLUTION 2014-5-28(5), LANDSCAPE MAINTENANCE AT SALISHAN FOR-SALE LOT AREAS

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

Whereas, On May 22, 2012 THA entered into a contract agreement with Lawn & Landscape Services Inc. for landscape maintenance of the Salishan For-Sale lots.

Whereas, The term of the contract spanned May 17, 2012 to December 31, 2012, and allows two one-year extensions.

Whereas, Four Amendments to the contract were issued extending the contract term to May 31, 2014 and expanding the scope of work. The contract will also be extended to December 31, 2014 with this amendment, per the procurement.

Whereas, The current contract is nearing expiration and is reaching the contract dollar limit of \$97,439.12.

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

The Executive Director is authorized to agree to an amendment of the contract for landscape maintenance at Salishan For-Sale Lot Areas and other properties in an additional amount of \$30,000 with a not-to-exceed amount of \$127,439.12, and a new contract term to December 30, 2014...

Approved: May 28, 2014

Greg Mowat, Chair

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

Upon roll call, the vote was as follows:

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

Motion Approved: May 28, 2014

Greg Mowat Chairman

8.6 RESOLUTION 2014-5-28 (6), APPROVAL OF METHAMPHETAMINE REMEDIATION AND DECONTAMINATION CONTRACT

WHEREAS, Tacoma Housing Authority (THA) staff issued a Request for Proposal (RFP) from firms interested in providing methamphetamine remediation and decontamination for all its properties owned and managed by THA on April 25, 2014;

WHEREAS, the proposals were due on May 14, 2014;

WHEREAS, THA received one (1) and reviewed for responsive and reasonableness;

WHEREAS, After the review process, the review committee agreed that Able Environmental, LLC, was a responsive proposer;

WHEREAS, THA has provided budget authority within each of the Asset Managed Projects (AMP) to allow for meth remediation and decontamination;

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

2. Authorizes the Executive Director to negotiate a contract with Able Environmental, LLC and, if those negotiations are successful, to award the contract in the amount of \$350,000 for Methamphetamine Remediation and Decontamination. If those negotiations are not successful, the Executive Director is authorized to repurchase a new contract.

Approved: May 28, 2014

Greg Mowat, Chairman

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

Upon roll call, the vote was as follows:

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

Motion Approved: May 28, 2014

Greg Mowat Chairman

9. COMMENTS FROM COMMISSIONERS

10. EXECUTIVE SESSION

11. ADJOURNMENT

There being no further business to conduct the meeting ended at 7:10 PM.

APPROVED AS CORRECT

Adopted: June 25, 2014

Greg Mowat, Chairman

Finance Committee
Commissioner Lincoln Hamilton

Real Estate and Development Committee
Commissioner Rumbaugh

Citizen Oversight Committee
Commissioner Banks

ADMINISTRATION REPORTS

EXECUTIVE DIRECTOR REPORT



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Date: June 16, 2014
Re: Executive Director's Report

This is my monthly report for June 2014. The departments' reports supplement it.

1. MTW: UPDATE ON CONTRACT EXTENSION

Last month, I reported on the delay in the extension of MTW contracts that HUD had agreed to do. I also reported on some complications that make it hard to predict what will happen next. Among them are the resignation of HUD Secretary Shawn Donovan from his post at HUD and the President's nomination of him to lead the Office of Management and Budget. Also, the President has nominated the present mayor of San Antonio, Julian Castro, to replace Secretary Donovan at HUD. We understand that some of the senators will be asking both nominees about their willingness to extend the MTW contracts. Perhaps that will help.

2. STRATEGIC PLANNING

I still expect this Summer to provide the Board with the staff's proposed baselines and targets for the performance measures that the Board adopted last year. At the same time, staff are devising the strategies we will try in order to achieve those targets. Thank you for your patience.

3. CONGRESSIONAL BUDGET TIME

The Congress is working on the nation's budget for 2015. The House has passed its version. The Senate Appropriation Committee has passed a version. The full Senate should vote on that Committee version sometime this week. I attach an analysis from the Center for Budget and Policy Priorities.

You may remember that Congress actually passed a two-year budget deal for 2014 and 2015 that spared us the full sequestration cut we suffered in 2013. This means we should receive in 2015 about what we received in 2014. If that happens, we should do well enough. In fact, the House version of the 2015 budget would be a bit better for us than 2014. The proposals of the Senate Appropriation Committee, as usual, are even more favorable than the House version.

We will watch this carefully, as we usually do. Congress has the normal October 1st deadline to get it done, which it usually misses. But perhaps because this is the second year of a 2-year budget deal, it will make that deadline.

4. WASHINGTON STATE BUDGET: 2015 – 2017

The next session of the Washington State Legislature begins in January. It will be a budget session. It will be more challenging than usual for reasons related directly to education. The legislature is posed to spend billions more dollars on K - 12 public education. It will do this in response to the state supreme court's decision in *McCleary v. State of Washington*, 173Wn2d. 477 (2012). In that case, the Court ruled that the state was not fulfilling its obligation under the state's constitution to amply fund public education.

By some estimates, fulfilling this obligation may require another \$3 – 5 billion per two-year budget cycle. In addition, this November's ballot may also present an initiative that would oblige the legislature to fund a big reduction in class sizes. By some estimates, that obligation would add several more billion dollars to the cost.

The hope, of course, is that this investment will improve educational outcomes, especially for low-income children and children of color.

There are two related concerns. **First**, the state should not expect this improvement unless it also addresses those aspects of child poverty that have ruinous effects on educational achievement. **Second**, failing to do that, the state may worsen these educational outcomes to the extent that the new educational investment comes from and weakens social service programs serving low-income children.

For this reason, THA has been circulating a proposal that the legislature direct a portion of the *McCleary* to prevent or end the homelessness of enrolled public school students. I attach a draft of this proposal. I have been eliciting the views of some legislators, and others.

To: Interested Parties
From: Barbara Sard, Ehren Dohler and Will Fischer
Date: June 13, 2014
Re: Update on FY2015 HUD Appropriation Bills

This week the House passed its version of the FY2015 Transportation-HUD appropriation bill, H.R. 4745, by a nearly party-line vote of 229-192.¹ The Senate Appropriations Committee approved its version of the bill, S. 2438, on June 5, and the bill is due to be considered by the full Senate the week of June 16.

The Senate bill is a significant improvement over its House counterpart, as we highlight in these two recent blogs:

<http://www.offthechartsblog.org/update-senate-housing-bill-improves-on-house-but-still-would-lock-in-large-voucher-losses/> and <http://www.offthechartsblog.org/senate-housing-bill-expands-reach-of-self-sufficiency-program/>.

But it still falls short in major respects, despite allocating about \$1 billion more to HUD and its programs than the House bill. In advance of a full comparison after the Senate acts, this memo discusses briefly the rental assistance provisions of both bills.² A table showing comparative funding levels for key programs is included at the end.

Housing Choice (Section 8) Vouchers

The Senate's bill provides a total of \$19.6 billion for Housing Choice Vouchers (HCVs, also known as Section 8 Vouchers or Tenant-Based Rental Assistance), just over \$200 million more than the House bill but \$280 million less than the President's request. The increase compared to the House primarily bolsters HCV administrative fees, as discussed below.

HCV Renewal Funding

The Senate bill includes \$17.7 billion for voucher renewals, only \$26 million more than the House. Overall, neither bill makes progress toward restoring the remainder of the vouchers lost due to sequestration that were not funded in 2014, and both risk locking in the full sequestration loss of 72,000 vouchers.

The Senate's 2015 proposed funding for voucher renewals is \$353 million above the 2014 level, but nearly \$300 million of this increase will go toward renewing HUD-VASH and tenant-protection vouchers that were funded for the first time in 2013 and 2014. (HUD-VASH and tenant protection vouchers are provided initially through separate funding streams, but after the first year they must be

¹ 14 Democrats supported the bill and 12 Republicans voted against it. You can see how particular Representatives voted [here](#).

² Our analysis of the House bill is here: <http://www.cbpp.org/cms/index.cfm?fa=view&id=4148>.

renewed in the voucher renewal account.) Although voucher renewal funding in 2014 is sufficient to restore roughly half of the more than 70,000 vouchers lost to sequestration, after accounting for first-time renewals and inflation the Senate and House bills will fail to renew these restored vouchers in 2015, unless PHAs freeze subsidies in spite of rising rent and utility costs. If PHAs do not increase their payment standards, tenants may be forced to pay higher out-of-pocket rent or utility costs, and their housing choices may be more limited. By undoing much or all of the progress toward restoring sequestration cuts made possible by the FY2014 funding levels, the House and Senate bills would likely lock in these losses for years to come.

Particularly if public housing agencies spend the additional funds they are receiving in 2014 to serve additional families, there is a reasonable chance that the final bill will increase the renewal funding level. The Statement of Administration Policy on the House bill expresses “deep concern” about the funding levels for HCV renewals and administrative fees in the House bill, indicating that the Administration will continue to push for higher funding levels in conference. The Senate Report states that the Appropriations Committee “will continue to monitor leasing data to make sure residents are protected.”³

HCV Administrative Fees

The Senate committee bill provides a significant increase in funding for HCV program administrative fees. The Senate’s funding level of \$1.55 billion for administrative fees is \$205 million more than the House and \$55 million more than 2014. The Senate level would provide an estimated 76 percent of agency eligibility (otherwise known as the proration), compared to 66 percent in the House bill.

HUD-VASH

Both bills provide \$75 million for about 10,000 new HUD-VASH vouchers for homeless veterans. New HUD-VASH vouchers have been funded every year since 2008, but have not been available to Native American veterans living on tribal lands. This year, the Senate directs HUD to set aside a portion of HUD-VASH funding to conduct a pilot to provide housing for homeless veterans living on tribal lands.

Other HCV Provisions

The Senate bill includes \$83 million to renew so-called “mainstream” vouchers authorized under Section 811 for people with disabilities. Although \$25 million less than the level in the House bill and the request, the Senate reports that the program has accumulated significant unspent balances which can be used to ensure that all mainstream vouchers are renewed.

The House and Senate both provide \$130 million for tenant-protection vouchers which replace aid for families living in public or private assisted housing that is being demolished or otherwise removed from other federal rental assistance programs.

³ Senate Report 113-182, p. 109, <http://beta.congress.gov/113/crpt/srpt182/CRPT-113srpt182.pdf>.

Restriction on HCV Payment Standards

The House passed an amendment on the floor (by one vote, 210 – 209) from Rep. Aaron Schock (R-IL) to prohibit neighborhood or area “exception” voucher payment standards above 120 percent of the applicable HUD Fair Market Rent (FMR). (The amendment does *not* prohibit higher payment standards for individuals, such as those approved as a reasonable accommodation for people with disabilities or “enhanced” voucher subsidies to enable residents to remain in a previously HUD-assisted property.) The payment standard sets the maximum rent a PHA will pay for a given sized unit. HUD generally sets FMRs for entire metropolitan areas or counties and uses rent data that are in some cases several years old, so current law and regulations give PHAs flexibility to set payment standards above or below the FMR to adjust for local rent variation or rapid shifts in rental markets.

PHAs have discretion to set payment standards anywhere within 10 percent of the FMR, and may seek HUD approval for a higher or lower payment standard in a neighborhood or part of an FMR area. Regulations prohibit HUD from approving higher standards unless the PHA submits objective, rigorous data demonstrating both that the increase is justified by market rents in the area and that without the increase families would be unable to use their vouchers or be compelled to use them in high-poverty neighborhoods. For payment standards above 120 percent of the FMR, the PHA must also show that the increase is needed to avoid financial hardship for families.

This amendment would prevent any such exceptions above 120 percent of FMR, making it difficult in high cost areas – such as areas where rents have escalated rapidly due to oil and gas drilling – for new voucher holders to find units and increasing financial hardship for current voucher holders. In some areas, it also would limit access to safer neighborhoods with good schools. *If you are aware of particular areas that now have payment standards above 120 percent, we would be interested in your views about the impact of the House provision. Please contact Will Fischer at fischer@chpp.org.*

Public Housing

The Senate bill increases public housing funding compared to the House bill, but provides less than the Administration requested and falls far short of the amount needed to maintain and repair public housing developments. Commendably, the bill expands public housing preservation through the promising Rental Assistance Demonstration (RAD) and gives housing agencies needed flexibility in using public housing funds.

Operating and Capital Funds

The Senate bill provides \$4.475 billion for the public housing operating fund, \$75 million above the House bill and 2014 level (without adjusting for inflation), but \$125 million below the Administration’s request. Under the Senate bill, housing agencies would likely receive about 88 percent of the operating funds for which they are eligible, somewhat below HUD’s current estimate of an 89 percent proration in 2014.

The bill provides \$1.9 billion for the public housing capital fund. This is \$25 million above 2014 and \$125 million above the House bill. It falls \$25 million below the HUD budget request, however, and is far less than housing agencies need to address pressing renovation needs in public housing developments.

Flexibility in Use of Funds

The bill contains two generally positive provisions that would allow housing agencies greater flexibility to use their operating and capital funds more efficiently. First, the bill would allow agencies to shift up to 30 percent of operating funds appropriated for 2015 or later years into the capital fund. Currently, large- and mid-sized agencies may shift up to 20 percent of their capital funds to the operating fund, but may not shift operating funds to the capital fund except under certain special circumstances. (Non-troubled agencies with fewer than 250 units already have unlimited flexibility to shift funds between the two accounts.)

Second, the bill would allow housing agencies to establish replacement reserves that would be exempt from capital fund obligation and expenditure deadlines. Such reserves are standard practice in unsubsidized housing and privately owned subsidized housing, and would give agencies more flexibility to accumulate funds to meet future repair and replacement needs. Agencies could deposit capital funds in the reserves, apparently including the annual transfers of up to 30 percent of operating funds. In addition, HUD could allow agencies to deposit larger amounts of operating funds into a replacement reserve when it is first established, a step that might allow them to shift substantial operating fund reserves for this purpose.

Rental Assistance Demonstration

In addition, the bill would strengthen RAD, a promising initiative to preserve public housing and units assisted through several smaller programs by converting them to long-term Section 8 project-based voucher and PBRA contracts. The House bill does not include any changes to RAD.

Most importantly, the Senate bill would increase the cap on the number of public housing units that can be converted under RAD from 60,000 to 185,000, just above the 176,000 that had applied for the demonstration as of December 31, 2013. HUD had requested that Congress eliminate the cap entirely, so the Senate provision occupies a middle ground between HUD's proposal and the House bill's omission of any increase. The Senate bill would also extend the deadline for acceptance of RAD public housing applications from September 30, 2015 to September 30, 2018.

In addition, the bill would provide \$10 million to supplement subsidies for public housing units converted under RAD.⁴ Currently, RAD subsidies are capped based on the public housing funding a development received prior to conversion. HUD's budget requested the \$10 million and indicated that it would target the funds on high-poverty neighborhoods where the Administration is supporting comprehensive revitalization, such as those designated as Promise Zones. The Senate report estimates that the funds would support conversion of 3,000 units.

⁴ In addition to the public housing-related RAD provisions discussed in the text, section 231 of the bill would extend until September 30, 2016 the deadline for conversion of Rent Supplement, Moderate Rehabilitation, and Rental Assistance Payment (RAP) developments under RAD's "second component," allow second component conversions (which currently can provide only Project-Based Voucher contracts) to provide Section 8 Project-Based Rental Assistance (PBRA) contracts, and make Section 8 Moderate Rehabilitation Single Room Occupancy properties eligible for RAD. The section includes a requirement that any increase in PBRA costs must be fully offset by transfers from other accounts.

Other Provisions

The bill would fund the Choice Neighborhoods Initiative, which provides grants to revitalize distressed public and privately owned assisted housing, at the 2014 level of \$90 million. The Administration requested \$120 million for the initiative, while the House bill provided \$25 million.

The bill also provides up to \$15 million for the Jobs-Plus Pilot as a set-aside within the Public Housing Capital Fund. This is the same amount as in the House bill but \$10 million below the Administration's request. The pilot, modeled on a successful demonstration in the 1990s, funds financial incentives and employment services for public housing residents. Congress also provided \$15 million for Jobs Plus in 2014, but HUD has not yet released details on how the funds will be used. The Senate report indicates that the committee "expects that HUD will complete the program design this fall and be able to award funding to PHAs quickly in fiscal year 2015."

Section 8 Project-Based Rental Assistance

Like the President's budget, both the House and Senate bills provide \$9.7 billion for Section 8 Project-Based Rental Assistance (PBRA) for fiscal year 2015. This is a \$171 million reduction from 2014 funding but is consistent with a plan the President's budget proposes to transition the program over two years to a calendar-year funding cycle that should be more transparent and stable. The modest reduction in the amount of new funding required for 2015 is possible because the fiscal year 2014 appropriation will be sufficient to make payments on some Section 8 PBRA contracts through the early months of calendar year 2015, leaving a reduced amount for the fiscal year 2015 appropriation to cover. In fiscal year 2016, however, sufficient funding to cover a full 12 months' of rental assistance payments — which HUD currently estimates will cost about \$10.9 billion, or \$1.2 billion more than the President's 2015 funding request — will be needed. The Administration has indicated its commitment to including this funding in its fiscal year 2016 budget request, and both the House and Senate have acknowledged the additional funding that will be required.

The proposed policy would be a change from Congress' traditional policy of providing, in advance, sufficient budget authority to cover contract payments for many months beyond the end of the current federal fiscal year. Yet there is no strong argument, other than custom, in favor of forward funding Section 8 PBRA contracts in that way. What matters most to owners is that HUD deliver monthly payments to owners on time, in accordance with the terms of their contracts. The budgeting process that underlies these payments is largely invisible to owners, as it should be. Indeed, a calendar year funding policy could help to alleviate some lender and investor concerns. HUD's implementation of the current policy of "short funding" contracts is entirely ad hoc and opaque to owners. Under a firm calendar-year funding policy, it would be clear to owners that each year's appropriation would cover 12 months' of payments for all contracts.

PBRA Tenants Eligible for Family Self-Sufficiency Program Savings Incentives

The Senate bill improves on the budget proposal to make PBRA tenants eligible to participate in HUD's Family Self-Sufficiency program, by clarifying that PBRA tenants can accumulate savings when their rent increases due to increased earnings. Unlike residents of public housing and families assisted by the HCV program, residents in PBRA-assisted units have never been eligible for FSS. FSS assists families to develop five-year self-sufficiency plans and access services that can help them

increase their earnings and become independent of welfare assistance; participants accumulate savings based on the increased rent they pay as their earnings rise, which agencies set aside for them in special escrow accounts. Completing the program enables families to receive their escrowed savings. Studies have shown substantial increases in earnings for families that complete the FSS program,⁵ which could help increase the share of non-elderly, non-disabled households in the PBRA program who are employed, which lags behind the other major HUD rental programs.⁶

Whether to offer the program would be up to individual owners. Some private assisted owners are likely to be interested in offering the program because they see promoting residents' self-sufficiency as part of their mission or as good for the stability of their property, and HUD would pay for the cost of residents' savings accounts. The Senate bill would not allow private owners to compete for funding for FSS coordinators, but would allow them to tap their residual receipts accounts for this purpose. The expansion of FSS eligibility to PBRA tenants is consistent with S. 454, the Family Self Sufficiency Act introduced by Senators Jack Reed (D-RI) and Roy Blunt (R-MO).

McKinney-Vento Homeless Assistance Grants

The Senate provides \$2.145 billion for Homeless Assistance Grants, \$40 million more than the House, which funds the program at the same level as 2014. Due to the expiration of multi-year grants and rising rent and utility costs, this increase is necessary to maintain the current level of service. The House bill, by flat-funding the program, would likely shrink the number of people served. Yet the Senate did not fund the more than 30,000 new units of permanent supportive housing requested by the Administration to help end chronic homelessness by 2016. The Senate committee recognizes this shortcoming, but recommends that homeless service providers look to other existing resources to help end homelessness, including Housing Choice Vouchers. Although Housing Choice Vouchers have been leveraged effectively in many communities to create additional permanent supportive housing, the voucher renewal funding level in the Senate bill will likely reduce, rather than make it possible to increase, the number of families served, as discussed above.

Within the Homeless Assistance Grants account, the Senate dedicates at least \$250 million to Emergency Solutions Grants, \$1.848 billion to Continuum of Care grants (and the Rural Housing Stability Assistance Program, although HUD has yet to implement this program), and up to \$7 million to homelessness data analysis and technical assistance. If money is available after allocating ESG funds and renewing CoC contracts, the Senate directs HUD to put the extra money into new

⁵ Robert C. Ficke and Andrea Piesse, "Evaluation of the Self-Sufficiency Program: Retrospective Analysis, 1996 to 2000," HUD, April 2004, <http://www.huduser.org/Publications/pdf/selfsufficiency.pdf>; and Lalith de Silva et al, "Evaluation of the Family Self-Sufficiency Program: Prospective Study," HUD, February 2011, <http://www.huduser.org/portal/publications/familyselfsufficiency.pdf>. See also Nandita Verma et al, "Working Toward Self-Sufficiency: Early Findings from a Program for Housing Voucher Recipients in New York City," MDRC, December 2012, <http://www.mdrc.org/publication/working-toward-self-sufficiency>, regarding an evaluation of a modified FSS program, which found early positive results for the poorest households. A HUD-funded rigorous controlled evaluation of FSS is now in process.

⁶ Barbara Sard, "Most Rental Assistance Recipients Work, Are Elderly, or Have Disabilities," Center on Budget and Policy Priorities, July 17, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3992>.

projects. It is unclear how much, if any, funds will be available to do so. The final House bill has lower funding levels for ESG (at least \$200 million) and CoC grants (\$1.81 million).

Supportive Housing for the Elderly and Persons with Disabilities (202 and 811 programs)

The Senate and House bills include modest increases for the programs that provide supportive housing for the elderly and people with disabilities. Both bills include \$420 million for Section 202 Housing for the Elderly, an increase of \$36.5 million over 2014, and \$135 million for Section 811 Housing for Persons with Disabilities, an increase of \$9 million over 2014. These increases reflect the rising cost of renewing the subsidies for rental assistance in each program, as prior multi-year grants expire and are added to the base of annual renewals. Although these levels are sufficient to renew all grants in 2015, they do not provide the additional \$45 million that the President requested for new supportive housing units.

Cost Savings Provisions

Neither the House nor the Senate bills include the change in the medical expense deduction proposed by the President's budget, or any other provisions to reduce costs in the rental assistance programs. (The stated rationale for the amendment to the House bill discussed above to cap area-wide voucher payment standards at 120 percent of the HUD Fair Market Rent was to serve additional families, not to save money.)

2015 HUD Program Funding Proposals (Millions of nominal dollars)				
	2014	2015 President	2015 House	2015 Senate
Housing Choice Voucher Renewals	\$17,366	\$18,006	\$17,693	\$17,719
Housing Choice Voucher Admin	\$1,500	\$1,705	\$1,350	\$1,555
Public Housing Operating	\$4,400	\$4,600	\$4,400	\$4,475
Public Housing Capital	\$1,875	\$1,925	\$1,775	\$1,900
Section 8 Project-Based Rental Asst.	\$9,917	\$9,746	\$9,746	\$9,746
Homeless Assistance	\$2,105	\$2,406	\$2,105	\$2,145
Section 202 Elderly Housing	\$384	\$440	\$420	\$420
Section 811 People with Disabilities	\$126	\$160	\$135	\$135
Native American Housing Grants	\$650	\$650	\$650	\$650
HOME	\$1,000	\$950	\$700	\$950
CDBG Formula Grants	\$3,030	\$2,800	\$3,000	\$3,020



TACOMA HOUSING AUTHORITY

McCLeary EDUCATION FUNDING and CHILD POVERTY in WASHINGTON STATE: A PROPOSAL (May 26, 2014)

PROPOSAL

Washington should direct some of its *McCLeary* education funding to proven ways to prevent or end the homelessness of (i) families with minor children and (ii) school-age youth without families.

REASON FOR THE PROPOSAL

Washington State appears poised to invest many more dollars in its kindergarten through high school education system. It will do so in response to *McCLeary v. State of Washington*, 173Wn2d. 477 (2012). In that case the Court ruled that the state was not fulfilling its obligation under the state's constitution to amply fund public education. By some estimates, fulfilling this obligation may require another \$3 billion per two-year budget cycle. The state should so manage this investment to produce identifiable educational outcomes that it seeks. Among those outcomes is improving the educational achievement of children from low-income families and children of color.

The state should not expect this improvement unless it addresses those aspects of child poverty that have ruinous effects on educational achievement. Failing to do that will invite two related problems. **First**, the state will not get an adequate return on this enormous new investment. **Second**, the state may worsen educational outcomes to the extent that the new investment comes from and weakens social service programs serving low-income children. For this reason, the state should target a portion of its *McCLeary* investment to address the homelessness of children. Family and youth homelessness have the three characteristics necessary to justify the investment:

- *Homelessness has a well-established ruinous effect on educational achievement.*
Homeless children do not learn, despite the best-equipped classroom and teacher.
- *The State has proven program models to address family and youth homelessness*
Successful program models include: rapid re-housing, Housing Trust Fund, rental assistance, partnerships between housing authorities and school districts. In these ways, the state has made notable progress in addressing the homelessness of children. More work remains. *See, Homelessness in Washington State, Annual Report on Homeless Grant Programs* (WA. Dpt. of Commerce December 2013); *Homeless System Performance Measures Report* (WA Dept. of Commerce 2013).
- *No state-wide system adequately addresses family or youth homelessness.*
Poor child health and poor nutrition also have these effects. Yet these are the focus of comprehensive statewide programs, *e.g.*, Washington Apple Health (Medicaid), Basic Food Assistance (food stamps)). There is no program of comparable reach to address the homelessness of families with children or youth without families.

A small portion of the *McCLeary* funding could amply supplement funding for the range of effective programs to prevent or end homelessness of families with children and school age youth without families: rapid rehousing, rental assistance matched with school enrollment, and the Housing Trust Fund. For example, 5% of \$3 billion in *McCLeary* funding would provide \$150 million. This amount would be a bargain to help insure a return on the *McCLeary* investment that might otherwise have little effect on educational outcomes for these children.

FINANCE



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$5,538,387 for the month of May, 2014.

Approved: June 25, 2014

Greg Mowat, Chairman

TACOMA HOUSING AUTHORITY
Cash Disbursements for the month of May, 2014

		Check Numbers		Amount	Totals
		From	To		
A/P Checking Account					
Low Rent Module Checks	Check #'s	2,773	- 2,773	127	
Accounts Payable Checks	Check #'s	82,431	- 82,657		
Business Support Center				304,282	Program Support
Moving To Work Support Center				53,663	
Tax Credit Program Support Center				3,274	
Section 8 Programs				29,367	Section 8 Operations
SF Non-Assist Housing - 9SF Homes				47	Local Funds
Stewart Court				1,581	
Wedgewood				251	
Salishan 7				9,511	
Tacoma Housing Development Group				3,235	
Hillsdale Heights				1,387	Development
Salishan Developer Fee				20	
AG Hsg Recovery Grant				27,089	
Development Activity				10,030	
Salishan Area 2B-Dev				3,663	
Salishan Area 4				200	
Hillside Terrace 2500 Yakima Development				1,543,347	Community Service
CS General Business Activities				80	
Weyerh. Homeless Grant				443	
Community Services MTW Fund				3,573	
Gates Ed Proj Grant				279	
ROSS Svc Coord				142	
WA Families Fund				357	
Pierce Co. 2163 Funds				96	
WA Families Fund - Systems Innovation				941	Public Housing
AMP 1 - No K, So M, No G				59,477	
AMP 2 - Fawcett, Wright, 6th Ave				35,891	
AMP 3 - Lawrence, Orchard, Stevens				33,882	
AMP 4 - Hillside Terr - 1800/2500				8,439	
AMP 6 - Scattered Sites				876	
AMP 7 - HT 1 - Subsidy				12,059	
AMP 8 - HT 2 - Subsidy				2,601	
AMP 9 - HT 1500 - Subsidy				1,687	
AMP 10 - SAL 1 - Subsidy				11,087	
AMP 11 - SAL 2 - Subsidy				10,586	
AMP 12 - SAL 3 - Subsidy				8,200	
AMP 13 - SAL 4 - Subsidy				11,750	
AMP 14 - SAL 5 - Subsidy				13,449	
AMP 15 - SAL 6 - Subsidy				12,414	
Allocation Fund				61,948	Allocations-All Programs
THA SUBTOTAL				2,281,328	
Hillside Terrace 1 through 1500				1,369	Tax Credit Projects - billable
Salishan I - through Salishan 6				1,102	
Salishan Association - Operations				7,995	
TAX CREDIT SUBTOTAL (Operations - billable)				10,466	2,291,794
Section 8 Checking Account (HAP Payments)					
SRO/HCV/TBRA/VASH/FUP/NED	Check #'s	481,143	- 481,213	81,937	
	ACH	60,097	- 61,530	2,411,000	\$ 2,492,937
Payroll & Payroll Fees - ADP					\$ 753,657
Other Wire Transfers					
Local Funds Semi-Annual Bond Payment - Heritage				-	\$ -
TOTAL DISBURSEMENTS					\$ 5,538,387



TACOMA HOUSING AUTHORITY

Date: June 25, 2014

To: THA Board of Commissioners

From: Ken Shalik
Director of Finance

Re: Finance Department Monthly Board Report

1. FINANCIAL STATEMENT COMMENTS

I present the May, 2014 disbursement reports for your approval.

The Finance Department is submitting the financial statement for the month of April, 2014. THA remains in good financial shape. For the month of April, on Line 72, the YTD surplus is \$18,966, compared to projected surplus of \$33,912. I am currently projecting a surplus of \$254,101 compared to the budgeted amount of \$101,736 at year end. I expect the projected actual to continue to change as the year progresses and information clarifies. There are some variances in the report. Many of them are timing issues, and others are issues that may need to be addressed during the mid-year budget revision.

The following are areas that I would like to address for this report:

- *Line 2 – Tenant Revenue* – This area remains difficult to project. The majority of the income consists of charges passed on to the tenant for legal proceedings as they head towards eviction, as well as significant damages (including meth damage) at move out. The challenge with this increase is due to the type of charge we will most likely not be able to collect these funds, and they will be written off. In budgeting, I do not include the large meth costs that might be charged to a tenant.
- *Line 3 – HUD Grant – Section 8 HAP reimbursement* – We have been authorized at 99.7% of appropriations. HUD cash management procedures dictate that they will not provide us funds in excess of our needs. HUD provides us funds based on the HAP expenses from the previous quarter. As an MTW agency, the HAP income covers expenses other than HAP, and presently we are only able to ask for reimbursement in arrears, which means that for YTD actuals, we may fall into a deficit situation every so often. Both HUD and the THA finance area maintain a reconciliation of amounts that reside in HUD, but are available for use by the Housing Authority.
- *Line 9 – Other Government Grants* – Included in the budget is approximately \$60K for administering a blight abatement program, which we have yet to start. Also, there are

FINANCE DEPARTMENT MONTHLY REPORT

June 2014

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fees from the City for us doing consulting work, along with reimbursements from the Power company for Salishan Area 3 lots once they are built out by DR Horton.

- *Line 12 – Other Revenue Developer Fee* - We have not received any funds for either project to date, but it is anticipated we will received the budgeted funds by the end of the year as we meet certain milestones.
- *Line 59 – Extraordinary Maintenance* – This category will be for Meth remediation costs of our PH units in 2014. This will come in over the initial budgeted amount and need a mid-year revision. This is due to units that tested hot in 2013, and due to constraints, we were not able to put back until 2014. There is also other work identified in our portfolio that needs addressing and was not in our initial budget.
- *Lines 69 – 71 – Capital Items* - The YTD and projected actual amounts in these categories only reflect active projects that we have contracts on. In the budget, the purchase of New Look Apartments is included. We also earmarked a million dollars for capital needs for our RAD conversion. As that is on hold, we will not need those funds in 2014. We will adjust this category in our mid-year revision

For our cash position, we are including the commitment of funds passed by the Board in the September, 2013 board meeting. These commitments, along with designated Public Housing and Section 8 reserves, leave the agency with minimal unobligated MTW cash levels. This is good, as it allows us to conform to HUD's expectations about the level of reserves that can be maintained by the Housing Authority.

We continue to work with both Heritage Bank and Foster Pepper to set up a \$2 million Line of Credit.

2. INVESTMENTS

Surplus funds are invested in Heritage checking and the Washington State Investment Pool. Rates with Heritage Bank currently remain at .40%. The Washington State Local Government Investment Pool currently provides a return rate of .13%.

3. AUDIT

The State auditors are still in the process of conducting the financial statement and single audit portions of our 2013 records.

4. BUDGETS

The 2014 budget is in effect. As stated earlier, with the pro-rations of HUD funds, we have met the income budgeted in the original budget. Our mid-year budget review has been rescheduled for July 18.

5. YEAR END CLOSING UPDATE

There is nothing to report.

**TACOMA HOUSING AUTHORITY
AGENCY WIDE**

	April, 2014				Thru 12/31/2014		
	CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED YTD	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
OPERATING RECEIPTS							
1 Tenant Revenue - Dwelling rent	276,659	1,103,328	1,079,640	2.19%	3,309,984	3,238,919	2.19%
2 Tenant Revenue - Other	9,564	61,790	14,747	319.00%	85,370	44,241	92.97%
3 HUD grant - Section 8 HAP reimburseme	2,598,710	10,649,422	11,577,493	-8.02%	34,698,266	34,732,479	-0.10%
4 HUD grant - Section 8 Admin fee earned	223,690	889,193	946,337	-6.04%	2,667,579	2,839,011	-6.04%
5 HUD grant - Public Housing subsidy	200,545	813,225	772,836	5.23%	2,289,675	2,318,509	-1.24%
6 HUD grant - Community Services	9,990	39,693	48,191	-17.63%	119,079	144,574	-17.63%
7 HUD grant - Capital Fund Operating Reve	15,455	537,789	490,523	9.64%	1,613,367	1,471,568	9.64%
8 Management Fee Income	292,328	1,153,779	1,218,230	-5.29%	3,561,337	3,654,691	-2.55%
9 Other Government grants	19,404	60,609	134,544	-54.95%	223,236	403,632	-44.69%
10 Investment income	10,707	22,558	19,842	13.69%	67,674	59,525	13.69%
11 Fraud Recovery Income - Sec 8	746	16,662	10,000	66.62%	32,486	30,000	8.29%
12 Other Revenue- Developer Fee Income	0	0	188,914	-100.00%	543,500	566,743	-4.10%
13 Other Revenue	56,042	164,464	194,784	-15.57%	493,392	584,351	-15.57%
14 TOTAL OPERATING RECEIPTS	3,713,840	15,512,512	16,696,081	-7.09%	49,704,945	50,088,243	-0.77%
OPERATING EXPENDITURES							
<i>Administrative Expenses</i>							
15 Administrative Salaries	353,698	1,439,257	1,607,127	-10.45%	4,777,585	4,821,380	-0.91%
16 Administrative Personnel - Benefits	139,797	507,195	658,068	-22.93%	1,771,585	1,974,203	-10.26%
17 Audit Fees	10,283	14,333	29,237	-50.98%	87,711	87,711	0.00%
18 Management Fees	230,551	919,878	966,023	-4.78%	2,834,634	2,898,070	-2.19%
19 Rent	25,204	100,816	99,482	1.34%	302,448	298,446	1.34%
20 Advertising	0	1,224	4,483	-72.70%	3,672	13,450	-72.70%
21 Information Technology Expenses	9,513	47,806	76,615	-37.60%	218,418	229,845	-4.97%
22 Office Supplies	6,120	16,887	25,395	-33.50%	68,161	76,184	-10.53%
23 Publications & Memberships	561	27,829	15,545	79.03%	46,134	46,634	-1.07%
24 Telephone	6,886	29,603	37,325	-20.69%	108,809	111,974	-2.83%
25 Postage	2,776	12,411	13,697	-9.39%	37,233	41,090	-9.39%
26 Leased Equipment & Repairs	7,265	31,220	27,996	11.52%	93,660	83,988	11.52%
27 Office Equipment Expensed	2,312	13,221	22,071	-40.10%	64,663	66,213	-2.34%
28 Legal	22,194	37,289	75,307	-50.48%	221,867	225,920	-1.79%
29 Local Milage	859	2,053	4,412	-53.46%	9,159	13,235	-30.80%
30 Staff Training/Out of Town travel	15,157	51,726	93,874	-44.90%	250,178	281,623	-11.17%
31 Administrative Contracts	13,420	60,565	221,233	-72.62%	656,695	663,700	-1.06%
32 Other administrative expenses	4,481	37,446	27,790	34.75%	87,338	83,370	4.76%
33 Due diligence - Perspective Development	6,760	50,833	163,500	-68.91%	302,499	490,500	-38.33%
34 Contingency	0	0	34,483	-100.00%	0	103,450	-100.00%
35 Total Administrative Expenses	857,837	3,401,592	4,203,662	-19.08%	11,942,449	12,610,986	-5.30%

		April, 2014				Thru 12/31/2014		
		CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
	Tenant Service							
36	Tenant Service - Salaries	62,741	260,643	311,168	-16.24%	887,090	933,505	-4.97%
37	Tenant Service Personnel - Benefits	26,140	98,966	127,078	-22.12%	331,898	381,233	-12.94%
38	Relocation Costs	10,889	21,051	30,890	-31.85%	92,670	92,670	0.00%
39	Tenant Service - Other	6,800	41,228	66,373	-37.88%	138,684	199,118	-30.35%
40	Total Tenant Services	106,570	421,888	535,509	-21.22%	1,450,342	1,606,526	-9.72%
	Project Utilities							
41	Water	9,387	34,952	39,475	-11.46%	104,856	118,425	-11.46%
42	Electricity	5,401	61,582	66,413	-7.27%	154,746	199,240	-22.33%
43	Gas	3,917	20,955	19,953	5.02%	62,865	59,860	5.02%
44	Sewer	24,265	104,667	106,423	-1.65%	314,001	319,270	-1.65%
45	Total Project Utilities	42,970	222,156	232,265	-4.35%	636,468	696,795	-8.66%
	Ordinary Maintenance & Operations							
46	Maintenance Salaries	43,815	180,493	219,957	-17.94%	616,602	659,872	-6.56%
47	Maintenance Personnel - Benefits	13,587	51,403	69,291	-25.82%	174,209	207,872	-16.19%
48	Maintenance Materials	26,010	74,143	68,723	7.89%	222,429	206,170	7.89%
49	Contract Maintenance	53,802	233,241	361,522	-35.48%	899,723	1,084,565	-17.04%
50	Total Routine Maintenance	137,214	539,280	719,493	-25.05%	1,912,963	2,158,479	-11.37%
	General Expenses							
51	Protective Services	11,335	51,669	47,283	9.28%	155,007	141,850	9.28%
52	Insurance	14,940	65,131	71,959	-9.49%	175,393	215,877	-18.75%
53	Other General Expense	93,395	399,507	457,309	-12.64%	1,373,521	1,371,927	0.12%
54	Payment in Lieu of Taxes	1,199	4,795	5,168	-7.21%	14,385	15,503	-7.21%
55	Collection Loss	5,211	5,211	25,161	-79.29%	75,633	75,482	0.20%
56	Interest Expense	13,721	56,473	92,032	-38.64%	276,096	276,096	0.00%
57	Total General Expenses	139,801	582,786	698,912	-16.62%	2,070,035	2,096,735	-1.27%
58	TOTAL OPERATING EXPENSES	\$ 1,284,392	\$ 5,167,702	\$ 6,389,840		\$ 18,012,257	\$ 19,169,521	
	Nonroutine Expenditures							
59	Ext. Maint/Fac Imp/Gain/Loss Prop Sale	16,560	224,806	132,000	70.31%	618,217	396,000	56.12%
60	Casualty Losses	18,223	56,405	8,502	563.41%	56,405	25,507	121.14%
61	Sec 8 HAP Payments	2,436,854	9,854,559	10,086,934	-2.30%	30,413,677	30,260,802	0.51%
62	Total Nonroutine Expenditures	2,471,637	10,135,770	10,227,436	-0.90%	31,088,299	30,682,309	1.32%
63	TOTAL EXPENDITURES	3,756,029	15,303,472	16,617,277	-7.91%	49,100,556	49,851,830	-1.51%
64	OPERATING SURPLUS/(DEFICIT)	(42,189)	209,040	78,804	165.26%	604,389	236,413	155.65%
65	Debt Service Principal Payments	0	(128,747)	(119,627)	7.62%	(358,880)	(358,880)	0.00%
66	Surplus/Deficit Before Reserve Appropriations	(42,189)	80,293	(40,822)	-296.69%	245,509	(122,467)	
67	Reserve Appropriations - Operations	5,222	31,528	74,734	-57.81%	94,584	224,203	-57.81%
68	Surplus/Deficit Before Capital Expenditures	(36,967)	111,821	33,912		340,093	101,736	
69	Revenue - Capital Grants	100	266,555	(2,617,583)	-110.18%	4,830,938	(7,852,750)	-161.52%
70	Capitalized Items/Development Projects	(62,255)	(359,410)	1,852,917	-119.40%	(4,916,930)	5,558,750	-188.45%
71	Reserve Appropriations - Capital	0	0	764,667	-100.00%	0	2,294,000	-100.00%
72	THA SURPLUS/(DEFICIT)	(99,122)	18,966	33,912		254,101	101,736	

TACOMA HOUSING AUTHORITY

CASH POSITION - May 2014

Account Name	Current Balance	Interest
HERITAGE BANK		
Accounts Payable	\$ 518,228	0.40%
Section 8 Checking	7,542,534	0.40%
THA Investment Pool	288	0.40%
THA LIPH Security Deposits	88,813	0.40%
THDG - Tacoma Housing Development Group	42,915	0.40%
LF - SF 9Homes Alaska	70,022	0.40%
LF - SF 9Homes Alaska Sec Dep Acct	5,110	0.40%
LF - SFH No. Shirley	19,176	0.40%
LF - SFH N Shirley Security Deposit Acct	1,002	0.40%
LF - Wedgewood Homes	404	0.40%
Salishan 7	1,192,784	0.40%
Salishan 7 Security Deposit	26,252	0.40%
Salishan 7 Replacement Reserve	98,598	0.40%
Salishan 7 Operating Reserve	197,938	0.40%
Payroll Account	7,148	0.40%
General Fund Money Market	735,213	0.40%
IDA Account	13,734	0.40%
WASHINGTON STATE		
Investment Pool	\$ 1,626,575	0.10%
1. TOTAL THA CASH BALANCE	\$ 12,186,734	
Less:		
2. Total MTW Cash Balance	\$ 6,707,372	
<i>Less MTW Reserve Commitments</i>		
2.01 2nd Phase Hillside Terrace Redevelopment	\$ 2,420,000	
2.02 Renovation/Remodel of 2nd Floor of Admin Building	700,000	
2.03 Renovation/Remodel of Salishan FIC Building	300,000	
2.04 RAD Conversion Costs - Capital Contributions to Projects	1,000,000	
2.05 Software Conversion for Operational Platform (VH)	600,000	
2.06 Education Projects - McCarver & Others	310,000	
2.07 Exigent Health & Safety Issues (Meth Remediation)	259,520	
2.10 Total Reserve Commitments	\$ 5,589,520	
<i>Add MTW Reserves Not Yet Received from HUD</i>		
2.11 Undisbursed CFP funds for RAD Conversion	1,000,000	
2.20 Total Undisbursed Reserves held by HUD	\$ 1,000,000	
<i>Less Minimum Operating Reserves</i>		
2.21 Public Housing AMP Reserves (4 months Operating Exp.)	1,130,000	
2.22 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.30 Total Minimum Operating Reserves	\$ 1,856,000	
3. MTW Cash Available (Lines 2 - 2.10 + 2.20 - 2.30)	\$ 261,852	

TACOMA HOUSING AUTHORITY

CASH POSITION - May 2014

4. Non MTW Cash

Other Restrictions:

4.01 FSS Escrows	\$	111,784		
4.02 VASH, FUP & NED HAP Reserves		139,216		
4.03 Mod Rehab Operating Reserves		140,512		
4.04 Security Deposit Accounts		127,060		
4.05 Salishan Sound Families - 608		103,783		
4.06 IDA Accounts - 604		13,734		
4.07 Gates Foundation - 612, 614 & 623		212,149		
4.08 WA Families Fund - 674, 713		77,251		
4.09 Wedgewood Replacement Reserve		804,424		
4.10 Bond Financed Single Family Homes Reserve		90,000		
4.11 Salishan 7 Reserves		721,535		
4.12 THDG - 048		42,915		
4.20 Total - Other Restrictions			\$	2,584,364

Agency Liabilities:

4.30 Windstar Loan - 042		306,093		
4.40 Total - Agency Liabilities			\$	306,093
4.45 Development Draw Receipts for Pending Vendor Payments			\$	-
4.50 Development Advances/Due Diligence Commitments ¹			\$	224,054

5. Total Non MTW Cash Restrictions (Lines 4.20+4.40+4.50)			\$	3,114,511
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6. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-5)			\$	2,364,851
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7. Agency Current Commitments:	Board Approval	Expended	Obligation Balance
LASA Development advance	\$ 675,000	\$ 520,946	\$ 154,054
Salishan Campus (PY exp plus 2014 budget)	\$ 196,174	\$ 126,174	\$ 70,000
¹ Total Current Commitments outstanding			\$ 224,054

Agency Advances that resulted in reduced amount of Unencumbered Cash (line 6)

LASA Development advance		\$ 520,946	
Hillside Terrace Redevelpmnt - HTF, HOME, CDBG and COT Funds		\$ -	
Total Agency Advances		\$ 520,946	

REAL ESTATE MANAGEMENT
AND
HOUSING SERVICES



TACOMA HOUSING AUTHORITY

Date: June 25, 2014

To: THA Board of Commissioners

From: April Black

Director of Real Estate Management and Housing Services

Re: Department of Real Estate Management and Housing Services Monthly Board Report

1. PROPERTY MANAGEMENT DIVISION

During the week of March 17th HUD visited THA to perform a Public Housing Management review. Overall, the review went well and helped us identify some training gaps within the division. The review yielded three “findings” and three “concerns.” The findings were related to flat rents, verification of income for new admissions and the community service requirement. The concerns related to verification policies, retention of Social Security cards and citizenship forms.

I have attached a copy of my response to the audit.

- *Occupancy:*

Unit occupancy is reported for the first day of the month. This data is for the month of May.

OCCUPANCY SUMMARY REPORT					
PROGRAM	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MTH OCCUPIED
All Hillside	62	2	0	60	96.77\%
Family Properties	145	8	4	137	96.6%
Salishan	631	6	0	625	98.9%
Senior/Disabled	353	24	4	329	93.8%
All Total	1,191	40	8	1,151	96.7%

- *Vacant Unit Turn:*

On page four (4) there is a table with all of the units turned in fiscal year 2014. Eleven (11) units were turned and rented in the month of May. The average unit turn for the month of May was 37.45 days; and **25.6 days for ten (10) clean units**. The average unit turn for the year 2014 as of June 2014 was 111 days. The FYTD decreased from 118 from the previous month. One (1) of the units that was turned in May tested positive for meth and needed to be remediated.

As of June 11, 2014, 125 of the 317 units that have been tested for contamination have tested positive for methamphetamine. Overall, this is a 39% positive rate for the units that have been tested. Since June 25, 2013, THA began using the home testing kits that test for contamination at the health-based contamination level of 1.5 micrograms per 100 cm² rather than 0.1 standard. Since that time, THA tested 133 units; 28 or 21% have tested positive for contamination.

In November 2013, THA rather than its contractor started conducting the home field tests in house. We used a standardized procedure for sampling and interpreting results. This has furthered lowered our hot rate to 11%. This lower rate has held steady since November.

1.1 Vacant clean unit turn status

For clean units, the average turn days for the month of May was 26 days (10 units). Below is a breakdown of each unit that took longer than 20 days to turn:

- G St (AMP 1) #311 (36 days)- Maintenance completed the work in this unit in 22 days. There was extensive damage to the unit left by the previous tenant. The remaining Eleven (11) days were due to leasing complications. This is an ADA unit and attempts were made to place a qualifying family into this unit. Per THA's Transfer policy, this unit must be offered to families needing these types of accommodations off the Reasonable Accommodations (RA) Transfer list. We showed this unit to 4 applicants before it was accepted. Twelve (12) days were attributed to the weekends where no work was performed in the unit.
- Dixon Village (AMP 3) 5501 South Stevens (30 Days)- Maintenance completed the work in this unit in 19 days. There was extensive damage to this unit from the previous tenant that led to them being terminated. The remaining 12 days were due to multiple unit shows to applicants off of the wait list. We showed the unit to 4 families before the unit was accepted. Eight (8) days were attributed to the weekends where no work was performed in the unit.
- Hillside (AMP 9) 1512 court F #188 (70 days)- Maintenance completed the work in this unit in 25 days. There was a delay in procuring the materials to complete the unit turn due to being out of stock. The remaining Forty Five (45) days were due to leasing complication. This unit is a Market Rate unit. There is also a large family set-aside requirement to house a family of 4 or more occupants. The floor plan of the unit is not family friendly. The bedrooms are located on each floor (3). Families do not like to have their children housed on different floors, which makes the unit difficult to rent. The property is also lacking some of the amenities that nearby properties offer for the same rent amount. To get this unit rented we lowered the rent by \$200 and placed carpet in the bedrooms to make the unit feel more

comfortable for children. We changed our marketing approach and began marketing on Facebook and Twitter. We also received resident referrals.

- Salishan 4 (AMP 13) 1727 E 46th (31 days)- Maintenance completed the work in 17 days. The remaining 13 days were due to leasing complications. This unit was offered to 3 families before it was accepted. Eight (8) days were lost to the weekends where no work was performed.

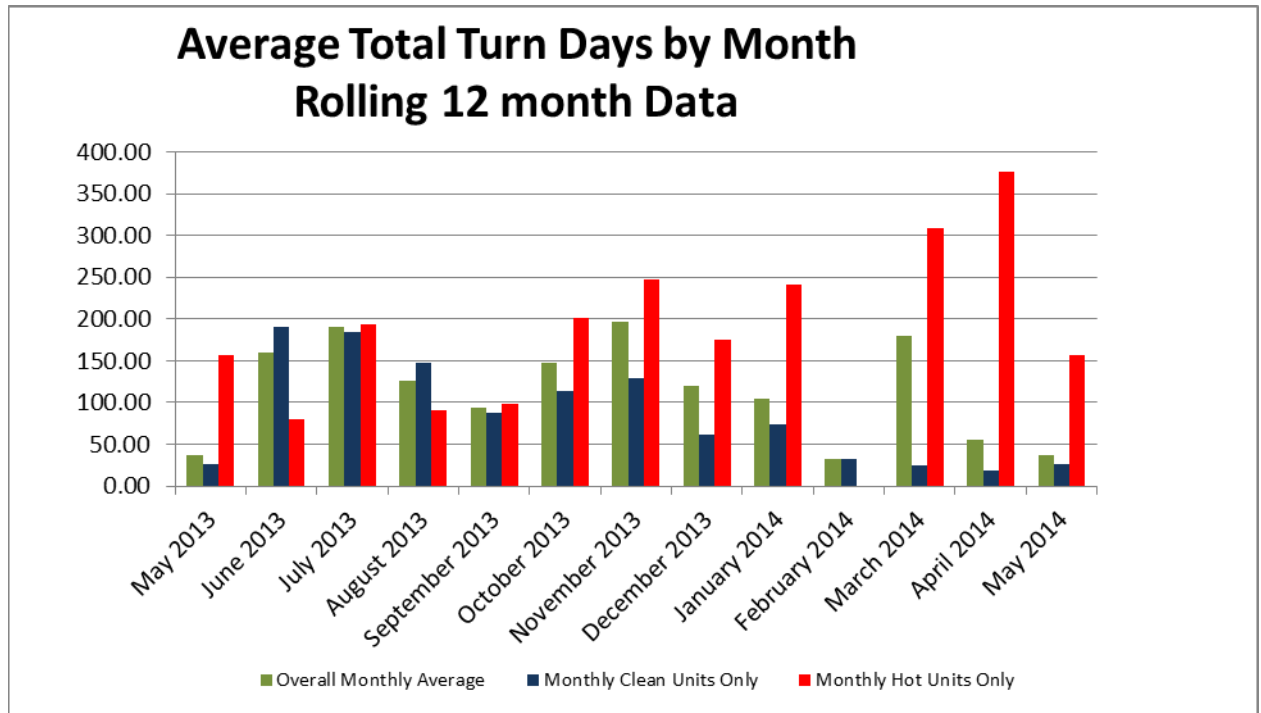
You will note that we continue to be challenged with multiple unit turn downs. During the April Board meeting the Board members recommended changing our admissions policies to only allow for one unit offer before removing a household from all public housing waiting lists. We will draft a revision to the ACOP and post it for public comment concurrent with the public comments for the MTW Plan.

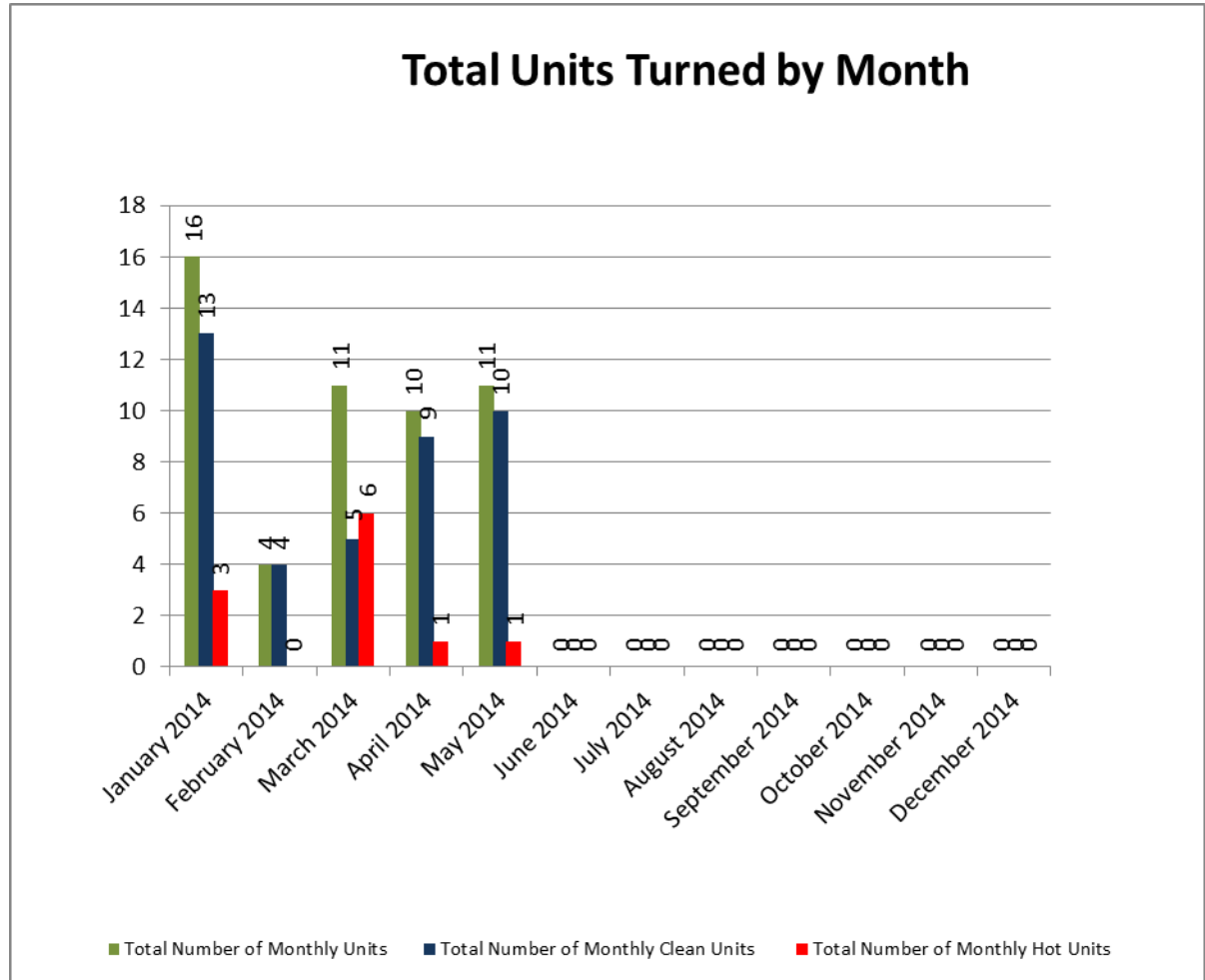
1.2 Contaminated unit turns

As of June 11, 2014 there were 36 vacant units in THA's portfolio. Of these units:

- 7 are not contaminated with meth,
- 25 are in remediation of meth contamination
- 4 units are not contaminated but are on hold for rehab/water intrusion

The tables below shows the calendar year trend in average unit turn days each month and the number of units turned by month:





Work Orders: In the month of May, all emergency work orders were completed within 24 hours. In May, maintenance staff completed 163 non-emergency work orders and a total of 1,655 for the calendar year. The annual average number of days to complete a non-emergency work order is 8.29.

Work Order Summary by Portfolio For the Month of May, 2014

Completed Work Orders								
Portfolio	Emergency				Non-Emergency			
	Month	YTD	Month	YTD	Month	YTD	Month	YTD
	# Completed	% Completed in 24 Hrs	# Completed	% Completed in 24 hrs (99% HUD Std)	# Completed	Avg Completion Days	# Completed	Avg Completion Days (25 days HUD Std)
All Hillside								
HILLSIDE TERRACE 1500 Block	0	0.0%	1	100.0%	19	4.79	59	2.46
HILLSIDE TERRACE PH 1	0	0.0%	1	100.0%	6	3.00	62	2.94
HILLSIDE TERRACE PH II	0	0.0%	2	100.0%	4	0.50	43	2.07
	0	0.0%	4	100.0%	29	3.83	164	2.54
Family Properties								
BERGERSON TERRACE	4	100.0%	5	100.0%	15	12.33	131	8.69
DIXON VILLAGE	0	0.0%	1	100.0%	16	5.38	68	5.62
MARKET RATE SFR	0	0.0%	0	0.0%	2	2.50	11	14.91
SCATTERED SITES	1	100.0%	2	100.0%	9	15.00	41	8.37
	5	100.0%	8	100.0%	42	9.79	251	8.08
Salishan								
SALISHAN I	0	0.0%	4	50.0%	2	1.00	81	15.09
SALISHAN II	0	0.0%	1	100.0%	2	0.00	76	12.21
SALISHAN III	0	0.0%	1	0.0%	6	28.83	72	15.13
SALISHAN IV	0	0.0%	1	100.0%	5	17.00	112	12.23
SALISHAN V	0	0.0%	2	100.0%	5	24.80	117	10.48
SALISHAN VI	0	0.0%	1	0.0%	7	14.43	78	19.18
SALISHAN VII	0	0.0%	0	0.0%	1	2.00	57	13.60
	0	0.0%	10	60.0%	28	17.39	593	13.67
Senior / Disabled Properties								
6TH AVE	1	100.0%	5	100.0%	11	3.91	127	3.69
E.B. WILSON	1	100.0%	5	100.0%	28	3.89	126	3.56
FAWCETT APARTMENTS	0	0.0%	2	100.0%	1	6.00	73	4.97
LUDWIG APARTMENTS	1	100.0%	3	100.0%	11	3.82	79	7.23
NORTH G ST	2	100.0%	4	100.0%	2	6.50	70	8.01
NORTH K ST	0	0.0%	2	100.0%	7	4.14	65	5.85
WRIGHT AVE	1	100.0%	12	100.0%	4	5.75	107	3.54
	6	100.0%	33	100.0%	64	4.14	647	4.90

Open Work Order Summary by Portfolio For the Month of May, 2014

		Emergency		Non Emergency		
Portfolio		Opened Emergency WO	Days Open	Open Non- Emergency WO	< 25 Days	>25 Days
All Hillside						
HT1	HILLSIDE TERRACE PH 1	0	0	1	1	0
HT1500	HILLSIDE TERRACE 1500 Block	0	0	6	6	0
HT2	HILLSIDE TERRACE PH II	0	0	10	10	0
		0	0	17	17	0
Family Properties						
020	BERGERSON TERRACE	4	0	1	0	1
022	LOW RENT SCATTERED SITES (19)	1	0	5	3	2
023	DIXON VILLAGE	0	0	1	0	1
044	ALASKA 9 HOMES	0	0	2	1	1
		5	0	9	4	5
Salishan						
SAL1	SALISHAN ONE LLC (PH)	0	0	46	23	23
SAL2	SALISHAN TWO LLC (S8)	0	0	35	16	19
SAL3	SALISHAN THREE LLC (PH)	0	0	44	24	20
SAL4	SALISHAN FOUR LLC (S8)	0	0	80	19	61
SAL5	SALISHAN V LLC (PH)	0	0	82	17	65
SAL6	SALISHAN SIX LLC (PH)	0	0	30	18	12
SAL7	SALISHAN SEVEN	0	0	37	16	21
		0	0	354	133	221
Senior / Disabled Properties						
006	NORTH K ST	0	0	7	7	0
008	E.B. WILSON	1	0	33	33	0
009	FAWCETT APARTMENTS	0	0	6	6	0
010	WRIGHT AVE	1	0	8	8	0
012	LUDWIG APARTMENTS	1	0	1	1	0
013	NORTH G ST	2	0	8	8	0
014	6TH AVE	1	0	4	4	0
		6	0	67	67	0
Agency Totals:		11	0	447	221	226

REAC Update:

We have still not received our score for AMP 2. We did get notification from HUD that our AMP 3 appeal was denied. We also were notified that our AMP 7 appeal was rescored to an 86.

Property	Date	2014 Scores	2011 Scores	2010 Scores
AMP 2 (6 th , Wright, Fawcett)	April 9, 2014	Awaiting score	81	86
AMP 3 (Bergerson, Ludwig, Dixon)	April 10, 2014	82 (appeal denied)	79	93
AMP 7 (Hillside phase 1)	April 3, 2014	86 (appeal awarded)	89	94
AMP 13 (Salishan 4)	May 5, 2014	97	88	69
AMP 14 (Salishan 5)	May 7 2014	100	85	72

2. RENTAL ASSISTANCE DIVISION

Housing Choice Voucher utilization is reported at 96.7% for the month of May 2014. Below is a breakdown of the utilization of our special programs:

Program Name	Units Allocated	Units Leased	Number of shoppers*
Veterans Administration Supportive Housing (VASH)	145	129	5 shoppers 11 referrals needed
Non-Elderly Disabled Vouchers (NED)	100	94 (including 15 port outs)	0 shoppers 6 referrals needed
Family Unification Program (FUP)	50	43	3 shoppers and 4 referrals needed
McCarver Program	50	39	

* "Shoppers" are households that have been approved for the program and are searching for housing.

The Rental Assistance Department is happy to announce it has met its leasing goal of 10 units at Bay Terrace. Progress continues for upcoming units as they are completed. Rental Assistance has also begun issuing HOP vouchers to cover the number of clients that leave the program. We are also very close to begin the issuance of vouchers for the TCC Education program.



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

BOARD OF COMMISSIONERS

Greg Mowat, Chair
Stanley Rumbaugh, Vice Chair
Janis Flauding
Dr. Arthur C. Banks
Rose Lincoln Hamilton

June 13, 2014

Harlan Stewart, Director
U.S. Department of
Housing and Urban Development
Office of Public Housing
909 First Avenue, Suite 360
Seattle, Washington 98104-1000

Re: Public Housing Management Review Response

Dear Mr. Stewart:

This letter is being written in response to your letter dated April 29, 2014. In that letter you outlined three findings, three concerns and seven (7) file errors that required correction and response. Below is an overview of the actions taken on each of the items identified in your review.

Finding 1: THA is not offering the choice of flat or income-based rent. THA must change its policy to ensure that any tenants living in units with a flat rent receive the choice of paying flat or income-based rent in compliance with 24 CFR 960.253. Please provide the office with a statement detailing any policy changes as well as a description of any staff training.

Response: THA will change its policy to reflect its waiver of the flat rent choice. All reference to flat rent choice will be removed from the ACOP and replaced with the following statement:

Under its MTW authority, THA has waived the requirement to offer families the choice between flat and income based rent. Though there is no choice regarding flat rent, THA will not charge more than the applicable maximum allowable tax credit rent to households residing in tax credit funded units.

Finding 2: EIV information is not being pulled for tenants within 120 days of admission. THA must provide training to staff and institute policies that ensure EIV income reports for new Public Housing residents are performed within 120 days of the initial PIC submission date for the family. Please provide the office with a copy of any policies as well as a description of any staff training.

Response: THA has set processes in place to correct this deficiency. Each month, THA's Compliance person will provide staff with a list of all new admissions submitted to PIC within the past 60-90 days. Staff will be required to pull EIV reports for each of those households, compare it to new admission 50058 reports, make corrections/compliance actions where needed, and file the report. Staff will report back to Compliance monthly regarding the status of each new admission.

Finding 3: Inadequate implementation and monitoring of Community Service and Self Sufficiency Requirements (CSSR). Submit to HUD detailed information and timelines regarding the steps that THA will undertake to: (1) ensure the CSSR regulations and related notices have been reviewed with staff; (2) immediately begin implementation of the regulatory requirements; (3) adequately document tenant files for tenant and THA compliance of CSSR requirements.

Response: THA recognizes and understands the importance of resident compliance under 24 CFR 960.600-609. Staff has followed up with each household whose file had CSSR errors during the HUD review. Staff has been reminded to the CSSR policies outlined in THA's ACOP. Staff will continue to be more diligent in enforcing the requirement at each annual review from this point forward.

Concern #1: THA's ACOP verification hierarchy does not match its practices or HUD requirements. THA must change its ACOP to reflect the verification hierarchy in PIH Notice 2010-19 and more accurately reflect its current practices. Please provide the office with a copy of any changes.

Response: I disagree that this concern requires a change in its ACOP. THA has MTW approval to weigh all verifications equally. Though staff conducts verifications in a hierarchical order, we would still like the ability to change this practice and weigh all forms of verification equally.

Concern #2: THA is retaining Social Security cards in its tenant files, which is not in line with their policies. THA staff must be training on implementation of the PHA's requirement to remove and destroy Social Security documentation once the status of those numbers has been verified. Please submit a statement affirming that staff has been fully trained on implementation of the policy and will remove and destroy documentation of Social Security number in accordance with THA policy.

Response: Removal of the Social Security cards from the tenant file will become an additional step in the process outlined in response to Finding #2. When staff pulls EIV 120 after new admission, they will also remove the copy of Social Security cards.

For existing households, staff will pull copies of Social Security cards at the next scheduled recertification exam. This step will be added to a new reexamination checklist.

Concern #3: Consent to verify eligible immigration status. THA must revise its verification consent form describing transmission and use of the information obtained to include a place for applicants and/or participants to sign and date the form. The PHA must collect this form prior to verification of eligible immigration status for all applicants and participants, as applicable, from this point forward. All applicable PHA personnel must be trained and knowledgeable in the procedure for verification of eligible immigration status. Please provide an electronic copy of the form to the local HUD office.

Response: A copy of the correct THA Declaration of Eligibility Status form is attached. This form has been provided to all staff.

THA reviewed Attachment A: Tenant File Error Summary—Public Housing and corrected the tenant files per the corrective actions listed for each tenant. Attachment B: Tenant File Corrections is enclosed to document the changes in tenant rent as a result of these errors.

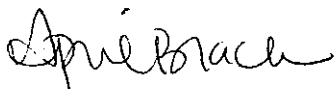
In your letter you also outlined recommendations regarding THA's Preventative Maintenance Plan and its asset management performance areas. Thank you for the references provided in the letter regarding the Preventative Maintenance Plan. We are also building an electronic system to track our schedule and report completion of applicable tasks.

With regard to the asset management performance areas, you referenced "systemic methamphetamine contamination." We have a systemic *response* to the methamphetamine contamination that we have. THA is taking a proactive approach to identifying units that are contaminated with methamphetamine. We are testing each unit upon vacancy and remediating when contamination is identified. The discovery of contamination does cause issues within the asset management performance areas. We will continue to improve our processes for addressing contaminated units quickly so there is less impact on the asset management performance areas.

Please feel free to contact April Black with any questions at (253) 207-4474 or via email at ablack@tacomahousing.org.

THA appreciates the feedback that it is able to receive from the HUD Field Office. The suggestions you make help us become a better agency.

Sincerely,



April Black
Director of Real Estate Management and Housing Services
Tacoma Housing Authority

Attachments:

Copy of THA Declaration of Eligibility Status
Management Review Attachment B: Tenant File Corrections

**Management Review Report
Attachment B
Tenant File Error Corrections**

Tacoma Housing Authority

**PHA No. WA005
March 17-21, 2014**

PUBLIC HOUSING TENANT FILES (see Attachment A)

Annual Income	Adjusted Income	TTP	U.A.	Flat Rent	Tenant Rent
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Cannady, T.	PHA Corrected Amounts:	\$ 8760	\$ 8760	\$ 190	\$ 0	\$ NA	\$ 190
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Chou, S.	PHA Corrected Amounts:	\$ 17,631	\$ 17,631	\$ 416	\$ 69	\$ 700	\$ 347
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Haley, L.	PHA Corrected Amounts:	\$ 14,847	\$ 14,847	\$ 333	\$ 69	\$ NA	\$264
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Magers, S.	PHA Corrected Amounts:	\$22,104	\$ 22,104	\$ 475	\$ 69	\$ 700	\$ 406

Ok, P.	PHA Corrected Amounts:	\$ 32,534	\$ 32,534	\$ 713	\$ 69	\$ 738	\$ 644

Soeung, S.	PHA Corrected Amounts:	\$29,873	\$29,873	\$594	\$96	\$NA	\$498

Vu, M.	PHA Corrected Amounts:	\$ 16,272	\$ 16,272	\$356	\$69	\$NA	287
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TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

DECLARATION OF ELIGIBILITY STATUS THA Form HP-30

This is a requirement of your application for assistance. THA must be informed about the citizenship and immigration status of each member of your household.

1. For U.S. citizens, evidence consists of a signed declaration of U.S. Citizenship. The THA may require verification.
1. For noncitizens who are 62 years of age or older and are receiving assistance as of September 30, 1996, the evidence consists of:
 - a. A signed declaration of eligible immigration status; and
 - b. Proof of age document.
2. For all other noncitizens, the evidence consists of:
 - a. A signed declaration of eligible immigration status;
 - b. A signed verification consent form;
 - c. INS verification which says you and your child(ren):
 - i. Are lawfully admitted for residence as an immigrant (this includes admission through temporary residence status);
 - ii. Entered the U.S. before 1/1/72 and have continuously maintained residence since that date;
 - iii. Refugee status, asylum status, or approved conditional entry; or
 - iv. INS parole, withheld deportation or amnesty status.

Verification Consent: Evidence of eligible immigration status may be released by the THA to (1) HUD, and (2) Immigration and Naturalization Service (INS) for purposes of verification of immigration status. HUD may release evidence of eligible status only to INS for purposes of establishing eligibility for financial assistance.

(Check One)
☐ Head of Household ☐ Adult Family Member

(Check One)
☐ Spouse ☐ Co-tenant ☐ Adult Family Member

Print Name
I CERTIFY THAT I AM (Check one)
☐ a U.S. Citizen
☐ a Non-Citizen with Eligible Immigration Status
☐ choosing not to state if I am a U.S. Citizen or have Eligible Immigration Status

Print Name
I CERTIFY THAT I AM (Check one)
☐ a U.S. Citizen
☐ a Non-Citizen with Eligible Immigration Status
☐ choosing not to state if I am a U.S. Citizen or have Eligible Immigration Status

(Please complete the following only if there are minor children in the family and you are the responsible adult family member).

I certify that the following minor children listed in my household are (please check appropriate box(s) and list the name and birth date):

Name	Birth date
<input type="checkbox"/> a U. S. Citizen:	
_____	_____
_____	_____
_____	_____
<input type="checkbox"/> a Non-Citizen with Eligible Immigration Status:	
_____	_____
_____	_____
_____	_____
<input type="checkbox"/> choosing not to state if they are a U. S. Citizen or have eligible immigration status	
_____	_____
_____	_____
_____	_____

I declare under penalty of perjury under the laws of the State of Washington that the above is true and correct to the best of my knowledge.

Head of Household/Adult Signature

Date

Spouse/Co-Tenant/Adult Signature

Date

Client No. 00007323

REAL ESTATE

DEVELOPMENT



TACOMA HOUSING AUTHORITY

DATE: June 25, 2014

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*

The Board approved the general Master Plan Concept at its June 2012 meeting. Staff is reviewing the Master Plan Concept and may suggest some revisions based on current community needs and opportunities and propose an alternative plan for the Salishan Core. Another consideration is the cost of construction. As you will recall from the May board meeting, Metro Parks is coordinating a community process for the Eastside Community Center. Coordination with the city will be important to ensure complementary community uses for the Eastside neighborhood and Salishan.

1.1.2 *Area 3 Lot Sales*

- DR Horton has four models open. DR Horton is pleased with the level of interest. To date, seven low income households have been approved to purchase homes at Salishan. To date, DR Horton has sold 70 houses in Salishan.

1.1.3 *Area 2B*

- THA has listed the 76 homeownership lots in Area 2B (southern portion of Salishan along Portland Avenue) for sale. The strongest offer was from DR Horton. Staff met with DR Horton representatives. Included in the board packet is a resolution authorizing the executive director to negotiate and sign a purchase and sale agreement with DR Horton for 76 single family lots in Area 2B..DR Horton is enthusiastic about the potential for building additional home ownership units in Salishan, particularly since they are sold out of the alley loaded homes in their current phase and would like to continue this housing product in the next phase.

1.1.4 Arlington Road

- THA received an unsolicited Letter of Interest for the parcel known as Arlington Road. This is an approximately 5-acres site located at the north end of Salishan along Portland Avenue. THA is negotiating with the prospective purchaser as outlined in the resolution approved by the board in April, 2014.

2. PUBLIC HOUSING PROJECTS

2.1 1800/2500 Hillside Terrace

2.1.1 *Summary of Project Activities.*

The Hillside Terrace Phase I project is progressing according to budget and schedule. We are planning a community celebration of the ribbon cutting once we are leased up later this Summer, probably in August. We are trying to accommodate the schedules of elected officials.

2.1.2 *Financing.*

Staff has begun studying options for the Phase II financing. Staff submitted a Housing Trust Fund Stage I application on January 17, 2014. The Department of Commerce has stated the Stage I applications are needed to identify the existing pipeline of affordable housing projects and quantify the unmet need for additional capital.

Phase I Restructuring - All of the documents required to meet the obligations of the CFCF grant award to HUD for their review and consideration on June 6, 2014. These documents reflected the mutually agreed upon changes between THA, Enterprise Community Investments, Inc. and Chase Bank.

2.1.3 *Construction.*

The Owner, Architect and Contractor (OAC) construction meetings are held weekly at the site. The overall project is currently 96.2% complete.

Site work;

Site work is currently 95% complete. The current work includes the central park and installation of sidewalks and landscapes.

ROW Construction

The ROW is 85% complete. Crews are working on alley paving, sidewalk replacement and curbs.

Phase-I Vertical Construction;

Building A (mid-rise): Housing is currently 95% complete. Crews are finishing the exterior siding and painting work. In the interior, crews are

installing fixtures, flooring, painting and final finishes. The building is slightly ahead of schedule to receive Certificate of Occupancy on July 18, 2014.

Buildings B – F: Housing is currently 100% complete. Buildings C, D & E have leased and occupied. Buildings B & F received Certificate of Occupancy June 13th. The townhomes are 100% complete and will be fully occupied by the end of June.

Community Center: Headstart is expecting to begin operations in the Fall. Leasing activities are led from the Community Center offices.

2.1.4 *Community Meetings.*

The Construction Oversight Committee has agreed to hold one additional meeting on August 13, 2014.

Below is a summary of the outreach goals for the project.

Absher Construction Company's total Resident Employment, WMBE Utilization, and Apprenticeship goal commitment and monthly utilization:

	GOAL	PREVIOUS ACTUAL	ACTUAL AS OF 5/14/2014
MBE	14%	9.31%	9.31%
WBE	8%	12.13%	12.13%
Section 3 Business	10%	12.05%	12.05%
Section 3 New Hires	30%	63%	63%
Apprenticeship	15%	11.82%	12.23%

Below is the EEO Status of the project:

Target Business

MBE/Section 3	2 African American/Black
MBE/Section 3	1 Hispanic/Latino
WBE	2 Caucasian
WBE/Section 3	1 Caucasian
Section 3	1 Caucasian

Section 3 Hiring

African American/Black	13 workers
Hispanic/Latino	3 workers
Asian American	1 worker
Caucasian	3 workers

3. OTHER PROJECTS

3.1 AG Program

THA closed on the purchase of 1910 E 59th Streetay 5. 6607 E K Street renovations have been completed and the property is listed for sale.

The Notice to Proceed for 4836 S K Street was issued April 14, 2014 and work was started that same day. Construction is 30% complete.

The Notice to Proceed for 3918 S. Thompson bids was issued on April 23, 2014 and work commenced on April 28th. Work is 15% complete.

With the inclusion of the E 59th Street, all of the AG funds will have been obligated. Once we re-sell the houses, we will be able to use the sale proceeds to purchase additional homes.

3.2 LASA Supportive Housing Project

All approvals for this project have been granted and the deal closed on June 6th. THA issued a Notice to Proceed effective June 9, 2014 to Pavilion Constructin. The estimated construction time frame is nine (9) months. LASA and THA will hold an event to celebrate the project in the next couple of moths.:

Estimated Project Schedule

Begin relocation activities	July 2013 Completed
Submit for Building Permit	September 2013 Completed
Issue ITB for Contractor	October 2013 Completed
Award Contractor Contract	November 2013-Completed
Financial closing	June 2014-Completed
Construction Start	June 2014
Complete Construction	March 2015

3.3 Construction Management Services for the City of Tacoma

The contract with the City is signed and staff performed it first assignment, which was a quick estimate on a home that one of the Blight Abatement Program contractors was considering to purchase for the program, and are now awaiting to be assigned the next project.

3.4 Blight Abatement Program

The City of Tacoma's Tacoma Community Redevelopment Agency (TCRA) board has approved THA as one of four (4) developers for this program. THA staff has begun looking for homes that meet the qualification of this program.

4. DEVELOPMENT PIPELINE PROJECTS

4.1 Intergenerational Housing at Hillsdale Heights

The Many Lights Foundation (MLF) continues work on this project. Staff will accompany the CEO of MLF to Portland to visit a similar project and learn more about capital development requirements and the on-going management requirements for this type of special interest housing.

4.2 City-Owned Brown Star Grill Properties on MLK

The project is nearing completion of the first Feasibility Stage, which is due to be complete by June 30, 2014. BLRB Architects has worked with staff and made revisions to their conceptual design which now indicates that 50 units can comfortably fit on the site. The ground floor retail will be a combination of Live/Work units and straight retail. BLRB also completed an estimate of construction/design costs for the project, which indicated a construction cost of \$8.3M. Staff is still working with Key Bank for possible location of additional parking. Staff will be presenting their final assessment and recommendation to THA's Asset Management Committee on this first phase of the project the last week in June.

4.3 New Look Apartments/Alberta Canada Building Acquisition

Staff is arranging for a meeting with board members of MLKHDA about New Look Apartments to ensure they do not want to transfer ownership.

4.4 Acquisition

We were advised that the owner of Highland Crest would not entertain the proposed sales price for this property. We are evaluating other potential purchases at this time.

5. M/WBE CONTRACT COMPLIANCE and SECTION 3 HIRING

5.1 As of May 14, 2014, 20 of 32 new hires (63%) at the Hillside Terrace Revitalization Project are Section 3 Hires. M/WBE, and Section 3 goals for said project are provided in Section 2.1.4 of this report.

6. PHAS INDICATOR FOR MODERNIZATION ACTIVITIES

The following are the schedules as of June 1, 2014 for THA's obligation and expenditure of the public housing capital funds it receives from HUD.

<u>Grant</u>	<u>Total Grant</u>	<u>Obligation Start Date</u>	<u>Obligated</u>	<u>% Obligated</u>	<u>Obligation Deadline</u>	<u>Expended</u>	<u>% Expended</u>	<u>Expended Deadline</u>
2010 CFP	\$2,345,627	7/15/10	\$2,345,627	100%	7/14/12	\$1,888,487	81%	7/14/14
2010 CFP (1 st R)	\$1,216,978	7/15/10	\$1,216,978	100%	7/14/12	\$1,216,978	100%	7/14/14
2011 CFP	\$1,721,353	8/3/11	\$1,721,353	100%	8/2/13	\$318,952	18%	8/2/15
2011 CFP (1 st R)	\$736,455	8/3/11	\$736,455	100%	8/2/13	\$736,455	100%	8/2/15
2011 CFP (2 nd R)	\$549,895	8/3/11	\$549,895	100%	8/2/13	\$549,895	100%	8/2/15
CFCF	\$1,881,652	8/3/11	\$1,881,652	100%	8/2/13	\$1,118,747	59%	8/2/15
2012 CFP	\$1,593,197	3/12/12	\$1,593,197	100%	3/11/14	\$0	0%	3/11/16
2012 CFP (1 st R)	\$1,026,290	3/12/12	\$1,026,290	100%	3/11/14	\$451,334	43%	3/11/16
2012 CFP (2 nd R)	\$128,701	3/12/12	\$128,701	100%	3/11/14	\$56,999	44%	3/11/16
2013 CFP	\$1,319,864	9/9/13	\$0	0%	9/8/15	\$0	0%	9/8/17
2013 CFP (1 st R)	\$322,158	9/9/13	\$287,430	89%	9/18/15	\$0	0%	9/8/17
2013 CFP (2 nd R)	\$1,015,495	9/9/13	\$0	0%	9/18/15	\$0	0%	9/8/17
2014 CFP	\$1,590,067	5/13/14	\$0	0%	5/12/16	\$0	0%	5/12/18
2014 CFP (1 st R)	\$277,032	5/13/14	\$0	0%	5/12/16	\$0	0%	5/12/18
2014 CFP (2 nd R)	\$873,158	5/13/14	\$0	0%	5/12/16	\$0	0%	5/12/18

7. Consulting and Community Engagement

The discussion with representatives of Trinity Presbyterian Church, Changing Life Ministries and the Salvation Army continue. Michael Pyatok, along with THA representatives, met with representatives of these three groups. As a result of this meeting session, we will prepare some development options for the group to discuss and Mr. Pyatok will create some sketches that can be used to illustrate the potential for development in this area. The work with the YWCA continues as staff work together to prepare for a work session on June 27th. The purpose of this work session is to better define the program components, critical risks and vision for any development that could be undertaken at the site the YWCA owns.

COMMUNITY SERVICES



TACOMA HOUSING AUTHORITY

DATE: June 25, 2014

TO: THA Board of Commissioners

FROM: Greg Claycamp
Community Services

RE: Monthly Board Report

STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

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.

1. 2014 GOALS

Director's Comment:

The New Draft Format for the Community Services BOC Report is complete. Assuming no major revisions are made prior to the June 25 meeting, the Board will have received the draft before this session. A subsequent BOC Study Session will be scheduled.

CS Service Model

Community Services has successfully recruited a Project Manager II. This is a new position that will provide ongoing quality improvement and assurance within CS. The Project Manager will have primary responsibility for implementing the changes in practice that are reflected in the new Draft Report, and likely to be clarified during the Study Session.

Mia Navarro, currently a Program Specialist 3 with Pierce County Community Connections, will assume duties as our Project manager on July 21. In addition to her QA/QI responsibilities, Mia will develop other new initiatives within Community Services. The first of these initiatives will be collaboration among the region's large HAs and several other partners in Health Services and Housing, focusing upon Community Health Advocacy.

Community Services is also recruiting an Employment Specialist. This internal recruitment is part of restructuring of our approach to employment support. We expect that our strongest current Case Worker will be promoted into the position, and that we will reduce CW staff by one FTE. The cost is therefore minimal, but is a significant step in advancing our commitment to employment.

We expect this position to be an expert support to the Case Workers in developing service plans when employment is a component. This should facilitate consistency in documentation and approach, and identify who is struggling to support work-able clients well. As importantly, we expect the Specialist to build relationships with other employment service providers; increase our knowledge of the extent and efficacy of these services; improve referral processes; and improve coordination of services when multiple partners are involved. We also hope that the position can explore direct hiring relationships with local employers who pay living wages.

This is not a new position in CS, although it has not been utilized for several years. We have substantially revised the job description.

The Education Project

We continue to recruit for Michael Power's eventual replacement as Manager for Educational Programs. A first set of interviews yielded one promising candidate, who unfortunately has withdrawn. We will re-open the recruitment. In the meantime, Michael remains in place.

McCarver Program

Tacoma Public Schools and THA are collaborating now to expand the McCarver Project to other elementary schools within the District. We are in part responding to a new funding opportunity from the Gates Foundation, which plans to invest approximately \$6.5 million in Housing Authority-School District collaboration over the next five years. We anticipate using an initial grant of \$100,000 to fully evaluate how best to undertake expansion.

New Salishan Children's Savings Accounts

The Bamford Family Foundation is our first cohort sponsor, committing to fund a K-5 cohort at Lister Elementary. In addition to funding the cohort, the Foundation is committing additional funds to assist in researching and developing a sustainable funding model. The Foundation is making a total commitment of \$136,050 toward the CSA.

Other Partnerships

Mercy Housing is the convening entity for the Workgroup studying Community Health Advocacy. We expect to participate in the year-long project, and to ultimately engage other partners in the Hilltop neighborhood if a focused and financially sustainable model for deploying Community Health Workers results.

We continue to work with **MDC** on two initiatives. We are awaiting a proposed Fee structure to contract with MDC's TRIO program, to provide in-school case management for the SIP Program. We are also working with MDC to ensure access to outpatient chemical dependency assessment and treatment. We want a guaranteed process to offer

potential residents prior to move-in if they voluntarily identify with substance abuse or dependency. We will also make referrals for tenants who identify after move –in (excluding those using meth), and at eviction. The partnership will also be useful to MDC in growing their program, with possible siting at the Tanbara Clinic. Siting will necessarily engage through a third partner, Community Healthcare.

This Report

As some of the data tables in the Employment and Adult Education sections of this report illustrate, we are reporting on activities that we are either not performing directly or not making referrals for others to provide. We will determine if this is a failure to provide needed service, or chose to measure activities that are largely immaterial to our main and limited functions supporting employment and self-sufficiency.

1.1 Employment

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
Clients referred for employment services	14	69	130	53%
Clients who received employment services	28	112	120	93%
Clients enrolled in employment readiness soft skills workshops	15	54	80	68%
Clients completed employment readiness soft skills workshops	8	29	50	58%
Enrolled in job readiness training	2	13	20	65%
Job placement	6	25	45	56%
WorkSource Participants Assisted	10	50	100	50%
Entered Apprenticeship	0	0	3	0%
Work Study/Community Jobs/Internships	0	0	30	0%
Earned Income Increased	2	2	35	6%

1.2 Education

1.2.1 Adult Education Programs

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
Participating in ESL classes	0	0	15	0%
Completes one or more ESL levels	0	0	5	0%
Adults enrolled in education program	15	15	25	60%
Adults complete education program	1	1	10	10%
Participants attending GED classes	7	7	200	4%
Completes one or more GED tests	0	0	25	0%
Attains GED	1	1	15	7%
FAFSA applications completed	0	0	10	0%

1.2.2 McCarver Special Housing Program

Program Description – Michael Power: THA's McCarver Elementary School Housing Program seeks to stabilize McCarver Elementary, a low-income school in Tacoma's Hilltop neighborhood. Participating families receive intensive case management services and assistance to help the parents improve their education and employment prospects

As of the end of April 2014, 42 McCarver families are enrolled in the Program. Rental subsidies for participating families will decrease to zero over the five years of the McCarver Program. Each year, all families will pay an additional 20% of their rent and THA will subsidize the balance. Currently all families are paying 40% of their rent. We are considering a change in policy which will allow a rent accommodation for families who continue to struggle with their rent burden while they are finishing their education or job training.

Activities	Baseline 2010-2011	2011-2012	2012-2013
Turnover rate at McCarver Elementary	107%	96.6%	75.20%
Turnover among Program students	n/a	4.5%	13.30%
Turnover among other McCarver students	n/a	114.2%	89.00%

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
Families participating	41	43	50	86%
Able to pay 40% of rent at 50% of income	26	30	45	67%
Able to pay 40% of rent at 30% of income	15	17	45	38%
Average school attendance rate	94%	94%	93%	101%
Referrals for discipline (school avg. 27.2%)	23%	23%	25%	109%
% students increase scores on district reading test (K-5)	22%	22%	20%	110%
% students increase scores on district math test (K-5)**	n/a	n/a	20%	n/a
Average increase in state reading test (Gr. 3-5)	24%	24%	20%	120%

Manager's Comment – Michael Power:

** As of the end of the 2012-2013 school year there were few data on standardized tests of math to analyze and compare. We had math scores on only 29 McCarver Program students as of the most recent program evaluation. This number of students is too small to warrant comparisons or further statistical analysis.

Activities	Baseline Fall 2011	At End of April 2014
Average annual household income	\$5232	\$22140
Median annual household income	Not reported	\$11,892
Employed	7	21
Enrolled in Training Programs	2	3

Manager's Comment – Michael Power:

Success Story

One of our McCarver clients has completed her high school diploma through Bates Technical College. She will graduate in June. She has participated in community events and spoken about the success her family has experienced since joining the McCarver Program.

McCarver Program Featured in Media

The Urban Institute has contacted us about doing an in-depth policy report on the McCarver Program. They will be doing a webbased documentary

highlighting the program with analysis and interviews with a program family, McCarver school staff, THA staff, a school district representative, and state legislators. The final report will be issued in September of this year.

McCarver Program Intern Wins Service Award from UW-Tacoma

The McCarver Program has benefitted from having interns from the Urban Studies Department of the University of Washington Tacoma. This year our intern has been Ursula Cheung. Ursula has helped up to redesign our newsletter, make our office at McCarver more efficient, and support our families in their job searching, among other things. Due to her substantial community service through the McCarver Program, Ursula was awarded the Gift of Service Award by the university.

1.3 Housing Opportunities Program (HOP)

Program Description – Mary Syslo: Community Services continues to work with HOP residents in job search and completing their five year goal plan.

Community Services sent information to 16 HOP households who were due for recertification in May reminding them of the help available. None of the households responded. The caseworkers continue to reach out to HOP participants to offer assistance finding employment. **We are working with Admin and REMHS to better target outreach to HOP households, and to more effectively engage households who are not advancing in income.**

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
HOP orientations	0	0	n/a	n/a
Work-able attendees	0	0	120	0%
Attendees requesting CS	0	0	120	0%
Work-able attendees housed	0	8	120	7%
Participants receiving CS	0	11	60	18%

1.4 Families in Transition (FIT)

Program Description – Mary Syslo: The Community Service Department's FIT program is funded by Washington Families Fund and Sound Families grants. FIT caseworkers help participants succeed as tenants, parents and wage earners. FIT participants are homeless at the time they are admitted into the program and placed in housing at Salishan or Hillside Terrace. In order to be admitted to the program, applicants must agree to participate in FIT case management.

	WFF/Sound Families		Hillside Terrace		Tax Credit	
Total Current Caseload	8		3		15	
	May 2014	YTD 2014	May 2014	YTD 2014	May 2014	YTD 2014
Entrances	1	1	1	1	0	1
Graduations	1	3	0	0	1	1
Exits	0	0	0	0	0	1
Terminations	0	0	0	0	0	0

1.5 Case Staffing

Program Description – Mary Syslo: Case staffing is short-term, intensive intervention with households in danger of failing as tenants. Case staffing focuses on helping the family regain housing stability and avert eviction through compliance with their lease. Property management identifies families for case staffing. It is typically limited to 90 days.

Activities	May 2014	YTD 2014	Annual Goal 2014
Number of households referred for services	5	54	27
N. of successful completions (eviction averted)	0	1	12
Number terminated	2	4	n/a
Number withdrawn	1	14	n/a

Manager’s Comment – Mary Syslo: We finalized the new “Meet & Greet” process for new households in Salishan. Caseworkers will meet one-on-one with new tenants in their homes to familiarize them with programs and services available through Salishan Association and THA. Caseworkers will check for any signs of housekeeping problems or damage to the units. This “Meet & Greet” encounter will take place approximately 45 days after the family has moved in. We received 4 referrals from Property Management for this new service.

1.6 MTW Hardship Exemption Casework

Activities	May 2014	YTD 2014	Annual Goal 2014
Number of households referred for services	1	21	n/a
Number of successful completions	1	9	n/a
Number terminated	0	0	n/a

1.7 Family Self-Sufficiency Program

Program Description – Mary Syslo: The THA Family Self-Sufficiency (FSS) program is a five year employment and savings incentive program funded by HUD and the City of Tacoma.

Director’s Comment: The final YTD reporting indicated that at least according to these selected measures, the FSS program underperformed relative to goals. In assessing why, the primary reason appears to be lack of an adequate referral flow. In 2014, we will begin tracking CS efforts to more proactively outreach to and engage THA households who may benefit from services. We will be working with Admin to generate recurring reports that identify households who show zero income or no increase in income, coordinating with REMHS to confirm that an initial assessment of these households indicated that they are work-able.

Status	May 2014	YTD 2014	Annual Goal	% of Goal
Current Participants	103	109	153	71%
Graduates	1	5	17	29%
Removed/Voluntarily Withdrawn	0	2	n/a	n/a
New Contracts Signed	3	8	55	15%
Escrow Balance	\$118, 430.18			

1.8 Life Skills and Parenting Classes

Manager’s Comment – Mary Syslo: THA contracts with Bates Technical College to provide Life Skills classes and parenting support for Families in Transition participants. A new class began this month called Co-Parenting. It addresses issues parents deal with who have split custody.

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
Life Skills Enrollment	0	13	20	65%
Life Skills Completion	0	7	10	70%
Parenting Enrollment	5	25	75	33%
Parenting Completion	0	0	65	0%

1.9 Senior and Disabled Services

Program Description – Mary Syslo: THA’s Senior and Disabled Services Program Specialist works closely with Property Management to identify residents who could benefit from her services.

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
Unduplicated client contacts	5	43	260	17%
Referrals	11	45	50	90%
Unduplicated situation/wellness counseling	7	54	140	39%
Assistance with correspondence for Entitlement Programs	3	24	40	60%

1.10 Asset Building

In 2014, THA is not directly providing a VITA site, but is providing in-kind support to Associated Ministries as the VITA provider. This arrangement provides the same service at a significantly lower cost to THA, saving \$10-15,000 in MTW outlay annually. We await this season’s reporting data from Associated Ministries.

1.11 Computer Labs

Manager’s Comment – Michael Power: THA has community computer labs at Bergerson Terrace and Hillside Terrace. Part-time temporary After School Program Coordinators provide afterschool tutoring, youth leadership, and adult access to the computers. We are monitoring this concept closely to see if it fits our needs. We will not meet our goal for this year due to not having coordinators at the labs at the beginning of the year.

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
Computer Lab Participation (cumulative visits)	240	380	1200	32%

We will reevaluate the goal for computer lab participation based on the participation we see this year.

1.12 Youth Activities

Manager’s Comment – Michael Power:

Twenty McCarver Program children Participate in McCarver Scholars, an after-school tutoring and mentoring program provided by Peace Community Center. This program focuses on literacy and leadership. They meet at the school every afternoon.

Activities	May 2014	YTD 2014	Annual Goal	% of Goal
Youth tutoring	20	20	10	200%
Summer youth programming	0	0	40	0%
Youth leadership mentoring	25	25	45	56%

Brown Bags and Books

THA is partnering with St. Leo's Food Connection, the Salishan Association, and a wide variety of other community agencies to plan our summer free lunch and learning program. It will run weekdays, from the first to the last day of summer vacation.



ADMINISTRATION



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Todd Craven, Director of Administration
Date: June 25, 2014
Re: June 2014 Administration Department Board Report

Asset Management

Asset Management is responsible for overseeing both our development and property management activities. In this role, Asset Management helps guide development processes, reviews documents, sets operational standards, and reviews data and reports to ensure our properties are operating at the maximum efficiency level and each property is meeting its individual goals. We currently have very good reports that can tell us a lot about a property or group of properties at any given time. The Board has also adopted appropriate performance measures. These include per unit per year costs, which will allow us to compare property-to-property and can (and have) even compare with other housers across the state. The Board is waiting for staff to propose baselines and targets for these performance measures. These are necessary to give meaning to the performance measures. Without them, we would lack the ability to tell whether our properties and management of them are organized optimally. Thus, we hired TCAM out of Boston, as our consultant to help us evaluate our overall property management function, set targets where needed, and ensure we are structured in the most efficient way possible with the staff and resources we have available to us. They visited THA the week of May 19th and were able to interview all of the directors and the most of the property management staff. They are continuing to hold interviews over the phone and will have a draft report to us June 19. We have two more visits scheduled with them in July to finalize their recommendations, and the final report will be to us by the end of July. We are excited about this project as it will give us another layer of transparency and knowledge of our operations and what our data can tell us.

Risk Management

During the month of May, we received the renewal paperwork for THA's HARRP insurance policy. This policy covers all of THA-owned properties as well as the liability, fidelity and errors and omissions coverages for the housing authority. The Tax Credit properties are insured through AHRP, which will not renew until November. We returned the paperwork to HARRP so they could process the renewal and received our new rates this week. HARRP re-rates housing authorities biennially and so this year we expected at least a 25% bump in our rates due to the meth contamination claims we had during 2012 and 2013. However, I am pleased to report that the increase was not as steep as anticipated. Looking strictly at the dollar for dollar increase, our 2014-2015 rates are 10% over our 2013-2014 rates. If we take into account the sale of the Stewart Court property, the demolition of Hillside Terrace, which has been removed from the renewing policy, and the fact that our property values are higher than they were at the last renewal, then we are looking at roughly a 16% increase. We believe this is manageable and it fits within our budget for the remainder of this year.

Compliance

Ric Farinas started in the Administration Department as our new Compliance Auditor in late April. He comes to us with years of compliance experience with the Seattle Housing Authority and the Washington State Housing Finance Commission (WSHFC). He has stepped right into his role at THA and is already engaging the staff through frequent site visits, trainings on compliance and tenant file management, and other means. We are excited to have him and to see where he can lead us in the area of compliance.

Information Technology

In the IT area, we saw quite a bit of change over the last month. We are currently down two staff but are in the process of hiring both our Desktop Support Specialist and Senior Office Assistant. Both of these are new titles for the Admin Department that are replacing the Procurement Specialist and the Help Desk Technician positions, but the roles and the support they will offer to the department and the agency are relatively similar in scope.

Despite being short-staffed, the IT area has continued to make progress in quite a few ways. They have all been heavily involved with the development of the RFP for the new software, which has taken quite a bit of time. They have also been instrumental in the creation of new online forms that have streamlined processes within the Rental Assistance and Property Management divisions. Additionally, they have been working with Maintenance staff to deploy new tablets for use in the field and design software that they will be able to use to process work orders, perform unit inspections, and track inventory.

New Software Project

As I write this, the RFP for our new Enterprise Software Solution is nearing completion. It is scheduled to go out on Monday, June 16. We will send it directly to vendors we identified as possibly having the capability of meeting our requirements, as well as the major Housing Authority software providers. We will also advertise in Information Week and some other publications which we are still trying to define.

The scope of work for the RFP is close to thirty pages long, so I will not reprint it here. However, the introduction to the scope includes THA's business objectives, which is only two pages and gives a really clear big-picture description of what we are looking for in our next Enterprise Software. It is as follows:

THA desires to procure an enterprise solution that will enable the organization to manage all documents and information used in all areas of the agency in a singular fashion. The new system must integrate the following agency functions into a single, preferably web-based, solution.

Document and Work Flow Management

THA desires a paperless working environment that will allow online access to all information both remotely and from within the agency by staff, external partners, and clients, governed by assigned privilege levels that will determine who gets to see and use what material. In this regard, THA requires a system that does not simply store and track flat documents (ie, PDFs or scanned documents), but one that has a larger focus on the data contained within the various forms and documents it uses. The system should allow for easy creation of new forms within a controlled and organized structure. It should also allow management to change business rules, practices and workflow in an easy and configurable way. Also desired is the capability to integrate calendaring and alerts into this single enterprise solution.

Information Management (Reporting, Data Integrity, and System Alerts)

The system should allow for internal data integrity and quality control. The database(s) used must be clean, easy to understand and report from, and flexible enough to accommodate future changes. Users should be able to extract data from the database in a variety of ways—from raw data extracts to full-fledged polished reports ready for distribution using a variety of data visualization techniques. THA staff desire the ability to create their own ad-hoc reports on the fly and to be able to summarize and report off of any data point at any time. It should also allow management to perform trend projections involving various criteria, including demographics, GIS data, economic indicators etc. The reporting capabilities must include the creation of a configurable, flexible, and meaningful agency-wide dashboard from which those with proper access are able to drill down to any data point. Reporting must also include visibility about project progress, costs vs. budget, project milestones as well as a management dashboard showing both strategic and project-oriented views.

Management of THA's Properties, Clients, and Tenants

THA desires a single Customer Resource Management (CRM) platform in order to manage its interaction with its clients and tenants. This CRM must focus on measuring the effectiveness of its programs and the delivery of various services. THA wishes to manage the total engagement with each household it serves from the time they enter THA to when they leave THA's programs in order to analyze which approaches are most effective. THA also wishes to track and measure a client's total involvement in THA's programs (rent, income, intervention outcomes, etc.) in a meaningful and transparent way in order to guide strategic decisions made in the agency. The system should be flexible enough for THA to change the ways in which rent is calculated at any time. The system must provide users with the complete picture of a client or tenant at any given time, meaning someone viewing a tenant's screen will immediately see their complete history, any reasonable accommodations on record, all associated documents, work orders, program involvement, account information, community service program effectiveness, etc. in a transparent and easy-to-understand way. Tenants and other customers should be able to login to THA's system from their home in order to view their account balance, view work order or repair status, send a message to their caseworker or property manager, submit changes to their income or

household composition, view all documents in their file, or view vacant units in their area they may qualify for.

Management of THA's Grants, Contracts, and Vendors

THA desires a unified grants management solution utilized by all areas of the agency. Information regarding budgets, commitments, milestones, and deliverables should be integrated. This same system should also be used to manage agency contracts. THA also desires the ability to track all information related to vendors, including vendor quality rankings, staff comments, access to contract documents, etc.

Job Costing, Budgeting, and General Ledger

THA desires a system where management will easily be able to see the number of hours of direct services we provide for all staff, hours expended and associated costs, exactly what its services cost the agency, and project budgeting. Budgets and costs should be able to be tracked against associated funding sources. The system should be able to provide visibility on grant account balances real-time and the ledger coding needs to be demystified and in logical plain English for managers and staff in other departments to understand.

External Partner Systems

THA works with a variety of external partners who are either involved in the management of THA programs or whose services relate directly to THA programs or its clients. To the extent possible, THA would like to interface directly with these systems from its own system. To the extent this is not possible, THA would like the ability to easily customize extracts of data for the purpose of sharing with others. Also, there are some programs that are directly managed by THA partners and THA wishes to allow these partners web-based access to its systems to allow them the ability to enter data directly.

Human Resources

Currently, THA uses ADP as its payroll system and Neogov as its hiring and onboarding system. Through this RFP process, THA would like to explore these systems and see what it would take to integrate them into this enterprise solution. At a minimum, THA needs to be able to have a direct link between the hiring system and THA's clients so it can target clients receiving employment assistance anytime there is a job opening or other opportunity within THA.

This concludes the June 2014 Administration Department report to the Board.

NEW BUSINESS

RESOLUTION #1



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(1)

Date: June 25, 2014
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Purchase and Sale Agreement, Salishan Area 2B

Background

THA's Salishan HOPE VI redevelopment project is nearing complete build-out. The remaining areas that need to be developed include (a) the Salishan Core; (b) Arlington Road site; and (c) the homeownership lots in Area 2B. In May 2014, THA listed the Area 2B lots for sale on the Multiple Listing Service (MLS). The Realtor also did a direct marketing campaign to several builders. THA received a very competitive offer from DR Horton to purchase all 76 of the lots. DR Horton is also developing the Area 3 lots.

Staff met with representatives from DR Horton. DR Horton is proposing to begin development in Area 2B this fall. They are almost sold out of their alley-loaded lots in Area 3 and would like to continue the sales momentum they have achieved. They are proposing to use different models in Area 2B; in Area 2B most of the houses are alley-loaded. In Area 3 mostly front-loaded lots have been built.. In keeping with the commitments THA made to HUD in the Revitalization Plan, 25% (19 units) will be sold to households earning up to 60% of the area median income.

There are seventy-eight (78) single family home lots in Area 2B. THA is in discussions with Metro Parks for a possible land swap that trade two (2) lots in Area 2B for a small parcel of Metro Parks land along E 38th Street. This would enable Metro Parks to develop an access point for Swan Creek Park over First Creek. THA staff is evaluating this proposal separately. If, for some reason, this land swap does not proceed, DR Horton would purchase these two lots as well.

Purchase and Sale Agreement Details & Milestones

THA and DR Horton have tentatively agreed to use the Purchase and Sale Agreement (PSA) we negotiated for Area 3 as the basis for the PSA for Area 2B. DR Horton is looking to close on this transaction as soon as possible. In order for THA to close, we need to obtain a Disposition Amendment from HUD. Following are the details of this transaction:

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- Purchase price: \$43,000 per lot (\$3,268,000). This is an increase of \$8,000 per lot (23%) over the previous sale
- Earnest Money: 3% (\$100,000)
- Feasibility Period Complete: 30-days from DR Horton Corporate Approval (estimated July 30, 2014)
- THA staff & Salishan Association have approval rights for design options
- Acquisition Closing: 1st week of August 2014 (contingent on HUD approval)

THA's Asset Management Committee recommends that we accept this offer. I attach the memo from Sandy Burgess, the Asset Manager. These are the main advantages of the offer:

- This is a full price offer. The sale of the lots will mitigate future market risk. While it may be possible to receive more money in the future, it is also possible that the value will drop. Our broker recommends that we accept this offer.
- The sales proceeds will assist THA with other projects, including acquisition and new construction. Funding from THA is likely to be required to complete these projects.
- The sale will eliminate the annual holding costs associated with these lots (about \$55,000)
- D.R. Horton has proven to be a reliable and considerate partner

Recommendation

Approve Resolution 2014-6-25(1) authorizing the Executive Director to negotiate, and if those negotiations are successful, to execute the Purchase and Sale Agreement with DR Horton for the purchase of up to seventy-eight (78) lots in Salishan Area 2B to be developed as single family for – sale homes, 25% of which will be affordable to households earning up to 60% of area median income.



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(1) **Salishan Area 2B Purchase and Sale Agreement**

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 within the City of Tacoma, Washington (the “City”);

Whereas, the RCW 35.82.070(2) provides that a housing authority may “prepare, carry out, acquire lease and operate housing projects: and “provide for the construction, reconstruction, improvement alteration or repair of any housing project or any part thereof...”;

Whereas, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking...to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for person of low income”;

Whereas, the Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) “prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof” (RCW 35.82.070(2)); (ii) “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project” (RCW 35.82.070(5)); (iii) “make and execute contracts and other instruments, including but not limited to partnership agreements” (RCW 35.82.070(1)); (iv) “delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper” (RCW 35.82.040); and (v) “make ... loans for the ... acquisition, construction, reconstruction, rehabilitation, improvement, leasing, or refinancing of land, buildings, or developments for housing persons of low income.”

Whereas, The Executive Director and the Board of Commissioners find the terms of the Purchase and Sale Agreement acceptable to THA;

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

1. The Executive Director has the authority to negotiate, and if those negotiations are successful, to execute a Purchase and Sale Agreement with DR Horton, in substantially the same form as attached.
2. Acting Officers Authorized. The proper officers of the Authority are and are hereby

authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized acting Executive Director of the Authority.

3. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: June 25, 2014

Greg Mowat, Chair



TACOMA HOUSING AUTHORITY

To: Michael Mirra
From: Sandy Burgess and Asset Management Committee
Date: June 16, 2014
Re: Recommendation to Enter into Purchase and Sale Agreement with DR Horton for Salishan Area 2B Lots

In May 2014 THA decided to list the 76 homeownership lots in Salishan Area 2B for sale on the Multiple Listing Service. The asking price was \$43,000 per lot. DR Horton responded with a full price offer, and this is a nearly 23% increase from the price we received one year ago with the CitiBank transaction. Real estate values have increased in general by only approximately 10% over this same period. THA's broker, Bob Fredrickson, Coldwell Banker, updated a Competitive Market Analysis (CMA) in January, 2014 which showed comparable lot sales at \$30-40,000 per lot. While the market is showing the potential to increase 3-4% over the next year, this is not guaranteed.

DR Horton's intent is to begin construction immediately. They have developed good momentum in Area 3 and would like to continue. According to the Salishan Revitalization Plan, 25% (19 units) of the units need to be sold at affordable prices to households earning up to 60% of the area median income. DR Horton has proven to be a successful partner in marketing the affordable lots concurrent with the market rate lots, and this is important to the success of the Salishan neighborhood. In order to sell these lots THA needs to obtain an amendment to our Disposition Approval from HUD.

Key points:

- Purchase price is \$43,000 per lot (\$3,268,000)
- Earnest Money: 3% (\$100,000)
- Feasibility Period: 30-days from DR Horton Corporate Approval (estimated July 30, 2014)
- THA staff & Salishan Association have approval rights for design options
- Net proceeds to THA: \$3,104,600 (\$3,268,000 – \$163,400 (5% commission))
- Acquisition Closing: 1st week of August 2014 (contingent on HUD approval)

Recommendation:

The Asset Management Committee (AMC) recommends acceptance of the offer from DR Horton and recommends signing the Purchase and Sale Agreement. The AMC recommends that the net sales proceeds be used to either (i) develop new affordable housing units through new construction or acquisition and/or (ii) facilitate development of the Salishan Core. The AMC further recommends selling all the lots at this time for the following reasons:

1. A series of development projects, including acquisition and new construction are being planned. Funding from THA is likely to be required to complete these projects.
2. Funding for the Salishan Core is also needed.
3. The sale will eliminate the annual holding costs associated with these lots.
4. The sale of the lots will mitigate future market risk. While it may be possible to receive more money in the future, it is also possible that the value will drop.
5. D.R. Horton has proven to be a reliable and considerate partner.

Please let me know if you have any questions. Thank you.

TACOMA HOUSING AUTHORITY

DR HORTON

PURCHASE AND SALE AGREEMENT

76 BUILDING LOTS – SALISHAN DIVISION 4

June 2014

HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, (“**Seller**”) and SSHI LLC, a Delaware limited liability company, dba DR Horton (“**Buyer**”) enter this Purchase and Sale Agreement (“**Agreement**”) dated for reference purposes as of this 2nd day of June, 2014, for the purchase and sale of 76 lots (the “**Lots**”) at the community of Salishan, Tacoma, WA.

RECITALS

A. Seller is redeveloping the public housing community of Salishan as a HOPE VI Redevelopment Project. The overall Salishan HOPE VI redevelopment is referred to herein as the “**Community**.”

B. Seller desires to sell and Buyer desires to purchase the real property legally described in the attached Exhibit A, incorporated by reference herein (the “**Property**”). In consideration of (a) the mutual goals of Buyer and Seller, (b) the facilitation of the Salishan Revitalization Plan and the goals set forth therein, and (c) the covenants and agreements of the parties set forth in this Agreement, the receipt and sufficiency of which they hereby acknowledge, the parties agree as follows:

1. PURCHASE AND SALE

Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property described on Exhibit A, for the price and in accordance with the terms and conditions set forth in this Agreement. The rights and interests in the Property to be purchased under this Agreement are as follows: Fee simple title to the Property, including the land and all other infrastructure improvements situated thereon, and all rights appurtenant thereto, including, but not limited to, all easements, privileges, entitlements, rights of way and appurtenances benefiting such land, development rights, air rights, water rights, mineral, oil and gas and other subsurface rights, and all rights, title, and interest of Seller in and to adjacent streets, alleys, easements, and rights-of-way, free and clear of all liens and encumbrances other than Permitted Exceptions (as defined

below in Section 3 of this Agreement) and those covenants of Seller included in Section 8.5 below.

2. EARNEST MONEY; PURCHASE PRICE AND PAYMENT

2.1 Earnest Money

- 2.1.1 Within five (5) business days after Buyer's corporate approval as set forth in the Section 13.18 below, Buyer shall deliver to Chicago Title Insurance Company, 701 5th Ave, Ste. 2300, Seattle, WA 98104, attn.: Mike Costello ("**Title Company**"), the sum of One Hundred Thousand DOLLARS (\$100,000.00) (the "**Earnest Money**"). If Buyer fails to deposit the Earnest Money as required herein, and such failure continues for a period of two (2) business days after such date, this Agreement shall be deemed to have terminated as of the date that the Earnest Money was originally to have been deposited and neither party shall have any further rights and responsibilities under this Agreement except as specifically provided herein.
- 2.1.2 Upon delivery of the Buyer's Waiver Notice, the Earnest Money shall become non-refundable as to Buyer (except in the event of a Seller default or failure of a condition precedent to closing set forth herein). At Closing the Earnest Money shall be applied to Buyer's payment obligation under Section 2.2 of this Agreement. If Buyer fails to deliver Buyer's Waiver Notice prior to the expiration of the Feasibility Period (defined below), then the Earnest Money, shall be immediately returned to Buyer, whereupon Seller's and Buyer's rights hereunder shall immediately cease and terminate except as specifically provided herein.

- 2.2 Purchase Price.** The purchase price for the Property shall be Three Million Two Hundred Sixty Eight Thousand Dollars (\$3,268,000.00; \$43,000.00 per Lot x 76 Lots) ("**Purchase Price**") to be paid in cash or other immediately available funds including the Earnest Money as described at Section 2.1.1.

3. TITLE; CONTINGENCY, EXCEPTIONS, AND POLICY

- 3.1** Within four (4) business days of the Effective Date, Buyer shall order a preliminary title report (the "**Preliminary Commitment**"), issued by Title

Company, showing the status of title to the Property, together with complete and legible copies of all documents evidencing the exceptions to title shown therein.

- 3.2** Within ten (10) business days after Buyer's receipt of the Preliminary Commitment together with complete copies of all exception documents shown therein, Buyer shall give written notice to Seller ("**Buyer's Title Notice**") either (i) accepting the state of title to the Property and all exceptions to title stated in the Preliminary Commitment, in which case the exceptions shall be deemed "**Permitted Exceptions**;" or (ii) objecting to one or more exceptions to title stated in the Preliminary Commitment in which case such exceptions shall be deemed "**Objected-to Exceptions**." If Buyer does not timely give Buyer's Title Notice to Seller, then Buyer shall be deemed to have objected to the state of the title to the Property as set forth in the Preliminary Commitment, and all exceptions set forth therein shall be deemed Objected-to Exceptions. The Restated Declaration of Covenants, Conditions, Restrictions and Easements for Salishan recorded January 5, 2012, under recorder's number 201201050393 ("**Declaration**"), a copy of which has been provided to Buyer, shall be deemed a Permitted Exceptions for purposes of section 3.
- 3.3** In the event Buyer gives Seller timely written objection to any exception(s) to title to the Property, Seller shall give Buyer written notice ("**Seller's Title Response Notice**") within ten (10) business days after Seller's receipt of Buyer's Title Objection Notice, stating whether Seller is willing and able to remove the Objected-to Exception(s). If Seller gives notice that it is willing and able to remove the Objected-to Exception(s), then Seller shall remove such exceptions at or before Closing; in that event, Seller's failure to remove such Objected-to Exceptions at or before Closing shall constitute its default under this Agreement. If Seller fails to give Seller's Title Response Notice, Seller will be deemed to be unable or unwilling to remove the Objected-to Exception(s).
- 3.4** If (a) Seller's Title Response Notice states that Seller is either unwilling or unable to remove all or any of the Objected-to Exception(s), or (b) pursuant to Section 3.3, Seller is deemed unable or unwilling to remove any Objected-to Exception(s), then this Agreement shall automatically terminate. Termination shall be effective five (5) business days after the date of Seller's Title Response Notice described in Section 3.3 of this Agreement (or after the expiration of the notice period described in said Section 3.3) unless before that time Buyer gives Seller another written notice ("**Buyer's Title Acceptance Notice**") that Buyer will accept title to the Property subject to any Objected-to Exception that Seller does not agree to remove, in which case such exception or exceptions shall be Permitted Exceptions.

- 3.5** In the event of a termination pursuant to Section 3, this Agreement shall become null and void. The Title Company shall then return the Earnest Money, if in its possession, to the Buyer upon the Buyer's written request in accordance with Section 2.1.2.
- 3.6** Seller shall convey title to Property by bargain and sale deed free and clear of all encumbrances and defects except those deemed to be Permitted Exceptions pursuant to this section.
- 3.7** At Closing, Title Company shall issue to Buyer an extended coverage title insurance policy (the "**Title Policy**"), insuring Buyer's good and marketable, indefeasible fee simple title to the Real Property (including all recorded appurtenant easements insured as a separate legal parcel), subject only to the Permitted Exceptions, dated as of the Closing Date, insured in the amount of the Purchase Price. Buyer shall obtain and bear the cost of any additional survey(s) required for extended title insurance coverage. The Title Policy may include such endorsements as are requested by Buyer and agreed to by Title Company prior to the Closing Date.

4. INITIAL CONTINGENCIES: RECORDS, INSPECTION OF PROPERTY

The Records Contingency and the Inspection Contingency set forth in this section together are referred to as the "**Initial Contingencies.**"

- 4.1 Seller's Delivery of Records (Records Contingency).** Seller shall, within five (5) business days after the Effective Date, provide Buyer with true and accurate copies of all of the following documents ("**Property Documents**"), to the extent they are in Seller's possession or otherwise available to Seller, for Buyer's review and approval. If Seller is unable to deliver any of the Property Documents, after a good faith effort on Seller's part, Seller shall so notify Buyer in writing:

- 4.1.1** Copies of any previously performed Phase I or Phase II environmental review(s) or any other type of environmental review of the Property.
- 4.1.2** Copies of notices received by Seller from any governmental bodies including without limitation law enforcement agencies affecting the Property, the operation of the Property and/or the management of the Property.
- 4.1.3** Copies of all available reports or documents pertaining to the physical condition of the Property including those pertaining to: (i) soils investigations and recommendations; (ii) grading reports; (iii) reports of

structural engineering; (iv) topographical surveys; (v) boundary surveys or maps; (vi) drainage studies, and (vii) wetlands reports.

To the extent that Seller provides or has provided to Buyer information from any inspection, engineering or environmental reports, Seller makes no representations or warranties with respect to the accuracy or completeness, methodology of preparation or otherwise concerning the contents of such reports. Buyer acknowledges that Seller has requested Buyer to inspect fully the Property and investigate all matters relevant thereto and to rely solely upon the results of Buyer's own inspections or other information obtained or otherwise available to Buyer, rather than any information that may have been provided by Seller to Buyer. In furtherance of the foregoing, Seller makes no representations or warranties as to the truth, accuracy or completeness of any Property Documents, materials, data or other information supplied to Buyer in connection with Buyer's inspection of the Property (e.g., that such materials are complete, accurate or the final version thereof, or that all such materials are in Seller's possession). It is the parties' express understanding and agreement that the Property Documents and all other materials are provided only for Buyer's convenience in making its own examination and determination during the Feasibility Period, as to whether it wishes to purchase the Property. The Buyer's obligation to purchase the Property is contingent on the Seller's timely compliance with the disclosure obligations of this section. (**"Records Contingency."**)

4.2 Buyer's Inspection of the Property (Inspection Contingency). Buyer may enter onto the Property and make any reasonable, non-destructive inspection, test, or investigation relating to the purchase of the Property, including without limitation, Phase I or Phase II environmental review, as Buyer deems necessary or appropriate in making its due diligence investigation of the Property. Buyer shall give Seller reasonable advance notice of such inspections, tests or investigations, and may be accompanied by representatives of Seller, at Seller's election. Seller shall cooperate with Buyer and Buyer's consultants as reasonably necessary for the Buyer's inspections, tests, or investigations of the Property and other due diligence measures. Buyer shall have the exclusive use and ownership of any reports and materials generated in Buyer's inspection and review of the Property. Buyer's obligation to purchase the Property is contingent upon Buyer's satisfaction, at its sole and absolute discretion, with the results of its inspections. (**"Inspection Contingency."**)

4.2.1 Buyer shall perform all its tests, inspections and studies on the Property reasonably, in good faith, and with due diligence, and shall immediately return the Property to as close as practicable to the condition existing prior to the commencement of same. All costs and expenses of all of Buyer's tests, inspections and studies shall be paid by Buyer when due, regardless

of whether or not this transaction closes. Buyer shall promptly upon notice, remove any claim or lien against the Property arising out of Buyer's tests, inspections, studies, and/or entry on the Property.

- 4.2.2 Buyer agrees that it will be solely responsible for the nature, scope and extent of its investigations of the Property and no statements made or information provided by Seller or any representative, agent or employee of Seller shall be construed or relied upon as advice or a recommendation as to the kind or extent of any studies, tests or evaluations which should be obtained by Buyer or will be adequate for Buyer's purposes.
- 4.2.3 [Intentionally Omitted]
- 4.2.4 Notwithstanding any other contrary provision of this Agreement, Buyer's obligation to close hereunder is expressly conditioned upon: (i) Buyer's receipt and approval during the Feasibility Period, at Buyer's expense, of an environmental engineering report (or reports), addressed to Buyer, the form and content of which and the individual or firm preparing the report(s) being acceptable to Buyer, presenting the results of an investigation of the Property and such property in the vicinity of the Property, as may be appropriate in Buyer's discretion in light of the intended use of the Property, with regard to the existence, generation, processing, storing, disposal, release or discharge of any hazardous materials, from, on, under, about, or in the vicinity of the Property and with respect to any environmental laws relating to hazardous materials affecting the Property, including without limitation an investigation commonly referred to as a "Category I", "Phase I", or "Level I" environmental audit ("**Phase 1**"), which report(s) have been prepared or updated to no more than 6 months prior to the Closing, and such further investigations and/or reports as Buyer may require due to the results obtained in the Phase 1 (collectively, the "**Subsequent Environmental Reports**"); and (ii) Buyer's satisfaction determined prior to the expiration of the Feasibility Period (or extension thereof as provided by this paragraph) with the results of the foregoing investigations(s) and report(s). Buyer shall engage a qualified consultant (as determined by Buyer) to prepare the Phase 1 within two (2) business days of the Effective Date and request its preparation and delivery to be completed as expeditiously as reasonably possible. In the event that Buyer's Phase 1 indicates or recommends that one or more Subsequent Environmental Reports is required, then the Feasibility Period shall be extended automatically by the number of days required to complete such Subsequent Environmental Report(s), but in no event later than the date that is 3 months after the Effective Date. Buyer's obligation to close hereunder is expressly

conditioned upon there having been no change in the physical or environmental condition of the Property or the property in the vicinity of the Property as such condition was reflected in such investigation(s) and report(s).

- 4.3 Feasibility Period: Buyer's Acceptance of Initial Contingencies.** Buyer shall have a "**Feasibility Period**" of thirty (30) calendar days beginning upon the date of Buyer's Corporate Approval (as set forth in Section 13.18, below), to determine whether or not the Property is suitable to Buyer, in Buyer's sole and absolute discretion ("**Feasibility Period**"). In the event that the Housing Plan Approval condition set forth in Section 5.2, below has not been satisfied, the Feasibility Period shall be automatically extended until the date that is 5 business days after the Housing Plan Approval is granted to Buyer.

Should the feasibility study indicate, in Buyer's sole and absolute judgment and discretion, that the Property is suitable to Buyer, Buyer will notify Seller in writing not later than 5:00 p.m., Tacoma time, on the last day of the Feasibility Period that Buyer waives the Initial Contingencies ("**Buyer's Waiver Notice**"), or the rights and obligations of the Buyer and Seller under the Purchase and Sale Agreement shall terminate. If Buyer does not give Buyer's Waiver Notice and such failure continues for a period of one (1) business day after written notice from Seller, or if Buyer affirmatively terminates this Agreement within the Feasibility Period, then the termination shall be effective as of the earlier of the date of the notice terminating this Agreement, or the end of the Feasibility Period. Upon termination in accordance with this Section 4.3, the Earnest Money shall be returned to the Buyer in accordance with Section 2.1.2 and neither party shall have any further rights and responsibilities under this Agreement except as specifically provided herein. Buyer may give Buyer's Waiver Notice at any time, resulting in the early termination of the Feasibility Period. Notwithstanding anything contained herein to the contrary, **the Buyer's Waiver Notice shall not be effective unless it shall have been signed by either one of Donald R. Horton, Donald J. Tomnitz, or Bill Wheat.**

5. APPROVAL CONDITIONS

- 5.1 HUD Approval.** Seller is required by the terms of certain agreements or grant assurances with the United States Department of Housing and Urban Development ("**HUD**") to obtain HUD approval to enter into this Agreement ("**HUD Approval**"). The obligation of Seller to close the transaction contemplated in this Agreement is subject to Seller securing HUD Approval on terms reasonably acceptable to Seller. In the event Seller has not secured HUD Approval on or before the date that is 6 months after the Effective Date ("**HUD Approval Outside Date**"), absent written agreement to the contrary, either party

may terminate this Agreement by notice to the other and Escrow Agent, and in the event of such termination, Escrow Agent shall promptly return the Earnest Money to Buyer and neither party shall have any further obligation to the other except as otherwise specifically provided herein.

- 5.2 Housing Plan Approval.** Within 14 days of the Effective Date, Buyer shall submit to Seller for approval the plans and specifications required under the Declaration for each house design Buyer intends to build in the Community (the “Plans”). Seller shall review the Plans within 15 days of receipt and notify Buyer of its approval or disapproval of the Plans. Upon Seller’s approval of the Plans, Buyer shall submit the Plans to the Construction Committee of the Salishan Community Association (the “CC”). Seller agrees to facilitate prompt review of the Plans by the CC but the parties acknowledge the CC is an independent body and not controlled by Seller. If any Plans are disapproved by Seller, Seller shall specify in writing the modifications that would be required in order to obtain approval of the Plans from Seller. Seller will join Buyer in requesting that the CC also specify in writing the modifications that would be required in order to obtain approval of the Plans. Notwithstanding anything contained herein to the contrary, Buyer shall be under no obligation to close on the Property until the Plans have received all necessary approvals from Seller and the CC.

- 5.3 Intentionally Omitted.**

6. CLOSING

- 6.1 Place and Time of Closing.** The purchase and sale of the Property shall be closed (“Closing”) on a date agreed to between Buyer and Seller not more than fifteen (15) calendar days after Buyer’s delivery of Buyer’s Waiver Notice (“Closing Date”). Closing may be extended by Seller if necessary to obtain a reconveyance of the Lots from the underlying deed of trust. When used herein, "Closing" shall mean the date the Deed from Seller to Buyer is recorded, and Seller is entitled to the use of Buyer's funds. Notwithstanding any other provision of this Contract, the Closing must occur on a Tuesday, Wednesday, or Thursday (a “Permitted Closing Day”), and if the scheduled Closing would otherwise occur on a day that is not a Permitted Closing Day, the Closing shall be extended automatically to the next day that is a Permitted Closing Day.

- 6.2 Events of Closing.** At Closing, the following shall occur:

- 6.2.1** Buyer shall deliver the Purchase Price in cash or other immediately available funds to the Title Company, including a credit for the Earnest Money and accrued interest, together with sufficient funds to pay Buyer’s share of the closing costs as set forth in Section 6.3 of this Agreement.

- 6.2.2 Seller shall execute, acknowledge, and deliver to Buyer a bargain and sale in a form set forth in Exhibit C (the “**Deed**”), conveying to Buyer fee simple title to the real property included in the Property, free and clear of all encumbrances except the Permitted Exceptions. The Deed shall contain the Declaration, and the Deed for the Lots designated for Affordable Housing shall contain the Restrictive Covenant (as defined in section 8.5.1.4). The Deed shall be recorded by the Title Company.
- 6.2.3 Seller shall execute and deliver to Buyer a general assignment agreement in substantially the form set forth in Exhibit “N” (the “**General Assignment Agreement**”).
- 6.2.4 Seller shall have caused a full and valid release of the HUD Covenant from the Property and Seller shall execute and deliver to the Title Company the Restrictive Covenant (in the form set forth in Exhibit O), to be recorded immediately after the release of the HUD Covenant, but prior to the recording of the Deed to Buyer.
- 6.2.5 Buyer and Seller shall take all other steps reasonably necessary to effect the transfer of the Property to Buyer as contemplated by this Agreement.

6.3 Closing Costs. The costs associated with the Closing are allocated between the parties as follows:

- 6.3.1 Seller shall pay: (i) one-half of the escrow fee charged by the Title Company; and (ii) the entire cost of the premium for the standard coverage Title Policy; Seller has represented to Buyer that Seller is exempt from payment of real estate excise taxes. To the extent any such taxes are due in connection with the Closing, Seller shall be responsible for the satisfaction of such taxes;
- 6.3.2 Buyer shall pay: (i) one-half of the escrow fee charged by the Title Company; (ii) the recording fees for the Deed; (iii) all costs and expenses of surveys undertaken for the benefit of Buyer; and (iv) all additional premiums for any extended coverage Title Policy requested by the Buyer together with any special endorsements to the Title Policy which Buyer may elect to purchase.
- 6.3.3 Except as expressly provided in this Agreement, the respective parties shall bear all other costs and expenses incurred individually by each party

in connection with this transaction, in accordance with the customary practice in Pierce County.

6.4 Prorations and Adjustments. Items of expense with respect to the Property shall be prorated or otherwise adjusted by the parties as follows:

- 6.4.1 Seller has represented to Buyer that Seller is exempt from payment of real property taxes and personal property taxes, therefore any such taxes or assessments due for the tax year during which the Closing occurs shall be the responsibility of Buyer. To the extent any such taxes or assessments are due for the period of time the Property is owned by Seller, Seller shall be responsible for the satisfaction of such taxes or assessments.
- 6.4.2 All other items of expense with respect to the Property, including without limitation any applicable HOA assessments, shall be prorated as of the Closing Date to the extent the information necessary for such proration is then available. To the extent, if any, that any such information is not then available, the parties shall make appropriate compensating payments as soon after the Closing as the necessary information becomes available.

6.5 Possession. Buyer shall be entitled to possession of the Property upon Closing.

7. OPERATION PENDING, AND CONDITIONS TO, CLOSING

Prior to the Closing, Seller shall not, without Buyer's prior written consent and timely notice thereof given to Seller, take any action which could have a material adverse effect on the Property or its use to Buyer. Buyer shall act reasonably in granting or denying any such consent sought by Seller. Buyer's obligation to close will be contingent upon (i) no material adverse change in the physical condition of the Property, whether caused or permitted by Seller or occurring otherwise due to reasons and/or circumstances beyond the Seller's control; (ii) the Title Company shall be unconditionally committed to issue the Title Policy to Buyer; and (iii) all of Seller's representations and warranties shall be true and correct as of the Closing, excluding Exception Matters (defined in Section 8.3), if any, and Seller shall not be in default in performing Seller's obligations under this Agreement, and (iv) Seller shall have obtained HUD Approval on or before the HUD Approval Outside Date. If any of the foregoing conditions precedent are neither satisfied nor waived by Buyer by the Closing Date (or such other time periods set forth in this Agreement), Buyer may (a) terminate this Agreement by giving a written notice of termination to Seller, and in such case the Earnest Money shall be returned and neither party shall have any further rights, obligations or liabilities under this Agreement except as specifically provided herein, (b) continue with the Closing on the Property prior to satisfaction or waiver of such conditions precedent, or (c) extend the Closing Date to the

date that is seven business days after the date that such condition is satisfied (as determined by Buyer) or waived in writing by Buyer.

8. REPRESENTATIONS AND WARRANTIES; COVENANTS OF BUYER

All representations, warranties, promises, covenants and obligations set forth in this section shall survive the Closing of this Agreement.

8.1 Seller's Representations and Warranties

- 8.1.1 **Restrictions on Property:** To the best of the Seller's knowledge, the Property complies with and is not in material violation of any: (i) applicable governmental regulatory controls, including without limitation, building codes, zoning codes, environmental laws, flood zone codes, planning regulations, fire codes, health regulations, traffic regulations, and similar laws, zoning and land use laws, together with any and all other applicable local, state and federal laws, codes, rules, ordinances, regulations and requirements; and (ii) agreements, covenants, conditions or restrictions affecting the Property.
- 8.1.2 **Governmental Action:** To the best of Seller's knowledge, Seller has not received notice issued by any governmental agency having jurisdiction in the matter, of any existing violation of any statute, law, ordinance, deed restriction or rules or regulations pertaining to or affecting the Property.
- 8.1.3 **Legal Actions:** To the best of Seller's knowledge, except as disclosed in writing to Buyer, there have been no past, and there are no pending or threatened legal or administrative actions or proceedings by any person or entity, governmental or non-governmental, regarding the Property and there is no pending or threatened claim, dispute or litigation against, involving or relating to the condition of the Property nor any fact or condition which, given the passage of time, would result in a potential claim, dispute or litigation involving or relating to the Property.
- 8.1.4 **Hazardous Material:** To the best of the Seller's knowledge, except as disclosed in writing to Buyer: (i) no hazardous substances, hazardous waste, hazardous materials or pollutants, as those terms are defined in any federal, state or local statute, have been or are stored on the Property in violation of any environmental laws, or have been disposed of on or under the Property in violation of any environmental laws, or have been or are being emitted from the Property or have been or are being transported from the Property in violation of any environmental laws; (ii) no storage

tanks of any kind are located on or beneath the surface of the Property; and (iii) the Property has never been used as a dump or a landfill site.

- 8.1.5 **Special Assessment Proceedings:** To the best of Seller's knowledge, there are no planned, pending or existing special assessment proceedings with respect to the Property.
- 8.1.6 **Seller's Authority:** Subject to HUD Approval, Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein and to consummate the transactions contemplated by this Agreement. The individual executing this Agreement on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions of this Agreement. Upon request, Seller shall furnish Title Company with evidence of the foregoing authority (e.g., corporate resolution, partnership agreement, limited liability agreement, joint venture agreement, etc.).
- 8.1.7 **Contract or Commitments:** As of the Closing, except for the Permitted Exceptions and matters arising under recorded documents including but not limited to the Declaration (as described in Section 8.4), there will be no contracts, licenses, commitments or undertakings respecting the maintenance of the Property or performance of services on the Property or the use of the Property or any part of it; other than those which (a) Buyer agrees in writing to assume in advance of the Closing evidenced by a written consent and timely notice thereof given to Seller, and (b) are cancelable upon not more than thirty (30) days notice without penalty.
- 8.1.8 **[Intentionally Omitted]**
- 8.1.9 **No Tenants or Trespassers.** There are no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers.
- 8.1.10 **No Unpaid Charges.** To the best of Seller's knowledge there are no unpaid charges, debts, liabilities, claims, or other monetary obligations arising from the construction, occupancy, ownership, use, or operation of the Property.
- 8.1.11 **Statutory Disclosure.** The Property is "commercial real estate" as defined in RCW 64.06. Buyer waives the right to receive a seller disclosure statement (a "**Seller Disclosure Statement**") if required by RCW 64.06. RCW 64.06 provides that Buyer may waive its right to

receive the Seller Disclosure Statement; provided, however, if the answer to any of the questions in the section of the Seller Disclosure Statement entitled "Environmental" would be "yes," Buyer may not waive the receipt of the "Environmental" section of the Seller Disclosure Statement. By executing this Agreement, Buyer acknowledges that it has received the "Environmental" section of the Seller Disclosure Statement attached as Exhibit D and Buyer waives its right to receive the balance of the completed Seller Disclosure Statement. Buyer further agrees that any information discovered by Buyer concerning the Property shall not obligate Seller to prepare and deliver to Buyer a revised or updated Seller Disclosure Statement. Buyer hereby waives any right to receive an updated or revised Seller Disclosure Statement, regardless of the source of any new information.

BUYER HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, THE RIGHT TO RESCIND THIS AGREEMENT PURSUANT TO ANY PROVISION OF RCW 64.06.

Buyer's Initials: _____

- 8.2 Seller's Knowledge and Survival Period.** In each event in which any representation of Seller is limited to the best of Seller's knowledge or such knowledge is otherwise referred to in this Agreement, such knowledge shall include only the actual, personal (but no implied, imputed or constructive knowledge) of Michael Mirra and Roberta Schur, whom Seller represents and warrants are the persons responsible for oversight and management of the Property, without any independent Property inspection or any investigation or inquiry, and without review of any files or public records. The representations and warranties set forth in Section 8.1 shall survive for a period of twenty-four (24) months after the Closing, excluding the representations and warranties set forth in section 8.1.6 (Seller's Authority). Any claim which Buyer may have at any time against the Seller for a breach of any such representation or warranty, whether known or unknown, which is not asserted by written notice to Seller within such twenty-four (24) month period shall not be valid or effective, and the Seller or its employees or officials shall have no liability with respect thereto.

8.3 No Liability for Exception Matters

- 8.3.1 As used herein, the term "**Exception Matter**" shall refer to a material fact (i) disclosed to Buyer by Seller in writing during the Feasibility Period and extending through Closing and labeled "Exception Matter" that would make a representation or warranty of Seller contained in this Agreement untrue or incorrect or (ii) discovered by Buyer during the Feasibility

Period and extending through Closing that would cause a reasonable person to conclude that a representation or warranty of Seller contained in this Agreement is untrue or incorrect.

- 8.3.2 If Seller discloses any Exception Matter at any time during the Feasibility Period and extending up to Closing, Buyer may terminate this Agreement and receive a return of the Earnest Money deposit upon written notice to Seller within five (5) business days after Buyer learns of such Exception Matter and Buyer's receipt of a written notice from Seller that Seller elects not to cure or remedy any such Exception Matter. If Buyer discovers any Exception Matter, Buyer shall provide Seller with a written request for Seller to cure such Exception Matter. Seller shall provide a written response regarding Seller's intent to cure or remedy the Exception Matter within five (5) business days of receipt of Buyer's request. If Seller notifies Buyer that Seller elects not to cure the Exception Matter, or Seller fails to timely respond to Buyer's request, Buyer may terminate this Agreement and receive a return of the Earnest Money by providing written notice of termination to Seller in which case this Agreement would be deemed to have terminated as of the date of Buyer's written request to Seller to cure the Exception Matter. Should Seller elect to cure the Exception Matter, Seller shall have ten (10) business days from Seller's notice to Buyer to cure or remedy the Exception Matter to Buyer's satisfaction. If Seller is unable to cure the Exception Matter to Buyer's satisfaction, Buyer may terminate this Agreement and receive a return of the Earnest Money, in which case this Agreement would be deemed to have terminated as of the date of Buyer's written request to Seller to cure the Exception Matter. Either party shall promptly notify the other party in writing of any Exception Matter of which the first party obtains knowledge before the Closing.
- 8.3.3 If Buyer nonetheless elects to proceed with the acquisition of the Property, Buyer shall consummate the acquisition of the Property subject to such Exception Matter and Seller shall have no liability for breach of this Agreement with respect to such Exception Matter, notwithstanding any contrary provision, covenant, representation or warranty contained in this Agreement, except in the case of Seller's intentional fraud or misrepresentation.
- 8.3.4 If Buyer elects to terminate this Agreement on the basis of any Exception Matter which can only occur prior to Closing, Buyer shall so notify Seller not later than the later of three (3) business days prior to Closing or two (2) business days after Buyer's discovery or notification from Seller of the Exception Matter, and the Earnest Money Deposit shall be returned to

Buyer. Buyer's failure to give such notice within such period shall be deemed a waiver by Buyer of such Exception Matter, provided that Buyer had actual knowledge of the Exception Matter. Except as provided in Section 3.7 with respect to delivery of title at Closing, Seller shall have no obligation to cure or remedy any Exception Matter and Seller shall have no liability whatsoever to Buyer under this Agreement with respect to any such Exception Matter.

8.4 Buyer's Representations and Warranties. The following constitute representations and warranties of Buyer to Seller:

8.4.1 Buyer's Authority: Subject to the terms and conditions in the Corporate Approval Section, Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein and to consummate the transactions contemplated by this Agreement. Subject to the terms and conditions in the Corporate Approval Section, the individual executing this Agreement on behalf of Buyer has the legal power, right and actual authority to bind Buyer to the terms and conditions of this Agreement. Upon request, Buyer shall furnish Title Company with evidence of the foregoing authority (e.g., corporate resolution, partnership agreement, limited liability agreement, joint venture agreement, etc.).

8.4.2 [Intentionally Omitted]

8.4.3 Interstate Land Sales Full Disclosure Act. The Salishan community is not registered under the Interstate Land Sales Full Disclosure Act (the "Act") in reliance upon exemptions contained in the Act. Buyer shall reasonably cooperate with Seller in taking any action necessary to preserve any such exemptions insofar as they relate to the Property. To assure that Seller's operations insofar as they relate to the Property qualify for exemption from the Act, Buyer represents and warrants: (i) Buyer is a duly organized and validly existing business enterprise; (ii) Buyer is purchasing the Property for its own use and development and is acquiring the Property for the purpose of engaging in the business of constructing residential units on such Property for resale to third parties; and (iii) Buyer has been represented in the negotiations regarding the subject purchase by a representative of its own choosing.

8.4.4 Buyer's Knowledge and Survival Period. In each event in which any representation of Buyer is limited to Buyer's knowledge or such knowledge is otherwise referred to in this Agreement, such knowledge shall include only the actual, personal (but no implied, imputed or constructive knowledge) of Michael T. Jones and Kevin Capuzzi, whom

Buyer represents and warrants are the persons primarily responsible for the acquisitions of the Property, without any independent inspection or any investigation or inquiry, and without review of any files or public records. The representations and warranties set forth in Section 8.4 shall survive for a period of twenty-four (24) months after the Closing, excluding the representations and warranties set forth in section 8.4.1 (Buyer's Authority). Any claim which Seller may have at any time against Buyer for a breach of any such representation or warranty, whether known or unknown, which is not asserted by written notice to Buyer within such twenty-four (24) month period shall not be valid or effective, and the Buyer or its employees or officials shall have no liability with respect thereto.

8.5 Buyer's Covenants

8.5.1 Affordable Housing Requirement.

8.5.1.1. Buyer and Seller acknowledge that **19** units to be developed within the Property need to be sold to homebuyers qualifying at or below 60% of Area Median Income as established by HUD for the Pierce County MSA ("**Low Income Buyers**") in accordance with the restrictions recorded in that certain Declaration of Restrictive Covenants recorded at Pierce County AFN # 200801220236 ("**HUD Covenant**") and the Revitalization Plan referenced therein, adopted by Seller and approved by HUD with respect to the Salishan development. Buyer hereby agrees to sell to Low Income Buyers at least that number of the Lots and the homes constructed on them ("**Affordable Housing Requirement**"). For any transaction Buyer proposes to count towards satisfying the Affordable Housing Requirement, Buyer shall confirm in advance, via e-mail (provided verification of receipt is obtained), of the closing of such transaction with a designated representative of Seller ("Designated Representative"), the eligibility of the proposed homebuyer as a Low Income Buyer and Seller will respond to Buyer within five (5) business days of confirmed receipt of a complete application containing the required eligibility information for a candidate Low Income Buyer. The initial Designated Representative shall be Roberta Schur (rschur@tacomahousing.org). In the event the Designated Representative is no longer employed by

Seller, or Seller wishes to appoint a new Designated Seller, Seller shall provide written notice to Buyer of the appointment of a new Designated Representative.

8.5.1.2. Those 19 lots that will be subject to the Affordable Housing Requirement shall be reasonably dispersed throughout the Property in a pattern generally consistent with that illustrated on the attached Exhibit E. The homes on these Lots will also be generally architecturally indistinguishable from the homes on the other Lots. Should Buyer wish to alter the designation of Lots subject to the Affordable Housing Requirement after the Feasibility Period, the Parties agree to cooperate in good faith to agree upon such re-designation and to take steps to effectuate the same.

8.5.1.3. The obligations of this Section shall survive closing and run with the land for those designated Lots, binding Buyer and its successors and assigns until such time as homes are developed on designated Lots and sold to an initial qualified Low Income Buyer. Upon the sale of each Lot designated with the Affordable Housing Requirement to an approved Low Income Buyer, the Affordable Housing Requirement shall terminate with respect to said Lot and Seller shall take all steps necessary to release the applicable designated Lot from the Affordable Housing Requirement.

8.5.1.4. At or prior to Closing Seller shall effectuate a full and valid release of the HUD Covenant from the Property. Such release shall be a condition precedent to Buyer's obligation to close the transaction. Upon the release of the HUD Covenant, but prior to the recording of the Deed to Buyer, Seller shall record the Declaration of Restrictive Covenant Re Affordable Housing, the form of which is attached as Exhibit O, (the "**Restrictive Covenant**") on the Lots designated and depicted on Exhibit E. Seller shall be obligated to release the Restrictive Covenant concurrent with the sale of each lot depicted on Exhibit E to an approved Low Income Buyer, pursuant to this Agreement. Seller's obligation to release the Restrictive Covenant shall survive Closing.

8.5.2 Deed and Use Restrictions and Duties:

8.5.2.1. Buyer understands and agrees that all of Salishan Division 4, including the Property, is subject to the Declaration. The Declaration, among other things, requires each owner of property in Salishan to belong to a homeowners association, requires owners to pay assessments for maintenance of common areas, imposes restrictions on initial construction and modification of improvements, landscaping, etc., requires maintenance of improvements and landscaping, and imposes rules restricting the uses of lots and homes. Buyer agrees that in its sales presentations it shall provide homebuyers with a copy of the Declaration together with a complete explanation of its provisions.

8.5.2.2. The obligations of this Section shall survive closing and run with the land, binding Buyer and its successors and assigns.

8.5.3 Buyer's Covenant regarding Design of Structures on Lots.

Buyer will ensure that the Buyer's home designs, colors and specifications are compatible with the overall Salishan project and consistent with the criteria set forth in Exhibit G. Buyer will obtain Seller's prior written approval for the design, specifications and colors of structures to be constructed on the Lots, consistent with the Declaration and Exhibit G, which consent shall not be unreasonably withheld or delayed by Seller. Seller's approval of Buyer's design, specifications and colors of structures to be constructed on the Lots shall be obtained prior to expiration of the Feasibility Period. The obligations of this Section shall survive closing and run with the land, binding Buyer and its successors and assigns.

8.5.4 Seller's Development, Product, and Marketing Strategies. Seller, Buyer, and other developers will all be developing property in Salishan. Seller requires that the development activities of all entities be reasonably consistent and that Seller be informed and aware of the activities intended to be performed by Buyer on the Property. Buyer agrees Buyer's work on the Property shall be conducted in accordance with the development, product and marketing strategies for the Property consistent with the standards and other terms stated in Exhibits G, H, I, J and K.

8.5.5 Buyer's Commitment to Develop and Market Lots.

8.5.5.1. Buyer agrees that, subject to all of the other specific provisions contained in the various subsections of this Section 8.5.5, following Closing Buyer shall diligently

pursue the development of the Lots, and the construction and marketing of homes built on the Lots. Buyer shall commence construction of its model home and at least one (1) spec home at its earliest convenience but in no event later than 90 days following Closing, subject to receipt of necessary building permits and any other necessary approvals therefor and subject to events of Force Majeure (as defined below). In the event that Buyer sells either the model home or the spec home, then Buyer will commence construction of a replacement home within 60 days after the sale and conveyance of the model home or spec home, subject to receipt of necessary building permits and any other necessary approvals therefor and subject to events of Force Majeure. Seller may not enforce specific performance of this Contract. Buyer shall not be in default or violation of this Agreement and the time periods set forth above shall be extended for up to 90 days if Buyer is delayed as a result of events beyond Buyer's reasonable control, including but not limited to acts of God, war, riot, civil disobedience or disturbance, weather, impracticality, accident, delay in issuance of necessary permits by applicable jurisdictions, strike or other labor disputes, delays of suppliers, contractors or carriers, fire, flood or casualty, governmental or judicial actions and shortages of material, components, fuel labor of facilities ("Force Majeure").

8.5.5.2. Buyer agrees at all times commencing on the date that is 180 days from the date of Closing, subject to market conditions and sales velocity, to try to have at least two (2) homes (excluding the Model Home and the Sales Office) constructed or in active construction. It is not the intention of the parties hereto that Buyer "bank" the undeveloped Lots for any reason. Buyer is not obligated to build homes on a speculative basis or in excess of reasonable requirements for sales from time to time.

8.5.5.3. So that Seller can satisfy its reporting requirements to HUD, Buyer agrees it shall file with Seller, within 5 days of written notice from Seller, a written sales progress report on a quarterly basis, commencing on the last day of the initial quarter immediately following the Closing date, which shall include the following information pertaining to

Buyer's development of the Property: (i) the number of Lots sold; (ii) the number of houses under construction; (iii) the number of houses closed and whether or not they are affordable or market rate homes; and (iv) aggregate data for average sales price for all homes sold broken down into market rate and affordable categories. Seller shall not be entitled to a copy of a homebuyer's HUD 1 settlement statement of any other information that Buyer or the escrow agent for the sale of units would not be permitted by law to disclose.

8.5.5.4. The obligations of this Section shall survive closing and run with the land, binding Buyer and its successors and assigns until such time as homes are developed on all Lots within the Property and sold to an initial homebuyer.

8.5.6 **Maintenance of Undeveloped Lots.** Until such time as it commences construction on a particular Lot, Buyer shall maintain all Lots in substantially the same condition as exists as of the date of Closing including, without limitation, keeping fencing properly maintained, regularly mowing grass and other vegetation, and maintaining Lots free and clear of trash, abandoned vehicles or other debris.

8.5.7 **Resale of Undeveloped Lots.** In the event, following Closing hereunder, Buyer elects to sell any or all of the Lots to a third party homebuilder prior to commencing construction of homes on such Lots, the following requirements shall apply:

8.5.7.1. Seller shall have the right to approve the sale to any non-affiliated developer prior to the sale, which approval may not be unreasonably withheld, conditioned or delayed. Seller shall respond in writing to Buyer with its approval or disapproval within 10 business days following Buyer's delivery of written notice to Seller of intent to sell. Seller's failure to respond in writing within such 10-business day period shall be deemed to constitute Seller's approval of the developer. Any Seller disapproval shall be accompanied by reasonably detailed grounds for such disapproval. Upon any disapproval, Seller and Buyer shall cooperate diligently and in good faith to resolve Seller's objections. It shall be unreasonable for Seller to disapprove a developer with a demonstrated successful history of development and sale of homes in the South Puget Sound

area of comparable quality as that built by the Buyer and who contractually commits to adhering to the requirements set forth in Section 8.5.

8.5.7.2. In the event the undeveloped Lots are sold in a transaction for which Seller's approval is required pursuant to Section 8.5.7 for a price in excess of \$47,000.00 per Lot, Buyer shall pay to Seller in cash 50% of the proceeds of the sale over and above \$47,000.00 per Lot, after deducting from the excess all reasonable and customary expenses directly incurred by Buyer in association with the sale, including without limitation real estate excise tax, commissions, escrow fees and closing costs. Such payment shall be made by Buyer within 30 days after closing on the sale of the undeveloped Lots.

8.5.7.3. Any sale of Lots to a third party homebuilder shall oblige that homebuilder to honor all provisions of this Agreement and shall include a provision allowing the Seller all the same remedies against that homebuilder for any breach that this Agreement provides for the Buyer's breach.

8.5.7.4. Buyer's obligation to pay amounts due to Seller under the terms of subsection 8.5.7.2 above is unsecured. If Buyer fails to timely pay any amount due following the satisfaction of all conditions to payment, then Seller shall have the right to (i) charge and collect interest at the rate of twelve percent (12%) on amounts not timely paid; and (ii) execute and record a notice against all Lots and property then owned by Buyer in the Salishan development, which recorded notice shall state that Buyer and Seller are parties to an agreement whereby Buyer is obligated to pay a portion of the proceeds of any future Lot sale to Seller. The form of the notice to be filed is attached hereto as Exhibit L.

8.5.8 Seller's Repurchase Option.

8.5.8.1. In the event that a period of twelve (12) consecutive months passes where Buyer fails to complete at least one home for marketing and sale (a "**No Construction Period**"), Seller shall have an option to repurchase any undeveloped Lots then still owned by Buyer (the "**Repurchase Option**"); provided, however, that Seller's

exercise of its repurchase rights shall be conditioned upon Seller providing written notice to Buyer of its intent to enforce the Repurchase Option whereby Buyer shall have a period of one (1) month to begin Substantive Home Construction (as defined below) (the “**Construction Commencement Period**”). Buyer’s commencement of Substantive Home Construction within the Construction Commencement Period shall eliminate Seller’s right to exercise of its Repurchase Option with regard to that particular No Construction Period but Seller shall have a continuing Repurchase Option if there are subsequent No Construction Periods. “**Substantive Home Construction**” for the purpose of this Agreement shall mean employment of a full construction crew diligently and continuously pursuing completion of at least one home to be placed on the market for sale. If at the time Buyer receives a written notice from Seller of its intent to enforce the Repurchase Option Buyer has no valid building permits in force and effect which would allow construction of a home on any Lot within the Property, Buyer can satisfy the requirement of Substantive Home Construction within the Construction Commencement Period by (i) filing a complete building permit application for at least one home within ten (10) days of receipt of Seller’s notice, (ii) diligently pursuing the issuance of said permit, (iii) commencing construction of said home within ten (10) days of notice of the availability of said permit for issuance and (iv) diligently and continuously pursuing completion of said home.

8.5.8.2. The purchase price per Lot under the Repurchase Option (the “**Repurchase Price**”) shall be \$45,500.00 during the first two (2) years after the date of Closing by Buyer under this Agreement, payable in immediately available funds due at closing of such repurchase. Commencing on the date of the third anniversary of the date of Closing by Buyer under this Agreement, and every subsequent anniversary of said date thereafter (each an “**Adjustment Date**”), the Repurchase Price shall be increased by four percent (4%) per annum.

8.5.8.3. Marketable title shall be delivered at closing free and clear of all liens and encumbrances other than those which are Permitted Exceptions under this Agreement and any

necessary easements that may have been recorded in the course of Buyer's development of the Property. Seller shall have sixty (60) days following the expiration of the Construction Commencement Period without Buyer initiating Substantial Home Construction to exercise its Repurchase Option by written notice of such exercise to Buyer. Closing of the repurchase shall occur on or before sixty (60) days following Seller's written exercise of its Repurchase Option. The parties agree that the other terms and conditions of the Repurchase Option shall be those established by this Agreement, modified only as necessary to conform to the terms set forth in this Section or as the context may otherwise require.

9. INDEMNITY AND HOLD HARMLESS AGREEMENT

The provisions of this section survive the termination of this Agreement or Closing.

9.1 Buyer's Indemnity and Hold Harmless Protection to Seller. Buyer shall indemnify, hold harmless and, at the election of Seller and with counsel acceptable to Seller, defend Seller from any cost, expense (including attorneys and experts fees and costs) loss, liability, damage or claims to persons or property arising out of inspection activities on the Property prior to the Closing of the Buyer, its representatives, employees, agents independent contractors, licensees or invitees, provided, however, that the foregoing indemnity and hold harmless obligations shall not apply to (i) any loss, liability, cost, claim, damage, injury or expense arising from or related to the negligent acts or omissions of Seller, its officers, directors, shareholders, employees, agents, contractors, or invitees, (ii) any diminution in value in the Property arising solely from or relating to matters discovered by Buyer or its agents, employees, representatives, contractors or subcontractors during Buyer's investigation of the Property; (iii) any defects in the Property discovered by Buyer or its agents, employees, representatives, contractors or subcontractors; (iv) the existence of any Hazardous Substances which are discovered (but not deposited or unreasonably disturbed by Buyer) on or under the Property by Buyer or its agents, employees, representatives, contractors or subcontractors; and (v) any government action which results from matters discovered in such tests, studies or reports. This provision shall not apply to any loss, liability, damage or claims resulting from (i) Seller's or Seller's employees', agents', or independent contractors' negligence or (ii) from the Buyer's discovery of any pre-existing conditions (including but not limited to the existence of any hazardous material) or any exacerbation of a pre-existing

condition except to the extent that the exacerbation results from the acts of the Buyer, its agents or independent contractors and (iii) any government action which results from such tests, studies or reports. Buyer's indemnity obligations hereunder shall survive the expiration or termination of this Agreement.

9.2 Seller's Indemnity and Hold Harmless Protection to Buyer. Seller shall indemnify, hold harmless and, at the election of Buyer and with counsel acceptable to Buyer, defend Seller from any cost, expense (including attorneys and experts fees and costs) loss, liability, damage or claims to persons or property caused by the activities on the Property prior to Closing of the Seller or its employees, agents or independent contractors. This provision shall not apply to any loss, liability, damage, or claims resulting from Buyer's acts, omissions or negligence.

10. ACCEPTANCE OF PROPERTY

Buyer acknowledges and agrees that it has been or will prior to the expiration of the Feasibility Period be given a full opportunity to ascertain, or will ascertain, all material facts and information concerning the Property, including but not limited to its size, configuration, utility service, environmentally sensitive areas, means of access, permitted uses, status of title, value and condition of the Property and, except as specifically stated herein and in any exhibit hereto, no representations or warranties have been made or are made and no responsibility has been or is assumed by Seller or by any partner, officer, person, firm, agent or representative acting or purporting to act on behalf of Seller as to any matters concerning the Property. Except as stated herein and any exhibit hereto, Buyer is not relying on, nor has Buyer been influenced by, any representation of Seller or any agent or representative of Seller regarding any of such items. Except as stated herein and any exhibit hereto, Buyer specifically acknowledges and agrees that the Property is being sold in an "AS IS" condition and "WITH ALL FAULTS" as of the Closing. Except for any actionable breaches of Seller's representations and warranties contained herein and in any exhibit hereto, Buyer's acceptance of the Property and the satisfaction or waiver of all of Buyer's contingencies to closing shall be evidenced solely by the closing of this transaction and without any other act or confirmation by Buyer. Buyer shall not have the option to close this transaction without accepting the Property in its then current condition, and Buyer acknowledges that except for any Seller's breach of an express representation or warranty stated in this Agreement, including any exhibits hereto, Buyer is acquiring the Property in its condition existing as of the date of Closing.

11. RISK OF LOSS

Notwithstanding any other provision of this Agreement or Buyer's acceptance or waiver of any contingency or condition to the contrary, Seller shall bear the risk of all loss or damage to the Property from all causes through the Closing. If, prior to the Closing, all or part of the Property is damaged by fire or by any other cause of whatsoever nature, or any portion of the Property is taken by eminent domain or threatened by such a taking, and in any such case of damage or taking or threatened taking wherein the reasonable value of the loss or cost of restoration will exceed Thirty Three Thousand Dollars (\$33,000.00), Seller shall promptly give to Buyer written notice describing the damage or taking (the "**Loss Notice**") and shall keep Buyer informed as to such matters. In such event, Buyer shall have the right, but not the obligation, to terminate this Agreement by written notice delivered to Seller within twenty (20) business days after Buyer's receipt of Seller's Loss Notice. Buyer shall also have the right to elect to Close the transaction contemplated hereby despite such damage, taking or threatened taking. If the Buyer elects to Close rather than to terminate this Agreement, then Buyer shall receive at Closing: (i) credit for all insurance or condemnation proceeds which Seller has previously collected by reason of such damage, taking or threatened taking; (ii) an assignment of Seller's rights to unpaid insurance and/or condemnation proceeds; and (iii) a credit from Seller in an amount equal to all deductibles on any applicable property insurance policy.

12. DEFAULT; REMEDIES

12.1 Time of Essence. Time is of the essence of the parties' obligations under this Agreement, provided that each party shall be entitled to written notice of any default and shall have 10 days from receipt of such notice to cure such default prior to the exercise of any remedy provided herein.

12.2 Remedies

12.2.1 In the event the Buyer fails, without legal excuse, to complete the purchase of the Property after the delivery of Buyer's Waiver Notice and deposit of the Earnest Money, the Earnest Money shall be forfeited to the Seller as the sole and exclusive remedy available to the Seller for such failure. In the event of Buyer's default, Title Company shall pay the Earnest Money to Seller, including accrued interest. The parties agree that the damages resulting from such a failure by Buyer to Close would be extremely difficult or impracticable to determine. They further agree that the Earnest Money paid by Buyer, including accrued interest, is not a penalty and that it is a reasonable estimate, at the time of this Agreement, of such damages including, without limitation, the risk of losing the

opportunity to sell for a higher price, the risk that the market for the Property could drop substantially, the lost time value of Seller's equity resulting from any delay, lost opportunities for other investments, changes in the availability or cost of financing, and costs that the Seller could incur as a result of the Buyer's default. Seller releases any and all right to specific performance of this Agreement and/or to recover actual damages incurred as a result of Buyer's default.

12.2.2 Notwithstanding any other provision in this Agreement to the contrary, in the event the contingencies and conditions set forth in this Agreement are fully satisfied or are waived by Buyer, in writing, and Buyer's Waiver Notice has been timely given to Seller, and Seller nevertheless fails to close the sale of the Property in accordance with this Agreement without legal excuse, Buyer shall have, as its sole and exclusive remedy, the right to either (a) specifically enforce this Agreement provided, however, that if the remedy of specific performance is not available, Buyer shall be entitled to recover its receipted out-of-pocket costs, fees, and expenses it has reasonably incurred relating to or arising from its investigation of the Property in an amount not to exceed Twenty Five Thousand Dollars (\$25,000.00) and Buyer shall receive, immediately upon demand, a return of Buyer's Earnest Money Deposit. Buyer hereby releases any and all right to recover any other actual and/or consequential damages incurred as a result of Seller's default.

13. MISCELLANEOUS PROVISIONS

13.1 Binding Effect & Assignment. Buyer shall have no right to assign this Agreement (other than to any parent, subsidiary, or other affiliate of Buyer) without the express written consent of Seller, which may be withheld in Seller's discretion. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

13.2 Notices. Any demand, request or notice which either party hereto desires or may be required to make or deliver to the other shall be in writing and shall be deemed given when personally delivered, delivered by facsimile with copy sent by mail, when delivered by private courier service (such as Federal Express), or three days after being deposited in the United States Mail in registered or certified form, return receipt requested, addressed as follows, or to such other address as any party may, subsequent to the Effective Date, indicate by written notice to the other parties in the manner set forth in this Section 13.2. The Parties agree that the attorney for such Party shall have the authority to deliver Notices on such Party's behalf to the other Party hereto. The Parties expressly acknowledge and agree that the Buyer's Waiver Notice may be transmitted by Buyer to Seller by

electronic scanning and e-mail or by facsimile so long as Buyer obtains verification of delivery to Seller. Delivery of the Buyer's Waiver Notice by any methods described above shall also be valid.

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<p>If to Buyer:</p> <p>D. R. Horton, America's Builder 12910 Totem Lake Blvd, N.E., Ste. 220 Kirkland, WA 98034 Attn: Michael T. Jones, VP/Division President, Tia Brotherton Heim, Esq., and Brandon R. Carroll, Esq. E-mail: mtjones@drhorton.com; tbheim@drhorton.com; brcarroll@drhorton.com Phone: 425-821-3400; Fax: 425-814-2638</p>	<p>If to Seller:</p> <p>Executive Director Tacoma Housing Authority 902 South L Street Tacoma, WA 98405 (253) 207-4440 fax</p>
<p><u>With a copy to:</u></p> <p>D. R. Horton, West Region 501 W. Broadway, Suite 1200 San Diego, CA 92101 Attn.: William. E. Mayer, Esq. E-mail; wemayer@drhorton.com Phone: 619-849-4947;;</p>	<p><u>With a copy to:</u></p> <p>Van Ness Feldman GordonDerr, LLP 719 Second Avenue, Suite 1150 Seattle, WA 98104 Attn: Joel M. Gordon, Esq. (206) 623-4986 fax</p>
<p><u>And with a copy to:</u></p> <p>D. R. Horton, Inc. 301 Commerce Street, Suite 500 Fort Worth, TX 76102 Attn: Ted I. Harbour, Esq. and Mark Karnes, Esq. E-mail: tedharbour@drhorton.com; mkarnes@drhorton.com Phone: 817-390-8200; Fax: 817-390-1709</p>	

If to Title Company:

Chicago Title Insurance Company
Attn: Mike Costello
701 5th Ave, Ste 2300
Seattle, WA 98104

206-628-5619 phone
206-628-9739 fax
Michael.Costello@ctt.com

- 13.3 Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit such party's right to enforce such provision. Nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.
- 13.4 Amendment.** This Agreement may not be modified or amended except by a written agreement executed by both Seller and Buyer, including Buyer's Corporate Approval as set forth below.
- 13.5 Attorneys' Fees.** In the event a suit, action, arbitration, or other proceeding of any nature whatsoever, including without limitation any proceeding under the U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement or with respect to any dispute relating to this Agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of suit, action, arbitration, mediation, or other proceeding, the amount thereof shall: (i) be determined by the judge or arbitrator; (ii) include fees and expenses incurred on any appeal or review; and (iii) be in addition to all other amounts provided by law.
- 13.6 Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or enforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 13.7 Integration.** This Agreement, including the Exhibits attached, contains the entire agreement and understanding of the parties with respect to the purchase and sale of the Property and supersedes and merges all prior and contemporaneous agreements between them with respect to such purchase and sale.
- 13.8 Construction and Interpretation.** The headings or titles of the sections of this Agreement are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Agreement. The use in this Agreement of the words "including," "such as," and

words of similar import following any general statement, term, or matter shall not be construed to limit such statement, term, or matter in any manner, whether or not language of non-limitation (such as “without limitation” or “but not limited to”) is used in connection therewith, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the scope of the general statement, term, or matter. All provisions of this Agreement have been negotiated at arms length and this Agreement shall not be construed for or against any party by reason of the authorship or alleged authorship of any provision hereof.

13.9 Exhibits. All exhibits referred to in and attached to this Agreement are hereby incorporated and made a part hereof by this reference.

13.10 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Any action brought to enforce or interpret the terms of this Agreement shall be brought in Tacoma, Pierce County, Washington.

13.11 Escrow Instructions; Further Instruments. Buyer and Seller agree that the terms of this Agreement shall constitute Title Company’s escrow instructions. Buyer and Seller each shall promptly, upon the request of the other party or Title Company, execute and deliver to the other party or Title Company any and all further instruments reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement, including without limitation supplemental escrow instructions.

13.12 Brokerage Commissions. Seller and Buyer each represents that it has not engaged a broker or finder in connection with the sale of the Property by Seller to Buyer other than as follows: Bob Fredrickson of Coldwell Banker Commercial Danforth (“Seller’s Broker”) is representing Seller in this transaction. Seller’s Broker shall be paid a commission by Seller per the terms of an outside agreement. Buyer is not represented by a real estate broker in this transaction. Each party agrees to indemnify and hold the other harmless from any commission or claim therefor made against the other on account of any other broker or finder which that party has engaged or dealt with in connection with the Property or this Agreement.

13.13 Counting of Days. Whenever a time period set forth in this Agreement would otherwise expire on other than a business day, such time period shall be deemed extended to the next following day that is a business day. As used in this Agreement, “business day” means a day other than a Saturday, Sunday, or banking, federal, or State of Washington holiday.

- 13.14 Counterparts and Acceptance of Offer.** This Agreement may be executed in any number of counterparts and all counterparts shall be deemed to constitute a single agreement. The execution and delivery of one counterpart by any party shall have the same force and effect as if that party had signed all other counterparts. The signatures to this Agreement may be executed on separate pages and when attached to this Agreement shall constitute one complete document. However, this Agreement shall not be effective unless and until all counterpart signatures have been obtained. An unsigned draft of this Agreement shall not be considered an offer by either party. Acceptance, for purposes hereof, shall mean that each party is in physical possession of a fully-signed counterpart copy or original of this Agreement. Unless otherwise expressly set forth in this Agreement, Buyer does not assent or agree to and will not be bound by any electronic signature or other electronic record. Without limiting the foregoing, Buyer and Seller agree that except as expressly set forth in this Agreement, the Electronic Signatures in Global and National Commerce Act, any version of the Uniform Electronic Transactions Act, or any other law applicable to contracting electronically do not and shall not apply to this Agreement or any amendment hereto.
- 13.15 Memorandum of Agreement.** The parties shall simultaneously with the execution of this Agreement, execute and Seller shall subsequently record a memorandum of this Agreement in the form attached hereto as Exhibit M provided Seller shall pay any recording fees due by reason of such recording. If for any reason Closing does not occur, Buyer agrees to provide such reasonable documentation necessary to remove the memorandum of agreement for the record title of the Property.
- 13.16 No Individual Liability.** In no event shall any shareholder, officer, director, member, partner, affiliate, agent or employee of Buyer or Seller or any of Buyer's or Seller's affiliates be or be held liable or responsible in any way for the obligations or liabilities of Buyer or Seller, as applicable, under this Agreement.
- 13.17 Effective Date.** The term “**date of this Agreement**”, or “**date hereof**”, or “**Effective Date**”, as used herein, shall mean the later of the following dates: (1) the date of Seller's signature; (2) the date of Buyer's signature; or (3) the date of the Corporate Approval of Buyer.
- 13.18 CORPORATE APPROVAL OF BUYER. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, NEITHER THIS AGREEMENT NOR ANY AMENDMENT HERETO SHALL BE A VALID AND ENFORCEABLE OBLIGATION OF BUYER UNLESS THE AGREEMENT OR AMENDMENT IS EXECUTED BY EITHER ONE OF DONALD R. HORTON, DONALD J. TOMNITZ, OR BILL WHEAT,**

WITHIN 10 BUSINESS DAYS OF THE EXECUTION OF THIS AGREEMENT OR SUCH AMENDMENT BY SELLER AND BUYER'S REPRESENTATIVES.

13.19 Intentionally Omitted.

Signatures on Following Page

DRAFT

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

BUYER

SSHI LLC, a Delaware limited liability company, dba DR Horton

By: SHLR of Washington, Inc., a Washington corporation, its manager

By: _____
Kevin Capuzzi, VP/Director of Land Acquisition

Date: _____, 2014

By: _____
Michael T. Jones, VP/President of the Seattle Division

Date: _____, 2014

BUYER'S CORPORATE APPROVAL:

By: _____

Name: _____

Title: _____

An Officer of Buyer Not an Individual

Date: _____, 2014

SELLER

TACOMA HOUSING AUTHORITY

By: _____
Michael Mirra
Executive Director

Date: _____

ACCEPTANCE BY Title Company

The undersigned hereby acknowledges receipt of a copy of this Agreement executed by Buyer and Seller, and agrees to act as escrow agent and title insurer in accordance with its terms.

DATED: _____, 2014

BY: _____
Chicago Title Insurance Company
701 5th Ave, Ste 2300
Seattle, WA 98104
206-628-5619 phone
206-628-9739 fax

List of Exhibits

Exhibit A – Legal Description
Exhibit B – Intentionally Omitted
Exhibit C – Form of Bargain and Sale Deed
Exhibit D – Environmental Disclosure Statement
Exhibit E – Illustration of Distribution of Affordable Housing Units
Exhibit F – Intentionally Omitted
Exhibit G – Materials Specifications
Exhibit H – Housing Mix Plans
Exhibit I – Development Strategy
Exhibit J – Construction Activities Requirements
Exhibit K – Collaboration Agreement
Exhibit L – Form of Notice of Payment Obligations
Exhibit M – Form of Memorandum of Agreement
Exhibit N – Form of General Assignment Agreement
Exhibit O – Form of Declaration of Restrictive Covenant Re Affordable Housing

EXHIBIT “A”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

LEGAL DESCRIPTION OF PROPERTY

LOTS 1 through 10, INCLUSIVE, BLOCK 24;
LOTS 1 through 6, INCLUSIVE, BLOCK 25;
LOTS 1 through 12, INCLUSIVE, BLOCK 27;
LOTS 1 through 10, INCLUSIVE, BLOCK 28;
LOTS 1 through 22, INCLUSIVE, BLOCK 29;
LOTS 1 through 7, INCLUSIVE, BLOCK 30;
LOTS 1 through 9, INCLUSIVE, BLOCK 31; of SALISHAN DIVISION NO. 4, ACCORDING TO THE PLAT
THEREOF RECORDED JULY 15, 2010 UNDER RECORDING NUMBER 201007155004, IN PIERCE COUNTY
SITUATE IN THE CITY OF TACOMA, COUNTY OF PIERCE, STATE OF WASHINGTON

EXHIBIT “B”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

Intentionally Omitted

DRAFT

EXHIBIT “C”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF DEED

Upon Recording, Return to:

D.R. Horton, America’s Builder
Attn: Brandon R. Carroll
12910 Totem Lake Blvd N.E.
Suite 220
Kirkland, WA 98034

WASHINGTON STATE RECORDER’S Cover Sheet (RCW 65.04)

DOCUMENT TITLE(S) (or transactions contained therein) : BARGAIN AND SALE DEED
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: n/a <input type="checkbox"/> Additional reference #s on page ____ of document(s)
GRANTOR(S) (Last name first, then first name and initials) HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation

<input type="checkbox"/> Additional names on page ____ of document
GRANTEE(S) (Last name first, then first name and initials)
SSHI LLC, a Delaware limited liability company
<input type="checkbox"/> Additional names on page ____ of document
LEGAL DESCRIPTION (abbreviated: i.e., lot, block, plat or section, township, range)
<input checked="" type="checkbox"/> Additional legal is on page ____ of document
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER
<input type="checkbox"/> Assessor Tax # not yet assigned

BARGAIN AND SALE DEED

The Grantor, HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation (“Grantor”), for and in consideration of ten dollars (\$10.00) in hand paid, does hereby bargain, sell, and convey to SSHI LLC, a Delaware limited liability company, the real property more particularly described on Exhibit A attached hereto, and subject only to those matters set forth on Exhibit B attached hereto.

Grantor, for itself and for its successors in interest, does by these presents expressly limit the covenants of this deed to those herein expressed, and exclude all covenants arising or to arise by statutory or other implication, and does hereby covenant that against all persons whomsoever lawfully claiming or to claim by, through or under said Grantor and not otherwise, Grantor will forever warrant and defend the said described real property.

Dated this ____ day of _____, 2014.

SELLER:

TACOMA HOUSING AUTHORITY

By: _____
Michael Mirra
Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated: _____, 2014.

(Signature of Notary Public)

(Printed Name of Notary Public)
residing in _____
My Appointment expires _____

EXHIBIT A

Legal Description

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EXHIBIT B
(Permitted Exceptions)

DRAFT

EXHIBIT "D"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

ENVIRONMENTAL SECTION OF SELLER DISCLOSURE STATEMENT

NOTICE TO PURCHASER:

THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF THE PROPERTY KNOWN AS COMMERCIAL LOT 2 WHICH IS A PORTION OF THE PROPERTY LEGALLY DESCRIBED ON ATTACHED EXHIBIT B ("THE PROPERTY").

SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR MATERIAL DEFECTS TO PURCHASER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS YOU AND SELLER OTHERWISE AGREE IN WRITING, YOU HAVE THREE BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO YOU TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. IF THE SELLER DOES NOT GIVE YOU A COMPLETED DISCLOSURE STATEMENT, THEN YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.

THE FOLLOWING ARE DISCLOSURES MADE BY SELLER AND ARE NOT THE REPRESENTATIONS OF ANY REAL ESTATE LICENSEE OR OTHER PARTY. THIS INFORMATION IS FOR DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY WRITTEN AGREEMENT BETWEEN PURCHASER AND SELLER.

FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF THIS PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, PLUMBERS, ELECTRICIANS, ROOFERS, BUILDING INSPECTORS, ON-SITE WASTEWATER TREATMENT INSPECTORS, OR STRUCTURAL PEST INSPECTORS. THE PROSPECTIVE PURCHASER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS OR WARRANTIES.

SELLER'S ENVIRONMENTAL DISCLOSURES

If you answer "Yes" to a question with an asterisk (), please explain your answer and attach documents, if available and not otherwise publicly recorded. If necessary, use an attached sheet.

		YES	NO	DON'T KNOW
A	Have there been any flooding, standing water, or drainage problems on the property that affect the property or access to the property?			
B	Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides?			
C	Are there any shorelines, wetlands, floodplains, or critical areas on the property?			
D	Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water?			
E	Is there any soil or groundwater contamination?			
F	Has the property been used as a legal or illegal dumping site?			
G	Has the property been used as an illegal drug manufacturing site?			

VERIFICATION

The foregoing answers and attached explanations (if any) are complete and correct to the best of Seller's knowledge and Seller has received a copy hereof. Seller authorizes all of its real estate licensees, if any, to deliver a copy of this disclosure statement to other real estate licensees and all prospective buyers of the property.

SELLER: HOUSING AUTHORITY OF THE CITY OF TACOMA

By: _____

Its: _____

DATE SIGNED _____, 2014

ADDITIONAL NOTICE TO PURCHASER

INFORMATION REGARDING REGISTERED SEX OFFENDERS MAY BE OBTAINED FROM LOCAL LAW ENFORCEMENT AGENCIES. THIS NOTICE IS INTENDED ONLY TO INFORM YOU OF WHERE TO OBTAIN THIS INFORMATION AND IS NOT AN INDICATION OF THE PRESENCE OF REGISTERED SEX OFFENDERS.

DRAFT

EXHIBIT “E”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

ILLUSTRATIVE DISTRIBUTION OF AFFORDABLE HOUSING UNITS

Salishan Div 4 Affordable Homes	
Block	<u>Lot</u>
24	2
	5
	8
25	2
	5
27	5
	8
	11
	11
28	1
	4
	9
29	2
	8
	12
	16
	19
	22
31	3
	8
Total	19

Circled Lot numbers on following map denote Affordable Housing Lots.

DRAFT

EXHIBIT “F”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

Intentionally Omitted

EXHIBIT “G”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

MATERIALS SPECIFICATIONS

Buyer and Seller acknowledge the following basic material and elevation specifications will apply to the homes constructed by Buyer:

Garage Doors – Garage doors will be painted in the same primary color as the house. Garage doors will include window across the top door panel. All Lots are front-loaded.

Window and Door Trim – Both windows and doors facing public streets (other than alleys) will be trimmed in the standard Buyer painted wood trim. Homes flanking alley entries or the first house on an alley off a street shall have painted wood window trim on the elevations that face the public streets (other than alleys).

Siding Colors – The range of paint colors for the cementis siding or similar product Buyer uses within the Salishan development will include a sufficient number of colors so as to complement the color palettes of the other homes also being developed in Salishan and shall be approved by Seller and the applicable homeowners association committee as described in the Agreement. Paint colors shall be reasonably disbursed throughout the Salishan community.

In order to maintain neighborhood cohesiveness and variety the following minimal aesthetic design criteria shall apply to all for - sale units at Salishan.

Facade and Street Presentation

All framed decks that are placed greater than 12” above grade shall have a skirt feature or plant material that provide a base screen that masks exposed grade and under deck structure. Fascia trim at decks shall cover side trim edges. Porch roof columns shall utilize at least 6”x6” nominal columns or wrap smaller structurally sized posts to meet the 6” minimum dimension in all directions for all traditionally styled homes.

Units that use the similar palette along the same street shall be separated by at least two non-similar units. Buyer shall not build the same style of home on adjacent Lots or Lots across from each other.

Any facade (front, side or rear) facing a street or a neighboring house greater than 28’ away, shall have at least two different colors or materials and include trim around all windows and doors of at least 3.5” in width nominally and shutters at windows of bedroom size or larger where possible and shall be of a contrasting color to the adjacent siding. (vinyl siding ‘J’

bead does not qualify as trim) Window boxes and shutters can be used as acceptable alternates to trim.

THA will need to review and approve in writing the palette of materials and colors deemed to be compatible with the neighborhood context. Range of colors must fall in different hue (grey, red, etc) and tonal categories (light, medium and dark) for each siding type (shingles, board and batten).

THA will need to review and approve in writing the models DR Horton plans to offer as models that will be available to be built for sale to homebuyers unless they are purchasing the plans from Quadrant that were intended to be built at Salishan which were previously approved by THA.

Exterior Options – Homebuyers may, at their discretion and subject to the constraints of a particular exterior elevation, be able to choose optional features. The cost of adding these optional features will be borne by the homebuyer. These optional features include, but are not limited to, masonry or stone accents, window boxes, window grids, windows in the front door, windows beside the front door, and upgraded garage doors.

EXHIBIT “H”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton
tHA

HOUSING MIX AND PLANS

Plan Type	Series	Plan #	Square Footage	Base Pricing	Initial Pricing	Sales Quantity
Front Load	Cottage	3706	1,807	\$ 219,995	\$ 219,995	2
Front Load	Destination	3722	1,983	\$ 229,995	\$ 229,995	2
Front Load	Destination	3724	2,297	\$ 244,995	\$ 244,995	3
Alleys	Illumination - Affordable	A103	1,392	\$ 164,995	\$ 164,995	6
Alleys	Illumination - Affordable	A104	1,525	\$ 184,995	\$ 184,995	6
Alleys	Illumination - Affordable	A105	1,497	\$ 179,995	\$ 179,995	7
Alleys	Illumination	A104	1,525	\$ 194,995	\$ 194,995	10
Alleys	Illumination	A105	1,497	\$ 189,995	\$ 189,995	13
Alleys	Illumination	A106	1,850	\$ 214,995	\$ 214,995	12
Alleys	Illumination	A107	1,747	\$ 204,995	\$ 204,995	15
					Total	76

EXHIBIT “I”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

DEVELOPMENT STRATEGY

DR Horton will market, sell, construct and turnover to homebuyers 76 single family detached homes in Division 4 of the Salishan Redevelopment. The goals for this effort are as follows. DR Horton will make all reasonable efforts to fulfill them. These goals are in addition to the other requirements of the Purchase and Sale Agreement.

1. Goals:

- a. To provide the homeownership component of a redeveloped and revitalized Salishan community that will be attractive, economically and ethnically integrated, and well managed;
- b. To initially offer homes for sale all of which sell in the approximate price range between the mid \$150,000.00s and up to the mid \$240,000.00s;
- c. The population of Tacoma/Pierce County is racially and ethnically diverse. The current rental and homeownership population at Salishan reflects this diversity. THA desires similar diversity among future Salishan homeowners. DR Horton shares this goal. THA will assist DR Horton to advertise homeownership opportunities with various ethnic and racial populations by providing a list of media and contacts recommended by local groups that serve these diverse populations. DR Horton will cooperate with these efforts as part of its own efforts to affirmatively further fair housing;
- d. To offer home designs per Exhibit G that are generally compatible with the designs of the existing homes and structures in the Salishan community.

2. Strategies:

a. Product Strategy:

- i. DR Horton intends to feature a product line at Salishan that will generally include front and alley loaded designs with attached 1 or 2 car garages. The product line includes, but is not limited to, a 30' width home “Series” of homes, with 3-4 home plans, with each plan representing an approximate square footage and containing 2 elevation choices.

- ii. Product offered will range in size from approximately 1300 square feet to just under 2,300 square feet. Lot topography and dimensions limit the flexibility of product that can be built on each lot. Same Elevations are not allowed either next door or across the street (or alley) from one another. Similarly, DR Horton will manage exterior color choices to aid in the diversity of streetscape.
- iii. A spreadsheet of the potential Product Mix that is initially projected for Division 4 is attached to the Purchase and Sale Agreement as Exhibit H. Projected initial selling prices for most of the base homes assumed in the Product Mix range from a projected low in the mid - \$160,000.00s for the smallest product up to the mid \$240,000.00s.
- iv. Intentionally Omitted.
- v. All base prices are subject to increases based on the number and nature of options selected by the homebuyer. DR Horton will manage the pricing structure to deliver appropriate velocity and to be in general conformance with the goals set forth above and the basic philosophy of the Salishan re-development.

b. Marketing Strategy

- i. DR Horton intends to include its offerings at Salishan along with its other communities in advertising, press releases, collateral material etc. In addition, DR Horton expects to rely on buyers' agents and will market to agents as well as homebuyers. DR Horton will include Salishan in all of its Tacoma, Pierce County and South King County area broker outreach activities. The sales center is expected to consist of at least one model home/sales office and at least one "spec" home to demonstrate product available. A model home/sales office will be used on site for approximately 24 months while the model/sales office is being constructed. Anticipated sales center location will be near Block 27, Lots 1 & 2.
- ii. DR Horton intends to release Lots in portions of the community for selection by prospective buyers in a controlled manner.
- iii. DR Horton will take full advantage of the many outreach and marketing avenues available through the Tacoma Housing Authority, Washington State Housing Finance Commission and other public and appropriate private agencies focused on facilitating homeownership among low income households and households of color.
- iv. DR Horton expects that buyers in Salishan will include existing or former residents of the community as well as others either buying a home for the first time or move-up, lateral or move down buyers.

- v. Examples of collateral, signage, outreach, and general advertising are provided as a visual of how DR Horton intends to market and sell the Salishan community.

c. Closing / Turnover Strategy.

Closing of the home sale will occur upon completion of the home's construction. Buyers must be ready to close on the Closing Date to insure timely possession of the home.

DRAFT

EXHIBIT “J”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

CONSTRUCTION ACTIVITIES REQUIREMENTS

1. Maintenance. As used in this Exhibit, the term “Builder” means Buyer and its successors, assigns, affiliates, contractors, subcontractors, agents or employees, when engaged in construction on the any portion of the Property (the “**Applicable Properties**”). Before Builder moves any equipment onto an Applicable Property in connection with Builder’s improvement thereof, authorized representatives of Seller and Buyer shall jointly inspect the Applicable Property and complete a written report describing the condition of any improvements installed or bonded by Buyer. Thereafter, Builder at its sole expense shall: (a) maintain a neat and orderly construction site and comply with any reasonable construction site maintenance requirements adopted by mutual agreement of Seller and Buyer from time to time and all applicable regulations of the City of Tacoma; (b) regularly remove all debris from the Applicable Property; (c) mow grass, trim weeds and otherwise maintain vegetation on the Applicable Property; (d) locate Sanicans only in locations mutually approved by Seller and Buyer; (e) not deposit fill or export other material or debris or construction materials (specifically including but not limited to any concrete or concrete washing water or other liquids other than entirely clean water) on any lot not owned by Builder or on any street, sidewalk, storm drain or common area; (f) maintain unobstructed and reasonably clean conditions in the streets within or adjacent to the Applicable Property; and (g) protect from damage all improvements not owned by Builder, or promptly replace such improvements to their prior condition if damaged by Builder.

2. Coordination; Construction Procedures. Builder shall attend a weekly coordination meeting, unless Seller and Buyer otherwise agree. Builder shall provide Seller and Buyer with a list of emergency contacts prior to any commencement of work on the Applicable Property. Builder shall coordinate site access, crew parking, security plans, safety plans and construction traffic with the other general contractor actively engaged in construction on the Applicable Properties. Builder and its contractors and crew shall abide by any construction procedures, practices or rules established by mutual agreement of Seller, and Buyer relating to safety, access, maintenance or other construction related activities.

3. Drainage; Protection of Natural Areas. Builder shall protect at all times all natural drainage systems and bioswales (“NDS”) from damage caused by Builder’s construction activities. No parking, driving or material staging shall be allowed within any NDS. Further, Builder shall not damage or adversely affect any drainage, erosion or sedimentation control facilities for or affecting the Property and any surrounding area. Builder shall install effective temporary erosion and

sedimentation control devices immediately after any clearing and/or grading is begun and maintain such devices until final landscaping is complete or otherwise as required by any applicable law, rule, regulation or other authority applicable to Builder or the Lots.

4. Safety. Builder shall comply with all reasonable safety requirements jointly developed by Seller and Buyer, including but not limited to the strict observation of the posted or designated speed limit on all roads in the Project and the maintenance of a neat and orderly job site. Builder shall be responsible for safety and security on all of the Property.

5. Utility and Infrastructure Coordination. Builder shall notify and obtain prior written approval of Seller prior to any utility shutdown. The parties acknowledge that above and below ground dry utility vaults, facilities and transformers may be required within the Applicable Property. The parties shall work with the applicable utility companies regarding the size and location of these facilities, and the parties acknowledge that the utility companies have regulations, controls and specifications which may be binding. Further, the parties acknowledge that the timing for dry utility stubs and service is dependent upon the activities and services of the utility companies.

6. Remedies. If Builder fails to comply with any design or construction requirements contained in this Agreement then Seller shall give Builder notice of such failure, and Builder shall have a period of forty-eight (48) hours (or less if conditions warrant a shorter period and Seller's notice so states) after receipt of such notice to advise Seller of Builder's intended course of action and Builder's schedule for correction of the violations, and to commence such correction. Seller, acting reasonably and in good faith, shall approve or disapprove such course and schedule, and Builder agrees to make such reasonable changes thereto as are necessary to obtain Seller's approval. If Builder fails to correct the violations in the manner or within the time approved by Seller, then Seller, at its option, may require the removal of the persons responsible for such violations from the Applicable Property and/or exercise its cure rights in accordance with Section 13 of the Purchase and Sale Agreement, provided that any disputes relating to defaults or remedies shall be resolved through the collaborative process outlined in Exhibit J.

7. Collaboration and Dispute Resolution. Any disagreements between the parties arising under this Exhibit J shall be resolved through the collaborative process outlined in Exhibit K.

EXHIBIT “K”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

COLLABORATION AGREEMENT

1. Intent. The parties recognize that successful development of Salishan Division 4 will require ongoing collaboration between the parties to ensure that each party’s objectives, as stated in Sections 2 and 3 below, are realized to the greatest extent reasonably possible. While the parties believe that in most cases the objectives of both parties are reconcilable and can be met, they acknowledge that conflicts between those objectives and disagreements on how best to implement the objectives may arise from time to time, and a method for resolving such conflicts and disputes must exist to allow the Project to proceed. This Exhibit J sets forth the three-step process by which such conflicts and disputes shall be resolved and also identifies the objectives that the Mediator, Arbitrator and other parties involved in resolving the conflict or dispute are to consider in resolving the conflict or dispute.

2. Seller Objectives. Within and subject to the constraints expressly established by this Agreement, in no particular order of priority, the Seller’s objectives in connection with this Project are as follows:

- Create an economically integrated and sustainable community.
- Ensure that the new privately owned single family residences to be built are attractive, complement the existing neighborhood architecture and aesthetic appeal, and are constructed in a reasonable timeframe.
- Ensure that all construction occurs with the safety, security, and privacy of the neighborhood and residents in mind.
- Make sure that measures are taken during construction to protect the environment and the bio swales.
- Work to see that the development is kept clean and orderly during the construction process.

3. Buyer Objectives. Within and subject to the constraints expressly established by this Agreement, in no particular order of priority, the Buyer’s objectives in connection with this Project are as follows:

- Construct homes at a level of quality and marketability consistent with standard DR Horton program.
- Provide its homebuyers with a well thought out Community with fair CC&Rs and adequate infrastructure.
- Live up to contractual commitment and expectations of its home buyers.
- Keeping its costs in acquiring and developing homes on Division 4 as low as is reasonably possible while still meeting its objectives and fulfilling its contractual obligations.
- Develop the project safely.
- Not impair the reputation of DR Horton.

4. Initiation of Dispute Resolution Process. In the event of a dispute or conflict that the main project representatives for Seller and Buyer are unable to resolve (“Conflict”), either project representative may, by written notice to the other party, invoke the provisions of this dispute resolution process to resolve such conflict (“Conflict Notice”). The Conflict Notice shall describe in reasonable detail the nature and scope of the Conflict.

5. First Step of Dispute Resolution - Meeting of Senior Officers. Within the subsequent 5 business day period following delivery of the Conflict Notice, a meeting shall be scheduled and held between the parties for the purpose of attempting to resolve the Conflict, which meeting shall include not only the project representatives, but also at least one (1) senior executive (including Vice-Presidents of Operations or equivalent) from each party with decision making authority (“Conflict Resolution Meeting”). Engineers, consultants and other appropriate individuals may be asked to participate in the Conflict Resolution Meeting. If a party is dissatisfied with the outcome of the Conflict Resolution Meeting, either party may, by written notice to the other party, demand mediation of the Conflict under Section 6 below (“Mediation Demand”). Any Mediation Demand must be made within 5 business days after conclusion of the Conflict Resolution Meeting.

6. Second Step of Dispute Resolution - Mediation. Upon a Mediation Demand being timely delivered, the parties shall use good faith efforts to resolve the conflict through mediation in accordance with this Section 6. The parties shall use reasonable efforts to schedule a non-binding mediation session (“Mediation”) within 10 business days after delivery of the Mediation Notice. The mediator for the Mediation (“Mediator”) shall be Stew Cogan, or if he is unavailable, Chris Brain. If neither is available to conduct the Mediation or either Party believes that another individual would be a more appropriate Mediator, the parties shall select a different Mediator by mutual agreement. An officer of the Seller and an officer of the Buyer, both having full authority to settle the claim, must attend the Mediation. If the Mediation does not result in a settlement of the Conflict, the Mediator shall, within 3 business days of conclusion of the Mediation, issue a non-binding written recommendation of how the Mediator believes the Conflict should be resolved (“Mediator’s Settlement Proposal”). If a Conflict is not resolved following Mediation and issuance

of the Mediator's Settlement Proposal, either party may, by written notice to the other party, demand arbitration of the Conflict under Section 7 below ("Arbitration Demand"). Any Arbitration Demand must be made within 10 business days after issuance of the Mediator's Settlement Proposal. The Mediator's fee shall be shared equally by Seller and Buyer, and each party shall be responsible for payment of any attorneys' fees and consultants' fees incurred by it in connection with the Mediation.

7. Third Step of Dispute Resolution - Expedited Arbitration. Upon an Arbitration Demand being timely delivered, the Conflict shall be resolved through binding arbitration in Seattle, Washington conducted under the American Arbitration Association ("AAA") Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof, as modified by this Agreement ("Arbitration"). The Arbitration shall be conducted by one arbitrator ("Arbitrator"), who shall be an attorney with at least fifteen (15) years commercial real estate law experience. The Arbitrator shall be selected by the parties within 5 business days of the Arbitration Demand. If the parties are unable to agree on an Arbitrator within such 5 business day period, then the Arbitrator shall be selected by the Mediator. The Arbitration shall be held within 21 day of the Arbitration Demand. There shall be no substantive motions or discovery. The statements and proposals made by the parties in the Conflict Resolution Meeting, Mediation and in related settlement discussions shall not be admissible and the Mediator's Settlement Proposal shall also not be admissible. The Arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge, including specific performance. The Arbitrator shall issue to each party written findings and conclusions in support of its decision. As part of its decision, the Arbitrator shall determine which party is the non-prevailing party and the non-prevailing party shall be responsible for paying all costs of the Arbitration and also the attorneys' fees and consultants' fees incurred by the prevailing party in connection with the Arbitration. The Arbitrator's award shall be final and binding on the parties and may be entered in any court of competent jurisdiction.

8. Continuing Performance. During the pendency of any mediation or litigation, to the extent reasonably possible, each party shall continue to perform their obligations under this Agreement.

EXHIBIT “L”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF NOTICE OF PAYMENT OBLIGATIONS

WHEN RECORDED MAIL TO:

Above space for recorder's use

NOTICE OF PAYMENT OBLIGATIONS

THIS NOTICE OF PAYMENT OBLIGATIONS (“**Notice**”) is made as of _____ 20____, pursuant the terms of that certain Purchase and Sale Agreement dated _____ 2014 (“**Agreement**”) between TACOMA HOUSING AUTHORITY (“**Seller**”), and SSHI LLC, a Delaware limited liability company, dba DR Horton (“**Buyer**”):

RECITALS

A. Seller was the owner of certain real property known as _____, (the “**Subdivision**”), in the City of Tacoma, Pierce County, Washington, upon the land which is more particularly described in **Exhibit 1** (“**Property**”).

B. Seller and Buyer entered into that certain Purchase and Sale Agreement dated _____ 2014 (“**Agreement**”), with respect to the sale of the Property, which agreement obligates Buyer to pay Seller certain amounts specified in Section 8.5.7.2 of the Agreement under certain circumstances set forth therein. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

C. The Agreement further provides that if Seller fails to timely pay any amount due following satisfaction of all conditions to payment, then Seller shall have the right to execute and

record execute and record a notice against all remaining Lots of the property then owned by Buyer in the Salishan development, which shall state that Buyer and Seller are parties to an agreement whereby Buyer is obligated to pay a portion of the proceeds of any future Lots sale to Seller. The Agreement is incorporated in this Notice by this reference.

NOTICE

1. This Notice is being recorded to provide notice to any and all subsequent interests in the Property of the Buyer's obligation to pay to Seller under the Agreement the amount of _____ Dollars (\$ _____), with interest accruing thereon at a rate of twelve percent (12%) per annum together with such additional amounts as may accrue under the provisions of Section 8.5.7.2 of the Agreement and that Buyer is obligated to pay the same from the proceeds of any future Lot sale.

2. This Notice is being recorded to provide notice to any and all subsequent interests in the Property of the rights and obligations of the parties to the Agreement and is not intended to modify or change the provisions of the Agreement. To the extent of any inconsistency between the Agreement and this Notice, the Agreement shall control.

3. This Notice shall inure to the benefit of and shall be binding upon Buyer and Seller and their respective successors and assigns.

SELLER:

TACOMA HOUSING AUTHORITY

a _____

By: _____

Name and title of individual

Date of Execution: _____, 20__

By: _____

Name and title of individual

Date of Execution: _____, 20__

[Add notary acknowledgement]

EXHIBIT “M”
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF MEMORANDUM OF AGREEMENT

WHEN RECORDED MAIL TO:

Above space for recorder's use

MEMORANDUM OF PURCHASE AND SALE AGREEMENT

THIS MEMORANDUM OF PURCHASE AND SALE AGREEMENT (“**Memorandum**”) is made as of _____ 2014, between TACOMA HOUSING AUTHORITY (“**Seller**”), and SSHI LLC, a Delaware limited liability company, dba DR Horton (“**Buyer**”), who agree as follows:

RECITALS

C. Seller is the owner of certain real property known as _____, (the “**Subdivision**”), in the City of _____ (the “**City**”), _____ County (the “**County**”), Washington, upon the land which is more particularly described in **Exhibit 1** (“**Property**”).

D. Seller and Buyer have entered into that certain Purchase and Sale Agreement dated _____ 2014 (“**Agreement**”), with respect to the sale of the Property, upon and subject to the provisions and conditions set forth in the Agreement. The Agreement is incorporated in this Memorandum by this reference.

AGREEMENT

1. Seller hereby agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property, upon and subject to the provisions and conditions set forth in the Agreement, as the same may be amended from time to time.

2. This Memorandum is being recorded to provide notice to any and all subsequent interests in the Property of the rights and obligations of the parties to the Agreement and is not

intended to modify or change the provisions of the Agreement. To the extent of any inconsistency between the Agreement and this Memorandum, the Agreement shall control.

3. This Memorandum shall inure to the benefit of and shall be binding upon Buyer and Seller and their respective successors and assigns.

SELLER:

TACOMA HOUSING AUTHORITY

a _____

By: _____
Name and title of individual

Date of Execution: _____, 2014

By: _____
Name and title of individual

Date of Execution: _____, 2014

BUYER:

SSHI LLC, a Delaware limited liability company, dba DR Horton

By: SHLR of Washington, Inc., a Washington corporation,
its manager

By: _____
Michael T. Jones, VP/President of the Division

Date of Execution: _____, 2014

EXHIBIT "N"
to
PURCHASE AND SALE AGREEMENT
For Sale of 76 Lots at Salishan Division 4

Tacoma Housing Authority
DR Horton

FORM OF GENERAL ASSIGNMENT AGREEMENT

THIS GENERAL ASSIGNMENT AGREEMENT ("**Assignment**"), is made as of the _____ day of _____, 2014, by and between TACOMA HOUSING AUTHORITY, a _____ ("**Assignor**") and SSHI LLC, a Delaware limited liability company, dba DR Horton ("**Assignee**").

ASSIGNMENT

Assignor is the owner of that certain land (the "**Land**") located in the City of _____, County of _____, State of Washington as more particularly described in Exhibit "A" attached hereto, and all rights, privileges and easements appurtenant to the Land (the "**Appurtenances**"), and all buildings and other improvements thereon (the "**Improvements**"). The Land, the Appurtenances and the Improvements are hereinafter referred to collectively as the "**Real Property**." The Real Property is being conveyed by Assignor to Assignee pursuant to a grant deed ("**Grant Deed**") of on or about even date herewith.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby grants, assigns, transfers, conveys without any warranty of any kind expressed or implied and delivers to Assignee to the extent such rights are assignable all of Assignor's right, title, interest, benefits and privileges in and to the following (collectively, the "**Rights**"):

(a) All "as-built" drawings applicable to the infrastructure serving the Real Property, and all structural reviews, reports, and certificates and other design documents applicable to the "as-built" condition of said infrastructure.

(b) All soils tests, engineering, seismic and geological reports and similar materials relating to the physical condition of any or all of the Real Property;

(c) All governmental entitlements (including, but not limited to, all environmental impact reports, negative declarations, map approvals, conditional use permits, building permits and certificates of occupancy for the Improvements), approvals, permissions, environmental clearances, authority to subdivide the Land, rights, licenses and permits which relate to the infrastructure serving all or any of the Real Property and the development of the Real Property, (including any available fee credits, reimbursements, deposits and prepaid

impact fees from any governmental agency, utility, financing district or other third party and applicable to the Real Property); and

(d) To the extent any of the Rights include or apply to land or improvements other than the Real Property, Assignor's assignment is limited to those Rights applicable to the Real Property and Assignor reserves and retains all such Rights as applicable to such other land or improvements.

2. Assignee hereby accepts the grant, assignment, transfer, conveyance and delivery of the Rights set forth in Section 1 hereof, effective as of the recordation of the Grant Deed. Without limiting the foregoing, (i) to the extent any Rights are not assignable, Assignor shall reasonably cooperate with Assignee in pursuing such Rights, but without any obligation to incur any cost in connection therewith.

3. Assignor hereby represents and warrants to Assignee that, effective as of the date of recordation of the Grant Deed, (i) Assignor has not assigned, sold, mortgaged, pledged or otherwise transferred all or any of Assignor's right, title or interest in or to any of the Rights applicable to the Real Property to any party other than Assignee and (ii) as of the date of Closing, Assignor owns the Rights free and clear from any and all liens, encumbrances and security interests.

4. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

5. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

6. This Assignment shall be governed by, interpreted under, and enforced and construed in accordance with the laws of the State of Washington.

7. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

[Signatures Attached Hereto]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first hereinabove written.

ASSIGNOR:

TACOMA HOUSING AUTHORITY

By: _____
Name and title of individual

Date of Execution: _____, 2014

By: _____
Name and title of individual

Date of Execution: _____, 2014

ASSIGNEE:

SSHI LLC, a Delaware limited liability company, dba DR Horton

By: SHLR of Washington, Inc., a Washington corporation,
its manager

By: _____
Michael T. Jones, VP/President of the Division

Date of Execution: _____, 2014

EXHIBIT O

AFTER RECORDING, RETURN TO:

Tacoma Housing Authority
902 South L Street
Tacoma, WA 98405
Attention: Roberta Schur

DECLARATION OF RESTRICTIVE COVENANT RE AFFORDABLE HOUSING

THIS DECLARATION OF RESTRICTIVE COVENANT RE AFFORDABLE HOUSING (“**Restrictive Covenant**”) is made as of this ____ day of ____ 2014, by the HOUSING AUTHORITY OF THE CITY OF TACOMA, a Public corporation (“**Grantor**”).

RECITALS

E. Grantor is the owner of certain real property that is a portion of the public housing community known as Salishan which it has redeveloped as a HOPE VI Redevelopment Project, in the City of Tacoma, Pierce County, Washington, a portion of which is more particularly described in Exhibit A (“**Property**” or “**Lots**”).

F. Grantor and SSHI LLC, a Delaware limited liability company, dba DR Horton (“**Buyer**”) entered into that certain Purchase and Sale Agreement dated for reference purposes as _____, 2014 (“**Agreement**”), whereby Buyer is acquiring the Property together with other single-family home lots in Salishan, which are not encumbered by this Restrictive Covenant, from the Grantor.

C. The Agreement provides that the Property must be sold to homebuyers qualifying at or below 60% of Area Median Income for the Seattle-Tacoma-Bremerton metropolitan statistical area (“**Low Income Buyers**”) in accordance with the restrictions as established by the United States Department of Housing and Urban Development (“**HUD**”) and recorded in that certain Declaration of Restrictive Covenants recorded at Pierce County AFN # 200801220236 and the Revitalization Plan referenced therein, adopted by Grantor and approved by HUD with respect to the Salishan development (the “**Affordable Housing Requirement**”). The Affordable Housing Requirement only applies to the first sale of a home on a Lot subject to this Restrictive Covenant.

C. Grantor and Buyer have designated the Lots to be developed and sold to qualified Low Income Buyers to satisfy the Affordable Housing Requirement. Upon the closing of such a sale of any of the Lots to a qualified Low Income Buyer, Grantor shall immediately release this Restrictive Covenant from the Lot.

NOW, THEREFORE, to assure implementation of the Affordable Housing Requirement Grantor, on behalf of itself and its successors and assigns to the Restricted Property, hereby declares that the Restricted Property shall hereafter be held, sold and conveyed subject to the following, all of which are intended to and shall be covenants running with the land:

RESTRICTIVE COVENANTS

1. The Lots shall be held, owned, used and developed only for the purpose of fulfilling the Affordable Housing Requirement. One (1) home shall be constructed on each of the Lots and shall be marketed pursuant to the Agreement for purchase by families or persons with incomes that qualify as Low Income Buyers. Concurrent with the closing of a sale of a Lot to a Low Income Buyer, Grantor shall release this Restrictive Covenant from such Lot.

2. The foregoing provisions shall be covenants, terms, and conditions running with the land and shall be binding upon Buyer, its successors and assigns, including, but not limited to, any mortgagee or deed of trust holder which acquires any of the Lots through foreclosure, or other proceeding to enforce the applicable security instrument or by deed-in-lieu of foreclosure, until a Lot(s) is sold to a Low Income Buyer.

3. The terms and conditions of this Restrictive Covenant may be enforced by Grantor in an action for specific performance.

EXECUTED as of the day and year first above written.

GRANTOR:

TACOMA HOUSING AUTHORITY

By: _____

Its: _____

STATE OF WASHINGTON)
)ss.
COUNTY OF _____)

On _____, 20__, before me personally appeared _____, to me known to be the _____ of **TACOMA HOUSING AUTHORITY**, the public corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that _____ was authorized to execute said instrument on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Signature: _____
Name (Print): _____
NOTARY PUBLIC in and for the State
of Washington, residing at _____
My appointment expires: _____

RESOLUTION #2



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(2)

Date: June 25, 2014

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Construction Contract Amendment to Exceed \$100,000

Background

THA purchased the house located at 4836 S. K Street under the AG Program with the City of Tacoma. Under the AG Program, THA is purchasing foreclosed and short sale houses in order to increase investment in neighborhoods that have been heavily impacted by derelict property. The City provides the funds for the purchase and rehabilitation of the houses.

4836 S K Street is a larger (1,824 square ft.), 100-year old house. It needed a lot of work to make it marketable. THA staff's original estimate was approximately \$75,000 for the rehabilitation work. All of the bids came in substantially higher; the lowest bid was \$99,932. In addition, construction uncovered some additional some expensive items that needed attention. The most recent change order was to install plumbing ventilation pipes that were missing and that building codes require. This change order took the total amount of the contract over \$100,000. This is the type of item we would not know about until we started to do work.

The contractor is almost done with work. A field directive was issue to enable the contractor to continue work so we can put the house on the market. The attached resolution formally approves increasing the contract to \$130,000.00

By the terms of the AG Program, the state, through the City, pays for all costs.

Recommendation

Approve Resolution 2014-6-25(2) authorizing the Executive Director to amend the existing contract with Libby Builders Inc. to an amount exceeding the current \$100,000 limit. The final budget is not expected to exceed \$130,000.00.



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(2) **Construction Contract Amendment to Exceed \$100,000**

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 participates in the City of Tacoma AG Program which provides funds to purchase and rehabilitate and then re-sell foreclosed and short sale homes to low income buyers;

Whereas, the Housing Authority of the City of Tacoma issued an Invitation to Bid (ITB) on February 6, 2014;

Whereas, three bids were submitted and THA selected the lowest bid;

Whereas, the current contract with Libby Builders is \$99,932;

Whereas, the change orders needed to bring the house up to marketable condition and current code have put the project over the \$100,000 threshold;

Whereas, the amended contract is not expected to exceed \$130,000.00.

Whereas, all costs are borne by the state's AG program.

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

1. The Executive Director be authorized and directed to amend the above existing construction contract with Libby Builders Inc. for the stated Not-to-Exceed Value for the rehabilitation of 4836 S K street..

Approved: June 25, 2014

Greg Mowat, Chair

RESOLUTION #3



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25 (3)

Date: June 25, 2014

To: Board of Commissioners

From: Michael Mirra, Executive Director

Re: Investment of Tacoma Housing Authority Monies in Local Government Investment Pool

Background

THA invests its monies in the Local Government Investment Pool (LGIP). Currently, it invests \$1.6 million in the pool. The return is currently .1%. THA invests in the LGIP because it is a low risk investment that over the years has outperformed what interest rates were available from local banks, and because it can easily be converted to cash. As the economy has changed, we have neither added, nor removed funds from the pool. We maintain it as a source of diversification of our funds.

Recently, the state regulations governing the LGIP changed. The main changes to the regulations were: (1) to introduce the concept and use of a prospectus; (2) introduce the ability of the state treasurer to offer different investment strategies; (3) modernize and update the provisions of the Washington Administrative Code (WAC) to account for legislative changes; and (4) provide for more clarity and precision with respect to terminology used in the WACs. In complying with the changes, the Office of the State Treasurer is distributing a copy of the prospectus to all the investors in the LGIP. A copy is attached with this resolution.

The Treasurer is also requiring each the governing Board of each local government agency that invests in the LGIP to adopt an updated resolution authorizing its continued investment in the pool. The Treasurer has provided the form of the resolution, which is attached. We must also forward a certified copy of this resolution to the Office of the State Treasurer by June 30, 2014.

Recommendation

Approve Resolution 2014-6-25 (3) authorizing investment of Tacoma Housing Authority monies in the Local Government Investment Pool.



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25 (3)

INVESTMENT OF TACOMA HOUSING AUTHORITY MONIES IN THE LOCAL GOVERNMENT INVESTMENT POOL

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

Whereas, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

Whereas, from time to time it may be advantageous to the Housing Authority of the City of Tacoma (THA) to contribute funds available for investment in the LGIP; and

Whereas, the investment strategy for the LGIP is set forth in its policies and procedures; and

Whereas, any contributions or withdrawals to or from the LGIP made on behalf of the governmental entity shall be first duly authorized by THA's Executive Director or any designee of the governing body pursuant to this resolution, or a subsequent resolution; and

Whereas, THA file a certified copy of this resolution with the Office of the State Treasurer; and

Whereas, THA's Board and any staff appointed by the Board having authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

Whereas, the THA Board is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW THEREFORE, BE IT RESOLVED that THA is authorized to contribute and withdraw its monies to and from the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the Board approves the Local Government Investment Pool Transaction Authorization Form (Form) as completed by the Executive Director and incorporates said form into this resolution by reference and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the Board designates Michael Mirra, Executive Director, the "authorized individual" to authorize all amendments, changes, or

alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of THA.

BE IT FURTHER RESOLVED *that this delegation ends upon the written notice, by any method set forth in the prospectus, of THA that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on THA's Board to provide notice of such revocation and is entitled to rely on the authorized individual's instructions until such time as said notice has been provided.*

BE IT FURTHER RESOLVED *that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual's delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of THA. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and*

BE IT FURTHER RESOLVED *that the Board acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, THA agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.*

Approved: June 25, 2014

Greg Mowat, Chairman

CERTIFICATE [OPTIONAL SECTION]

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2014-6-25 (3) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 25th day of June, 2014, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of June, 2014.

Michael Mirra, Executive Director of the Authority

LOCAL GOVERNMENT

INVESTMENT POOL

Prospectus

January 2014



James L. McIntire

Washington State Treasurer

Contents

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I. The LGIP

The Local Government Investment Pool (the “LGIP”) is an investment pool of public funds placed in the custody of the Office of the Washington State Treasurer (the “State Treasurer”) for investment and reinvestment as defined by RCW 43.250.020. The purpose of the LGIP is to allow eligible governmental entities to participate with the state in the investment of surplus public funds, in a manner that optimizes liquidity and return on such funds. In establishing the LGIP, the legislature recognized that not all eligible governmental entities are able to maximize the return on their temporary surplus funds, and therefore it provided a mechanism whereby they may, at their option, utilize the resources of the State Treasurer to maximize the potential of their surplus funds while ensuring the liquidity of those funds.

The State Treasurer has established a sub-pool within the LGIP whose shares are offered by means of this Prospectus: The LGIP-Money Market Fund (the “LGIP-MMF” or the “Fund”). The State Treasurer has the authority to establish additional sub-pools in the future.

The Fund offered in this Prospectus seeks to provide current income by investing in high-quality, short term money market instruments. These standards are specific to the Fund, as illustrated in the following table. The LGIP-MMF offers daily contributions and withdrawals.

FUND SNAPSHOT

The table below provides a summary comparison of the Fund’s investment types and sensitivity to interest rate risk. This current snapshot can be expected to vary over time.

Fund	Investment Types	Maximum Dollar-Weighted Average Maturity for LGIP-MMF
LGIP-Money Market Fund	Cash	60 days
Current Investments (as of November 1, 2013)	Bank Deposits US Treasury bills Repurchase agreements US Government agency obligations	

Fees and Expenses

Administrative Fee. The State Treasurer charges pool participants a fee representing administration and recovery costs associated with the operation of the Fund. The administrative fee accrues daily from pool participants’ earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from principal.

The chart below illustrates the operating expenses of the LGIP-MMF for past years, expressed in basis points as a percentage of fund assets.

Local Government Investment Pool-MMF
Operating Expenses by Fiscal Year (in Basis Points)

	2006	2007	2008	2009	2010	2011	2012	2013
<i>Total Operating Expenses</i>	<i>1.12</i>	<i>0.96</i>	<i>0.84</i>	<i>0.88</i>	<i>0.64</i>	<i>0.81</i>	<i>0.68</i>	<i>0.87</i>

(1 basis point = 0.01%)

Because most of the expenses of the LGIP-MMF are fixed costs, the fee (expressed as a percentage of fund assets) will be affected by: (i) the amount of operating expenses; and (ii) the assets of the LGIP-MMF. The table below shows how the fee (expressed as a percentage of fund assets) would change as the fund assets change, assuming an annual fund operating expenses amount of \$800,000.

Fund Assets	\$6.0 bn	\$8.0 bn	\$10.0 bn
Total Operating Expenses (in Basis Points)	1.33	1.0	.80

Portfolio Turnover: The Fund does not pay a commission or fee when it buys or sells securities (or “turns over” its portfolio). However, debt securities often trade with a bid/ask spread. Consequently, a higher portfolio turnover rate may generate higher transaction costs that could affect the Fund’s performance.

II. Local Government Investment Pool – Money Market Fund

Investment Objective

The LGIP-MMF will seek to effectively maximize the yield while maintaining liquidity and a stable share price of \$1.

Principal Investment Strategies

The LGIP-MMF will seek to invest primarily in high-quality, short term money market instruments. Typically, at least 55% of the Fund’s assets will be invested in US government securities and repurchase agreements collateralized by those securities. The LGIP-MMF means a sub-pool of the LGIP whose investments will primarily be money market instruments. The LGIP-MMF will only invest in eligible investments permitted by state law. The LGIP-MMF will not be an SEC-registered money market fund and will not be required to follow SEC Rule 2a-7. Investments of the LGIP-MMF will conform to the LGIP Investment Policy, the most recent version of which will be posted on the LGIP website and will be available upon request.

Principal Risks of Investing in the LGIP-Money Market Fund

Counterparty Credit Risk. A party to a transaction involving the Fund may fail to meet its obligations. This could cause the Fund to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategies.

Interest Rate Risk. The LGIP-MMF’s income may decline when interest rates fall. Because the Fund’s income is based on short-term interest rates, which can fluctuate significantly over short periods, income risk is expected to be high. In addition, interest rate increases can cause the price of a debt security to decrease and even lead to a loss of principal.

Liquidity Risk. Liquidity risk is the risk that the Fund will experience significant net withdrawals of Fund shares at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss.

Management Risk. Poor security selection or an ineffective investment strategy could cause the LGIP-MMF to underperform relevant benchmarks or other funds with a similar investment objective.

Issuer Risk. The LGIP-MMF is subject to the risk that debt issuers and other counterparties may not honor their obligations. Changes in an issuer's credit rating (e.g., a rating downgrade) or the market's perception of an issuer's creditworthiness could also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Also, a decline in the credit quality of an issuer can cause the price of a money market security to decrease.

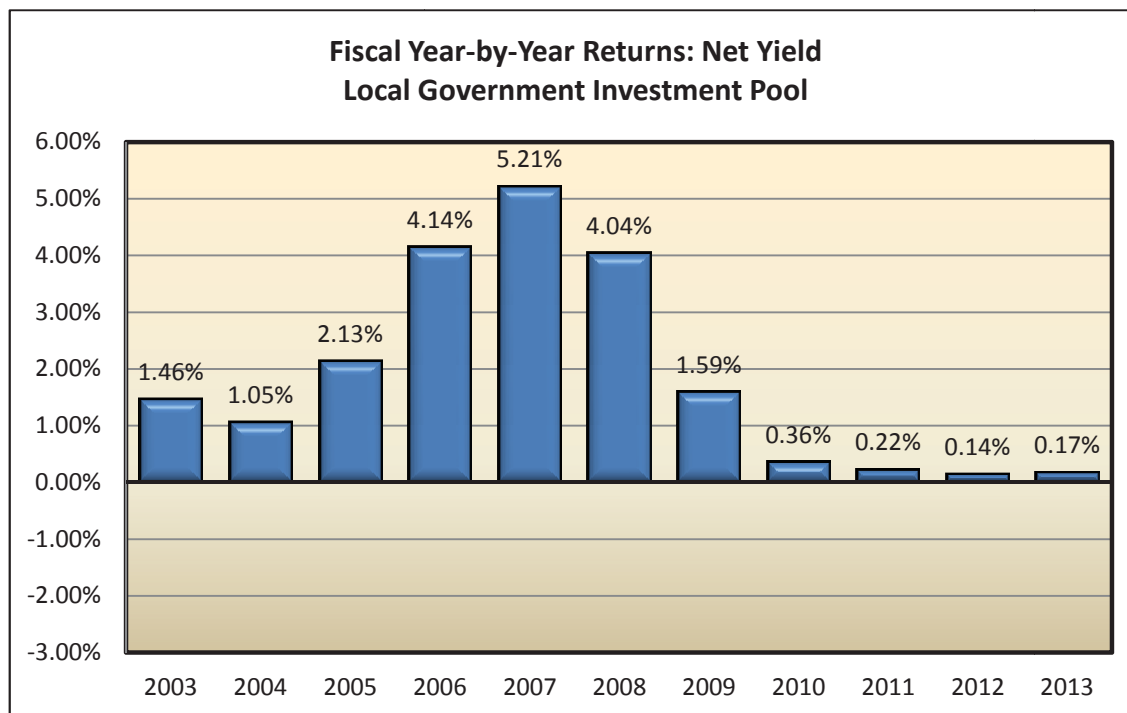
Securities Lending Risk and Reverse Repurchase Agreement Risk. The LGIP-MMF may engage in securities lending or in reverse repurchase agreements. Securities lending and reverse repurchase agreements involve the risk that the Fund may lose money because the borrower of the Fund's securities fails to return the securities in a timely manner or at all or the Fund's lending agent defaults on its obligations to indemnify the Fund, or such obligations prove unenforceable. The Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

Risks Associated with use of Amortized Cost. The use of amortized cost valuation means that the LGIP-MMF's share price may vary from its market value NAV per share. In the unlikely event that the State Treasurer were to determine that the extent of the deviation between the Fund's amortized cost per share and its market-based NAV per share may result in material dilution or other unfair results to shareholders, the State Treasurer may cause the Fund to take such action as it deems appropriate to eliminate or reduce to the extent practicable such dilution or unfair results.

An investment in the LGIP-MMF is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of investments at \$1 per share, pool participants could lose money by investing in the LGIP-MMF. There is no assurance that the LGIP-MMF will achieve its investment objective.

Performance

The following information is intended to address the risks of investing in the LGIP-MMF. The information illustrates changes in the performance of the LGIP-MMF's shares from year to year. Returns are based on past results and are not an indication of future performance. Updated performance information may be obtained on our website at www.tre.wa.gov or by calling the LGIP toll-free at 800-331-3284.



<u>Local Government Investment Pool-Money Market Fund</u>			
<u>Average Accrued Net Yield</u>			
<u>1 Year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
0.17%	0.19%	.52%	1.94%

Transactions: LGIP-MMF

General Information

The minimum transaction size (contributions or withdrawals) for the LGIP-MMF will be five thousand dollars. The State Treasurer may, in its sole discretion, allow for transactions of less than five thousand dollars.

Valuing Shares

The LGIP-MMF will be operated using a net asset value (NAV) calculation based on the amortized cost of all securities held such that the securities will be valued at their acquisition cost, plus accrued income, amortized daily.

The Fund's NAV will be the value of a single share. NAV will normally be calculated as of the close of business of the NYSE, usually 4:00 p.m. Eastern time. If the NYSE is closed on a particular day, the Fund will be priced on the next day the NYSE is open.

NAV will not be calculated and the Fund will not process contributions and withdrawals submitted on days when the Fund is not open for business. The time at which shares are priced and until which contributions and withdrawals are accepted is specified below and may be changed as permitted by the State Treasurer.

To the extent that the LGIP-MMF's assets are traded in other markets on days when the Fund is not open for business, the value of the Fund's assets may be affected on those days. In addition, trading in some of the Fund's assets may not occur on days when the Fund is open for business.

Transaction Limitation

The State Treasurer reserves the right at its sole discretion to set a minimum and/or maximum transaction amount from the LGIP-MMF and to limit the number of transactions, whether contribution, withdrawal, or transfer permitted in a day or any other given period of time.

The State Treasurer also reserves the right at its sole discretion to reject any proposed contribution, and in particular to reject any proposed contribution made by a pool participant engaged in behavior deemed by the State Treasurer to be abusive of the LGIP-MMF.

A pool participant may transfer funds from one LGIP-MMF account to another subject to the same time and contribution limits as set forth in WAC 210.10.060.

Contributions

Pool participants may make contributions to the LGIP-MMF on any business day. All contributions will be effected by electronic funds transfer to the account of the LGIP-MMF designated by the State Treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers to the State Treasurer. Failure to wire funds by a pool participant after notification to the State Treasurer of an intended transfer will result in penalties. Penalties for failure to timely wire will be assessed to the account of the pool participant responsible.

Notice. To ensure same day credit, a pool participant must inform the State Treasurer of any contribution over one million dollars no later than 9 a.m. on the same day the contribution is made. Contributions for one million dollars or less can be requested at any time prior to 10 a.m. on the day of contribution. For all other contributions over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the sole discretion of the State Treasurer. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which no notice is received prior to 10:00 a.m. will be credited as of the following business day.

Notice of contributions may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to State Treasurer's Treasury Management System ("TMS"). Please refer to the [LGIP-MMF Operations Manual](#) for specific instructions regarding contributions to the LGIP-MMF.

Direct deposits from the State of Washington will be credited on the same business day.

Pricing. Contribution requests received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that contribution date.

Withdrawals

Pool participants may withdraw funds from the LGIP-MMF on any business day. Each pool participant shall file with the State Treasurer a letter designating the financial institution at which funds withdrawn from the LGIP-MMF shall be deposited (the "Letter"). This Letter shall contain the name of the financial institution, the location of the financial institution, the account name, and the account number to which funds will be deposited. This Letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-10-020.

Disbursements from the LGIP-MMF will be effected by electronic funds transfer. Failure by the State Treasurer to wire funds to a pool participant after proper notification to the State Treasurer to disburse funds to a pool participant may result in a bank overdraft in the pool participant's bank account. The State Treasurer will reimburse a pool participant for such bank overdraft penalties charged to the pool participant's bank account.

Notice. In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made. Withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of withdrawal. For all other withdrawals from the LGIP-MMF over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the sole discretion of the State Treasurer. No earnings will be credited on the date of withdrawal for the amounts withdrawn. Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

Pricing. Withdrawal requests with respect to the LGIP-MMF received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that withdrawal date.

Suspension of Withdrawals. If the State Treasurer has determined that the deviation between the Fund's amortized cost price per share and the current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) may result in material dilution or other unfair results, the State Treasurer may, if it has determined irrevocably to liquidate the Fund, suspend withdrawals and payments of withdrawal proceeds in order to facilitate the permanent termination of the Fund in an orderly manner. The State Treasurer will distribute proceeds in liquidation as soon as practicable, subject to the possibility that certain assets may be illiquid, and subject to subsequent distribution, and the possibility that the State Treasurer may need to hold back a reserve to pay expenses.

The State Treasurer also may suspend redemptions if the New York Stock Exchange suspends trading or closes, if US bond markets are closed, or if the Securities and Exchange Commission declares an emergency. If any of these events were to occur, it would likely result in a delay in the pool participants' redemption proceeds.

The State Treasurer will notify pool participants within five business days of making a determination to suspend withdrawals and/or irrevocably liquidate the fund and the reason for such action.

Earnings and Distribution

LGIP-MMF Daily Factor

The LGIP-MMF daily factor is a net earnings figure that is calculated daily using the investment income earned (excluding realized gains or losses) each day, assuming daily amortization and/or accretion of income of all fixed income securities held by the Fund, less the administrative fee. The daily factor is reported on an annualized 7-day basis, using the daily factors from the previous 7 calendar days. The reporting of a 7-day annualized yield based solely on investment income which excludes realized gains or losses is an industry standard practice that allows for the fair comparison of funds that seek to maintain a constant NAV of \$1.00.

LGIP-MMF Actual Yield Factor

The LGIP-MMF actual yield factor is a net daily earnings figure that is calculated using the total net earnings including realized gains and losses occurring each day, less the administrative fee.

Dividends

The LGIP-MMF's dividends include any net realized capital gains or losses, as well as any other capital changes other than investment income, and are declared daily and distributed monthly.

Distribution

The total net earnings of the LGIP-MMF will be declared daily and paid monthly to each pool participant's account in which the income was earned on a per-share basis. These funds will remain in the pool and earn additional interest unless withdrawn and sent to the pool participant's designated bank account as specified on the Authorization Form. Interest earned will be distributed monthly on the first business day of the following month.

Monthly Statements and Reporting

On the first business day of every calendar month, each pool participant will be sent a monthly statement which includes the pool participant's beginning balance, contributions, withdrawals, transfers, administrative charges, earnings rate, earnings, and ending balance for the preceding calendar month. Also included with the statement will be the monthly enclosure. This report will contain information regarding the maturity structure of the portfolio and balances broken down by security type.

III. Management

The State Treasurer is the manager of the LGIP-MMF and has overall responsibility for the general management and administration of the Fund. The State Treasurer has the authority to offer additional sub-pools within the LGIP at such times as the State Treasurer deems appropriate in its sole discretion.

Administrator and Transfer Agent. The State Treasurer will serve as the administrator and transfer agent for the Fund.

Custodian. A custodian for the Fund will be appointed in accordance with the terms of the LGIP Investment Policy.

IV. Miscellaneous

Limitation of Liability

All persons extending credit to, contracting with or having any claim against the Fund offered in this Prospectus shall look only to the assets of the Fund that such person extended credit to, contracted with or has a claim against, and none of (i) the State Treasurer, (ii) any subsequent sub-pool, (iii) any pool participant, (iv) the LGIP, or (v) the State Treasurer's officers, employees or agents (whether past, present or future), shall be liable therefor. The determination of the State Treasurer that assets, debts, liabilities, obligations, or expenses are allocable to the Fund shall be binding on all pool participants and on any person extending credit to or contracting with or having any claim against the LGIP or the Fund offered in this Prospectus. There is a remote risk that a court may not enforce these limitation of liability provisions.

Amendments

This Prospectus and the attached Investment Policy may be amended from time to time. Pool participants shall receive notice of changes to the Prospectus and the Investment Policy. The amended and restated documents will be posted on the State Treasurer website: www.tre.wa.gov.

Should the State Treasurer deem appropriate to offer additional sub-pools within the LGIP, said sub-pools will be offered by means of an amendment to this prospectus.

LGIP-MMF Contact Information

Internet: www.tre.wa.gov Treasury Management System/TMS

Phone: 1-800-331-3284 (within Washington State)

Mail:

Office of the State Treasurer
Local Government Investment Pool
PO Box 40200
Olympia, Washington 98504
FAX: 360-902-9044

RESOLUTION #4
This is a walk on Resolution



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(4)

Date: June 25, 2014
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Bay Terrace Public Housing Operating Subsidy Reserve

Background

The Board may recall that HUD is insisting that we include 26 public housing units in Bay Terrace Phase 1 instead of Section 8 Project Based Vouchers. This concerned us and our lenders and investors because the public housing subsidy is lower than the Section 8 subsidy. The financing from the lender and the investor had presumed upon the higher section 8 subsidy. As a result we have restructure aspects of the financing. Both the lender and investor have approved this restructuring. This resolution will allow for those changes. Here are the main changes:

- The conversion of Project Based Assistance to Public Housing results in modification to the source of subsidy, by AMI, as noted below:

Revenue Mix	AMI Served	Original No. of Units	Revised No. of Units
ACC	60%	0	26
PBV	60%	44	18
PBV	50%	2	2
TC	60%	24	24
	Total	70	70

- To make up the difference between the Public Housing (ACC) payment and the amount the Project Based Voucher would provide, the investors and lenders require THA to make operating subsidy payments to the Partnership that are equal to the difference between (i) the originally projected Section 8 rents for the 26 public housing units and (ii) the public housing rent collected (including a tenant contribution and public housing subsidies received for such units). This payment will continue until the rents generated by the 26 converted units are at least equal to the rents reflected in the original pro forma for the same period of time. In addition, THA must fund a "Subsidy Reserve" of \$532,604 with the proceeds of a THA Loan to be

advanced to the Partnership as part of this operating subsidy only approval.

Please note that these additional funds THA will pay for the operating subsidy attributed to the public housing portion is roughly equivalent to the amount that we had planned to pay anyway for the project-based assistance out of MTW funds. Since we are an MTW agency, it all comes from the same pot. The main new expense is the “Subsidy Reserve” of \$532,604. We did not plan for that. Yet we will get that money back once we convert the property to RAD.

Recommendation

Approve Resolution 2014-6-25(4) authorizing the Executive Director to advance to the Partnership operating subsidy payments and a THA loan in the amount of \$532,604 for a Public Housing Operating Subsidy Reserve.



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-6-25(4) **Bay Terrace Public Housing Operating Subsidy Reserve**

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

Whereas, the Housing Authority closed on the Bay Terrace Phase I financing on April 3, 2013;

Whereas, the Housing Authority of the City of Tacoma, at HUD direction, seeks to restructure the project to replace 26 Project Based Section 8 Units with 26 Public Housing Units and submit for a Mixed Financed Operating Subsidy Only review;

Whereas, the lender and investor support the restructuring;

Whereas, THA will make operating subsidy payments to the Partnership in an amount equal to the difference between (i) the originally projected Section 8 rents for the 26 public housing units and (ii) the public housing rent collected (including a tenant contribution and public housing subsidies received for such units);

Whereas, THA will provide an Operating Subsidy Reserve in the amount of \$532,604 to be funded with the proceeds of a THA Loan and is to be advanced to the Partnership as part of this operating subsidy only approval.

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

1. The Executive Director is authorized to advance to the Partnership operating subsidy payments and a THA loan in the amount of \$532,604 for a Public Housing Operating Subsidy Reserve.

Approved: June 25, 2014

Greg Mowat, Chair