



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

July 30, 2015



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

BOARD OF COMMISSIONERS


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

REGULAR MEETING Board of Commissioners

~~WEDNESDAY, July 29, 2015~~
THURSDAY, July 30, 2015

The Board of Commissioners of the Housing Authority of the City of Tacoma Board will hold its regular meeting on ~~Wednesday, July 29, 2015~~ Thursday, July 30th, 2015 at 4:45 pm

The meeting will take place at:

**Salishan Family Investment Center
1724 East 44th Street, Tacoma, WA**

The site is accessible to people with disabilities. Persons who require special accommodations should contact the Sha Peterson (253) 207-4450, before 4:00 pm the day before the scheduled meeting.

I, Sha Peterson, certify that on or before July 29, 2015, I faxed / EMAILED, PUBLIC MEETING NOTICE before:

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 organizations with residents reporting applications on file.

Sha Peterson
Executive Assistant



TACOMA HOUSING AUTHORITY

AGENDA

REGULAR MEETING

BOARD OF COMMISSIONERS

~~July 29, 2015~~ July 30, 2015, 4:45 PM

Salishan FIC

1724 East 44th Street, Tacoma, WA

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
 - 3.1 Minutes of June 24, 2015 - Regular Session
 - 3.2 Minutes of July 10, 2015 - Special Session
4. **GUEST COMMENTS**
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION REPORTS**
 - 7.1 Finance
 - 7.2 Administration Department
 - 7.3 Client Services
 - 7.4 Property Management
 - 7.5 Real Estate Development
8. **NEW BUSINESS**
 - 8.1 2015-7-29 (1) Mid-Year Budget Revision
 - 8.2 2015-7-29 (2) Board Commitments of Funds
 - 8.3 2015-7-29 (3) 902 2nd Floor Tenant Improvement/HVAC Project-Increase Contingency
 - 8.4 2015-7-29 (4) Bay Terrace Phase II Investor Selection
 - 8.5 2015-7-29 (5) RAD: Authorization to Form Tax Credit Entity
 - 8.6 2015-7-29 (6) RAD: Tax Credit Investor Selection
9. **COMMENTS FROM THE COMMISSIONERS**
10. **EXECUTIVE SESSION**
 - Proposed or pending real estate transactions
11. **ADJOURNMENT**

MEETING MINUTES



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, June 24, 2015

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at Wright Street, 602 S. Wright Avenue, Tacoma, WA at 4:45 pm on Wednesday, June 24, 2015.

1. CALL TO ORDER

Vice Chair Banks called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:54 pm.

2. ROLL CALL

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

PRESENT

ABSENT

Commissioners

Stanley Rumbaugh, Chair
Arthur C. Banks, Vice Chair
Janis Flauding, Commissioner

Minh-Anh Hodge, Commissioner

Staff

Michael Mirra, Executive Director
Sha Peterson, Executive Assistant
April Black, Deputy Executive Director

Ken Shalik, Finance Director

Barbara Tanbara, Human Resources Director
Greg Claycamp, Client Services Director
Kathy McCormick, RED Director
Todd Craven, Administration Director
Pat Patterson, Property Management Director
Sandy Burgess, Associate Director of
Administration and Asset Management

Vice Chair Banks declared there was a quorum present @ 4:54 pm and proceeded. Chair Stanley Rumbaugh arrived at 5:07 pm.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Commissioner Flauding moved to adopt the minutes; Vice Chair Banks seconded.

Upon roll call, the vote was as follows:

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

Motion approved.

4. GUEST COMMENTS

4.1 Richard Gill, Resident at 6th Avenue Apartments, Room 104

Mr. Richard Gill informed the Board of his concerns with security at the 6th Avenue Apartments in the three months since he has been a tenant there. On one occasion, Mr. Gill called security to document the fact that another tenant had intruded into his apartment and yelled at him when confronted. The security personnel who showed up did not take notes. The second occasion occurred when Mr. Gill was not home. He received a call that there was smoke coming out of his apartment. He called security but did not get a response. (He later found out that security did not start until 4:00 pm.) The firemen who responded to the alarm left his door wide open. Mr. Gill felt that was a security breach. Security made notes, but Mr. Gill never found out where the smoke came from. Vice Chair Banks asked Property Management (PM) Director Pat Patterson if he knew about the incident. Director Patterson did not. Commissioner Janis Flauding and Vice Chair Banks asked PM Director Patterson to investigate the matter. Vice Chair Banks assured Mr. Gill that PM Director Patterson would let him know why his apartment was not secured.

Mr. Gill also reported that THA's maintenance of the yard occurs only every 3 weeks. He asked if something could be done about it. Vice Chair Banks deferred the matter to PM Director Patterson.

4.2 Shammair Durette, Resident at Fawcett Apartments

Ms. Shammair Durette reported her concern about a tenant who has been staying at Fawcett for a number of days. Commissioner Flauding stated that guests can stay with permission up to a maximum of fourteen (14) days. Vice Chair Banks will have PM Director Patterson check with Property Manager Heather McCarthy regarding the issue. Ms. Durette also had a question regarding the policy for guests smoking in the building. Executive Director Michael Mirra stated the smoking by tenants or guests would violate the lease.

4.3 Renna McKnight, Building Representative at Fawcett Apartments

Ms. Renna McKnight addressed the Board with a couple of concerns. She said resident cars are being towed and asked if THA can install cameras outside the building. Executive Director Mirra informed Ms. McKnight that installation of cameras is part of the coming fix up of all the buildings. He noted that the cameras will not impede the towing of illegally parked cars. Ms. McKnight is also concerned about the noise coming from I-5. Vice Chair Banks stated that there is nothing THA can do about the noise from the highway.

4.4 Gladys Guthrow, Resident at Wright Street Apartments

Ms. Gladys Guthrow wanted to know the smoking policy at Wright Street Park. Vice Chair Banks informed Ms. Guthrow that PM Director Patterson will look into it.

5. COMMITTEE REPORTS

5.1 Real Estate Development Committee

Chair Stanley Rumbaugh reported on the status of the pending purchase of Outrigger Apartments. Real Estate Development (RED) Director McCormick also reported on the status of the pending purchase of New Look Apartments.

6. EXECUTIVE DIRECTOR REPORT

Executive Director Michael Mirra addressed the Board. He stated that Housing and Urban Development (HUD) Secretary Castro held a phone conference with thirty-nine (39) Moving to Work (MTW) agency representatives. Executive Director Mirra distributed a copy of a follow up letter from Andrew Lofton on behalf of the MTW agencies to the Secretary. The letter recounts the substance of the call. HUD senior staff who were also on the call informed the group that HUD will send the MTW agencies a draft contract for their review. The thirty-nine MTW agencies will convene in Atlanta on July 7 and 8 to review the draft contract.

Executive Director Mirra also informed the Board that on June 23, the Senate Appropriations Subcommittee marked up its FY16 spending bill. The bill included language directing HUD to extend the 39 contracts until 2028 without change unless the MTW agency agrees to the change.

Executive Director Mirra reviewed the version of the federal 2016 budget that passed the House of Representatives.

Finally, Executive Director Mirra discussed how the Board might contribute to THA's fundraising efforts for the Children's Savings Accounts program.

7. ADMINISTRATIVE REPORTS

Finance

Executive Director Mirra reported that Finance Director (FD) Ken Shalik was not able to attend. Executive Director Mirra, speaking for FD Shalik, reported that THA remains in good financial shape and FD Shalik is preparing for the mid-year budget.

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

Motion Approved.

Administration Department

Administration Department (AD) Director Todd Craven directed the Board to his report. AD Director Craven informed the Board that eightCloud finished its first-phase analysis of the software upgrade project. The analysis came up with a more detailed scope of work. AD Director Craven, Deputy Executive Director April Black, and Finance Department Director Shalik have spent a significant amount of time to devise that scope. AD Director Craven will finalize his recommendation with Executive Director Mirra and will start phase 2 of the project in early July. AD Director Craven informed the Board that the scope of work will push the project over its initial budget. The increase will appear in the mid-year budget review proposal coming to the Board in July. It will seek an increase from about \$600,000 to about \$1.1 million. He said that the cost will give THA a much greater capacity and greater efficiencies.

Chair Rumbaugh asked for an analysis of the return THA should expect on such an investment in either savings or efficiencies. AD Director Craven said he will provide an analysis in July.

AD Director Craven also informed the Board that THA hired a data specialist. The position was budgeted for the Salesforce project. The new hire is working hard with each department to find out what they would like to see on the dashboard. The position is not a permanent FTE.

Associate Director of Administration and Asset Management Sandy Burgess reported on the sale of the scattered site homes. Chair Rumbaugh asked if there were programs in place to assist new homeowners. She reported on homeownership agencies available to assist and there are discount homes that are affordable to families at or below 80 percent of AMI. THA anticipates selling the homes between 100-140K, with possible net proceeds of \$3 million. THA will contract out for improvements.

Associate Director Burgess reported that THA's financial consultant Jim Brawner is working hard on the Rental Assistance Demonstration (RAD) conversion and has recommended to combine all traditional housing portfolio into one 4 percent tax credit deal with one Limited Liability Company (LLC) with one investor and one lender. This consolidation will save THA money and provide better tax pricing. THA has issued a RFP for investors and will have information to present to the Board in July. THA has completed four-hunder and fifty-six (456) inspection of units. The RAD fix-up will address their immediate needs and preserve their life and the life of their buildings for twenty (20) years. Chair Rumbaugh asked if it will be managed as one project. Associate Director Burgess said yes.

Chair Rumbaugh asked if the properties would be broken down into different Asset Management Projects (AMPs). Property Management (PM) Director Pat Patterson replied, “yes”, that the model will be similar to the properties THA currently has. Chair Rumbaugh pointed out that senior buildings have different requirements than Bergerson or Dickson Village; the management style is different, as well as maintenance and operational costs. PM Director Patterson and his crew are working on restructuring staffing and oversight of the buildings.

Associate Director Burgess provided the Board with an update on Dickson Village. The Board had requested options to redevelop Dickson Village. The Real Estate Development (RED) team had an architect look at five (5) different options, which Associate Director Burgess showed in hand outs. All contemplated reconstruction or rehabilitation to existing units. She presented the Asset Management Committee’s recommendation of Option E: preserve and significantly fix up the present units and the common areas, without adding more units to the areas presently used as fields and recreation; to plan for new units on the hillside at the western end of the property and to inquire about acquiring the land between the western edge of the property and THA’s Bergerson Terrace property farther to the west. The City of Tacoma owns part of that land. Chair Rumbaugh asked what the fix-up will entail. Director Burgess replied that it will include new sidings, new roofs, interior fix-ups, and significant improvements to site including rockery and playgrounds. Executive Director Mirra and Commissioner Flauding inquired about recent work on Dickson Village. PM Director Patterson stated that the trim on windows have been replaced. Deputy Executive Director Black added that the water tanks were also replaced. PM Director added that the heating systems were also upgraded. He informed the Board that there are still old style boilers, which will be upgraded.

Property Management Department

PM Director Pat Patterson directed the Board to his report. PM Director Patterson discussed the continuing challenges of reducing the time it takes to turn a clean unit. He directed the Board to the Bergerson key-to-key portion of his report. Chair Rumbaugh requested clarification and asked how the units are tracked. Commissioner Flauding asked if the units are not counted until they are rented. PM Director Patterson confirmed. He added that forty-five (45) units are still vacant awaiting work or one kind or another. Chair Rumbaugh asked about a report that shows how long units have been vacant. He added that the units are aging as vacant. He was under the impression that average turn rates included aging turn rates. He appreciated PM Director Patterson’s explanation but commented that it is not easy to evaluate the report; it is important to know the total turn rate. He is interested in the economic impact and what it is doing to THA’s budget. The report does not tell the whole story. He would like to know what THA is losing rent revenue. PM Director Patterson stated that there is a rent revenue line item, which he will include in his future report.

THA sees an average of 15-20 new vacancies per month. This is a lot of work for staff to address in a timely way, plus the other maintenance responsibilities. The total vacancy rate is 3-5%, which is not bad, but the team is continuing to work on it. Chair Rumbaugh asked if the Board will see why tenants are moving out. Director Patterson has collected two months of data and will provide a report to the Board in August.

Chair Rumbaugh asked about the bed bug situation. PM Director Patterson informed the Board that there was only one bed bug case last month. THA has been working with a new pest control company for roughly forty-five (45) days. PM Director Patterson looked into heat treatment option for bed bugs and found the process is highly discouraged. To get a unit to the required temperature, it will have to be vacated. He said it is not the best recommended treatment. He is still researching about a mobile heat unit for furnishings. He is currently training staff on visual inspection and training tenants on what to report. Tenants are not reporting problems right away due to embarrassment. THA is trying to educate tenants, assuring them that the problem does not denote a hygiene problem.

Executive Director Mirra asked PM Director Patterson and Associate Director Burgess to update the Board on THA's review of its methamphetamine protocol. They recounted the discussions with the Health Department and Dr. Locke from Jefferson County. Those discussions are allowing THA to understand that testing units at every vacancy is not necessary for health reasons and not required for legal ones. They are convening staff discussions and discussions with THA counsel to devise a new protocol to take advantage of this new information.

Real Estate Development

Real Estate Development (RED) Director Kathy McCormick directed the Board to her report. She stated that THA made an offer to purchase the Key Bank Hilltop property.

THA issued a RFP for Bay Terrace, Phase II tax credit investors. Director McCormick will provide a report to the Board in July. RED is working with GGLO and Absher on design options for lowering the construction costs, which presently exceed the limits set by the Washington State Housing Finance Commission. If needed, THA can request a waiver of those limits. THA is still on track to break ground in January. Chair Rumbaugh expressed his concern about the discussions with Key Bank and what we can plausibly expect from the bank. He expressed concern about delay to Hilltop Lofts if the Key Bank discussions stall.

Client Services Department

Client Services (CS) Director Greg Claycamp directed the Board to his report. CS is in the process of a redesign. The goal is to serve more households without additional staff. CS will work with PM in increasing services on site at senior properties. The emphasis will be on shifting funding of general services away from MTW and focusing more on grant-funded services. Chair Rumbaugh asked for a breakdown. According to CS Director Claycamp it is 50/50 currently between MTW and grant-funded services. He updated the Board on THA's Tacoma Community College (TCC) Program which started in the fall of 2014. There are only thirteen (13) vouchers in use out of the twenty-five (25) that we made available. Director Claycamp surmised that the reason is the high cost of rent and students lack of first and last month rent and money for utility deposits. CS will try to work with Shared Housing. Vouchers can be used to match renters with potential homeowners who want to share their homes. Chair Rumbaugh asked how long vouchers have been available to TCC students. According to Director Claycamp, vouchers have been available to students since fall of 2014. Executive Director Mirra stated that the vouchers have value and asked why the students are not using them. Director Claycamp's understanding is that thirteen (13) are housed and twelve (12) are still not housed.

Rental Assistance is still on track for opening the wait list for the Housing Opportunity Program (HOP). THA will accept applications from July 13th to July 22nd. Chair Rumbaugh asked if the waitlist is only available online. Director Claycamp stated that 100% of applications will be online but staff will be available on the telephone and in person to help applicants through the on-line process.

Chair Rumbaugh asked about the matrix for the 3rd year of the McCarver project. Director Claycamp informed the Board that he will have the matrix for year four (4) in September or October.

8. OLD BUSINESS

None.

9. NEW BUSINESS

8.1 RESOLUTION 2015-6-24 (1), RAD-Architectural and Engineering Services

WHEREAS, On May 19, 2015, Tacoma Housing Authority (THA) staff issued a Request for Qualifications (RFQ) from firms interested in providing architectural and engineering services for 1120/1124 Martin Luther King Jr. Way, Tacoma, WA; and

WHEREAS, The RFQ was posted on the Washington Electronic Business Solutions, Bluebook, and THA's website on August 1, 2014; and

WHEREAS, Seven (7) firms submitted proposals by the deadline of June 9, 2015 and seven (7) were deemed responsive; and

WHEREAS, An evaluation team of three THA staff members reviewed and scored the proposal according to the evaluation criteria listed in the RFQ; and

WHEREAS, The evaluation team voted unanimously in favor of proceeding with contract negotiations with Casey+DeChant Architects; now, therefore, be it

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

Authorizes THA's Executive Director to negotiate and award a Contract for the Architectural and Engineering Services for the RAD Conversion Project in an amount not to exceed of \$500,000 to Casey+DeChant Architects. Executive Director may negotiate and award a contract with the second highest ranking firm of Innova Architects if contract negotiations with the highest ranking firm fail.

Approved: June 24, 2015

Stanley Rumbaugh, Chair

8.2 RESOLUTION 2015-6-24 (2), RAD-General Contractor/Construction Manager

WHEREAS, On May 27, 2015, Tacoma Housing Authority (THA) staff issued a Request for Proposals (RFP) from firms interested in providing construction management and general contractor services for the RAD Conversion Project; and

WHEREAS, The RFP was posted on the Washington Electronic Business Solutions, the Bluebook, and THA's website on May 19, 2015; and

WHEREAS, One firm submitted a proposal by the deadline of June 9, 2015, and was deemed responsive; and

WHEREAS, An evaluation team of three THA staff members reviewed and scored the proposal according to the evaluation criteria listed in the RFP; and

WHEREAS, The evaluation team voted unanimously in favor of proceeding with contract negotiations with Walsh Construction; now, therefore, be it

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

Authorizes THA's Executive Director to negotiate -- and if those negotiations are successful -- award a contract for the Construction Manager/General Contractor Services for the RAD Conversion Project in an amount not to exceed \$100,000 to Walsh Construction.

Approved: June 24, 2015

Stanley Rumbaugh, Chair

8.3 RESOLUTION 2015-6-24 (3), Approval of Tenant Account Receivable Write Offs

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

WHEREAS, Tacoma Housing Authority provided housing assistance payments to property owners in excess of the amount the owners are entitled to receive, and the owners have not repaid this amount to THA; and

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

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

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

Collection Status	M-O Project #	Client #	Balance
W-O Collect	N G Street	00000225	\$85.67
		00130850	\$609.11
		00146364	\$1,111.58
		<i>Subtotal</i>	<i>\$1,806.36</i>
6th Ave		00004775	\$1,519.96
		00006640	\$529.40
		00143069	\$214.41
		<i>Subtotal</i>	<i>\$2,263.77</i>
Dixon Village		00144619	\$2,943.05

	xx001002	\$1,042.50	
	xx001017	\$509.80	
	XX001058	\$2,222.22	
Salishan VII	xx001071	\$2,741.78	
	xx001075	\$2,286.50	
	xx001088	\$725.00	
	<i>Subtotal</i>	<i>\$9,527.80</i>	
S M Street (EB Wilson)	00005805	\$404.12	
	00000895	\$89.42	
S Fawcett	00128184	\$2,289.49	
	<i>Subtotal</i>	<i>\$2,378.91</i>	
S Wright Street	00000313	\$44,033.27	
S Lawrence Street (Ludwig)	00120522	\$369.00	
	134446	\$1,021.00	
Section 8	717614	\$1,124.00	
	716333	\$3,566.00	
	<i>Subtotal</i>	<i>\$5,711.00</i>	
W-O No Collect *	N G Street	00117748	\$44.21
	S M Street (EB Wilson)	00125714	\$199.66
	00103289	\$101.26	
S Wright Street	00119882	\$134.08	
	<i>Subtotal</i>	<i>\$235.34</i>	
	S Lawrence Street (Ludwig)	00005117	\$742.88
Grand Total		\$70,659.37	

Approved: June 24, 2015

Stanley Rumbaugh, Chair

8.4 RESOLUTION 2015-6-24 (4), Scattered Site Public Housing Disposition

WHEREAS, Tacoma Housing Authority (THA) does not receive enough money from the Public Housing Capital Funds program or rents to adequately maintain the public housing portfolio, especially the single family scattered sites; and

WHEREAS, Managing those scattered single-family homes imposes a disproportionate burden on THA's property management capacity, which is better suited for managing apartment buildings or townhome communities; and

WHEREAS, THA is committed to investing in the remaining existing housing portfolio and could use the proceeds of sale to do so; and

WHEREAS, The Board of Commissioners approved a Section 32 disposition application to HUD in November 2014; and

WHEREAS, Selling these homes to low-income families provides them with a valuable and affordable chance at home ownership; and

WHEREAS, THA is also prepared to offer residents who do not purchase their homes housing in other parts of THA's portfolio or a tenant-based housing voucher; now, therefore, be it

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

Authorizes THA's Executive Director the authority to dispose of the thirty-four (34) single family scattered site public housing homes.

Approved: June 24, 2015

Stanley Rumbaugh, Chair

8.5 RESOLUTION 2015-6-24 (5), HVAC Maintenance and Repair

WHEREAS, Tacoma Housing Authority (THA) issued a Request for Proposal (RFP) on May 22, 2015, for the Maintenance Repair of the Heating, Ventilating and Air Condition (HVAC) for all properties owned and managed by THA; and

WHEREAS, The proposals were due on June 16, 2015; and

WHEREAS, THA received four (4) proposals for the contract; and

WHEREAS, The THA evaluation committee reviewed the four (4) proposals; and

WHEREAS, The THA evaluation committee met and recommended that Holaday Parks, Inc. be awarded the contract; now, therefore, be it

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

Authorizes THA's Executive Director to negotiate, and if those negotiations are successful, to execute a new contract with Holaday Parks, Inc. for HVAC routine maintenance and repair on all properties owned and managed by THA.

Approved: June 24, 2015

Stanley Rumbaugh, Chair

9. COMMENTS FROM COMMISSIONERS

None.

10. EXECUTIVE SESSION

None.

11. ADJOURNMENT

There being no further business to conduct, the meeting ended at 6:54 PM.

APPROVED AS CORRECT

Adopted: July 30, 2015

Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES SPECIAL SESSION FRIDAY, JULY 10, 2015

(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 Special Session at Bay Terrace, 2550 South G Street, Tacoma, WA at 12:00 pm.

PRESENT

ABSENT

Commissioners

Janis Flauding, Commissioner

Stanley Rumbaugh, Chair
Arthur C. Banks, Vice Chair

Minh-Anh Hodge, Commissioner

Staff

Michael Mirra, Executive Director
Sha Peterson, Executive Assistant
Ken Shalik, Finance and Director

April Black, Deputy Executive Director
Barbara Tanbara, Human Resources Director

Greg Claycamp, Client Services Director
Kathy McCormick, RED Director
Todd Craven, Administration Director
Pat Patterson, Property Management Director

The discussion proceeded without a quorum.

Tacoma Housing Authority's (THA) Executive Director (ED) Michael Mirra informed Commissioner Janis Flauding that at the July 29th Board meeting staff will present a resolution for the annual mid-year budget revision. ED Mirra reports that THA is in a good financial shape and that the revision will not be significant. He asked Finance Director (FD) Director Ken Shalik to present the details of the proposed revision.

FD Director Shalik directed the Board to his report. He informed the Board that ED Mirra still has to finalize the review of the budget. He added that THA is meeting its budget principles. FD Director Shalik provided handouts. FD Director Shalik directed the Board to Attachment A where it shows THA's reserves. The Attachment also shows recurring income and expenses.

FD Shalik reviewed the notable revisions:

- The first does not affect the overall budget. Since the Board approved the budget last December 2014 HUD approved THA's Rental Assistance Demonstration (RAD) application. This will require considerable funding that was not in the original budget But THA will receive reimbursement for those expenditures as part of the project budget.
- Staff will propose an increase in the budget for the software project from about \$600,000 to \$1.1 million. With the help of Administration Director Craven, FD Shalik explained the purpose of this increase. Commissioner Flauding asked if Director Craven if he will later ask for more. He replied that he did not think so.
- Staff will propose an increase in the funding for the reconstruction of 902 South L Street to account for extra costs due to the unexpected presence of concrete in the roof and further changes in the room configuration.
- There are changes in each of the department budgets. Under salaries, at the beginning of the year, THA budgeted for a Chief Operations Officer (COO), a Legal Counsel and a Community Resource person. THA decided to keep the COO position and the Community Resource position but neither are yet filled. THA will do without in-house legal counsel.

FD Shalik led a discussion of THA's reserves. They are adequate. THA needs to consider ways to reduce them without imperiling the reasons we accumulated them in the first place.

APPROVED AS CORRECT

Adopted: July 30, 2015

Stanley Rumbaugh, Chair

EXECUTIVE DIRECTOR REPORT



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Date: July 23, 2015
Re: Executive Director's Report

This is my monthly report for July 2015. The departments' reports supplement it.

1. MTW NEGOTIATIONS WITH HUD

Since my June report, the MTW negotiations with HUD have shown some interesting, and perhaps promising, developments. I will relate more at the Board meeting. Here are some basic bits of news.

First, on July 1st, HUD sent THA a draft new MTW contract for our review. It also sent draft contracts to each of the other 39 MTW agencies. They vary. This was not a "take it or leave it" proposal as HUD had threatened. Instead, HUD asked for our views.

Second, representatives of the 39 MTW agencies convened in Atlanta on July 7th and 8th (without HUD). The purpose of the meeting was to discuss these draft contracts, to try to agree on what comments we should submit about the drafts to HUD and to give direction to our negotiating team. That team was scheduled to meet with HUD's representations on July 20th and 21st in Washington, D.C.

Third, THA submitted its comments in the form of my July 15th letter to HUD. I attach a copy. It attaches the HUD draft of the contract showing our redlining.

Fourth, the MTW negotiating team did meet with HUD's representatives on July 21st and 22nd. By the Board meeting, I hope to have a report from the team to share with the Board.

Fifth, the several Congressional representatives introduced a bill into the House of Representatives with the same language that the Senate Appropriation Committee included in the Senate version of the 2016 federal budget. This language would extend our MTW contracts until 2028 without change.

2. FEDERAL BUDGET 2016

As the Board knows, Congress is trying to pass a budget for 2016. The House of Representatives has passed its version of that portion of the budget that contains HUD. The Senate Appropriations Committee has passed its version. In June I provided the Board with a chart from the Council of Large Public Housing Authorities (CLPHA) summarizing the proposals. I attach to this report a July 10th report on the budget proposals from Len Simon, our representative in Washington, D.C.. This is worth some discussion at the Board meeting next week.

3. Children's Savings Accounts and RAISING

Last month I provided material describing the Childrens' Savings Account Project we are scheduled to launch in September. I attach an updated chart showing the money we have raised and the money we need between now and 2021. I also attach an updated list of the foundations we intend to approach for the money. I described last month the two ways the Board may be helpful in this effort: (i) identify potential donors; (2) help with the requests to potential donors. A brief discussion would be helpful.

4. RAD CONVERSION OF THA'S PUBLIC HOUSING TO SECTION 8

The RAD conversion of our public housing portfolio will be a transformational moment for THA in ways we have long discussed. Getting this done will also be an engrossing and challenging staff preoccupation for the next two years, especially this year. This preoccupation has shown and will continue to show in the Board reports, the resolutions, and the discussions during Board meetings. It will also show in the hard and anxious work from staff and in their determination to get this done despite some formidable obstacles, some of which are coming from HUD.

Here is some information to remind us what this will mean for THA and why we do it:

Why we do RAD.

RAD will replace our public housing dollars with project based section 8 dollars. We judge this to be good for several important reasons:

- *More funding:* We calculate that we will get more funding from Section 8. In 2013, we estimated this will be \$840,000 more annually. I think we should count this as only an educated guess.
- *More stable funding:* We judge section 8 dollars will be more politically stable than public housing dollars. I attach my September 11, 2103 memo to the Board for a study session on RAD. It recounts why we think this.
- *More MTW financial flexibility:* HUD's proposed restrictions on our ability to spend MTW dollars on public housing will not affect us since we will not have any public housing units. In recent weeks, however, HUD has started to impose new rules on how we must manage the RAD properties.
- *Easier to finance major fix-up:* By law, we cannot borrow money against public housing units. And their funding stream would not elicit much interest anyway from lenders. This is part of the national crisis in public housing deterioration. However, we can borrow money against the Project Based Section 8 Units that RAD will give us. THA has done this financing with Salishan, Hillside Terrace and Bay Terrace. Using debt and tax credit investments this RAD conversion will allow us to fix-up our entire housing portfolio and cover its needs for the next 20 years without using any of THA's own funds. This will be about a \$35 million fix-up all with other people's money if we wish.

- *Less HUD Regulation, sort of:* We will be pleased to escape the HUD regulation of public housing. I note, however, that HUD is starting to erect a special set of regulations for RAD housing.

How we will finance it.

RAD financing is complicated. The best way to describe it is with a picture. I attach one. We can discuss this at the Board meeting. Most of the money will come from tax credit investors. They purchase federal tax credits the Washington State Housing Finance Commission gives us. We have sought bids for these tax credits from syndicators for investors. This week the Board will consider a resolution that would allow me to negotiate with the Royal Bank of Canada. It has offered \$1.15 for a \$1 tax credit! (How it makes money doing that is one of the imponderables of tax credit financing.) This high bid is a very good sign of investor confidence in our plans for these properties, in THA and in Tacoma.

How it will change our work.

RAD financing is in large measure tax credit financing. This will mean what it has meant for Salishan, Hillside Terrace and Bay Terrace, all tax credit properties:

- We lose control to the tax credit investors who will own the properties. They may decide whether or not THA manages these properties. This means we have to satisfy their expectations about our costs of operations and we must show that we will do a good job within those expectations.
- We will have to buy back the properties from the investors after 12 – 15 years. This means we have to save up the money this will take.

How will it affect our residents?

Residents will see some changes, most of them positive.

- The main change will be fixed-up properties, inside and out.
- Tenants will retain most of their tenant procedural rights. In fact, HUD is imposing some special RAD rules conferring additional protections for tenants. Some of them are quite bizarre and harmful to our mission. For example, a new HUD rule concerns tenants who are overhoused. For example, a single person whose children have grown might still live in a 3 bedroom apartment. Under our normal rules, we put them on a waiting list for a one bedroom. Sometimes this takes a long while. In the meantime, this is a waste of housing that could house a mother and 3 or 4 children. We thought the temporary relocation the RAD construction will require would be a good chance to address the matter and move the single person to a one bedroom when the construction is done. However, apparently in the cause of tenant rights, HUD will require us to move that person back to a 3 bedroom apartment.

Some of the challenges?

The immediate challenge comes from HUD. Our tax credit financing puts us on an implacable schedule of deadlines. We must rely on HUD to move as fast. Ironically, last week we learned that HUD has imposed its own deadline to get HUD's various approvals by the third week of September or lose the ability to close with our investors this year, which would mean we lose the investors we now have. In other words, HUD on short notice has imposed this implacable new high stakes deadline on our ability to get HUD's approval.

Our important advantage in this project is our staff. They are very smart. They are focused and determined. They are unafraid of the challenges. And, in this as in everything they do, they get their resolve from a firm belief in THA's' social justice mission.

5. MTW PLANNING

We have MTW planning to do. This is the time of year to submit our proposals to HUD. We also have changes our present MTW plan requires in order to get HUD's approval for our RAD conversion. I append April's memo of July 29th to the board. It has the details and she will lead that discussion.



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Date: September 11, 2013
Re: RAD Conversion of THA's Public Housing

We look forward to Board's study session this Friday at Noon. (We will provide lunch.) We will cover two topics: (i) our MTW plan for next year; (ii) a proposal that THA's staff are preparing to convert THA's public housing units to Section 8 units. This memo provides detail about the conversion proposal. We would do this conversion by applying to HUD under its newly revised Rental Assistance Demonstration (RAD) project. Whether to apply will be a question we will ask the Board to decide in October. If we apply, we need to file the application by Halloween.

This application will require analysis and work that staff is presently doing, with the help of consultants. (Our 2013 budget includes the cost for this year.) Our preliminary assessment is that this conversion would be very worthwhile. Among other advantages, it has the potential to increase HUD's annual funding to THA by about **\$840,000**. The only direction we need now from the Board is to know that it is sufficiently interested in the proposal to justify the staff work.

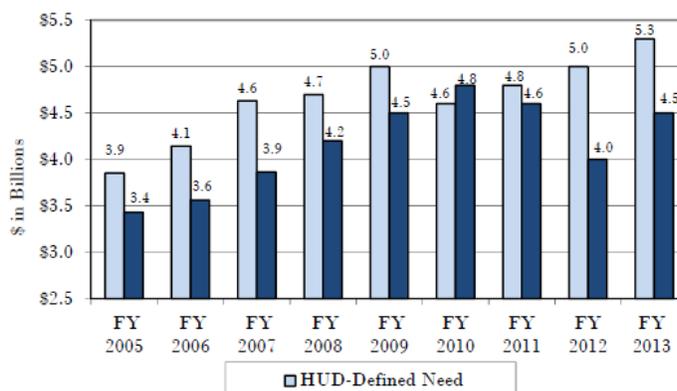
The National Problem with Inadequate Public Housing Funding; Contrast with Section 8 Funding

Public Housing Funding Will Continue to Be Inadequate

Congressional appropriations for public housing come in two forms: money for operations; money for capital needs such as major repairs and modernizations.) Congress has long underfunded both. A conservative way to measure the shortfall is to compare annual appropriations with what HUD calculates to be necessary. (NOTE: Some informed experts believe HUD understates the need). In recent years, except for 2010 which provided some stimulus funding, Congress has provided only between 80% to 95% of what HUD calculates to be necessary for public housing operations.

Public Housing Operating Fund

Public Housing Operating Funds Fall Short of Need
FY 2005 - FY 2013



Yearly shortfall of actual funding compared with HUD-defined need for Operating Funds.

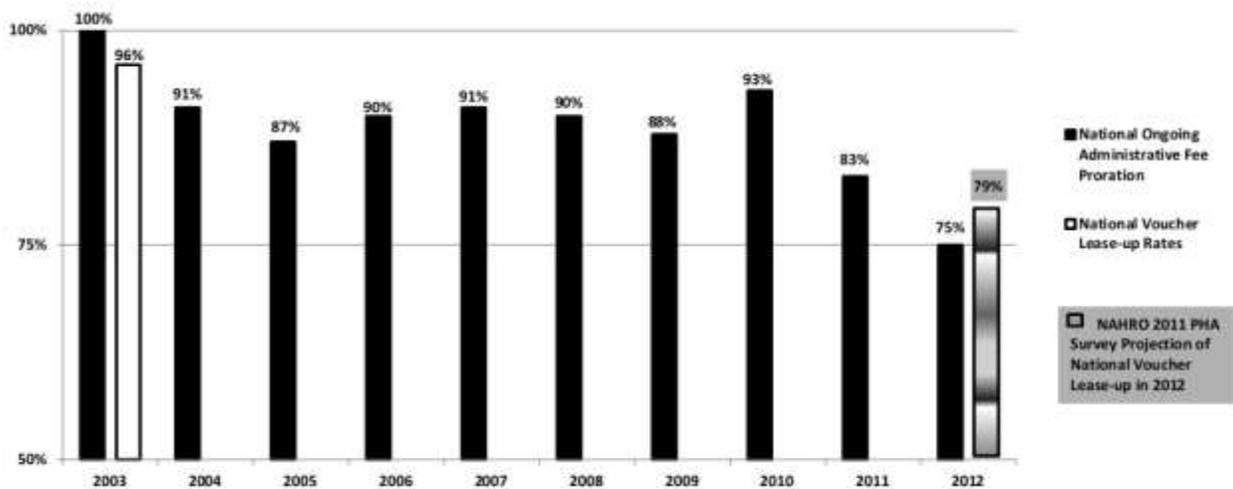
In 2012, we received 72.5% of what HUD calculates we need, and in 2013, we project to receive

about 82% of what HUD calculates we need. This represents an annual shortfall for THA of about \$727,466 in 2012, and \$493,428 projected for 2013.

Congress has also underfunded the capital needs of public housing. NAHRO and CLPHA report that the national portfolio has a \$26 billion backlog of needed repairs. They propose an annual appropriation of capital dollars of \$5 billion. Generally, the appropriation level has been at or below \$2 billion. In FY 2014, the leading Senate version of the budget is proposing \$2 billion; the leading House's version is proposing \$ 1.5 billion.

Section 8 Funding is Relatively More Stable

In contrast, Congressional appropriations for the Section 8 programs have been relatively stable, with the exception of the funding for the administrative fee to manage the program. The main part of Section 8 funding pays the rent to the landlord. Congress has generally funded this part between 95% and 100% of what it needs for all vouchers in use. Congressional appropriations for the administrative fee have been less stable. We are now receiving about 80% of what is necessary:



The Future

Informed voices we have consulted do not expect appropriation levels for public housing or Section 8 to increase in the foreseeable future. Critically for our RAD assessment, they also do not expect the relative instability and stability between public housing and section 8 to change. Public housing will likely continue as the less favored program of the appropriation process.

Rental Assistance Demonstration Program; What it Means for THA's Portfolio

In response to the public housing funding shortfalls, PHAs have long sought to convert their public housing units to the section 8 funding stream. In seeking this conversion they make the judgment that the section 8 appropriations will continue to be more adequate and more stable than public housing appropriations.

HUD long has had processes by which PHAs could apply for this conversion. HUD has oscillated in its willingness to grant these applications. HUD has a newly revised program to allow for this conversion. It is called the Rental Assistance Demonstration (RAD) Program. Its main features are:

- Provide THA with more appropriated funds: **\$840,000 (current estimate)**
 - ~ increase appropriation proration: \$340,000
 - ~ administrative fee: \$485,000
 - \$840,000

- The commitment of the funds will appear in 15-20 year renewable contracts with our portfolio. HUD will honor those contracts even through later program changes.

- THA could extend its rent reforms to what would become our section 8 portfolio. This would result in further savings, although by reducing the subsidy to individual tenants.

- THA would retain the MTW ability to further supplement our portfolio operations with MTW dollars. Importantly, under RAD, we will retain this ability even if Congress ends MTW in 2018 when all the MTW contracts expire.

- The portfolio would gain the legal ability to carry debt and would have an increased cash flow to sustain debt.

- This increased financial strength will also make the property more appealing to tax credit investors allowing for the use of tax credits for major fix-ups.

This increased cash flow and access to capital funds will improve the quality of our housing units by better sustaining operations and allowing us to make capital improvements.

Effect on Residents

RAD may affect residents. For this reason, HUD requires THA to consult with them in advance of our application and to address their concerns in the application. THA has already scheduled the tenant meetings. RAD will likely affect tenants in the following ways:

- The quality of their housing and of THA's operations will improve.

- THA's rent reform (e.g. fixed subsidies) are easier to apply to the portfolio. If THA does this, it may mean that some tenants will pay more in rent.

- Any rent increases paid by the tenant must be phased in over 3-5 years.

- THA must offer tenant based rental assistance of some kind to residents who do not wish to remain in the converted unit. HUD is clarifying the details of this requirement.

Other Effects on THA, and Risks

- The obligation to provide tenants with a tenant based rental assistance may cause vacancies, weaken our HOP program, and stall our service to people on our HOP waiting list.
- Our tax credit investors and lenders may have concerns. We will find out.
- THA is repaying a capital bond for Salishan infrastructure: The current balance is \$3.1 million and it is due in 2025. . We are repaying it with specialized HUD funds. A RAD conversion may require us to pay it off early; if so, we anticipate needing \$2.1 million to pay it off in 2017, the date which we anticipate the RAD conversion may require. We may be able to borrow against the future receipt of those specialized HUD funds.

Cost of a RAD Application

Preparing a RAD application is complicated and expensive. HUD requires some extensive analysis and study. We calculate the total cash expense for consultants and attorneys to be as follows:

COST	2013	2014	Total
Financial Consultants	\$60,500		\$60,500
Legal Consultants	\$40,000	\$20,000	\$60,000
Capital Needs Assessments	\$50,000	\$50,000	\$100,000
Special Project Staff	\$27,000	\$81,000	\$108,000
TOTAL	\$177,500	\$151,000	\$328,500

NOTE: The 2013 budget already provides for this year's expense.

Process and Schedule for RAD Application

Applications to convert 50% of THA's units are due to HUD prior to December 31, 2013. Applications for the entire portfolio conversion are due within one year of initial approval of the first 50%. HUD is presently allowing the conversion of 60,000 units nationwide. It is first come first serve. So we are planning to file our application by Halloween. Time is short.

Resident Outreach	September-October, 2013
Board Study Session	September 13, 2013
Capital Needs Assessments	September-December, 2013
Finalize Feasibility Analysis	September, 2013
Board Resolution	October 23, 2013
Submit Application for first 50% of units	October 31, 2013
Receive HUD approval of Application	December 31, 2013
Develop and implement financing plans for second 50% of units	2014
Submit Application for second 50% of units	October, 2014
Receive HUD approval of second Application	December 31, 2014
Refinance, recapitalize and rehab units with capital needs	2015-2017



Tacoma Housing Authority

Children's Savings Account Program for the Children of Salishan

Fundraising Status Report (July 16, 2015)

- (1) The K-5th grade stage matches a family's deposits into the CSA account up to \$400 per year. The match stops after 5th grade.
- (2) The 6-12th grade stage provides incentives to the student. In 6th grade the student and a counselor will devise a plan to take the student through high school graduation and college enrollment, with academic milestones along the way. (e.g, improving GPA, taking college prep courses, taking the PSAT, SAT and ACT, applying to college, filling out the FAFSA, getting into college, graduating from high school, starting college). Upon the student meeting each milestone, THA will make a further deposit into the account, up to \$700 per year.
- (3) THA will be the account custodian. THA's contribution to the accounts will be available to the student only if he or she graduates from high school and enrolls in a post-secondary educational program and only to cover its costs. Full participation will provide the student upon graduation with at least \$9,700. With the state's College Bound Scholarship to cover tuition, and the THA CSA savings to cover non-tuition costs of attendance, college will be affordable for low-income students. Importantly, they and their families will know it in advance, encouraging them to aspire to it, work for it, expect it, and plan on it.
- (4) Students who do not complete the journey will forfeit THA's contribution to their account. The forfeited amounts will help to fund future co-horts
- (5) THA will not launch a cohort unless it has financial commitments to see the cohort through the full journey.
- (6) Beginning in the year 2021 THA will admit a new cohort of kindergarten students without a new 6th grade cohort. In that year the original 2015 kindergarten cohort will transition to the 6-12th grade stage of the program and the new kindergarten cohort will bring the program to a fully enrolled K-12 program.
- (7) Evaluation. A third party evaluator will track and assess intermediate and long-term performance outcomes of the co-hort students and families in comparison with others in Salishan and in the same schools. Outcomes include reading scores, G.P.A., rates of high school graduation, college enrollment and college graduation, rates of families being banked, and rates of family savings.

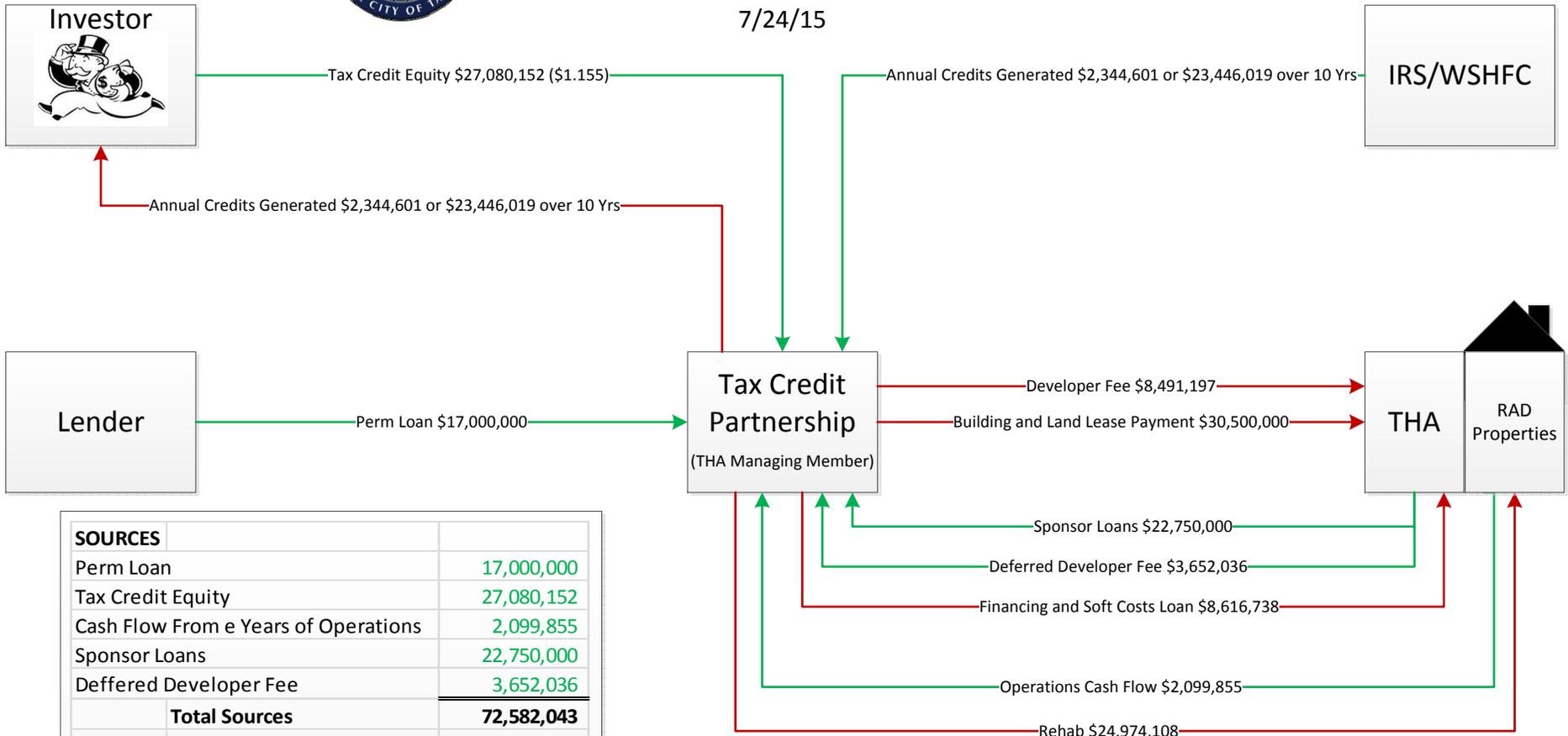
Cohort		2015-2020	2016-2021	2017-2022	2018-2023	2019-2024	2020-2025
Grades K-5	Cost for 80 Students = \$200,000 Over 6 years	Bamford Foundation	Sequoia Foundation (Challenge Match)	Add your name	Add your name	Add your name	Add your name
		Tacoma Housing Authority					
Cohort		2021-2027	2022-2028	2023-2029	2024-2030	2025-2031	2026-2032
Grades 6-12	Cost for 60 Students = \$300,000 Over 7 years	Tacoma Housing Authority	Add your name	Add your name	Add your name	Add your name	Add your name
Cohort		2015-2021	2016-2022	2017-2023	2018-2024	2019-2025	2020-2026
Grades 6-12	Cost for 60 Students = \$300,000 Over 7 years	Tacoma Housing Authority	Sequoia Foundation (Challenge Match)	Add your name	Add your name	Add your name	Add your name



Tacoma Housing Authority

RAD Financial Transaction

7/24/15



SOURCES	
Perm Loan	17,000,000
Tax Credit Equity	27,080,152
Cash Flow From e Years of Operations	2,099,855
Sponsor Loans	22,750,000
Deffered Developer Fee	3,652,036
Total Sources	72,582,043
USES	
Financing and Soft Costs	8,616,738
Financing Costs	3,150,461
Legal & Accounting	507,065
Reserves	912,000
Rehab Related Soft Costs	2,651,506
Reports	225,750
Consultants	429,176
Other Indirect	740,780
Building and Land Lease Payment	30,500,000
Developer Fee	8,491,197
Rehab	24,974,108
Total Uses	72,582,043

THA Proceeds From Sale Lease Price	
Lease Price	\$ 30,500,000
Sponsor Financing	\$ (22,750,000)
Developer Fee	\$ 8,491,197
Deferred Portion	\$ (3,652,036)
Net Proceeds	12,589,161

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**FROM: Len Simon
Brandon Key**

SUBJECT: FY16 Appropriations *Special Report*

DATE: July 10, 2015

Welcome to our mid-year *Special Report* covering the Fiscal Year 2016 Appropriations process. Congress has been busy - the full House has passed half of its appropriations bills, while in the Senate, 10 of its 12 bills have made it through Committee but are currently being blocked on the floor. Despite this progress, which we have covered for you in our *Washington Friday Report*, there is fundamental disagreement between the White House and Congressional Republicans on spending levels, and therefore, great uncertainty on the final outcome.

Under the current budget framework, **sequestration**, the automatic across-the-board spending cuts to all domestic and defense spending, is in effect for FY16 and is reflected in the bills considered in the House and Senate so far. This has led to deep cuts to a range of programs of importance to local governments (*see sections which follow for detail*). House Democrats have almost uniformly voted against these bills to date and Senate Democrats have blocked their consideration on the floor. The President, who put additional funding in his proposed FY16 budget to avoid sequestration, will not sign appropriations with sequester-level funding.

One possible route out of this stalemate is a new bipartisan agreement like the “Ryan-Murray” deal of 2013 that would raise the budget caps to avoid sequestration. If no deal is reached, two possible outcomes are: (1) another short-term “Continuing Resolution” to keep the federal government open after FY16 begins October 1; or (2) shutdown, a worst-case-scenario.

We will continue to follow the process closely, and update you regularly. Here’s our summary of the overall appropriations process to date for key domestic bills of concern to local government. Bill-by-Bill details follow.

Overall Spending by Appropriations Bill			
Bill	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
<i>THUD</i>	\$53.7 billion	\$55.3 billion	\$55.56 billion
<i>CJS</i>	\$50.1 billion	\$51.4 billion	\$51.06 billion
<i>DHS</i>	\$39.6 billion	\$39.3 billion	\$47.09 billion
<i>Labor-HHS</i>	\$156.7 billion	\$153 billion	\$153.2 billion
<i>Interior-EPA</i>	\$30.4 billion	\$30.17 billion	\$30.01 billion
<i>Energy-Water</i>	\$34.2 billion	\$35.4 billion	\$35.4 billion

Transportation-HUD (THUD)

The House passed its \$55.3 billion THUD bill, on June 9, by a vote of 216-210. The Senate Appropriations Committee passed its \$55.56 billion bill on June 25, by a vote of 20-10. For more, click on [House THUD Press Release](#), [House THUD Committee Report](#), [White House Letter on House THUD](#), [White House SAP on House THUD](#), [Senate THUD Press Release](#), [Senate THUD Committee Report](#), or [White House Letter on Senate THUD](#). *Below is a summary table and highlights for your review.*

Transportation-HUD Bill (HUD Programs)			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
CDBG Formula Grants	\$3 billion	\$3 billion	\$2.9 billion
HOME	\$900 million	\$900 million	\$66 million
Choice Neighborhoods	\$80 million	\$20 million	\$65 million
Tenant-Based Rental Assistance	\$19.3 billion	\$19.92 billion	\$19.93 billion
Project-Based Rental Assistance	\$9.7 billion	\$10.65 billion	\$10.83 billion
Public Housing Capital Fund	\$1.87 billion	\$1.68 billion	\$1.74 billion
Public Housing Operating Fund	\$4.44 billion	\$4.44 billion	\$4.5 billion
Homeless Assistance Grants	\$2.14 billion	\$2.185 billion	\$2.235 billion
HUD-VASH	\$75 million	\$0	\$75 million

Department of Housing and Urban Development. The House bill provides level-funding of \$3 billion for **CDBG** formula grants, while the Senate bill would cut CDBG by \$100 million. The House bill also provides level-funding of \$900 for the **HOME** program. However, \$133 million of that amount would come from a transfer from the **Housing Trust Fund**, which would zero-out the fund. The Senate bill devastates **HOME** by a staggering \$834 million, down to just \$66 million. The House bill provides just \$20 million for **Choice Neighborhoods**, down \$60 million from FY15 levels while the Senate bill cuts it by \$15 million. For **Promise Zones**, no new dedicated funding but HUD can continue to run with internal resources.

The House bill allocates \$19.92 billion for **Tenant-Based Rental Assistance**, an increase of \$614.5 million; \$10.65 billion for **Project-Based Rental Assistance**, an increase of \$924 million; \$1.68 billion for the **Public Housing Capital Fund**, a decrease of \$194 million; and \$4.44 billion for the **Public Housing Operating Fund**, level-funding. The Senate bill allocates \$19.93 billion for **Tenant-Based Rental Assistance**, an increase of \$630.5 million; \$10.83 billion for **Project-Based Rental Assistance**, an increase of \$1.1 billion; \$1.74 billion for the **Public Housing Capital Fund**, a decrease of \$132 million; and \$4.45 billion for the **Public Housing Operating Fund**, an increase of \$60 million.

The House bill establishes that **Moving to Work (MTW)** Public Housing Agencies (PHAs) be funded pursuant to their MTW agreements. The Senate bill expands the MTW program by 300 “high-performing” PHAs over the current 39 PHAs in the MTW program. The Committee writes, “Adding 300 PHAs to the MTW program cannot and should not be accomplished in 1 year. Steady expansion over several years is proposed not just for developing HUD capacity, but to also incentivize PHAs to improve their physical quality and financial management in order to qualify for MTW status.” Neither the House nor the Senate bills provide additional funding for the **Rental Assistance Demonstration (RAD)**. The FY15 enacted appropriations bill extended RAD to 2018, and raised the cap on units eligible for conversion from 60,000 units to 185,000

units. The House bill allocates \$2.185 billion for **Homeless Assistance Grants**, an increase of \$50 million, while the Senate bill allocates \$2.235 billion, an increase of \$100 million. The House bill eliminates funding for **HUD-VASH** vouchers, while the Senate bill provides level-funding of \$75 million.

Transportation-HUD Bill (DOT Programs)			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
TIGER	\$500 million	\$100 million	\$500 million
Capital Investment Grants (Overall)	\$2.12 billion	\$1.92 billion	\$1.585 billion
Full Funding Grant Agreements Signed for the Fiscal Year	\$1.5 billion	\$1.25 billion	\$1.25 billion
New Starts (Yet to be signed under a FFGA)	\$325 million	\$250 million	\$210 million
Small Starts	\$171.7 million	\$353 million	\$30 million
Core Capacity	\$120 million	\$40 million	\$75 million
Expedited Project Delivery Pilot Program	\$0	\$0	\$5 million
Transit Formula Grants (Obligated)	\$8.595 billion	\$8.595 billion	\$8.595 billion
Amtrak	\$1.29 billion	\$1.139 billion	\$1.39 billion
Grants-in-Aid for Airports	\$3.2 billion	\$3.6 billion	\$3.6 billion

Department of Transportation. The House bill would cut **TIGER Grants** by 80%, a \$400 million decrease from FY15 levels, down to \$100 million in FY16. The Senate bill would maintain **TIGER Grants** at \$500 million, the same as FY15.

The House bill spends \$1.92 billion on **Capital Investment Grants**, which includes **New Starts** and **Small Starts** grants for rail or other fixed guideway transit systems, a cut of \$198.6 million. This appropriation includes \$1.25 billion for all current and on-going full funding grant agreements (FFGA). The Committee’s recommendation provides \$250 million for projects that will be signed under a FFGA by September 30, 2016. In addition, \$353 million is provided for nine new **Small Start** projects proposed in the budget, including: \$11 million for **Fresno’s FAX Blackstone/Kings Canyon BRT** project and \$75 million for **Sound Transit’s Tacoma Link Expansion**. The Senate bill spends \$1.585 billion on **Capital Investment Grants**, a cut of \$535 million. This appropriation includes \$1.25 billion for all current and on-going full funding grant agreements (FFGA). In addition, \$210 million is provided for **New Starts** projects that the Administration has recommended for FFGAs in its budget request. For such projects, FTA is directed to give funding priority to projects that require a Federal share of 40% or less. In sharp contrast with the House bill, the Senate provides only \$30 million for new **Small Starts**, a cut of 83% or \$141.7 million from FY15 levels. The House and Senate bills provide the same amount of level funding for obligated **Transit Formula Grants**, \$8.595 billion.

The House Appropriations Committee encourages other House Committees of jurisdiction to consider expanding the **freight network system** in an upcoming surface transportation bill. They also encourage DOT to continue efforts to work cooperatively with other federal and state agencies, and local governments, to implement **environmental streamlining** provisions from *MAP-21*. The Senate Appropriations Committee encourages DOT to continue its efforts implementing **environmental streamlining** provisions, and recognizes the efforts made by the Administration to work cooperatively with other Federal agencies and with state governments,

including its “work with the *State of Utah* on its *Mountain Accord* approach for a regional transportation, land use, natural resource and economic solution.”

Commerce-Justice-Science (CJS)

The House passed its \$51.4 billion CJS bill, on June 3, by a vote of 242-183. The Senate Appropriations Committee passed its \$51.06 billion bill on June 11, by a vote of 27-3. For more, click on [House CJS Press Release](#), [House CJS Committee Report](#), [White House Letter on House CJS](#), [White House SAP on House CJS](#), [Senate CJS Press Release](#), [Senate CJS Committee Report](#), or [White House Letter on Senate CJS](#).

Commerce-Justice Science Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
COPS Hiring Program	\$180 million	\$0	\$187 million
COPS Office	\$208 million	\$5 million	\$212 million
Byrne/JAG Program	\$396.75 million	\$409 million	\$382 million
BJA-Administered “Community Trust Initiative”	\$0	\$52 million	No Senate Mention
Body-Worn Camera Partnership Initiative	None	\$15 million	\$20 million
Office on Violence Against Women	\$430 million	\$479 million	\$479 million
Bulletproof Vest Partnership Program	\$0	\$22.5 million	\$22.5 million
SCAAP	\$185 million	\$220 million	\$75 million
Sexual Assault Kit Backlog	\$41 million	\$41 million	\$41 million
Comprehensive School Safety Initiative	\$75 million	\$75 million	\$75 million
Economic Development Administration	\$250 million	\$250 million	\$250 million
NOAA	\$5.44 billion	\$5.17 billion	\$5.38 billion

Justice Department. The House bill eliminates the **COPS Hiring Program** entirely, while the Senate bill increases the program by \$7 million, to \$187 million. In the House, the **COPS Office** would only receive \$5 million for “*collaborative reform.*” The Senate bill, however, increases total funding for the COPS Office by \$4 million, to \$212 million. In the House the money saved by the elimination of COPS would be reallocated to other Justice Department agencies with similar functions, including a new \$52 million **Community Trust Initiative**, which would be administered by the Bureau of Justice Assistance (BJA), and reflects the work of the **Task Force on 21st Century Policing**. It includes \$15 million for a **Body-Worn Camera Partnership Initiative**. The Senate bill funds this body cam initiative at a level of \$20 million. The House bill also funds the **Byrne/JAG Program** at \$409 million, an increase of \$12.25 million, and the Committee notes that “*Byrne/JAG funding can be used for law enforcement purposes, including the hiring of law enforcement officers.*” The Senate bill funds **Byrne/JAG** at \$382 million, a cut of \$14.75 million.

Commerce Department. Both the House and Senate bills recommend a level-funding of \$250 million for the **Economic Development Administration**. The House bill provides the **National Oceanic and Atmospheric Administration (NOAA)**, \$5.17 billion, a cut of \$273.7 million. The Senate bill provides NOAA \$5.38 billion, a cut of \$59.4 million.

Department of Homeland Security (DHS)

The House released the subcommittee draft of its \$39.3 billion DHS bill on July 8. The Senate Appropriations Committee passed its \$47.09 billion bill on June 18, by a vote of 26-4. For more, click on [House DHS Press Release](#), [House DHS Subcommittee Bill Text](#), [Senate DHS Press Release](#), [Senate DHS Committee Report](#), or [White House Letter on Senate DHS](#).

Department of Homeland Security Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
State and Local Grants (Overall)	\$1.5 billion	\$1.5 billion	\$1.5 billion
Assistance to Firefighter Grants (not including SAFER)	\$340 million	\$340 million	\$340 million
SAFER Grants	\$340 million	\$340 million	\$340 million
Emergency Management Performance Grants	\$350 million	\$350 million	\$350 million
Urban Area Security Initiative	\$600 million (\$13 million for eligible non-profits)	\$600 million (\$13 million for eligible non-profits)	\$600 million (\$25 million for eligible non-profits)
State Homeland Security Grant Program	\$467 million	\$467 million	\$467 million

The House bill does not include funding to implement the President’s **Executive Actions on Immigration** from November 2014, and bars the use of funds for these activities for the duration of ongoing legal proceedings on the issue. State and Local Grants receive mostly level-funding in the House and Senate bills, as indicated in the chart above, including level-funding for **AFG** and **SAFER** grants, at \$340 million each. In the carve-outs for non-profit groups eligible to receive **UASI** funding, the House bill maintains level funding of \$13 million, while the Senate bill increases that carve-out to \$25 million.

Labor-HHS-Education (Labor-HHS)

The House Appropriations Committee passed its \$153 billion Labor-HHS bill, on June 24, by a vote of 30-21. The Senate Appropriations Committee passed its \$153.2 billion bill on June 25, by a vote of 16-14. For more, click on [House Labor-HHS Press Release](#), [House Labor-HHS Draft Committee Report](#), [White House Letter on House Labor-HHS](#), [Senate Labor-HHS Press Release](#), [Senate Labor-HHS Committee Report](#), or [White House Letter on Senate Labor-HHS](#).

Labor-HHS-Education Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
Education – Title I Grants	\$14.4 billion	\$14.4 billion	\$14.56 billion
School Improvement Grants	\$505.8 million	\$0	\$450 million
Preschool Development Grants	\$0	\$0	\$0
21 st Century Community Learning Centers	\$1.15 billion	\$1.15 billion	\$1.04 billion
Promise Neighborhoods	\$56.8 million	\$56.8 million	\$37 million
Head Start	\$8.6 billion	\$8.79 billion	\$8.7 billion
LIHEAP	\$3.39 billion	\$3.37 billion	\$3.39 billion
Child Care and Development Block Grant	\$2.44 billion	\$2.44 billion	\$2.59 billion

Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
Social Services Block Grant	\$1.7 billion	\$1.7 billion	\$1.7 billion
Community Services Block Grant	\$674 million	\$674 million	\$674 million
Employment and Training Administration	\$3.14 billion	\$3 billion	\$2.94 billion
Youthbuild	\$79.7 million	\$82 million	\$79.7 million
Corporation for National and Community Service (CNCS)	\$758.3 million	\$612.5 million	\$614 million

Education Department. The House bill allocates level-funding of \$14.4 billion for **Title I Grants**, and the Senate bill increases funding by \$169 million, to \$14.56 billion. **School Improvement Grants** would receive no funding under the House bill, a cut of \$505.8 million, while the Senate would spend \$450 million, which is a cut of \$55 million. The **Preschool Development Grants** program, which the President requested \$750 million for, would receive no funding in either the House or Senate bills. **21st Century Community Learning Centers** would receive level-funding of \$1.15 billion in the House bill, but a cut of \$110 million in the Senate bill, down to \$1.04 billion. **Promise Neighborhoods** receives level-funding of \$56.8 million in the House bill, but a cut of \$19.8 million in the Senate bill, down to \$37 million.

Health and Human Services. In the House bill, **Head Start** receives a total of \$8.79 billion, an increase of \$192 million, including \$650 million for **Early Head Start** grants, an increase of \$150 million. The Senate bill provides \$8.7 billion for **Head Start**, an increase of \$102 million, including \$600 million for **Early Head Start** grants, an increase of \$100 million. For the **Low Income Home Energy Assistance Program**, the Senate bill provides level-funding of \$3.39 billion, while the House bill cuts LIHEAP by \$25 million, down to \$3.37 billion. HHS's major block grant programs either receive level-funding or a proposed increase. The House and Senate bills both provide level-funding for the **Social Services Block Grant** at \$1.7 billion and **Community Services Block Grant** at \$674 million. The House bill provides level-funding for the **Child Care and Development Block Grant** at \$1.7 billion and the Senate provides an increase of \$150 million, to \$2.59 billion.

Department of Labor. The **Employment and Training Administration**, which provides funding for federal government job training and employment service programs, authorized primarily by the *Workforce Innovation and Opportunity Act of 2014 (WIOA)*, receives \$3 billion in the House bill, a cut of \$136.4 billion. The Senate bill provides the agency \$2.94 billion, a cut of \$203.5 million. The **Youthbuild** program receives level-funding in the Senate bill of \$79.7 million, while the House bill provides an increase of \$2.3 million, to \$82 million. Lastly, though the House Appropriations Committee "*supports the Department's promotion and oversight of the National Registered Apprenticeship system in cooperation with State Apprenticeship Agencies,*" no additional funding is provided specifically for **Registered Apprenticeships**. Registered Apprenticeships are not specifically mentioned in the Senate Committee report.

Corporation for National and Community Service. The House bill provides \$612.5 million for the **Corporation for National and Community Service**, a cut of \$145.78 million. The Senate bill provides \$614 million, a cut of \$144.3 million.

Interior-Environment (Interior-EPA)

The House Appropriations Committee passed its \$30.17 billion Interior-EPA bill, on June 16, by a vote of 30-21. The Senate Appropriations Committee passed its \$30.01 billion bill on June 18, by a vote of 16-14. This bill was abruptly pulled from the House floor on Thursday following an eruption from members over an amendment regarding the presence of Confederate flags at federal cemeteries. *Next steps on this bill are not yet clear.*

For more, click on [House Interior-EPA Press Release](#), [House Interior-EPA Committee Report](#), [White House Letter on House Interior-EPA](#), [White House SAP on House Interior-EPA](#), [Senate Interior-EPA Press Release](#), [Senate Interior-EPA Committee Report](#), or [White House Letter on Senate Interior-EPA](#).

Interior-Environment Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
National Park Service	\$2.29 billion	\$2.34 billion	\$2.32 billion
LWCF (Land Acquisition and State Assistance)	\$99 million	\$84.4 million	\$106.28 million
LWCF State Assistance Grants, Competitive Grant Program	\$3 million	\$3 million	\$3 million
State and Tribal Assistance Grants (including Clean Water and Drinking Water Funds)	\$3.55 billion	\$2.98 billion	\$3.03 billion
Clean Water SRF	\$1.45 billion	\$1.02 billion	\$1.05 billion
Drinking Water SRF	\$906.9 million	\$757 million	\$775.9 million
Diesel Emissions Grants	\$30 million	\$50 million	\$20 million
Brownfields Grants	\$25.59 million	\$23.68 million	\$27.56 million
WIFIA	None	\$4.4 million over two years	\$5 million over two years
Puget Sound Restoration	\$28 million	\$28 million	\$29.998 million
National Endowment for the Arts	\$146.02 million	\$146.02 million	\$146.02 million
National Endowment for the Humanities	\$146.02 million	\$146.02 million	\$146.02 million

Department of the Interior. The **Land and Water Conservation Fund (LWCF)** receives \$84.4 million in the House bill, a cut of \$14.59 million, while the Senate bill provides \$106.28 million, an increase of \$7.3 million. The **LWCF Competitive Grant Program**, is provided level-funding of \$3 million in both bills.

Environmental Protection Agency. The House bill provides \$1.02 billion for the **Clean Water SRF** while the Senate bill provides \$1.05 billion, both representing a cut of nearly \$400 million. The House bill provides \$757 million for the **Drinking Water SRF** while the Senate bill provides \$775.9 million, another set of cuts. The House bill would cut **Brownfields Grants** by \$1.91 million, to \$23.68 million while the Senate bill increases the grants by \$1.97 million, to \$27.56 million. For the first time, funding would be provided in both the House and Senate bills for the **Water Infrastructure Finance and Innovation Act (WIFIA)** pilot program, which is modeled off of DOT's TIFIA program. The House bill provides \$4.4 million over the course of two years while the Senate bill provides \$5 million.

NEA and NEH. The House and Senate bills both provide level-funding for NEA and NEH. The **National Endowment for the Arts** would receive \$146.02 million and the **National Endowment for the Humanities** would receive \$146.02 million.

Energy-Water

The House passed its \$35.4 billion Energy-Water bill, on May 1, by a vote of 240-177. The Senate Appropriations Committee passed its \$35.4 billion bill on May 25, by a vote of 26-4. For more, click on [House Energy-Water Press Release](#), [House Energy-Water Committee Report](#), [White House Letter on House Energy-Water](#), [White House SAP on House Energy-Water](#), [Senate Energy-Water Press Release](#), [Senate Energy-Water Committee Report](#), or [White House Letter on Senate Energy-Water](#).

Energy-Water Bill			
Program/Item	FY15 Enacted Level	FY16 House Level	FY16 Senate Level
US Army Corps of Engineers (Civil Works Programs)	\$5.45 billion	\$5.6 billion	\$5.5 billion
Bureau of Reclamation	\$1.13 billion	\$1.09 billion	\$1.13 billion
Energy Efficiency and Renewable Energy	\$1.94 billion	\$1.67 billion	\$1.95 billion

U.S. Army Corps of Engineers. For **U.S. Army Corps of Engineers’** Civil Works Programs, the House bill provides \$5.6 billion, an increase of \$142.23 million. The Senate bill provides \$5.5 billion, an increase of \$42 million.

Department of Energy. **Energy Efficiency and Renewable Energy** programs are provided a total of \$1.67 billion in the House bill, a cut of \$266.16 million. The Senate bill provides \$1.95 billion, an increase of \$26.07 million.

Conclusion

We hope you found this report helpful. As we indicated in the introductory sections of this memo, there is a long way to go on the appropriations process over the next several months, and the deep divisions among all parties make predicting the outcome a challenge. But we’ll continue to update you as the White House and Congress consider and pursue next steps.

Please let us know if you have any questions as the FY16 appropriations and budget process continues to unfold.

We look forward to talking with you soon.



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

BOARD OF COMMISSIONERS

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July 15, 2015

By email: Laurel.L.Davis@hud.gov

Ms. Laurel Davis
Acting Director, Moving to Work Demonstration Program
Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410

RE: MTW Contract Extension Draft Comments

Dear Laurel:

Thank you for the draft MTW contract you propose for the Tacoma Housing Authority (THA) that you sent with your email of July 1st. Although we and the other MYTW agencies have delegated to the MTW Steering Committee the task to negotiate on our behalf those terms common to all MTW agencies, you asked each agency to send you comments on the draft by July 15th. As you have requested, I write for that purpose. Please do not understand these comments to diminish the Steering Committee's representative authority on our behalf pertaining to the common terms. It has our full confidence. I offer these comments because you asked for them.

The Steering Committee's efforts necessarily focus on the common terms, mainly the body of the contract and Attachments B and C. In this letter, we offer some supplemental comments on those terms. We also comment and offer edits on those terms particular to THA. We do that below and in the attached HUD drafts of Attachments A and D showing our redlining in pdf and Word format.

We hope these comments are helpful to you, to the Steering Committee and to the discussions. We very much hope these efforts result in a contract extension THA can sign.

1. MTW AGREEMENT GENERALLY

The Steering Committee will provide the MTW agencies' comments when they meet with you next week. Of those topics, the most pressing to THA include the following:

- **Substantially the Same Requirement as the Sole Test**

We greatly appreciate HUD's willingness to drop its proposed 90% (or 85%) Housing Choice Voucher obligation if the parties can agree upon a formulation to implement the statutory

“Substantially the Same” requirement. We strongly agree that the extended MTW contracts should have only one such test. We do not expect THA would have been able to sign a contract with two such tests, especially if they unduly limited our flexibility. For this reason, we are pleased that HUD and the Steering Committee are now focused on formulating a definition of “Substantially the Same”.

We studied your June 24th proposed definition. It is complicated. We do not know if we understand it fully. HUD and the Steering Committee will need more data to judge its effects.

Before you and the Steering Committee invest much time and work in understanding the HUD proposal, you should consider whether it has other problems that make that investment a poor use of negotiating resources. The HUD proposal misstates the MTW statute. There are two problems. **First**, the HUD proposal aspires to set a firm number of families to serve as a baseline to meet. The statute is instead a planning requirement. It reads in pertinent part: “An application to participate in the demonstration . . . (3) shall include a **plan** developed by the agency that...**includes criteria** for...(C) continuing to assist substantially the same total number of eligible low-income families as would have been served had the amounts not been combined; . . .” 42 USC ”§1437f NOTE: section (c)(emphasis added). This suggests that the MTW contract should focus instead on the agency’s planning.

Even if we seek a contract that sets a firm number of families to serve, there is a **second** problem with HUD’s June 24th draft proposal. On its last page, it has a final section called “Annual Monitoring”. That section defines as “Compliant” a housing authority that “either meets or exceeds its adjusted baseline, resulting in a percentage at or above the national average occupancy/utilization for the subject year.” This is a proxy of some sort for the same number of households we would be serving as a non-MTW agency. I leave it to the Steering Committee to comment on why this may not be an accurate proxy. Instead, I note that even if accurate and even if the statute requires a minimum number to be served, the proposal misstates the statute’s measure of compliance. The statute does not require, as the HUD draft would, that we meet or exceed the same number as we would have otherwise served. Instead, the statute expressly qualifies the phrase “the same total number of eligible low income families” with the term “**substantially**.” (emphasis added). The HUD draft does not acknowledge this qualification. That final section of the draft then makes the problem worse by next defining a “Substantially Compliant” category. Under that category, “[a]n MTW PHA would have the ability to dip **slightly** below the “Compliant” level to account for dips that are **nominal** in nature. An MTW PHA may also dip further below the “Compliant” level to account for other projects and circumstances as approved by HUD.” (emphasis added)

In other words, while the statute defines compliance to mean service to only a substantial part of the number we would be serving otherwise, your draft would define that level of service to be less than fully compliant. This misstates the statute. Your draft goes on to define the permissible shortfall below full service as only “slight” and “nominal”. These are the wrong words to use. “Slight” means “deficient in weight, solidity, or importance” or “trivial”; “nominal” means “in name or form only”, “trifling”, or “insignificant”. Merriam-Webster On-Line Dictionary (2015)(<http://www.merriam-webster.com/>). Such words drain meaning from the word “substantial” as a measure of compliance. You would effectively rewrite the statute to require an agency to “assist **substantially** nearly or almost or virtually the same total number of eligible low-income families.” We should not seek to rewrite the statute. We should focus on the meaning of its words, especially this word “substantially”.

To give a proper meaning to the term “substantially,” its dictionary definition is instructive. “Substantial” means “considerable in quantity: significantly great”, “not imaginary or illusory”, “considerable in amount, value, or worth” or “being largely but not wholly that which is specified”. Merriam-Webster, *supra*. Substituting these definitions, the statute requires housing authorities to “assist [considerably or largely] the same total number of eligible low income families as would have been served had the amounts not been combined.” This implies a more flexible deviation from “the same” number of eligible families than the mere “nominal” or “slight” deviations that HUD proposes.

Our interpretation of the word “substantially” also matches its use in related housing laws. For example, the Fair Housing Act defines “handicap”, in part, as “a physical or mental impairment which **substantially** limits one or more of such person’s major life activities. . . .” 42 U.S.C. § 3602(h)(i) (emphasis added). This law and HUD’s interpretation of this law do not require the impairment, in order to qualify as a “handicap”, to leave a person with only “slight” or “nominal” function. Something well short of full incapacity would count as a “substantial” limitation. As another example, under the Section 8 Substantial Rehabilitation program, HUD flexibly defines “substantial rehabilitation,” in part, as follows: “**Substantial** rehabilitation may vary in degree from gutting and extensive reconstruction to the cure of substantial accumulation of deferred maintenance. . . . **Substantial** rehabilitation may also include renovation, alteration or remodeling for the conversion or adaptation of structurally sound property to the design and condition required for use under this part or the repair or replacement of major building systems or components in danger of failure.” 24 C.F.R. § 881.201 (emphasis added). HUD therefore interprets “substantial” rehabilitation to mean something considerably less than an “entire” or “complete” rehabilitation.

Similarly, a reduction below the same number of families otherwise served that is considerably more than “nominal” or “slight” would be more consistent with MTW’s use of the same word “substantially.”

Such interpretation serves two MTW imperatives that should govern the discussions. **First**, the MTW program is designed to allow an agency to redirect dollars from one purpose to another to serve other permissible or required purposes, even at the cost of serving fewer families or serving them in a different way. For example, the present MTW contract and HUD’s proposed draft require agencies to “ensure that [its public housing] is safe, decent, sanitary, and in good repair, according to an inspection protocol established or approved by the Secretary.” July 1st Draft MTW Contract, Section IID. In light of the extensive and long persistent underfunding of that portfolio, many if not most MTW agencies find it essential to redirect voucher dollars to this required purpose. In another example, the MTW statute directs the agencies to increase families’ housing choices and to help them prosper. These purposes can require a redirection of funds to build housing in markets where vouchers do not work, to change the value of the rental subsidy up or down depending on the market, or to provide services a struggling family needs even to use a voucher or to increase earnings through work. You may not favor these policy judgments. You may have studied our local needs and markets and come to a different understanding of what they require or allow. HUD staff, as they have made clear enough in these MTW discussions, may not value the public housing portfolio (despite HUD’s own directives and that of our local law that we be its responsible stewards and guardians for the welfare of its occupants). We can acknowledge such views. Yet, the **second** imperative of the MTW statute leaves these judgments to the local agency that best understands its local needs and its local markets. The leeway inherent in the word “substantially” allows for that.

Let us jointly acknowledge that there is no formulation would allow us to avoid the hard policy choices every housing authority faces from a high demand for our services in hard markets with inadequate resources to face it. Some of our choices are not reasons to celebrate. We would not make them if our communities did not face such a dire and varied need or if we were flush with cash to meet it. Yet we must make our choices with the needs and markets we face and with the resources we have within reach. That requires a flexible formulation to allow us to choose in a way that best serves our local communities as only our local communities can best judge.

For these reasons we do not favor your June 24th draft of the definition of “Substantially the Same” requirement. We urge you to carefully consider the Steering Committee’s alternative formulation. It is simpler. It is easier to understand. It would be easier to administer. More importantly, it is more faithful to the statutory language and purpose.

- **Future Laws and Regulations and Unilateral Changes to the Contract**

The July 1st Draft Agreement continues to have insufficient protection against a future HUD negating MTW agencies’ agreement flexibility through regulations, notices or other guidance not required by changes in law. The Draft Agreement continues to omit the Steering Committee’s proposed language on this point. Instead, the draft adds new language that might be understood or misunderstood to permit HUD’s unilateral change to the contract. For example, in proposed Attachment A, Section D(4) HUD “reserves the right to reduce Section 8 and/or Section 9 funding in any fiscal year while the Agency is under this Agreement, if in HUD’s **sole judgment**, it is necessary in order to comply with this provision.” (emphasis added). Such a unilateral interpretative license would be extraordinary. We can agree that the parties are bound by Congressional statute or appropriation. We hope you can agree that no responsible party to a real contract can safely agree in advance to be bound without limitation to the other party’s unknown future interpretation of what a present or future statute or appropriation means. This in effect would give that party an unreviewable authority to decide what the contract means. That would not be a contract.

- **Cash Management**

The Draft Agreement does not ensure that MTW Agencies will have funds on hand to support MTW activities such as development transactions. It does not ensure prompt access to funds. It does not reasonably protect the funds against appropriations offsets in view of single-fund flexibility.

- **Diminishment of Funds**

The Agreement continues to drop the “non-diminishment” language in the current contract.

- **Evaluation**

The Draft Agreement has insufficient language memorializing HUD and the agencies’ agreement regarding evaluations, does not state that HUD will cooperate with the agencies in these evaluations and references reporting of data in Attachment B, which needs substantial work before the current OMB authorization expires next year.

- **PHAS High Performer Status**

The Draft Agreement does not provide a reasonable opportunity for agencies without grandfathered high-performer status to attain that status, or for grandfathered agencies to maintain that status if successor regulations to PHAS are adopted that do not mesh with their operations. We note below as well that the language in our Attachment D does not account for THA's full conversion of its public housing units to RAD.

- **De-Federalization of Funds**

We note your draft removed Section 6.F.2.1 of the First Amendment to our current MTW Agreement that makes clear that fees that THA earns are de-federalized. We need to retain that provision. We believe it goes in Attachment C as Section H.2.i.

2. **ATTACHMENT A**

You propose to significantly revise Attachment A. We have attached a redlined version showing our suggested edits to explain our concerns and proposals. Here are the main ones:

- Our main concern with Attachment A arises from its main purpose. It determines our funding. In her verbal explanations of this attachment during the several phone conferences with us, Dominique repeatedly and helpfully reassured us that HUD does not intend the changes to Attachment A to decrease THA's funding. We need Attachment A to state this explicitly. We need this explicit reassurance especially since we are not sure of the meaning or effect of many of HUD's proposed changes. Memorializing Dominique's reassurance that the changes will not reduce our funding will allow us to better tolerate the uncertainty of what else they may mean.

- The Steering Committee will convey our concern that by requiring MTW agencies to use the regulatory operating subsidy formula, the draft Attachment A denies MTW agencies the ability to retain savings related to rent reform and to apply those savings to other MTW-authorized uses.

- Please note the last section we added to Attachment A. It restates the terms of a settlement between THA and HUD dated July 18, 2013 and memorialized in the attached agreement of that date that I signed with Assistant Secretary Henriquez. This agreement protects \$1.2 million of THA's MTW reserves from any recapture. We need the new contract to incorporate this settlement. Attachment A is the place to do that.

In our attached redlining to Attachment A we explain our further concerns and offer additional edits. We mean some of them to make the document easier to understand. Other edits are more substantive. Your draft Attachment A has still other changes that we do not understand. We look forward to further discussion to help us understand them. We then may have further comments.

3. ATTACHMENT B

Your July 1st email did not convey an Attachment B. You and others at HUD have acknowledged the need for some revision to it. We agree. THA believes this form needs revision to allow for the necessary evaluation and reporting that HUD and the agencies need to determine the success of the program. We also need language making clear that Attachment B is part of the MTW agreement and cannot be amended without the parties' mutual agreement. We propose to add language that would disallow HUD, for example, from revising the reporting form through the OMB process.

4. ATTACHMENT C

The Steering Committee will provide comments on behalf of the MTW agencies regarding Attachment C when it meets with you next week. For now we must convey our concerns that the draft Attachment C may reduce flexibility that MTW Agencies now have and does not take the opportunity to clarify that such flexibility is available where this is unclear under the current Attachment C. Areas of concern include language regarding agency-administered Energy Performance Contracts, local project-based voucher programs and local uses of funds.

5. ATTACHMENT D

We attach a redlined version of Attachment D. As it shows, we propose leaving the first sentence and striking the rest. The rest relates to re-scoring THA under a new PHAS regulation. THA will complete a portfolio-wide RAD conversion before an alternative PHAS is developed. This means that THA will no longer have public housing to score under PHAS. Leaving this language as proposed would have THA lose its high performer status with no opportunity to regain it.

Thank you very much for this chance to comment on your draft contract. We hope our comments are helpful. We are eager to agree with HUD on a contract extension. We look forward to the further discussions directly with you and through the Steering Committee that will allow for that.

Cordially,

TACOMA HOUSING AUTHORITY



Michael Mirra
Executive Director

CC: MTW Steering Committee
Attachments:

THA redlining of HUD's proposed Attachment A
THA redlining of HUD proposed Attachment D
HUD letter and Settlement Agreement, July 18, 2013

**ATTACHMENT A
CALCULATION OF SUBSIDIES**

TO

**MOVING TO WORK AGREEMENT THROUGH 2028
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
TACOMA HOUSING AUTHORITY**

With THA edits 2015-7-15

Upon execution of the Moving to Work (MTW) Agreement through 2028 (2028 MTW Agreement) between the U.S. Department of Housing and Urban Development (HUD) and the Tacoma Housing Authority (Agency), HUD will provide the Agency with operating subsidy, capital funds, and Housing Choice Voucher Program assistance as described below. Under no circumstances should the revisions to this attachment reduce the funding the agency would have received under its original agreement.

A. Operating Subsidy

1. The calculation of operating subsidy will continue in accordance with applicable operating subsidy formula law and regulations, and appropriations act requirements.
2. For operating funds provided in years prior to the execution of the ~~Agreement~~ amended Agreement, the Agency may use any accumulated operating reserves for eligible MTW purposes, subject to applicable provisions of the Agreement, subsequent legislation, including appropriations acts, ~~and HUD and other Federal requirements.~~
3. All funds programmed for MTW purposes will be recorded and drawn from MTW designated line items on relevant HUD forms.

Comment [a1]: For the purposes of this document we are willing to abide by changes in statutes and appropriations, but the contract needs to make clear that a party may not amend it unilaterally by non-statutory means. This is a concern that arising in other parts of the document.

B. Capital Funds Program

1. The Agency's capital fund formula characteristics and grant amounts will continue to be calculated in accordance with applicable law and regulations, and appropriations act requirements.
2. ~~For capital funds provided in years prior to the execution of the amended Agreement, the Agency may submit, and HUD will, subject to applicable provisions of the Agreement, subsequent legislation, including appropriations acts, and HUD and other federal requirements, approve a request to reprogram, by grant year, use any unobligated funds for eligible MTW purposes. Such requests will be made in accordance with current procedures governing amendments to the Annual MTW Plan, except that no public consultation will be necessary prior to submission of the request.~~
3. All funds programmed for MTW purposes will be recorded and drawn from MTW designated line items on relevant HUD forms.

Comment [a2]: Any previous funds in Attachment A seem to be based on the 2010 contract. As this is a contract extension, the base funds should be discussed in the context of what happens upon the extension.

C. Housing Choice Voucher (HCV) Program Funding

1. For purposes of the Housing Choice Voucher Program (HCVP) funding, the Base Year is calendar year (CY) 2010 (January 1, 2010 through December 31, 2010). The Initial Year is CY 2011 (January 1, 2011 through December 31, 2011).
2. Housing Assistance Payments (HAP) renewal funding: In the Initial Year (CY 2011) of HCVP HAP renewal funding under this Agreement, ~~and subject to Section E.1 of this Attachment A~~, the Agency's renewal eligibility and funding ~~shall be~~ based on actual HAP costs incurred in the Base Year of CY 2010, adjusted ~~via the renewal inflation factor as established by the Secretary and by the current year's AAF, and applicable national applicable~~ proration factor.

For subsequent calendar years, the renewal funding eligibility ~~has, and~~ will be equal to the previous year's total renewal funding eligibility, prior to national proration, plus amounts to fund all vouchers newly effective under the Annual Contributions Contract (ACC) and to be added to the MTW category, for the months not already funded. The total eligibility will be adjusted by ~~any the current year's inflation factor as established by the Secretary AAF, any applicable national proration factor, and pro-ration factor as determined any other by~~ appropriations act requirements.

3. Administrative Fees: In the Initial year (CY 2011) of administrative fee funding under this Agreement ~~and subject to Section E.1 of this Attachment A~~, the Agency's administrative fee eligibility ~~shall be~~ determined in accordance with the Base Year leasing and current year Administrative Fee rates; ~~funding shall be determined by applying adjusted via~~ the national proration factor to the eligibility amount.
4. For subsequent calendar years, the administrative fee eligibility ~~has, and~~ will be determined by applying the current fee rates to the Base Year leasing. Administrative fee eligibility will also be determined for all vouchers newly effective after the base year, by applying the ~~current year the effective years~~ administrative fee rates to the ~~new-number of authorized~~ vouchers for each month they are under ACC during the year. Funding shall be determined by applying the ~~national proration factor to the total eligibility amounts~~ ~~pro-ration factor as determined by appropriations act requirements~~.
5. Notwithstanding the administrative fee methodology established herein, HUD reserves the right to revise the method in which administrative fees are determined for CY 2019 and subsequent years in accordance ~~with with the ongoing administrative fee rule or its successor rule or regulation statutory or appropriations act requirements~~.

—If the PHA receives incremental HCVP vouchers and funding (including tenant protection vouchers), the agency must decide whether to apply any incremental HCVP funding to the MTW block grant or to keep the incremental HCVP funding separate. In some cases, incremental HCVP funding (including tenant protection vouchers) may not be eligible for inclusion in the block grant, ~~as determined by HUD or as provided by law (including but not limited to as provided in section 6 of this Attachment)~~. Incremental vouchers included in the MTW block grant will be funded pursuant to the current year's block grant per unit funding amount. ~~Incremental voucher funding~~

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~~that will not be included in the MTW block grant will be funded based on the PHA's actual average non-MTW HAP per unit cost (PUC) for the most recently completed CY, adjusted via the renewal inflation factor for the current year. Incremental vouchers funded as regular vouchers will earn administrative fees. Administrative fee eligibility will be determined by applying the current year's administrative fee rates to the new vouchers for each month they are under ACC. Funding will be determined by applying the national proration factor to the total fee eligibility.~~

~~After an agency whose base year funding was inclusive of HAP and fee funds has their HCV administrative fees unembedded from their block grant, effective CY 2019 and pursuant to their MTW Agreements, incremental vouchers to be funded as part of the MTW block grant will be funded using the new MTW PUC. Administrative fee funding eligibility for those vouchers will be determined by applying the current year's Administrative Fee rates to the new vouchers for each month they are under ACC. Funding shall be determined by applying the national proration factor to the total eligibility amount.~~

Comment [a3]: Not applicable to THA

- 6. Any vouchers received as part of a RAD component 1 conversion shall be added to the ACC via funding of \$1 for the remainder of the CY in which they are awarded. HUD will issue a new increment of voucher funding in the first full CY following a RAD conversion. These amounts will be renewed in subsequent years based on the per unit funding of the increment award, adjusted via the renewal inflation factor and the applicable proration factor.

Administrative fees for RAD vouchers will be earned per each year's posted administrative fee rates ~~and based on the total of number of RAD units~~ vouchers ~~transitioned over to the PBV program, under lease each month.~~ Fees for RAD vouchers will be prorated at the same level that applies to all non-MTW agencies.

Comment [a4]: RAD units should be block granted and based on authorized units transitioned over to PBV, not units leased.

MTW funds used to establish initial RAD PBV rents pursuant to Notice PIH 2012-32 (HA), REV-1, or its successor, shall be considered obligated voucher funding for purposes of counting towards the agency's voucher utilization percentage.

Comment [a5]: Only appropriate if there is a funding test. When there is a single STS test, this needs to be deleted.

- 7. ~~Vouchers and funding provided for the following HCVP sub programs, whether for new allocations or renewal of existing increments, shall not be included in the MTW block grant: Funding for Five-Year Mainstream, Moderate Rehabilitation renewals, Veterans Affairs Supportive Housing (VASH), Non-Elderly Disabled (NED), and Family Unification Program (FUP) Vouchers, whether new allocations or renewals of existing vouchers, shall not be included in the MTW block grant. Administrative fee eligibility for these vouchers will be based on actual leasing and current year Administrative Fee rates. Funding for all but Moderate Rehabilitation units will be determined by applying the national proration factor to the total fee eligibility.~~

Comment [a6]: Used the language in our original contract, which is more concise

- 8. ~~All HCVP funding provided by HUD and not restricted under item C.4. or C.6. above, or otherwise prohibited by law in the Initial year and subsequent years under this Agreement may be eligible for inclusion in the MTW block grant. For HCVP funds provided in years prior to the execution of the extended Agreement, and not restricted under C.6 above the Agency, may use any accumulated reserves generated by the HCVP program for eligible MTW purposes, subject to applicable provisions of the Agreement, subsequent legislation, including appropriations acts,~~

Comment [a7]: This will apply to funds earned since inception, and rolled over to extended agreement. Language proposed is more applicable and easier to understand.

- 9. ~~Any sum generated by the Agency in the Net Restricted Position (NRP) account and HUD held reserves MTW HCVP program after the effective date of this Agreement shall remain available~~

Comment [a8]: Funds from the HCVP program are fungible, and part of our unrestricted Position

and may be used for authorized purposes, subject to applicable provisions of the Agreement, and subsequent legislation, including appropriations acts, and other HUD requirements. ~~The Agency will be permitted to retain that portion of the NRP and HUD will retain for the PHA that portion of the HUD held reserves that in total represent 6 percent of the PHA's CY 2010 renewal funding eligibility. The beginning NRP balance will be determined without considering fungible expenses incurred through December 31, 2010. Any NRP or HUD held reserve funds are subject to offset or recapture by HUD if an appropriations act or other legislation provides for such actions in the HCVP.~~

Comment [a9]: This language had to do with what we could carryover when we became an M agency in 2010. All carryover should be based on what is on hand at the time of the contract extension. The language as written makes it sound like we will be never be able to carryover any more than the 6%.

~~10.9.~~ The agency is eligible to request Family Self-Sufficiency Coordinator funds, in accordance with laws, regulations, and HUD procedures in effect.

D. HCV Utilization Requirement [may be removed pending the establishment of a rigorous STS methodology]

Comment [a10]: The Steering committee will be submitting its proposal regarding Substantially the Same, which we support. We look forward to a single test and having this section revised to reflect the requirements for Substantially the Same calculations.

1. <<Insert language on 90% Utilization Requirement.>>
2. The Agency must supply documentation of HCV fund expenditures to HUD where necessary to verify compliance with the HCV Utilization Requirement throughout the duration of the 2028 MTW Agreement.
3. <<Insert language on remedies/consequences of non-compliance>>.

E. Other Provisions

~~4. Section 236, title II, division I of the Omnibus Appropriations Act, 2009 (Public Law 111-8), enacted March 11, 2009 states, in part, that, "no PHA granted this [MTW] designation through this section shall receive more funding under section 8 or 9 of the United States Housing Act of 1937 than they would otherwise have received absent this designation." Because the Agency was admitted pursuant to this section, HUD reserves the right to reduce Section 8 and/or Section 9 funding in any fiscal year while the Agency is under this Agreement, if in HUD's sole judgment, it is necessary in order to comply with this provision.~~

Comment [a11]: We acknowledge this is the language in place when we signed the original agreement, and our agency was rebenchmarked from our original calculation based on this. This is no place in the contract extension. We saw no other agency with this provision in their Attachment A. Replace with the language of what actually occurred to reduce our Voucher amount.

~~4.5. The terms of the attached HUD letter dated July 18, 2013 will be incorporated into this contract. All funds outlined in that letter will remain obligated to THA and will not be subject to recapture.~~

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ATTACHMENT D
AGENCY SPECIFIC AUTHORIZATIONS AND CONDITIONS
TO

MOVING TO WORK AGREEMENT THROUGH 2028
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
TACOMA HOUSING AUTHORITY

1. Suspension of Current Evaluation and Reporting Requirements

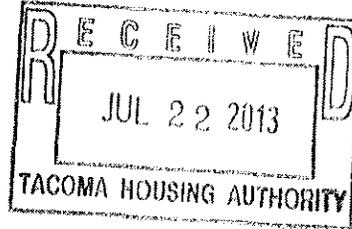
The Agency is designated a high performing agency under the current Public Housing Assessment System (PHAS) regulation. ~~The Agency will continue its designation as a high performing agency until such time as the Department adopts a new PHAS regulation and the Agency can be fully scored under that regulation. At that time the Agency will no longer automatically be designated a high performer. Thereafter, should the Agency wish to obtain high performer status, it must elect to be scored under the new PHAS regulation. The Agency may propose an alternative evaluation methodology in lieu of the PHAS regulation for approval by the Department. Such a methodology shall at a minimum incorporate the indicators set forth in Section 6(j) of the 1937 Act, and shall utilize a third party to assess performance.~~



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

July 18, 2013



Michael Mirra
Executive Director
Tacoma Housing Authority
902 South L Street, Suite 2A
Tacoma, Washington 98405-4037

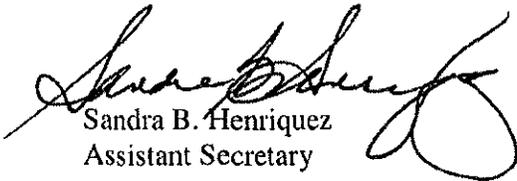
Dear Mr. Mirra:

For a number of months, HUD and the Tacoma Housing Authority ("THA") have been discussing the appropriate funding level for the Section 8 Housing Choice Voucher ("HCV") program under THA's Moving to Work ("MTW") Agreement. I am writing to confirm our mutual agreement on the resolution of that issue, as follows:

1. HUD will provide THA with a one-time HCV funding adjustment of \$1.2 million, in addition to funds already provided to THA. HUD will transfer those funds to THA's bank account as soon as THA accepts the terms of this letter;
2. The one-time adjustment will not be added to THA's baseline subsidy eligibility for purposes of future years' funding; and
3. HUD will deem the \$1.2 million to be obligated by THA, and not subject to a sweep of reserves, provided that THA describes in its MTW plan how the funds will be used and provides a schedule for spending them.

Thank you for working with us to reach this resolution. Please indicate your agreement by responding affirmatively to this letter as soon as possible.

Sincerely,


Sandra B. Henriquez
Assistant Secretary

ACCEPTED:

DATE:

EF Michael Mirra
Tacoma Housing Authority
Michael Mirra, Executive Director

7.23.13



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: April Black, Deputy Executive Director
Date: July 30, 2015
Re: 2016 Moving to Work (MTW) Plan

1. BACKGROUND

Tacoma Housing Authority (THA) must submit an annual MTW Plan to the Housing and Urban Development (HUD). In the plan, THA describes new activities that it wishes to propose to HUD and provides a brief summary of existing activities. The plan also predicts the sources and uses of funds in the future year and provides HUD information regarding major changes planned.

THA's Planning and Policy Analyst, Sheryl Stansell, held two (2) planning sessions that were open to all staff in order to gather additional input on 2016 MTW activities. These sessions took place June 17th and 19th. THA identified three (3) new program proposals that would provide rental subsidy but no supportive services. THA believes that all programs can be implemented using current authorizations under previously approved MTW activities. Therefore, the 2016 MTW Plan does not contain any new activities. Rather, the changes to 2016 Plan aim to modify and streamline THA programs and activities. Modifications to the McCarver Program (Tacoma Public Schools Special Housing Program) are also included in the memo.

THA must now seek public comment on these proposals. During this time, THA will also pursue an amendment to the 2015 MTW Plan. The amendments will ensure the Plan's consistency with RAD requirements.

The purpose of this memo is trifold: 1) to inform the Board of modifications to existing activities through the 2016 Plan approval, 2) to provide the Board with a timeline outlining key dates for Plan development and approval, and 3) to inform the Board about the 2015 Plan amendment related to RAD.

2. 2016 MTW ACTIVITY MODIFICATIONS

2.1 Prevention Dollars

THA would like to expand the use of the MTW activity that authorizes the agency's investment into Pierce County's rapid rehousing program. THA would do this by investing in the local homeless prevention system to serve households that need short-term rental assistance to avoid eviction. This program would be administered similarly to THA's investment in the Pierce County Rapid Rehousing and Youth Housing systems by having a third party administer these funds. It would allow THA to serve more new households each month while investing in part of the continuum of care (the range of housing options available to low-income households in Pierce County), which does not currently receive much investment.

THA believes that this investment would allow THA to better serve households who need immediate assistance in order to prevent eviction. These services are not available in Pierce County and would allow THA to lessen the number of households facing homelessness due to eviction.

2.2 Preferences for Special Programs on the Housing Opportunity Program (HOP) Waitlist

THA may implement preferences on the HOP waitlist in order to reach capacity in programs where THA provides HOP subsidies and the partnering agency provides case management and/or supportive services. Currently, these programs include the twenty (20) housing subsidies for the College Housing Assistance Program (time-limited voucher for homeless college students) and the twenty-five (25) housing subsidies for the Children's Housing Opportunity Program (a time-limited voucher for homeless families where children have been placed in foster care and young adults aging out of foster care). Both programs use the HOP rent calculation and MTW authorizations but have slightly modified time limits and case management requirements. Implementation of these preferences and program requirements went through public notification and Board approval when THA amended its Administrative Plan for these preferences.

The following programs are being proposed in THA's 2016 MTW Plan under the Housing Opportunity Program activity. Dedicated HOP subsidies would be filled using the same waitlist method outlined above.

2.3 McKinney Vento Liaison Project:

THA is proposing a rental assistance program that would provide McKinney Vento liaisons within Tacoma schools with the ability to refer households to THA's Housing Opportunity Program. Households would receive rental assistance from THA but would not be targeted for case management services. One goal of the project would be to evaluate the degree to which mandatory case management is a tool for best practices in stabilizing households.

Additionally, THA would like to better understand if providing homeless households with children rental assistance is enough to evoke similar lessened school mobility rates, increased testing scores and increased earned income for work-able households. THA anticipates that this activity will stabilize homeless households that have children in Tacoma Public Schools and that the students will be able to remain in the same school. This program will inform policy choices related to case management.

2.4 Women 2 Work:

By the end of 2015, THA plans to deploy an additional HOP preference for twenty-five (25) households participating in Goodwill's Women 2 Work program. Women 2 Work is a new program being developed by Goodwill for implementation this autumn. It is funded by the Kellogg Foundation as a national learning initiative. Goodwill is one of seven (7) agencies funded, and the only participant west of the Mississippi.

The program aims to move one hundred and forty (140) women of color from unemployment to living-wage work within the next two and a half years. Participants must be currently unemployed, low-income, and have children less than eight years of age enrolled in preschool or other educational daycare. Participants will gain professional certification in jobs identified as locally needed. Goodwill will provide intensive case management and some other support services, working in collaboration with local community and vocational colleges. It will also work closely with early education providers. Given the eligibility parameters, instability in housing is likely for some participants. The program would work as a two-generation intervention emphasizing living wage employment, early childhood education and provider partnerships.

3. Tacoma Public Schools Special Housing Program Expansion, Extension and Modification

THA and Tacoma Public Schools (TPS) have made a recommendation to extend, expand and modify the Special Housing Pilot Program at McCarver. Based on three (3) years of third-party evaluations performed by Geo Research, THA and TPS have concluded that the pilot has contributed value in its ability to decrease the student mobility rate of the school, increase the earned income of participating workable households, as well as increase the academic performance of students participating in the program.

The program has been a closed pilot program so the number of families being served has dwindled yearly with attrition until in 2015. THA is serving only thirty-five (35) families. The program has shown sufficient success to become a permanent program. In 2015 the program will add between five (5) and eight (8) new families. Starting in September 2016, the program model will be expanded to a second Tacoma elementary school. In September 2017, the program will be expanded to a third school. Schools selected for the expansion would have similar transience rates among its student populations. TPS would be responsible for selecting the specific schools for expansion. TPS would also begin to fund the salaries of the case managers at all schools.

It has become evident that the rent structure is not serving families well. In year four (4), when families were expected to pay 60% of the market value rent, a majority were unable to make the required payments. The rent structure is being changed to an income-based model already in use at THA. Household rent calculations will be set based on THA’s current rent reform model of the traditional Section 8 program. This means that household rent will be based on 28.5% of the household income. This change to the rent structure will benefit each household as each will pay far less than the scheduled 80% rent share in year five (5). New households will receive subsidy based on this rent structure as well. Households will also be subject to the hardship policy that was approved with THA’s MTW rent calculation for the voucher program.

4. 2016 MTW PLAN APPROVAL TIMELINE

Date	Task
August 1 through 31	Plan Out for Public Comment. Draft Plan will be Available on THA’s Website
August 18	MTW Public Hearing. Bay Terrace 6-7:30 pm
August 22	MTW Plan Comment Opportunity at Hilltop Street Fair
September 23	Board Approval
October 15	Plan Submission for HUD Approval

4.1 2015 PLAN AMENDMENT

Successful implementation of RAD in 2015 will require THA to amend its 2015 MTW Plan to include the required elements outlined in revised PIH Notice 2012-32. The extent of these revisions is still being discussed. Program staff will use the 2016 MTW Plan comment period to present the 2015 Plan amendments to the public. Staff may need to request a Special Board meeting in early September to accommodate HUD deadlines.

4.2 RECCOMENDATION

I recommend including all of the listed 2016 activity modifications and the 2015 Plan amendment in the MTW Plan public comment process. If any of the activities receive negative feedback, we can discuss removing them from the list. If an activity receives positive feedback, I will recommend that we continue to work with staff and residents to have it included in the recommendations that will be presented to the Board for inclusion in the 2016 MTW Plan.

Once the Plan is approved, the Board will receive more information about each activity prior to its implementation. We also know that staff capacity in 2016 may not allow for implementation of these new programs and we are hopeful that the board will understand this.

ADMINISTRATION REPORTS



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$4,210,093 for the month of June, 2015.

Approved: July 30, 2015

Stanley Rumbaugh, Chair

TACOMA HOUSING AUTHORITY
Cash Disbursements for the month of June 2015

		Check Numbers		Amount	Totals	
		From	To			
A/P Checking Account						
Low Rent Module Checks	Check #'s	2,809	-	2,809	86	
Accounts Payable Checks	Check #'s	85,107	-	85,302		
Business Support Center				335,643	Program Support	
Moving To Work Support Center				100,629		
Tax Credit Program Support Center				17,067		
Section 8 Programs				44,690	Section 8 Operations	
SF Non-Assist Housing - 9SF Homes				6,263	Local Funds	
Salishan 7				47,540		
Prairie Oaks Operations				2,537		
Hillsdale Heights				1,286	Development	
AG Hsg Recovery Grant				23,860		
Development Activity				6,009		
Hillside Terrace 2500 Court G Development				198,973		
Prairie Oaks (LASA)				27,647		
CS General Business Activities				101	Community Service	
Community Services MTW Fund				6,050		
Gates Scholar Incentive Grant				21		
ROSS Svc Coord				228		
WA Families Fund				635		
COT-CDBG-FSS Grant				30		
Pierce Co. 2163 Funds				83		
COT-McCarver Grant				94		
AMP 1 - No K, So M, No G				49,783	Public Housing	
AMP 2 - Fawcett, Wright, 6th Ave				45,506		
AMP 3 - Lawrence, Orchard, Stevens				130,685		
AMP 6 - Scattered Sites				4,025		
AMP 7 - HT 1 - Subsidy				3,577		
AMP 8 - HT 2 - Subsidy				2,080		
AMP 9 - HT 1500 - Subsidy				1,137		
AMP 10 - SAL 1 - Subsidy				11,474		
AMP 11 - SAL 2 - Subsidy				12,204		
AMP 12 - SAL 3 - Subsidy				9,183		
AMP 13 - SAL 4 - Subsidy				11,753		
AMP 14 - SAL 5 - Subsidy				13,254		
AMP 15 - SAL 6 - Subsidy				12,715		
AMP 16 - Bay Terrace - Subsidy				1		
Allocation Fund				50,862		Allocations-All Programs
THA SUBTOTAL				1,177,713		
Hillside Terrace 1 through 1500				2,652	Tax Credit Projects - billable	
Bay Terrace				2,180		
Salishan I - through Salishan 6				1,236		
Salishan Association - Operations				-		
TAX CREDIT SUBTOTAL (Operations - billable)				6,068	1,183,781	
Section 8 Checking Account (HAP Payments)						
SRO/HCV/TBRA/VASH/FUP/NED	Check #'s	481,582	-	481,602	12,792	
	ACH	78,680	-	80,042	2,419,078	
					\$ 2,431,870	
Payroll & Payroll Fees - ADP					\$ 539,442	
Other Wire Transfers						
Earnest Money - Outrigger Apts				50,000		
Earnest Money - New Look Apts				5,000		
					\$ 55,000	
TOTAL DISBURSEMENTS					\$ 4,210,093	

TACOMA HOUSING AUTHORITY

CASH POSITION - June 2015

Account Name	Current Balance	Interest
HERITAGE BANK		
Accounts Payable	\$ 2,201,364	0.40%
Section 8 Checking	6,020,101	0.40%
THA Affordable Housing Proceeds	3,108,987	0.40%
Note Fund Account	100	0.40%
Credit Card Receipts	100	0.40%
THA Investment Pool	289	0.40%
THA LIPH Security Deposits	91,406	0.40%
THDG - Tacoma Housing Development Group	72,538	0.40%
LF - SF 9Homes Alaska	7,084	0.40%
LF - SF 9Homes Alaska Sec Dep Acct	2,755	0.40%
LF - SFH No. Shirley	29,001	0.40%
LF - SFH N Shirley Security Deposit Acct	1,002	0.40%
Salishan 7	878,631	0.40%
Salishan 7 Security Deposit	26,928	0.40%
Salishan 7 Replacement Reserve	142,660	0.40%
Salishan 7 Operating Reserve	198,782	0.40%
Prairie Oaks Operations	100	0.40%
Prairie Oaks Security Deposit	100	0.40%
Prairie Oaks Replacement Reserve	100	0.40%
Payroll Account	7,845	0.40%
General Fund Money Market	537,703	0.40%
WASHINGTON STATE		
Investment Pool	\$ 1,628,683	0.12%
1. TOTAL THA CASH BALANCE	\$ 14,956,261	
Less:		
2. Total MTW Cash Balance	\$ 5,396,868	
<i>Less Minimum Operating Reserves</i>		
2.01 Public Housing AMP Reserves (4 months Operating Exp.)	1,140,000	
2.02 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.10 Total Minimum Operating Reserves	\$ 1,866,000	
3. MTW Cash Available (Lines 2-2.10)	\$ 3,530,868	
<i>MTW Reserve Commitments</i>		
3.01 2nd Phase Hillside Terrace Redevelopment	\$ 2,420,000	
3.02 Renovation/Remodel of 2nd Floor of Admin Building	1,189,003	
3.03 Renovation/Remodel of Salishan FIC Building	579,500	
3.04 Renovation of Salishan Maintenance Shop	286,500	
3.05 RAD Conversion Costs - Capital Contributions to Projects	1,500,000	
3.06 Software Conversion for Operational Platform (VH)	516,799	
3.07 Education Projects - McCarver & Others	310,000	
3.08 Exigent Health & Safety Issues (Meth Remediation)	102,536	
3.10 Total Reserve Commitments (Lines 3.01 through 3.08)	\$ 7,204,338	

TACOMA HOUSING AUTHORITY

CASH POSITION - June 2015

<i>MTW Cash Held By HUD</i>			
3.11 Undisbursed HAP Reserves Held by HUD		\$	3,692,185
3.20 Total MTW Cash Held By HUD		\$	3,692,185
4. Non MTW Cash Restrictions			
<i>Other Restrictions:</i>			
4.01 FSS Escrows		\$	99,178
4.02 VASH, FUP & NED HAP Reserves			118,310
4.03 Mod Rehab Operating Reserves			118,439
4.04 Security Deposit Accounts			123,685
4.05 Salishan Sound Families - 608			60,346
4.06 Gates Foundation - 612, 615 & 616			365,882
4.07 WA Families Fund - 675, 713			20,121
4.08 Bond Financed Single Family Homes Reserve			90,000
4.09 Salishan 7 Reserves			766,442
4.10 Prairie Oaks Reserves			100
4.11 THDG - 048			72,538
4.12 Area 2B Sales Proceeds (Afford Hsg)			3,108,987
4.20 Total - Other Restrictions		\$	5,155,428
<i>Agency Liabilities:</i>			
4.30 Windstar Loan - 042			275,998
4.40 Total - Agency Liabilities		\$	275,998
4.45 Development Draw Receipts for Pending Vendor Payments		\$	-
4.50 Development Advances/Due Diligence Commitments ¹		\$	70,000
5. Total Non MTW Cash Restrictions (Lines 4.20+4.40+4.45+4.50)		\$	5,501,426
6. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-5)		\$	4,057,968
7. Agency Current Commitments:	Board Approval	Expended	Obligation Balance
Salishan Campus (PY exp plus 2014 budget)	\$ 196,174	\$ 126,174	\$ 70,000
¹ Total Current Commitments outstanding			\$ 70,000
Agency Advances that resulted in reduced amount of Unencumbered Cash (line 6)			
Hillside Terrace Redevlpmnt - Chase Loan, LP Equity Funds		\$	-
Prairie Oaks - Pierce Co CDBG, Lakewood CDBG, HTF		\$	174,240
Total Agency Advances		\$	174,240



TACOMA HOUSING AUTHORITY

Date: July 30, 2015
To: THA Board of Commissioners
From: Ken Shalik, Director of Finance
Re: Finance Department Monthly Board Report

1. FINANCIAL STATEMENT COMMENTS

The next financial report presentation will be in August, 2015 where Finance Department (FD) reviews the financials for the period ending June 30th. Financially, THA remains in good shape at this time, and the FD is not seeing any real areas of concern that need to be addressed. Major areas that may have been in need of adjustment are dealt with in the mid-year budget revision.

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 .11%.

3. AUDIT

The Washington State auditors have started working on the financial portion of the audit this month, and will be completed in time to meet the September 30th submission deadline to HUD. The final phase of the audit, which is the accountability portion will commence after completion of the financial portion.

4. BUDGETS

A mid-year budget study session for the Board was held on July 10th. A mid-year budget revision is being submitted to the Board for approval this month. Immediately after approval of this revision, FD will commence working on the 2016 budget.

5. YEAR END CLOSING UPDATE

No update at this time.

ADMINISTRATION



TACOMA HOUSING AUTHORITY

Date: July 30, 2015
To: THA Board of Commissioners
From: Todd Craven, Director of Administration
Re: July 2015 Administration Department Board Report

1. Salesforce Implementation

1.1 Schedule Change

Since the last report to the Board, a committee within THA worked to revise the schedule originally proposed by eightCloud for completing the design/build/go-live phases of work. Under the new schedule, we broke up the remaining phases into two separate tracks. We will move forward with track one and will put track two off until the selection of the financial system. This decision is driven by two factors:

- 1.1.1 It will prevent us from having to build an interface between the new housing software and the current financial software, AccountMate; we would prefer that the housing software and the new financial software come online at the same time.
- 1.1.2 We believe that there are some items within the scope of the housing, voucher, maintenance, procurement, inventory, and purchasing processes that will likely be included in any good financial system purchased; if this turns out to be the case, we can remove those items from the eightCloud scope before moving forward. Another way of putting this is that it would not make sense to have eightCloud build a purchasing function for THA when most financial systems include purchasing capabilities out of the box.

Moving forward, the current plan for the first track includes project management, document management, community services, and development; the second track includes processes more dependent on an integrated financial system. While this approach will push the go-live dates for the housing/voucher/maintenance functions out, it is not a big shift from where THA started and there is still a very aggressive schedule in place. We anticipate selecting a new financial system in the next couple of months and re-scope what will be required for what is identified below as Phases V and VI. The dates below are very approximate and have not yet been flushed out completely.

TRACK ONE			TRACK TWO		
Activity	Begin	End	Activity	Begin	End
Phase II: Design	July 2015	August 2015	Phase V: Design	January 2016	March 2016
Phase III: Build	August 2015	January 2016	Phase VI: Build	March 2016	July 2016
<ul style="list-style-type: none"> - Finance Consultation for Selection of Finance System - Document Management - Project Management - Community Services - Development, Asset Management, Risk Management - Policy Management, IT Help Desk - Reports, Dashboards, Merge Documents 			<ul style="list-style-type: none"> - Housing and Voucher - Maintenance, Procurement, Purchasing, and Inventory - Human Resources - Finance Consulting for Implementation of Financial System and Integration with Current Systems - Finance Configuration - Data Migration - Critical Integrations - Reports Dashboards, Merge Documents 		
Phase IV: Go-Live	January 2016	February 2016	Phase VII: Go-Live	July 2016	August 2016

The hope is that this change will save both time and money, allowing us to re-assess THA needs based on the financial system and enabling us to remove the AccountMate integration from the scope.

1.2 Not to Exceed Recommendations

At this time, THA does not propose increasing the contract with eightCloud for customizations. It is currently written for \$575,000 and this will get THA through track one. Once THA selects a financial system and revisits the scope, we will have a better idea of how much is needed to increase the contract.

Internally, however, the committee set two different not-to-exceed amounts, one for the customizations (whether they are done by eightCloud or someone else) and one for the ongoing costs. The cap for customizations is also included in the budget proposal coming before the Board this month.

1.2.1 **Customizations:** we propose capping internally at \$1,100,000; this should be sufficient to get through everything in the current scope with eightCloud, as well as the customizations to the financial system.

1.2.2 **Ongoing Costs:** we propose capping internally at \$200,000 per year, plus inflation. This should be sufficient to cover the Salesforce licensing, financial system licensing, and any other miscellaneous licenses THA may have for the applications to purchase.

1.3 Return on Investment

The Board asked for an assessment of the return we can expect on this software investment. Although we will not know for sure how much time and effort the new system will save THA until a year after the system is implemented, we can make some preliminary assessments. There are two ways to look at the investment that provide its underlying value. The first is to look at what THA is buying that we does not currently have and the second is to identify the redundant or inefficient processes the products will allow us to eliminate or improve. In doing so, in under four years such savings in just a handful of areas will cover the increased costs of the customizations (\$400,000) and the increase in ongoing annual licensing fees over what we presently pay (\$80,000). Note that the increased cost in customizations is derived from the difference between our current projection of \$1.1 million and the original projection of \$675,000, which was the same regardless of whether we went with Salesforce or Tenmast.

THA currently has systems in place that allow the Rental Assistance and Property Management staff to process the majority of work. THA also has a financial system that integrates with these systems at a certain level. However, there is a host of other systems that the contract with eightCloud will build for THA. They include:

- Document Management (we will be paperless)
- Dashboards
- Landlord Portal
- Tenant Portal
- Construction Management
- Procurement and Contract Management
- Fixed Assets and Inventory
- Effective Purchasing Module with Approval Workflow
- Integrated Systems for Property Management, Rental Assistance, Community Services, and Finance (the systems these areas currently use are not integrated)

The work and efficiencies of these additional systems help to justify both the cost of customizations and the increase in annual maintenance fees. THA currently pays roughly \$120,000 in licensing fees and support for VisualHOMES, Tracking at a Glance, the Project Database, SharePoint, and other miscellaneous systems within THA that will be replaced by Salesforce. With a \$200,000 cap on annual licenses, THA licenses will be \$80,000 higher than we presently pay. We will easily recoup this increase through the efficiencies gained using Salesforce.

Below is a list of some examples of redundant data entry that will be eliminated with Salesforce and an estimate of the total time THA will save annually. This is by no means an exhaustive list and the intent is to give some clear examples of the redundancies THA currently has in its workflow and how they could be eliminated.

Process	Description of Redundancy	Est. Time/Year
<p>Annual Projected Savings for Examples Listed below: Averaging an hourly rate of \$35, the savings realized by eliminating these select few redundancies listed below is in excess of \$128,000.</p>		
<p>Processing work orders on THA tablet</p>	<p>When maintenance staff perform a work order (WO), the work order is first created by a Property Management Assistant (PMA) within the VisualHOMES (VH) system. This work order is then emailed to the maintenance staff. The Maintenance staff person goes to the unit and re-enters all of the information about the unit in an online form (WO field report) created for the purpose. When the work is complete, the PMA is notified and s/he re-enters the information into VisualHOMES.</p>	<p>6,966 work orders in 2014 X (5 minutes to read/interpret email + 5 minutes to re-enter info into WO field report + 5 minutes to re-enter info into VH WO module) = 217 days / year</p>
<p>Inspectors completion of the 52580 Form</p>	<p>When our Section 8 inspectors inspect units, they complete the 52580 Form on paper and then re-enter the information into VisualHOMES when they return to the office.</p>	<p>8,707 S8 inspections performed in 2014 X 10 minutes to re-enter data into system after inspection = 181 days / year</p>
<p>Processing an MTW rent calculation using the Add-On system</p>	<p>When a client has a recertification, staff enter all of their information into VisualHOMES, then they exit VisualHOMES and go to the MTW Add-On system, where they calculate rent and send the rent calculation to VH. Back in VH, staff takes the new rent calculation and processes the calculation within VH.</p>	<p>5,679 rent calculations in 2014 X 3 minutes to account for switching systems and performing two separate rent calculations = 284 hours / year</p>
<p>Creating vendors in AccountMate</p>	<p>AccountMate is THA's current financial system. Each time a new vendor is created, finance staff need to create the vendor record ten separate times so that it is available in all ten of the companies used in AccountMate (Tacoma Housing Authority, Salishan 1, Salishan 2, etc.).</p>	<p>123 vendors created in 2014 X 5 minutes to create a new vendor record X 9 companies = 92 hours / year</p>

Process	Description of Redundancy	Est. Time/Year
Entering information about a vacant unit as it goes through the “turn” process	Data related to vacant units is entered and stored in the following places: VisualHOMES, custom Vacant Unit List, and Methamphetamine Tracking List. Note that much of the data entered in these places is the same or similar data.	153 vacates in 2014 X (5 minutes to enter into vacant unit list + 15 minutes to enter into meth list (note these both account for multiple touches)) = 51 hours / year
Performing an annual certification for a Section 8 client in a Tax Credit unit	The tenant goes through a recertification with Section 8 staff to verify their income and eligibility. The information is entered into the system and rent is calculated for the next year. The tenant then meets with staff at the property (sometimes same staff/meeting) and the same data is collected for the tax credit paperwork. The rent information from Section 8 is entered into the TC module so charges are processed correctly. Then, staff log into WBARs and enter the same information again.	370 Section 8 TC recertifications in 2014 X (2 minutes to re-enter into TC module + 3 minutes to enter into WBARs) = 31 hours / year
Admitting a new applicant into a Tax Credit unit	The applicant enters their information into THA’s website; a custom-built web service pulls data from the website and creates a record in the VisualHOMES database. Staff collect additional data from applicant and enter it into VisualHOMES. When the applicant moves in, staff move them into the Section 8 module to process S8 payments and then recreate the entire applicant record on the Tax Credit side so they can be moved into a TC unit as well. Once entered staff then log into WBARs (the combined funders’ application) and re-enter all of the information about the applicant and their household.	66 Section 8 TC move-ins in 2014 X (10 minutes to re-enter into TC module + 10 minutes to enter into WBARs) = 22 hours / year
		\$128,240

Beyond redundancies, there are other efficiencies THA will gain with Salesforce. Below is a list of just a few examples of these efficiencies:

- THA currently has a physical paper file for each client and unit. When THA implements document management, all tenant and client files will be completely electronic. This means that all of the information in the tenant file will be at the fingertips of whoever needs the information. A good example of the efficiency this will gain THA is in looking at Washington State Housing Finance Commission (WSHFC)'s annual review of a selection of THA's tax credit files. Currently, WSHFC sends compliance a list of names. Compliance then provides the list to the sites and site staff pull every file out of the filing room, remove the tax credit paperwork, scan and email it to compliance for review. With Salesforce, compliance will be able to simply pull the file online and send it to WSHFC without having to involve staff at sites.
- Customized rules will be set up in Salesforce to flag certain events and check for data entry errors that do not exist in current systems.
- Each month, the finance department reports to HUD's Voucher Management System (VMS) the voucher activity for the previous month. In order to complete the report that goes to HUD, finance has to pull data from fourteen (14) different data sources and compile it. In Salesforce, this will all be included in a single report that finance can run and populate the VMS system.

In summary, the agreed-upon approach will enable THA to get the financials and housing/voucher programs live at the same time without needing to rely on an interim solution within THA's current financial system, AccountMate. In moving forward with eightCloud, an amendment to the contract spells out the overall cost of each of the items eightCloud will have to build for THA. The amendment also authorizes eightCloud to move forward with document management, project management, development, community services, policy, help desk, procurement of the financial system, and re-scoping of the remaining processes. Once THA selects the financial system and re-scopes the remainder of the project, we will issue a second amendment to proceed with the second track of work. This second amendment will likely require Board approval and will come in October or November of this year.

2. RAD Update

As the Board is aware, HUD granted Tacoma Housing Authority's application to convert its entire public housing portfolio to Project Based Section 8. HUD requires housing authorities converting to RAD to repair their properties so the major systems and components will have at least a twenty (20) year life span. THA has completed an analysis of the needs of each site and developed an individual scope of work for each unit to accomplish the renovations in the nine (9) traditional Public Housing sites: Dixon Village, Bergerson Terrace, G Street, K Street, E.B. Wilson, Fawcett, Ludwig, Wright, and 6th Avenue. Common area, community room, systems, and exterior improvements are also planned, including landscaping, lighting and other safety enhancements.

RAD allows THA to attract private equity and debt to finance the needed repairs. THA plans to do this through tax credits and tax exempt bond financing. The tax credits will be sold to an investor to generate equity for the development. Last month, THA requested Letters of Intent from prospective tax credit investors. The request was for a single investor to form a partnership with THA and provide the equity for all nine (9) traditional Public Housing sites, totaling four-hundred and fifty-six (456) units. RBC Royal Bank was the most responsive in the tax credit pricing and other terms. The Board will see a resolution this month with the details of the Letter of Intent, recommending that THA countersign the Letter of Intent from RBC Royal Bank.

The tax credit equity investment requires the formation of a partnership with the investor. THA's legal counsel recommends the formation of a Limited Liability Limited Partnership (LLLP), and a resolution to form the LLLP will be presented at the July 29th board meeting. THA will request letters of Intent from lenders for the tax exempt bond financing on the project this month, and staff will submit an application for the 4% tax credit in early August.

Construction pricing and design and engineering work will be completed over the next several months. We anticipate closing on financial transaction late in 2015 and beginning the renovation work on the sites in the spring of 2016.

This concludes the July 2015 Administration Department report to the Board.

CLIENT SERVICES



TACOMA HOUSING AUTHORITY

Date: July 30, 2015
To: THA Board of Commissioners
From: Greg Claycamp, Client Services Director
Re: July 2015 Administration Department 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.

SECTION ONE: COMMUNITY SERVICES

FROM: Mia Navarro
 Community Services Division

1. NUMBER OF PEOPLE AND HOUSEHOLDS SERVED

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

June 2015	Program/ Caseload Entries this Month	Program/ Caseload Exits this Month	Unduplicated Number Served (Month)	Unduplicated Number Served (YTD)
General Programs				
Case Staffing	5	1	25	63
Families in Transition (FIT)	2	3	22	35
Family Self Sufficiency (FSS)	2	3	123	128
General Services	11	0	25	66
Hardship	6	0	15	23

June 2015	Program/ Caseload Entries this Month	Program/ Caseload Exits this Month	Unduplicated Number Served (Month)	Unduplicated Number Served (YTD)
Housing Opportunity Program (HOP) Case Management	5	5	14	21
Education Project				
Children's Savings Account (CSA)	N/A	N/A	N/A	N/A
McCarver	0	1	34	39
Scholar Incentive Program (SIP)	N/A	N/A	N/A	N/A
College Housing Assistance Program (Quarterly Data)	3	0	13	13
Elderly & Disabled				
Elderly & Disabled	33	45	59	107
DEPARTMENT TOTAL*	67	58	330	495

2. CLIENT STORIES

2.1 Education Project

This month Client Services (CS) is highlighting a client who will be leaving the McCarver program early. Her case is representative of many of the cases, in that it is neither a clear success story nor a story without progress.

Client M entered the McCarver program when it began in 2010. During her time in the program, she achieved her Associate of Arts degree in Human Services from Green River Community College despite having to drop out school for a period of time while enduring a pregnancy with serious complications. She has three (3) children, a 4th grader, a 1st grader and a 1-year-old. M has struggled with relationships in her life, including the father of one of her children, who has been violent. He was incarcerated for a period of time, but upon release, he tracked her down, broke into her home, caused damage to the unit and sent her boyfriend to the hospital with injuries. The children witnessed this behavior and have been exhibiting behavioral issues in school since. Other relationships in M's life have also been complicated and problematic. At this time, M has decided to move out of Tacoma to another state. She is not making her destination public,

because she has decided to entirely cut all ties with her family, friends and her violent ex-boyfriend.

During M's time in the program, caseworkers focused on her schooling, as well as on her ability to follow through on goals she sets. She struggled with prioritizing her children's schooling and they were often absent and did not complete homework. Her caseworker worked closely with her to ensure she would participate in parent teacher conferences, addressed the homework issues and absenteeism and facilitated communication between M and her children's teachers.

During her time in the program, M has also struggled with a series of serious medical issues that have repeatedly derailed her attempts to find consistent work. Her caseworkers have worked closely with her but have found it difficult to develop a trusting and productive relationship. M has a history of troubled relationships and trusting is clearly difficult for her.

We wish her and her children the best as she leaves the program.

2.2 General Services

This month, CS is highlighting the progress of its employment activities through the work of its Employment Specialist, Nicole Meshesha. Ms. Meshesha has been CS's Employment Specialist since June of 2014. Ms. Meshesha's duties include providing very light touch employment services for clients, providing expert consultation to caseworkers with clients seeking employment, developing relationships with employment services providers in the community, and developing relationships with employers to facilitate job placement for THA clients.

Ms. Meshesha provided Light Touch employment services to fifty-three (53) individuals (July 2014-July 2015). Light Touch employment services can include a resume review or assistance in creating a resume, interview workshop, or assistance applying for a job. Often these individuals receive services only once and move on to independent job search. As of July 6, Visual Homes reports that twenty-two (22) (41%) of these individuals went on to employment, six (6) are receiving Temporary Assistance to Needy Families (TANF) benefits, eight (8) only recently received Light Touch employment services (within the last two (2) months), and the remaining seventeen (17) are still unemployed.

Starting April 1st, Ms. Meshesha began a weekly Job Club at both Salishan and Bay Terrace to service individuals interested in employment or educational programs. Activities include facilitation of job search and interviewing workshops. One of THA's partners, Tacoma Community House, provides on-site employment services once per month at Job Club.

Over the last year, Ms. Meshesha has provided expert consultation to her colleagues in weekly employment case staffings for McCarver households, general services households, and FSS households.

As a result of creating this employment specialist position, CS has developed relationships with the following employment services providers in the community:

- Courage 360*
- Tacoma Goodwill
- Metropolitan Development Council*
- Bates Technical College
- Clover Park Technical College
- Tacoma Community College*
- Tacoma Community House*
- ResCare
- Workforce Central

**Program providers with asterisk have been invited to present to caseworkers.*

Ms. Meshesha has developed a relationship with 7-Eleven that has resulted in four job placements for residents. Through Workforce Central's employer events, Ms. Meshesha has been able to make contact with Human Resources (HR) recruiters from the following employers:

- Whole Foods
- Brandken
- Hughes Group
- UniSea
- Concrete Technology
- First Transit

In addition to the above activities, Ms. Meshesha has mailed information on Metropolitan Development Council (MDC) Environmental Programs, Rescare Employment Programs, and Manufacturing academy to 300-350 Salishan Residents between January and March. She also participates in the following committees:

- Local Planning Area (DSHS sponsored group)
- Hilltop Development Coalition
- 75th Anniversary Planning
- National Night out Planning
- Employment Services Collaborative-Vice Chair

SECTION TWO: RENTAL ASSISTANCE AND LEASING

FROM: Julie LaRocque
Rental Assistance Division

Housing Choice Voucher utilization is reported at 100% for the month of June 2015.

The Rental Assistance Division opened the Housing Opportunity Program (HOP) waiting list on July 13th until July 22nd. The opening occurred on time and without any problems. As with the last opening, THA accepted all applications through THA's online system. THA had volunteers throughout the agency to cover the phone bank or receive visitors to help applicants enter their applications at 902. The volunteers were stationed at Bay Terrace and the Family Investment Center (FIC). Volunteer training was provided to all staff interested in participating.

The Rental Assistance Division would like to thank all involved in the opening and to all staff who took time out of their schedule to help.

THA received over 10,000 applications during the 10 days of the open application period. In August, we will report the total number of applications received including the final count that removes duplicates and incomplete applications. Whatever the final number, it will be far too many for THA to serve in a reasonable amount of time. As we did the last time, we will conduct a lottery to randomly choose those for the waiting list. This time we will randomly select 1,200 for the wait list. We will then randomly place them on the waiting list. We will hold this lottery at the end of this month. As we did before, we have asked a journalist from The News Tribune to witness the lottery. We do this as a measure of reassurance to the public that our processes are fair and immune from undue influence. We choose a journalist to represent the public interest in this way because of his or her independent status and his or her ability to sound the alarm should he or she find something amiss. Below is a breakdown of the utilization of THA's special programs and project-based vouchers

Program Name	Units Allocated	Units Leased and Shoppers
VASH (Veterans Administration Supportive Housing)	168	142
NED (Non Elderly Disabled) Vouchers	100	89
FUP (Family Unification Program)	50	41
McCarver Program	50	33
CHAP (College Housing Assistance Program)	25	13
CHOP (Child Welfare Housing Opportunity Program)	20	5
TOTAL	413	323

Project-Based Properties	Units Allocated	Units Leased
Bay Terrace	20	20
Eliza McCabe Townhomes	10	8
Flett Meadows	14	12
Guadalupe Vista	40	38
Harborview Manor	125	121
Hillside Gardens	8	7
Hillside Terrace	9	9
Nativity House	50	48
New Look Apts.	42	40
Pacific Courtyards	23	18
Salishan 1-7	340	323
Tyler Square	15	12
TOTAL	696	656

PROPERTY MANAGEMENT



TACOMA HOUSING AUTHORITY

Date: July 30, 2015
To: THA Board of Commissioners
From: Pat Patterson, Director of Property Management
Re: Property Management Monthly Board Report

1. OCCUPANCY OVERVIEW

1.2 Occupancy

Unit occupancy is reported for the first day of the month. This data is for the month of June. The high vacancy rate in the family properties is attributable to THA's meth strategy, units being offline for rehabilitation and the sale of our market rate homes.

PROPERTY	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% Month OCCUPIED	% YTD OCCUPIED
All Hillside/Bay Terrace	132	4	0	128	97.0%	97.9%
Family Properties	147	28	16	119	81.0%	79.9%
Salishan	631	12	0	619	98.1%	98.4%
Senior/Disabled	353	15	0	338	95.8%	96.3%
All Total	1,263	59	16	1,204	95.3%	95.6%

1.3 Vacant Unit Turn

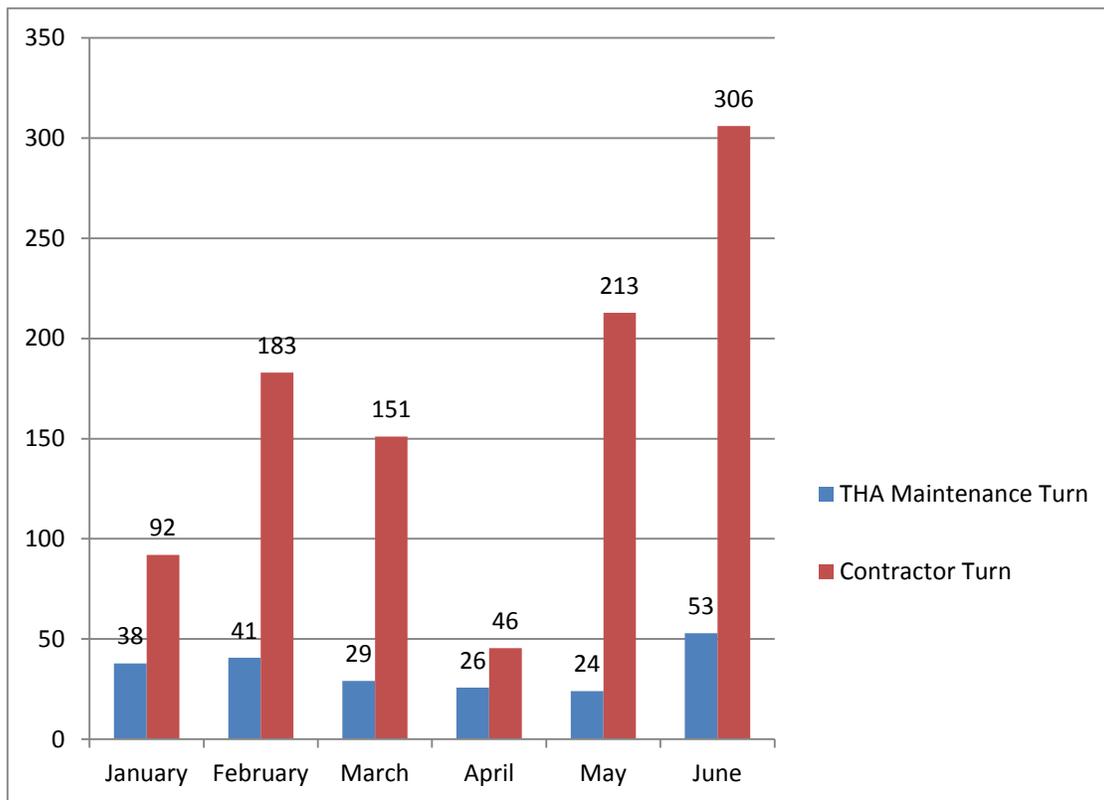
On page seven (7) there is a table with all of the units turned in fiscal year 2015. Twenty-two (22) units were turned and rented in the month of June. Seven (7) of these units were turned by contractors due to the extensive work needed or part of a rehabilitation project. These extraordinary units will affect the overall turn rate so it was decided to report the units that THA maintenance staff turned and contractor turns separately in the bar chart on page two (2). The average unit turn time for the month of June was **53 days for fifteen (15) clean units turned by THA staff.**

Zero (0) units turned in June 2015 tested positive for meth.

As of June 1, 2015, 151 of the 535 units that have been tested for contamination since 2012 have tested positive for methamphetamine. This is a 28% hot rate. As of June 1, the 2015 current hot rate is 9%. This is down from 37% for the same time period last year 2014.

1.4 Vacant Clean Unit Turn Status

The average turn days for fifteen (15) clean units, in June, were 53 days. The main reason for the increase of the unit turn days are the volume of units needing to be turned. We continue to struggle with the volume and the availability of appropriate staff to reach the targeted twenty (20) day expectation. We normally assign two (2) staff per unit, but we have been forced to assign one (1) maintenance staff per unit in an attempt to keep up with the volume of routine, emergent, and urgent work order requests. The volume of turns has impacted leasing efforts as well. Transfers and voucher releases have also been a contributing factor. This month we had thirteen (13) units exceeding twenty (20) days that will be explained on page three (3). We will also explain the seven (7) contracted unit turns in further detail. We are averaging 15-20 vacant units per month. We will continue to look for trends to reduce these numbers and find reasons for these move outs. Weekend and holiday days (e.g. two weekends (non-working days) in a 20 day period would account for four (4) days in the average.



Below is a list of units that exceeded our twenty (20) day expectation both by THA staff and contractors. All of these units are a result of the issues mentioned on page two (2).

- AMP 1 1202 South M St #510 (35 days) Eviction unit with very heavy turn involving major trash out and heavy wall repairs, full double paint due to the re texturing of the unit, roach eradication and multiple concurrent turns in the portfolio.
- AMP 2 3201 South Fawcett Ave #113 (35 days) Heavy janitorial (tenant in unit for 20+years). Extensive wall damage which required scraping and re-texture of entire unit. Wall prep alone accounted for 8 days. Severe damage to millwork from wheelchair and new plank flooring installed in entire unit.
- AMP 2 602 South Wright St #212 (133 days). Contracted unit turn due to water leak.
- AMP 3 5307 South Orchard St #29 (632 days) Contractor turn due to underground water intrusion.
- AMP 3 5311 South Orchard St #48 (383 days) Contractor turn due to underground water intrusion.
- AMP 3 5311 South Orchard #49 (585 days) Contractor turn due to underground water intrusion.
- AMP 3 5425 South Lawrence St # 213 (44 days) Multiple unit turns in this AMP. Five (5) other units were being turned during this period from contractor units that were in need of making rent ready.
- AMP 3 5413 South Stevens (114 days) Eviction unit due to the extensive damage. This unit needed a total rehab including the repair of the sub floors. Kitchen was totally re done as well as new flooring throughout. Multiple units coming on line from contracted work in the same AMP. Decision was made to pull staff member to get units back on line that would be handed over from Real Estate Development (RED). This detail was overlooked during the procurement stage so property Management was required to do the final clean to make the unit rent ready.
- AMP 3 5415 South Stevens (203 days) Contracted unit turn due to the extensive repairs needed.
- AMP 8 2342 South G Street (202 days) Contracted unit turn due to water damage from a fire in the unit above.

- AMP 9 1512 Court F Street #185 (48 days) Heavy Trash out (several trips to dump), heavy turn, full paint, wall damage. New carpet in stairs and bedrooms. Carpet install Scheduled estimated (6/2) extensive wall repairs-(m/o coincided with inspection repairs with already posted 48 hour notices) Two (2) staff on light duty. Remaining staff were pulled to assist for Art work dedication at Bay Terrace. Tenant surrendered unit to avoid eviction.
- AMP 10 4208 Salishan Blvd (53 days) Multiple units were in need of being turned. There were no contractors available to assist on this turn so the Salishan maintenance staff had to work in this unit while taking on other required duties.
- AMP 10 4008 Salishan Blvd (90 days) Insect infestation, new flooring and tub resurfacing all contributed to the extended days to turn. Multiple units were in need of being turned. There were no contractors available to assist on this turn so the Salishan maintenance staff had to work in this unit while taking on other required duties.
- AMP 11 4334 East Q Street (85 days) Eviction unit that required a heavy trash out. Power to the unit was off for an extended period of time which required the city to inspect the unit before occupancy. Multiple units were in need of being turned. There were no contractors available to assist on this turn so the Salishan maintenance staff had to work in this unit while taking on other required duties.
- AMP 11 4001 Salishan Blvd (38 days) Previous tenant abandoned the unit after 2 days of possession. No belongings were ever placed into the unit. The tenant was part of the Family's In Transition (FIT) program. The tenant admitted to using drugs and subsequently, failed their drug test. Unfortunately, the tenant failed to participate in treatment and was terminated from the program which required them to vacate the unit. The thirty-eight (38) days were contributed to leasing effort to find another suitable applicant.
- AMP 11 4362 East Q Street (41 days) Heavy trash out and janitorial needed before the repair work could start. Interior doors were needed throughout the unit and were on back order which contributed to the delay. Multiple units were in need of being turned. There were no contractors available to assist on this turn so the Salishan maintenance staff had to work in this unit while taking on other required duties.
- AMP 12 4335 East R Street (66 days). Multiple units were in need of being turned. There were no contractors available to assist on this turn so the Salishan maintenance staff had to work in this unit while taking on other required duties. Twenty-eight (28) days were contributed to leasing efforts.

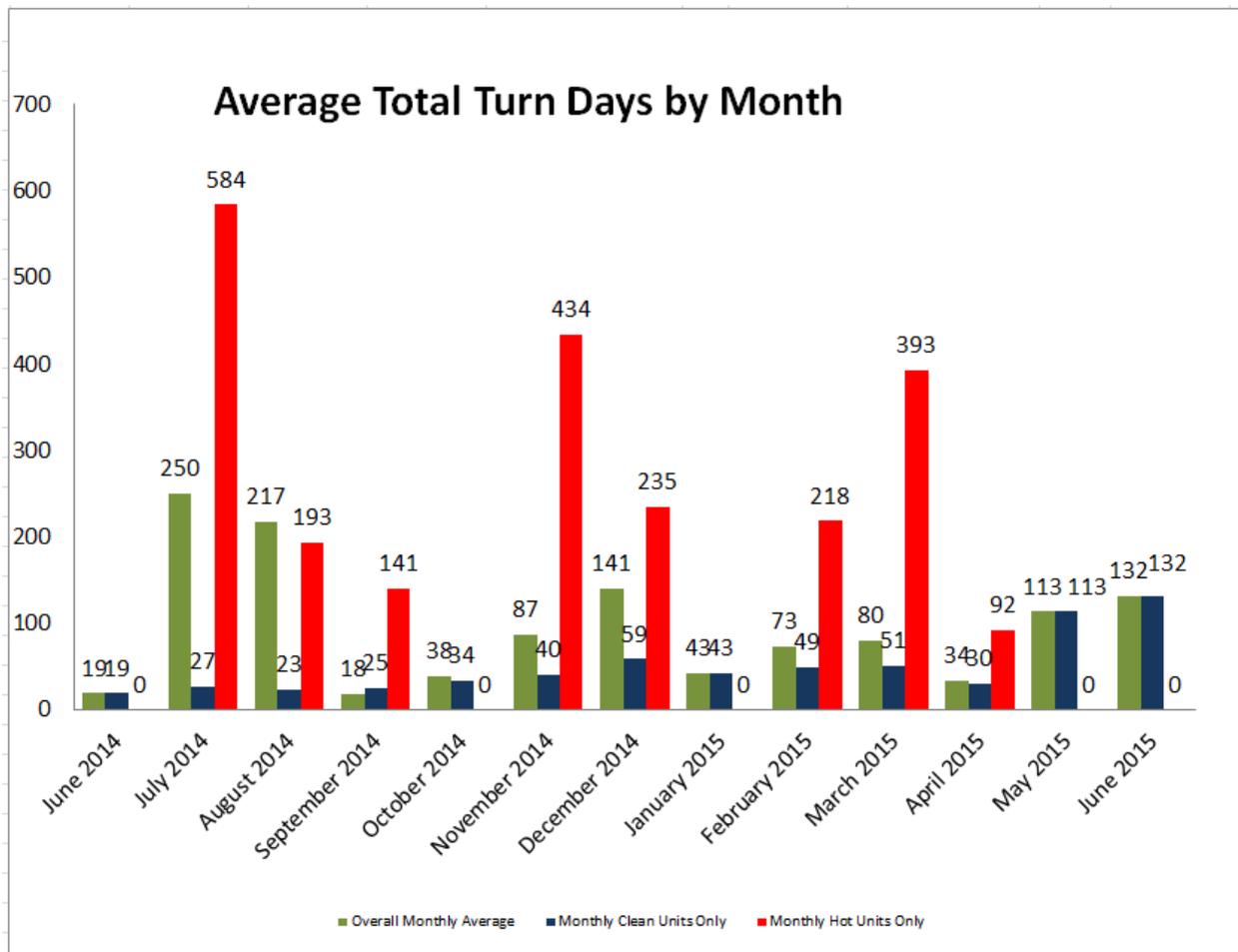
- AMP 12 4349 East Salishan Blvd (30 days) This unit was in downtime for two (2) days and twenty-eight (28) days were charged towards maintenance. There was a two (2) week delay in our flooring materials that contributed to the delays. Multiple units were in need of being turned. There were no contractors available to assist on this turn so the Salishan maintenance staff had to work in this unit while taking on other required duties.
- AMP 14 2005 East 40th (71 days) Multiple units were in need of being turned. There were no contractors available to assist on these turns so the Salishan maintenance staff had to work in this unit while taking on other required duties.
- Bay Terrace 2536 Court G #1 (81 days) Eviction unit. Evicted tenants belonging were stored in unit for 23 days. Once tenants belongings were retrieved there was heavy hidden damage done to the unit that required specialized skills. A contractor was procured to complete the turn partly because of the cost of THA staff and time to turn the unit. There were extensive days contributed to leasing efforts due to the multiple units in need of occupants.

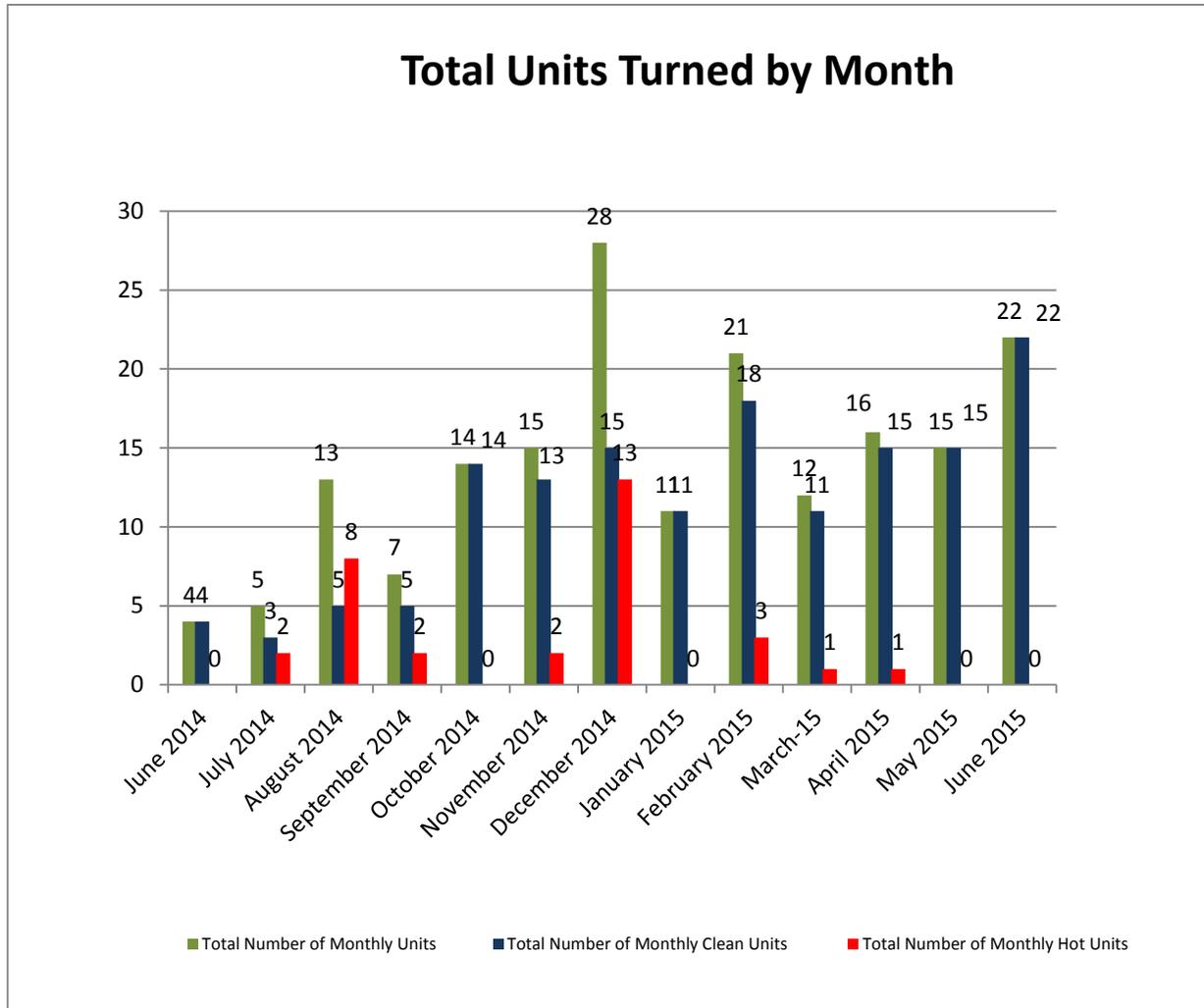
1.5 Contaminated unit turns

As of July 1, 2015 there were 55 vacant units in THA's portfolio. Of these units:

- 45 are not contaminated
- 13 are in modernization/reconstruction
- 1 unit was completed by contractor and returned to sites

The charts on the next two pages (6 and 7) show the fiscal year trend in *Average Total Turn Days* and *Total Units Turned By Month*.





Our 20 day target turn cycle allows for a certain amount of days to be allocated to each stage in the process. The target goals for these allocations are as follows:

- Two (2) Downtime Days (10% of time)-Meth Testing
- Fifteen (15) Make Ready Days (75% of time)-Maintenance Turn
- Three (3) Vacant/Leasing Days (15% of time)-Site Property Management Team
- 20 Turn Days (100%) to Occupied Unit

In order to accomplish this goal, processes that we are trying to improve are as follows:

- Define areas in need of improvement through tracking
- Establish written processes to increase work flow production in each area
- Develop unit turn team that will only be dedicated to the turn process and avoid pulling staff from the units to service work orders
- Identify qualified applicants and have them ready to lease once units are ready to occupy
- Contract out unit turns when appropriate in our tax credit portfolio

2. Work Orders

In the month of June, all emergency work orders were completed within 24 hours. In June, maintenance staff completed 181 non-emergency work orders with a total of 1,580 for the calendar year. The year-to-date average number of days to complete a non-emergency work order is 17.99.

We have also discovered that we have duplicate work orders entered into the system that has created a spike in the aged work orders report. We are working with the Administration department on solving this problem.

We continue to bring down the number of outstanding work orders as well as trying to improve our customer service in this area. Processes that we are trying to improve are as follows:

- Make every attempt to address routine work orders within (5) days. When this is not possible, we contact the tenants and give an alternate date that they can expect service.
- Improve our communication with the tenants when service will be delayed and/or when procurement is needed to service the request.
- Lastly, close out the work orders within (48) hours of completion.

Work Order Summary by Portfolio For the Month of June, 2015

Completed Work Orders										
Portfolio	Emergency				Urgent		Non-Emergency			
	#	% Completed	#	% Completed in	#	Avg	#	Avg	#	Avg
	Completed	in 24 Hrs	Completed	24 hrs	Completed	Completion	Completed	Completion	Completed	Completion
				(99% HUD Std)		Days		Days		Days
										(25 days HUD Std)
All Hillside										
BAY TERRACE	0	0.0%	0	0.0%	0		9	1.00	88	4.09
HILLSIDE TERRACE 1500 Block	0	0.0%	0	0.0%	0		7	2.29	28	4.43
HILLSIDE TERRACE PH 1	0	0.0%	0	0.0%	0		4	0.00	12	4.08
HILLSIDE TERRACE PH II	0	0.0%	0	0.0%	0		10	1.10	30	5.13
	0	0.0%	0	100.0%	0		30	1.20	158	4.35
Family Properties										
BERGERSON TERRACE	6	100.0%	15	100.0%	2	1.00	19	39.16	91	16.40
DIXON VILLAGE	1	100.0%	4	100.0%	0		9	47.11	47	22.02
MARKET RATE SFR	1	100.0%	1	100.0%	0		6	13.67	23	19.35
SCATTERED SITES	1	100.0%	3	100.0%	0		15	28.00	57	19.88
	9	100.0%	23	100.0%	2	1.00	49	34.08	218	18.83
Salishan										
SALISHAN I	11	100.0%	13	100.0%	4	2.00	3	34.33	103	39.39
SALISHAN II	1	100.0%	12	100.0%	2		8	23.63	95	25.32
SALISHAN III	3	100.0%	4	100.0%	4	1.25	6	20.83	83	36.34
SALISHAN IV	0	0.0%	7	85.7%	1		2	9.50	101	28.78
SALISHAN V	1	100.0%	4	100.0%	4		2	8.50	92	37.04
SALISHAN VI	3	100.0%	8	100.0%	2	0.50	1	7.00	101	16.94
SALISHAN VII	1	100.0%	4	100.0%	4	3.50	1	0.00	71	11.82
	20	100.0%	52	98.1%	21	1.33	23	20.00	646	28.39
Senior / Disabled Properties										
6TH AVE	3	100.0%	21	95.2%	2		21	33.81	109	12.37
E.B. WILSON	7	100.0%	23	100.0%	1	1.00	17	29.12	133	8.47
FAWCETT APARTMENTS	2	100.0%	8	100.0%	1		5	7.40	46	2.46
LUDWIG APARTMENTS	4	100.0%	14	100.0%	0		20	25.15	76	14.67
NORTH G ST	0	0.0%	4	100.0%	0		6	43.17	56	7.59
NORTH K ST	4	100.0%	14	100.0%	0		14	5.71	68	5.07
WRIGHT AVE	4	100.0%	22	100.0%	0		11	27.91	116	11.03
	24	100.0%	106	99.1%	4	0.25	94	25.44	604	9.52
Agency Totals:	53	100.0%	181	98.9%	27	1.15	196	23.25	1,626	17.77

Open Work Order Summary by Portfolio For the Month of June, 2015

Portfolio	Emergency		Urgent		Non Emergency		
	Opened Emergency WO	Days Open	Open Urgent WO	Days Open	Open Non- Emergency WO	< 25 Days	>25 Days
All Hillside							
BT BAY TERRACE (S8)	0	0	0	0	9	2	7
HT1 HILLSIDE TERRACE PH 1	0	0	0	0	2	2	0
HT150i HILLSIDE TERRACE 1500 Block	0	0	0	0	8	5	3
HT2 HILLSIDE TERRACE PH II	0	0	0	0	12	8	4
	0	0	0	0	31	17	14
Family Properties							
020 BERGERSON TERRACE	6	0	0	0	5	5	0
022 LOW RENT SCATTERED SITES (19)	1	0	0	0	5	2	3
023 DIXON VILLAGE	1	0	0	0	3	3	0
044 NORTH SHIRLEY	0	0	0	0	1	1	0
	8	0	0	0	14	11	3
Salishan							
SAL1 SALISHAN ONE LLC (PH)	11	0	1	0	58	7	51
SAL2 SALISHAN TWO LLC (S8)	1	0	2	0	86	16	70
SAL3 SALISHAN THREE LLC (S8)	3	0	0	0	89	22	67
SAL4 SALISHAN FOUR LLC (S8)	0	0	0	0	54	17	37
SAL5 SALISHAN V LLC (PH)	1	0	0	0	41	12	29
SAL6 SALISHAN SIX LLC (PH)	3	0	1	0	46	8	38
SAL7 SALISHAN SEVEN	1	0	2	0	50	12	38
	20	0	6	0	424	94	330
Senior / Disabled Properties							
006 NORTH K ST	4	0	0	0	56	6	50
008 E.B. WILSON	7	0	0	0	61	5	56
009 FAWCETT APARTMENTS	2	0	0	0	9	2	7
010 WRIGHT AVE	4	0	0	0	23	4	19
012 LUDWIG APARTMENTS	4	0	0	0	1	1	0
013 NORTH G ST	0	0	0	0	7	6	1
014 6TH AVE	3	0	0	0	19	9	10
	24	0	0	0	176	33	143
Agency Totals:	52	0	6	0	645	155	490

REAL ESTATE

DEVELOPMENT



TACOMA HOUSING AUTHORITY

DATE: July 30, 2015
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. Potential uses of the site will be coordinated with Metro Parks and the city to ensure complementary community uses for the Eastside Community Center and Salishan. Final recommendations will be delayed until planning for the Community Center is complete.

Staff met with representatives of United Grocers to discuss the possibility of a grocery store that would be located in the core. They were interested and suggested a market study be completed. Staff plan to issue a Request for Proposal for a market study that would identify potential grocery and related retail uses for the core.

1.1.2 Area 3 Lot Sales

DR Horton has four models open. DR Horton is pleased with the level of interest. To date, twenty (20) low-income households have been approved to purchase homes at Salishan. In 2014, DR Horton closed on eighty-six (86) homes; fourteen (14) were to income-eligible homebuyers. During the first quarter 2015, DR Horton closed on eighteen (18) homes, four (4) of which were sold to low-income buyers. D.R. Horton has commenced with construction activities.

1.1.3 Area 2B Property Sale to Metro Parks

THA has executed an agreement with Metro Parks of Tacoma on the sale of two (2) home ownership parcels and one (1) parcel of open space located in Salishan's Area 2B. The next step is to prepare a disposition application for HUD approval.

1.1.4 Arlington Road

THA received an unsolicited Letter of Interest for the parcel known as Arlington Road. This is an approximately five (5) acre site located at the north end of Salishan along Portland Avenue. THA continues to negotiate with the prospective purchasers as outlined in the resolution approved by the board in April, 2014. Pursuant to that letter, THA signed a non-binding letter of interest for the sale. Summit Housing is moving slowly on closing this agreement as they want to be reasonably sure of receiving tax credits for this and other projects they are pursuing in Pierce County.

2. NEW DEVELOPMENT

2.1 Bay Terrace – Phase II

2.1.1 Phase II Proposal

Staff is working with GGLO, Absher Construction and an internal staff team on the design for this phase. The current development budget for this project is projected to be \$21 Million, which will provide seventy-four (74) units in a mix of one, two, and three bedrooms. This will also include community spaces that are complementary to Phase I.

Construction cost estimates were higher than planned; however, through a combination of redesign and clarification of the estimated pricing, the budget is back on target. A waiver of the 2015 Total Development Cost (TDC) will be requested from the Washington State Housing Finance Commission (WSHFC). The project is approximately 7% above the TDC.

2.1.2 Financing.

HOME Funds. On January 21, 2015, staff received official notification of the award of \$1 million in HOME funds from the Tacoma Community Redevelopment Authority. These will be lent to the project with a 2% interest rate and a fifty (50) year term.

Staff issued a Request for Proposals for investors on June 9, 2015. Jim Brawner is the Financial Advisor for this transaction. Staff is recommending Royal Bank of Canada (RBC) for the Tax Credit Equity investor.

Highlights from the RBC letter of interest include:

- a. Generating \$16,848,708 in tax credit equity or \$1.12 per tax credit, with 1.48% paid at the execution of the Partnership Agreement and \$98.52% paid at the Certificate of Occupancy;
- b. Annual funding of the replacement reserves of \$250 per unit;
- c. Lease up reserve of \$80,000;
- d. Payment of \$1.6 Million in Developer Fee to THA. This will be fully paid when the final capital contribution is made by RBC;
- e. Property management is expected to be THA; a 5% management fee will be allowed;
- f. An annual asset management fee paid to RBC of \$5,000 annually, with a 3% annual increase;
- g. An annual partnership management fee of \$25,000 paid to THA, with a 3% annual increase;
- h. At the expiration of the tax credit period, the property may be purchased for remaining debt and liabilities by a non-profit. The General Partner may purchase the property starting in the twelfth (12th) year for remaining debt and liability or fair market value. All exit taxes are waived.

A resolution for Board consideration will be presented at the July 29th meeting.

2.1.3 *Design*

GGLO Architects completed schematic design on May 15, 2015, and is starting the Design Development drawings and specification phase. Absher Construction has prepared a schematic design cost estimate. In July the development team considered design changes to bring the cost of construction down. The team eliminated the parking structure and relocated units to the mid-rise building eliminating two townhome buildings. This decision reduced the construction cost by over \$1 million.

2.2.3 Community Meetings

Staff will organize an additional community meeting over the next couple of months to display the design concept and programming for Phase II. In addition, the City of Tacoma Arts issued a call to Artists RFP. Local artists were asked to work with youth living in the first phase of Bay Terrace as a way to incorporate their input into the final design for this project. Staff and the City selected two local artists, to lead this work. Kenji Stoll and Chris Jordan have a store, Fabitat, located on the MLK corridor.

3. Bergerson Terrace

Substantial completion for the Phase One renovation work is completed. The final concrete floor overlays were delayed due to moisture readings exceeding manufacturer's recommendations. All overlays have now been completed. The casework, cabinetry, doors and millwork have all been installed. Electrical and plumbing trim are finishing up. Flooring will commence after the two-week concrete overlay curing period. The contractor has adjusted the work schedule to compensate for the delays and expects to meet the Certificate of Occupancy (CO) adjusted substantial completion date of July 23, 2015, for all remaining units.

Fifteen (15) units are to be completed in the first phase and the remaining twenty-one (21) units in the second phase. The second phase of work will be completed when THA does its RAD conversion for the property. The second phase will incorporate items identified in this assessment, as well as the remaining twenty-one (21) first floor units.

4. OTHER PROJECTS

4.1 Attorney General (AG) Program

6615 Puget Sound has been inspected and is awaiting appraisal report. The sale is still expected to close in July.

4.2 Living Access Support Alliance (LASA) Supportive Housing Project

The LASA construction project is complete. Final punch and minor construction issues are being addressed. LASA expects three residents to move into the building the week of July 27th.

The Ribbon Cutting ceremony was held on July 20th, with approximately 120 people in attendance.

THA is contracting with Real Estate Investment Services (REIS) property management company to provide property management services for Prairie Oaks. LASA will continue to work with Access Point 4 Housing on referrals and lease-up.

4.3 Construction Management Services for the City of Tacoma

The contract with the City is in effect. Staff continue to make site visits and complete reports for the projects.

4.4 THA 902 Administration Building Tenant Improvement Project

Phase 1B is complete and staff moved into their new office space on July 17th. Stetz Construction has started demolition activities for Phase 2.

4.5 Market Rate Scattered Sites

Renovations at 1211 Trafton has been completed. An offer was made and accepted for the asking price of \$199,000. THA invested \$25,244 in renovations. The net gain, after paying \$18,500 in fees and closing costs, is estimated to be \$180,520.60.

Renovations have started on four (4) scattered site homes. Two (2) houses located on South Alaska will be complete by the end of July. Repairs have been completed for 1225 Trafton. Repairs were less than \$4,000 and it is under contract for \$217,000.

4.6 Consulting and Community Engagement

The Design Studio conducted by University of Washington-Tacoma (UWT) for Trinity Presbyterian Church, Life Changing Ministries and the Salvation Army is complete. All three agencies were positive about this experience and found designs they would like to investigate more carefully.

The combination of the business plan and design was submitted as a student project to the Bank of America Affordable Housing Competition for a May competition and was the winner of the competition based on design, community outreach, and financial feasibility. Following the competition, several students expressed how educational working on this project with THA had been and were more interested in working on affordable housing projects because of the experience.

The Salvation Army hosted a celebration for the students at Bay Terrace and viewed the work students completed to progress the project.

4.7 RED Put-Backs

4032 East Q – Project completed June 22, 2015; on-time and within budget. Unit was put-back to Americans with Disabilities Act (ADA) and Rental Assistance Demonstration (RAD) standards.

#27 Bergerson – Bids due July 7, 2015, for unit damaged by fire. Unit will be put-back using RAD standards and will allow THA to assess new heating and plumbing components for the RAD conversion.

#117 & #227 Fawcett – Bids are due July 8, 2015, for meth and water damaged units. These units will be put-back to RAD standards as well.

5. DEVELOPMENT PIPELINE PROJECTS

5.1 Intergenerational Housing at Hillsdale Heights

The Many Lights Foundation (MLF) continues work on this project and was approved for a predevelopment loan with IMPACT capital. THA staff assisted with the predevelopment budget for this project and will continue the discussions with MLF about a mutually beneficial partnership.

5.2 Hilltop Lofts

THA submitted a request for an extension to the timeline for the deliverables for the Hilltop Loft project. There has been a convergence of opportunities and constraints for this project which makes the request necessary. These include:

5.2.1 Increased Construction Cost

In August, 2014 the initial feasibility for this project was completed with a construction cost estimate at \$8.3M. THA determined that the project was viable and proceeded to design development. This phase was completed in December, 2014. The updated estimate resulted in a projected cost of \$11.6M. One of the contributors to this increase was the Commercial Prevailing Wage that applies when a development is five (5) or more stories.

5.2.2 Acquisition

THA has made an offer on a property nearby and is negotiating with the owners. The property is on the same block as the Hilltop Lofts. The proximity to the property means that there is a potential expansion of the residential development to the property and additional parking.

5.2.3 Financing

Staff is evaluating different financing options for the development. The top option is combining the Lofts with the development of the acquisition site, different unit mixes for the current location and the potential of partnering with an employer interested in master leasing some units. The assessments include using Low-Income Housing Tax Credit (LIHTC) or conventional financing to complete the project.

The City of Tacoma has approved THA a 1-year extension and THA is awaiting a formal amendment to the Professional Services Agreement (PSA).

5.3 Valhalla Hall

City of Tacoma Community and Economic Development awarded the contract for the project to Bellweather, a developer located in Seattle. THA competed for this contract and formed a team consisting of THA, Walsh Construction and CSG. The feedback we received is that this was the strongest team; however, the estimates for the renovation of Valhalla Hall were higher than Bellweather. Walsh Construction provided a detailed estimate of potential cost and we were confident that these numbers would cover unforeseen conditions. Regardless, RED will use this as a learning experience. The City of Tacoma has invited THA to be members of an oversight committee. This will allow RED to learn more about cost effective renovation and project management.

5.4 Acquisition

THA executed a Purchase and Sale agreement for the Outrigger Apartments at 6102 6th Avenue, Tacoma on June 8, 2015. Staff is reviewing due diligence and working towards a closing date on or before August 28, 2015. The final agreement will be presented to the Board, along with any financing requirements for final approval.

5.5 Key Bank

Staff submitted a proposal to purchase Key Bank in Hilltop. The Real Estate Development (RED) team will meet with Key Bank representatives about this proposal.

5.6 New Look

THA entered into a Managing Member Interest Purchase and Sale Agreement on May 8, 2015, to acquire the managing member interest in MLK New Look LLC. Staff is reviewing due diligence, evaluating the physical condition of the property, working with representatives from National Equity Fund (NEF) on a revised operating agreement and negotiating with Tacoma Community Redevelopment Authority

(TCRA) and Washington Community Reinvestment Association (WCRA) on future revisions to the long-term debt on this property.

The Second Amended Operating Agreement has been drafted. This is an agreement between THA and NEF, with MLKHDA signing as the withdrawing member. The agreement contains the Right of First Refusal language. This provides for a buyout option that is the fair market value of the Investor Members Interests or the sum of all federal, state and local taxes attributable to such sale. The Right of First Refusal allows THA to purchase the property for the remaining debt and all federal, state and local taxes. Staff has asked Jim Brawner to provide THA with an assessment of the potential cost to purchase the property at the end of the compliance period.

6. Public Housing Assessment System (PHAS) INDICATOR FOR MODERNIZATION ACTIVITIES

The following are the schedules as of July 1, 2015, for THA's obligation and expenditure of the public housing capital funds it receives from HUD.

Grant	Total Grant	Obligati on Start Date	Obligated	% Obligated	Obligation Deadline	Expended	% Expended	Expended Deadline
2010 CFP	\$2,345,627	7/15/10	\$2,345,627	100%	7/14/12	\$2,345,627	100%	7/14/14
2011 CFP	\$1,721,353	8/3/11	\$1,721,353	100%	8/2/13	\$1,212,027	70%	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
CFCF	\$1,881,652	8/3/11	\$1,881,652	100%	8/2/13	\$1,849,510	98%	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	\$1,026,920	100%	3/11/16
2012 CFP (2 nd R)	\$128,701	3/12/12	\$128,701	100%	3/11/14	\$128,701	100%	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	\$322,158	100%	9/18/15	\$322,158	100%	9/8/17
2013 CFP (2 nd R)	\$1,015,495	9/9/13	\$1,015,495	100%	9/18/15	\$1,015,495	100%	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	\$454,098	52%	5/12/16	\$163,920	18%	5/12/18
2015 CFP	\$1,846,052	4/13/15	\$0	0%	4/12/17	\$0	0%	4/12/19
2015 CFP (2 nd R)	\$813,451	4-13-15	\$0	0%	4-12-17	\$0	0%	4-12-19
	\$17,490,552		\$11,225,026			\$8,800,813		

NEW BUSINESS

RESOLUTION #1



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Date: July 22, 2015
Re: THA Operating Budget Revision – FY 2015

It is that time of year, half way through the budget year, for the Board to review and revise the budget. There is a proposed resolution for the Board to consider that would do this. This review and revision allows Tacoma Housing Authority (THA) to account for how the first part of the year unfolded and to update THA's look ahead for the second part of the year. To help with this review, the Board met for a study session on Friday, July 10th at noon at THA's Bay Terrace Community Center. The staff presented a proposed mid-term budget revision. The updated budget documents reflecting the proposed revision are attached. They provide a summary view in its first pages. Further detail is available in the following sections if you wish it. As you see, staff are not proposing major revisions. In general, the Board's budget adopted last December has held up well.

The Board's original budget in December was fairly reflective of the actual funding THA ended up receiving from Housing and Urban Development (HUD) in 2015. Both Section 8 Administration fees and Public Housing Subsidy only have minimal variation from the amount the agency budgeted. The amount for our Housing Assistance Payment program was approximately \$300K higher than was budgeted. This is a very helpful result of the Board's generally conservative approach that budgets to the worst of the plausible congressional appropriations.

The following information provides some details about mid-year adjustments that staff recommends to the Board.

I note the very good staff work that generally kept THA on budget and that allows THA to present this mid-year review.

SUMMARY

In general, THA's finances remain in good shape. When we write or rewrite budgets we try to conform to the budgeting principles that appear in the following table. Overall, THA has been successful in accomplishing those principles in 2015. Operationally, THA will have a larger operational surplus than we expected, while we will dip into reserves for specific purposes that conform to THA's budget principles on capital expenditures.

Budget Principle	Result for the FY 2015 Budget Revision
<p>The budget should balance.</p>	<p>The overall operational budget projects a surplus of \$285,627. The original operational budget projected a \$225,630 surplus.</p> <p>Overall, FD projects a \$1,508,027 surplus for both operations and capital with the use of reserve appropriations. This surplus also includes the proceeds from selling six (6) of THA’s Market-Rate homes and three (3) of the Scattered-Site homes. This is up from the \$225,630 surplus the original budget projected.</p>
<p>THA tries to make recurring expenses fit within recurring income. Using reserves for recurring expenses is not sustainable.</p>	<p>Overall, THA’s recurring income exceeds recurring expenses by \$463,000. This is an increase of \$283,000 from the original budget.</p> <ul style="list-style-type: none"> • The MTW recurring income exceed Moving to Work (MTW) recurring expenses by \$587,000 • NOTE: The non-MTW recurring expenses exceed non-MTW recurring income by \$124,000. Non-MTW operations have generally been difficult to fit into recurring non-MTW expenses. They have generally been reliant on non-recurring sources of income, such as developer fees.
<p>The best use of reserves is for nonrecurring expenses or purchases that: (i) makes THA money; (ii) saves THA money; (iii) makes THA more effective.</p>	<p>For the mid-year budget, we propose using \$5,886,000 in reserves (up from \$4,844,000) for some important activities, most of which were in the original budget, including:</p> <ul style="list-style-type: none"> • 902 South L Street fix up • Development and implementation of new IT platform • Purchase of New Look Apartments • Purchase of Outrigger Apartments (New MY) • Purchase of Hilltop Key Bank Property • Renovation of Market rate homes for sale • Development of Hilltop Lofts • Several important sunset positions (business process analyst and technical writer included)

Budget Principle	Result for the FY 2015 Budget Revision
<p>THA seeks reserve levels between minimum and optimal levels and that reduce THA’s exposure to HUD recapture even if it means having lower levels than industry practices would recommend.</p>	<p>THA has substantially achieved that goal for 2015. The overall reserve level is projected to be \$14,337,900 at the end of 2015. Optimal for the agency is calculated at \$6,193,000. This is a reduction from the \$18,104,000 beginning of the year balance. This means THA will have dipped into reserves. The reserve dip is for capital expenditures, and worthwhile purposes, such as:</p> <ul style="list-style-type: none"> • \$300K for purchase of New Look apartments • \$1.1 million for purchase of Outrigger apartments • \$500K for purchase of Hilltop Key Bank property • \$600,000 for development of Hilltop Lofts • \$145K ownership contribution to Prairie Oaks • \$1.79 million capital improvements 902 • \$600K for transition to new IT platform

This budget revision continues some important THA projects or programs, such as:

- Housing Opportunities Program (HOP)
- Asset building initiatives
- Education Project
- RAD conversion
- Important development activities, such as Bay Terrace 2, Hilltop Loft development, and purchase of Property.
- I.T. and business processes improvements

SOME MORE DETAIL

Attachment A (enclosed) documents some of the details of the budget revision. Here are some highlights:

- **Projected Year End Reserve Level**

Item 3, page 2 of Attachment A shows the different categories the FD used to come up with projected year end reserve levels. This is a high level summary with all the detail provided in latter portion of the document. THA needs to continue to keep a watchful eye on the level of MTW reserves. Cash management remains a big issue for HUD, and the FD wants to ensure MTW reserve levels do not get too robust, and become available for offset.
- **Board Commitments**

Item 5, page 3 shows the commitments originally approved for 2015, along with revised amounts requested at mid-year. THA also projects how much of it will be spent in 2015, along with the remaining balance at year end. There are a couple of changes to note:

 - 5b. Renovation of 902- THA is increasing the amount from \$1.550 million to \$1.789 million. This is due primarily to moving the IT server room to the 1st floor, and unexpected challenges with the roof due to concrete that we did not know was there. The agency's reorganization also necessitated some unanticipated design changes.
 - 5f. Software Conversion – We propose to increase the budgeted amount for the software conversion from \$600,000 to \$1.1 million. We discussed this at the June board meeting and the budget study session. The board asked for an assessment of the return we expect on this investment. The monthly report from the Administration Department provides that assessment. It explains why we think this is a good investment.
- **Non-Recurring Items**

Pages 4 – 7 of Attachment A provide a more detailed look at the Non-Recurring items for both operations and capital needs with a synopsis of the changes:

 - On the income side, line 6b indicates THA will need less of HUD held HAP funds due to the increased pro-ration for 2015. 6d. shows the Developer Fees THA will earn this year.

- On the expense side, the most significant changes have to do with preparing for the RAD conversion. THA will receive reimbursement for these increases through THA's Capital funds. They will have no impact on the agency budget. As the RAD conversion will occur either at the end of 2015, or the beginning part of 2016, no other impact will show in the mid-year budget revision.
 - On the capital side, item 7.2 reflects the fact that THA is postponing the remodels of both the Financial Investment Center (FIC) and the Salishan maintenance shop until 2016. Also, as THA is awaiting the approval of HUD's authorization to sell the scattered site homes. THA is deferring most of the repair work in anticipation of home sales until 2016. Item 7.4 reflects the additional purchases of property identified earlier.
- **Staffing Changes Proposed**

Page 8. THA proposes no new regular positions that were not in the original budget. THA proposes to do without a regular position that the original budget provided. THA is requesting an additional sunset position and doing without a project-oriented position in the mid-year budget.

The attached agency-wide budget shows the following details that might be of interest:

- The revision includes the funding amounts from HUD based on approved funding levels for 2014 (lines 3 – 5). The remainder of CFP 2011 funds were completely drawn down, and the increase in RAD conversion preparation costs accounted for the increase in line 7 (Capital Fund operating revenue).
- Line 1 – Tenant Revenue was lower due to the market rate homes remaining vacant after a family moves in preparation for sale.
- Line 2 – Tenant Revenue – Other accounts for charges for meth remediation and repair that were charged to the tenants.
- Line 20 – Information Technology expenses – The increase is due to having to execute the Salesforce license (Carasoft) during the development phase of the IT software development. This was not anticipated in the original budget.

- Line 27 – Legal – The increase reflects both the additional legal costs associated with the RAD conversion, along with costs that were anticipated to be covered by the hiring of in-house Counsel, which we will do without.
- Line 30 – Administrative Contracts – The primary increase is due to the Financial consultant needs for the RAD conversion and development.
- Line 32 - Due Diligence - Adjusted to more closely reflect the costs for potential deals (7.3.c of Attachment A).
- Line 34 & 35 – Tenant Service Salary and Benefits – Re-categorized the Director of Client Services to administrative salary category upon reclassification from Community Services.
- Line 36 – Relocation – The increase is due to relocations for meth remediation units, as well as the Bergerson Terrace water intrusion repairs.
- In the maintenance area, THA increased materials line item (44) to more closely reflect costs. In the contract maintenance area (line 45, the increase is due to increased unit turn costs, and the need to replace fire panels in the senior/disabled properties.
- Line 48 - General Expenses -The increase is due to the maintenance buyout program and costs associated with separation agreements.
- Line 50 – Collection Loss – This category was increased to account for the increase in tenant revenue – other (line 2). This increase reflects meth repair costs passed onto an evicted tenant. The possibility of collecting this income is not anticipated.
- Capital Items – This has been discussed in other portions of this document, and is reflected in the capital sections in Attachment A. The increase in the surplus is due to the anticipated sale proceeds from six (6) market-rate and three (3) scattered-site homes.
- The total budget surplus for THA in the budget revision is \$285,626 for the operating portion.

This budget leaves THA with sufficient funds to continue with important initiatives (improving various business processes, the HOP program, the asset building initiatives, and the education project.) It also leaves THA with adequate reserves for what we expect to be significant expenses, such as buying out the tax credit investors in Hillside Terrace and Salishan. The budget also shows a watchful anticipation and apprehension for what congress will appropriate in 2016 and beyond.

We thank the staff for some very good and careful work in fashioning this proposal.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (1)

Date: July 30, 2015
To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Re: Fiscal Year 2015 Agency Budget Revision

Background

Each year the Housing Authority of the City of Tacoma (THA) prepares a budget for the upcoming fiscal year. The Annual Budget reflects an estimate of the expected revenues and expenditures for each of its departments and major programs. The overall agency budget is based on individual department expense budgets for management purposes, with the expectation that each department director will manage and control their department budget in accordance with Federal, State and Local regulations.

The original FY 2015 Budget was submitted and approved by the Board of Commissioners during the December, 2014 Board of Commissioners meeting. Tacoma Housing Authority (THA) normally does a mid-year review where staff updates the budget based on more current information. Accordingly, THA is revising its FY 2015 budget to reflect the changes identified.

Since this is a budget revision, THA did not use a full budget development process; yet staff was consulted, and provided substantial input for the revisions we are proposing for the Board's approval. A Board study session was held on July 10, 2015, to discuss the revision.

Recommendation

Approve Resolution 2015-07-30 (1) to formally approve THA's Revised FY 2015 Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (1)

(Fiscal Year 2015 Annual Budget Revision)

WHEREAS, The Board of Commissioners of the Housing Authority of the City of Tacoma (“Authority”) approved the FY 2015 Budget on December 17, 2014; and

WHEREAS, Authority staff determined that the FY 2015 Budget should be revised on updated information on funding and expenditure needs; and

WHEREAS, Authority staff has prepared and the Board of Commissioners of the Housing Authority of the City of Tacoma as reviewed and provided input to the proposed Revised Fiscal Year 2015 annual budget; now, therefore, be it

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

1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the Revised FY 2015 Budget and authorizes the Executive Director to implement and execute said document. Revised operating expenses and other cash outflows are projected as follows:

<u>Expenses</u>	
Executive	\$ 799,469
Policy & Innovation	596,028
Human Resources	733,332
Finance	1,118,771
Administration	2,186,738
Development	1,984,743
Client & Landlord Services Overhead	318,990
Community Services	2,012,599
Real Estate Management Overhead	1,072,121
Rental Assistance	34,401,893
Property Management	<u>5,446,334</u>
Subtotal	\$ 50,671,017
 <u>Additional Cash Outflows</u>	
Capital Expenditures	\$ 10,939,100
Debt Service	<u>195,240</u>
Subtotal	\$11,134,340
 TOTAL APPROVED BUDGET	 <u>\$ 61,805,357</u>

Approved: July 30, 2015

Stan Rumbaugh, Chair



Attachment A

BOARD OF COMMISSIONER DECISION POINTS: THA FY-2015 MID-YEAR BUDGET
July 10, 2015



The green boxes below denote the main decisions for the THA Board. The contents of the green boxes are staff proposals.



The yellow boxes below and other text contain information and staff proposals that will help the Board decide.

1. AVAILABLE RESERVES

Minimum necessary and Optimal Reserves

Type/Purpose of Reserves	Reserves 01/01/15	-	Minimum	Optimal	Amount to Reserve	=	Amount of reserves available to use in FY015
a. MTW Reserves	\$6,522,000		\$2,843,000	\$2,843,000	\$2,843,000		\$3,679,000
b. Business Activities (Non-MTW)	\$5,765,000		\$1,500,000	\$2,500,000	\$2,500,000		\$3,265,000
c. Salishan 7 Reserves	\$750,000		\$400,000	\$750,000	\$750,000		\$0
d. Bond Financed Property Reserves	\$90,000		\$75,000	\$100,000	\$75,000		\$15,000
e. Reserves with Restrictions (Salishan land sale proceeds)	\$3,100,000		\$0	\$0	\$0		\$3,100,000
f. Section 8 Reserves held at HUD.	\$1,877,000		\$0	\$0	\$0		\$1,877,000
Totals	\$18,104,000		\$4,818,000	\$6,193,000	\$6,168,000		\$11,936,000

MTW Reserves

Section 8 HAP - Entry to MTW Program
Section 8 Administrative Expenses
PH AMP 1 - 6 Expenses

Annual Amount	Minimum		Optimal	
	Period	Amount	A	Amount
\$29,035,000	1/2 month	\$ 1,210,000	1 month	\$ 2,420,000
\$3,141,000	3 months	\$ 785,000	4 months	\$ 1,047,000
\$3,390,000	3 months	\$ 848,000	4 months	\$ 1,130,000
	Total	\$ 2,843,000	Total	\$ 4,597,000

07/04/2015

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2015

	Recurring Income	-	Cost of Recurring operations (with proposed savings)	=	Surplus or (Shortfall) in recurring operations ¹
MTW	\$43,281,000		\$42,694,000		\$587,000
Non-MTW	\$4,881,000		\$5,005,000		(\$124,000)
Total	\$48,162,000		\$47,699,000		\$463,000

3. BUDGET IMPACT - RESERVES - FY-2015

	MTW (Includes HUD held HAP reserves)	Non - MTW			With Restrctions	Total
		Business Activities	Bond Financed Properties	Salishan 7 Reserves		
Reserves - 01/01/15	\$8,399,000	\$5,765,000	\$90,000	\$750,000	\$3,100,000	\$18,104,000
Recurring Surplus/(Shortfall) ¹	\$587,000	(\$632,500)	\$0	\$508,500		\$463,000
Non-Recurring Income/(Expense)						Amount
a. Non Recurring Income - Operational ²	\$1,940,400	\$1,024,500				\$2,964,900
b. Non Recurring Income - Capital ³	\$2,418,000	\$2,592,000	\$1,502,000		\$400,000	\$6,912,000
c. Operations & Support Department Expenses - Operational ⁴	(\$1,509,300)	(\$1,138,100)				(\$2,647,400)
d. Operations & Support Departments Expenses- Capital ⁵	(\$3,335,100)		(\$637,000)			(\$3,972,100)
e. Development Department - Operational ⁶	(\$100,000)	(\$419,500)				(\$519,500)
f. Development Department - Capital ⁷	(\$1,750,000)	(\$5,217,000)				(\$6,967,000)
g. Special Transfer to Tax Credit Properties	\$0		\$0			\$0
<i>Projected Reserves - 12/31/15</i>	\$6,650,000	\$1,974,400	\$955,000	\$1,258,500	\$3,500,000	\$14,337,900

4. FY-2015 PROJECTED END OF YEAR RESERVE LEVELS

Type/Purpose of Reserves	Projected Reserves 12/31/15	Minimum	Optimal	Excess/(Deficit) Reserves Over Optimal
a. MTW Reserves	\$6,650,000	\$2,843,000	\$2,843,000	\$3,807,000
b. Business Activities (Non-MTW) reserves	\$1,974,400	\$1,500,000	\$2,500,000	(\$525,600)
c. Salishan 7 Reserves	\$ 1,258,500	\$400,000	\$750,000	\$508,500
d. Bond Financed Property Reserves	\$ 955,000	\$75,000	\$100,000	\$855,000
e. With Restrictions	\$ 3,500,000	\$0	\$0	\$3,500,000
Totals	\$14,337,900	\$4,818,000	\$6,193,000	\$8,144,900

Amount to Reserve	Excess/(Deficit) Reserves Over Amount to Reserve
\$2,843,000	\$3,807,000
\$2,500,000	(\$525,600)
\$750,000	\$508,500
\$75,000	\$880,000
\$0	\$3,500,000
\$6,168,000	

5. MTW Commitments passed by Board	2015 Commitment	2015 MY Revised Commitment	Included in 2015 MY Budget	Balance 12/31/2015	
a. 2nd Phase Bay Terrace Redevelopment (Includes 1.2 million rebenchmarking settlement)	\$2,420,000	\$2,420,000	\$0	\$2,420,000	MTW
b. Renovation/Remodel of 2nd Floor - Administrative Building	\$1,550,000	\$1,789,000	\$1,789,000	\$0	MTW
c. Renovation/Remodel of Family Investment Center Building	\$579,500	\$579,500	\$0	\$579,500	MTW
d. Renovation of Salishan Maintenance Shop	\$286,500	\$286,500	\$0	\$286,500	MTW
e. RAD Conversion Cost - Capital Contributions to Projects	\$1,500,000	\$1,500,000	\$0	\$1,500,000	MTW
f. Software Conversion of Yardi/Visual Homes Platform	\$600,000	\$1,100,000	\$600,000	\$500,000	MTW
g. Education Projects - McCarver and Others	\$310,000	\$310,000	\$0	\$310,000	MTW
h. Exigent Health & Safety Issue (Meth Remediation)	\$260,000	\$260,000	\$260,000	\$0	MTW
i. Hilltop Lofts (Brown Star Grill site)	\$2,500,000	\$2,500,000	\$600,000	\$1,900,000	Either MTW or BA
	\$10,006,000	\$10,745,000	\$2,649,000	\$7,496,000	

Back-up Detail

6. Non-Recurring Income: FY-2015

Sources of Non-Recurring Income	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
Operational²						
Hillside Terrace Operating Subsidy - 2015 will be the final a. year subsidy will be received	\$89,000		\$89,000		\$0	
b. 2014 HAP income carryover to 2015	\$1,500,000		\$1,200,000		(\$300,000)	
c. Capital Funds						
1. Transfer to MTW over 20% admin amount	\$0		\$0		\$0	
2. PH Rental Assistance Demonstration (RAD) conversion costs	\$140,000		\$651,400		\$511,400	
3. Due Diligence costs for next phase of Bay Terrace redevelopment	\$266,000		\$0		(\$266,000)	
d. Developer Fee Income						
1. Bay Terrace - Phase 1		\$759,500		\$759,500		\$0
2. Prairie Oaks (LASA)		\$160,000		\$160,000		\$0
3. Bay Terrace - Phase 2		\$274,000		\$0		(\$274,000)
e. City of Tacoma Power - Salishan land sale		\$105,000		\$105,000		\$0
f. Loan Interest received - Tax Credit Properties						
<i>Operations Subtotal²</i>	<i>\$1,995,000</i>	<i>\$1,298,500</i>	<i>\$1,940,400</i>	<i>\$1,024,500</i>	<i>\$245,400</i>	<i>(\$274,000)</i>
Capital³						
a. Bay Terrace - Phase 2 (CFP RHF)						
1. CFP RHF Funds	\$1,200,000		\$1,750,000		\$550,000	
2. TCRA funds		\$500,000		\$0		(\$500,000)
b. CFP funds for PH capital work	\$429,000		\$668,000		\$239,000	
c. Prairie Oaks		\$2,592,000		\$2,592,000		\$0
d. Sale of Scattered Site Homes (2) (With restrictions)				\$400,000		\$400,000
e. Sale of Market Rate Homes (6)				\$1,502,000		\$1,502,000
<i>Capital Subtotal³</i>	<i>\$1,629,000</i>	<i>\$3,092,000</i>	<i>\$2,418,000</i>	<i>\$4,494,000</i>	<i>\$789,000</i>	<i>\$1,402,000</i>
						\$6,912,000

7. Non-recurring Operational/Support Department Costs Reserve Requests/Budget Changes

Operations & Support Departments

7.1 Operations & Support Department Non-Recurring - Operational⁴

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Salaries						
1. Sunset positions identified in 9.1i	\$258,300	\$52,900	\$210,500	\$43,100	(\$47,800)	(\$9,800)
2. New project oriented positions - 9.1n	\$34,300	\$199,900	\$0	\$192,800	(\$34,300)	(\$7,100)
3. Existing project oriented Positions - 9.2m	\$510,800	\$528,500	\$510,800	\$528,500	\$0	\$0
b. Advertising (Line 19)						
1. Advertising for Rent reform (REM&HS)	\$30,000		\$30,000		\$0	
c. Office Supplies (Line 21)						
1. Wait list opening (RA)	\$4,000		\$4,000		\$0	
2. Rent reform (REM&HS)	\$2,000		\$0		(\$2,000)	
d. Postage (Line 22)						
1. RA division - Postage for Wait list opening	\$11,000		\$11,000		\$0	
e. Office Equipment Expensed (Line 26)						
1. RA division. (Smart board, various other equip)	\$9,200		\$9,200		\$0	
f. Legal (Line 27)						
1. RAD Conversion (Admin)	\$10,000		\$150,000		\$140,000	
2. Tax Credit conversion assistance (rolled into RAD conversion at MY)	\$50,000		\$0		(\$50,000)	
2. RA division - Deduct if in house counsel is hired	\$10,000		\$10,000		\$0	
g. Staff Training (Line 29)						
1. Placeholder for training needs identified via TCAM and HR (Transition Training \$ for RAD conversion at MY)	\$41,500	\$8,500	\$41,500	\$8,500	\$0	\$0
h. Administrative Contracts (Line 30)						
1. Leadership team development (HR)	\$20,700	\$4,300	\$27,100	\$4,900	\$6,400	\$600
2. Compensation analysis (HR)	\$16,600	\$3,400	\$16,600	\$3,400	\$0	\$0
3. ED 360 performance evaluation (HR) (Move to leadership development)	\$2,900	\$600	\$0	\$0	(\$2,900)	(\$600)
4. Employee engagement survey (Move to leadership development)	\$3,500		\$0	\$0	(\$3,500)	\$0
5. RAD financial consultants (Admin)	\$10,000		\$156,000		\$146,000	
6. RAD conversion assistance			\$100,000			
6. Evaluation of rent reform (PIE)	\$100,000		\$100,000		\$0	
7. MTW design assistance (PIE)	\$20,000		\$20,000		\$0	
8. Grant writer (CS)		\$25,000		\$25,000		\$0
i. Other Administrative Expenses (Line 31)						
1. Archiving (RA)	\$5,800	\$1,200	\$5,800	\$1,200	\$0	\$0
2. Disaster recovery plan expenses (PM)	\$8,300	\$1,700	\$8,300	\$1,700	\$0	\$0
j. Relocation						
1. Relocation for Meth turns and Bergerson Water Intrusion repairs	\$0		\$30,000		\$30,000	
k. Contract Maintenance (Line 45)						
1. Fire System Upgrades - Senior/disabled buildings			\$24,500		\$24,500	
l. General Expenses						
1. Buyout incentives/Separation Agreements (HR)		\$180,000		\$300,000		\$120,000
m. Extraordinary Maintenance for Properties (Reviewed Annually)						
n. Contingency will be reevaluated each year	\$44,000	\$29,000	\$44,000	\$29,000	\$0	\$0
Operational Subtotal⁴	\$1,202,900	\$1,035,000	\$1,509,300	\$1,138,100	\$206,400	\$103,100

7.2 Operations & Support Departments - Capital⁵

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. 902 South L - Continue renovation	\$1,550,000		\$1,789,000		\$239,000	
b. FIC Building Renovations (postpone until 2016)	\$579,500		\$0		(\$579,500)	
c. Salishan Maintenance shop renovations (postpone until 2016)	\$286,500		\$0		(\$286,500)	
d. Maintenance vehicle replacement with outfitting	\$120,000		\$120,000		\$0	
e. Community Service vehicle replacement	\$25,000		\$25,000		\$0	
f. Transition IT Platform to new system	\$600,000		\$600,000		\$0	
g. IT Hardware	\$23,100		\$23,100		\$0	
h. Key Pad - 902 South L	\$0		\$20,000		\$20,000	
i. Water intrusion - Bergerson Terrace	\$304,000		\$668,000		\$364,000	
j. Window replacement - M St. (Will be accomplished under RAD)	\$125,000		\$0		(\$125,000)	
k. PH Scattered Site homes - Prepare units for sale (3 homes @ \$30K each)	\$500,000		\$90,000		(\$410,000)	
l. Market Rate homes - Prepare units for sale (6)		\$115,000		\$637,000		\$522,000
<i>Capital Subtotal⁵</i>	\$4,113,100	\$115,000	\$3,335,100	\$637,000	(\$778,000)	\$522,000

Development Department Activity

7.3 Development Department Nonrecurring - Operational⁶

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Legal (Line 27)						
1. RAD (At MY, all legal charged to Admin dept.)	\$40,000		\$0		(\$40,000)	
2. New Look Apts.		\$20,000		\$20,000		\$0
3. Other Acquisition		\$30,000		\$30,000		\$0
b. Administrative Contracts (Line 30)						
1. RAD- Physical Assessments.	\$100,000		\$100,000		\$0	
2. Design of CDE/PDA		\$50,000		\$0		(\$50,000)
3. Miscellaneous		\$50,000		\$10,000		(\$40,000)
c. Due Diligence - Development Opportunities						
1. Bay Terrace Phase 2 Redevelopment (All expenses capitalized MY)	\$266,000		\$0		(\$266,000)	
2. Hilltop Lofts		\$104,500		\$104,500		\$0
3. Other Opportunities		\$200,000		\$200,000		\$0
4. Salishan Core Planning		\$70,000		\$0		(\$70,000)
5. New Look Apts.		\$100,000		\$50,000		(\$50,000)
d. Contingency (Line 33)		\$5,000		\$5,000		\$0
<i>Development Activity - Operational - Subtotal⁶</i>	\$406,000	\$629,500	\$100,000	\$419,500	(\$306,000)	(\$210,000)

7.4 <i>Development Department - Capital</i> ⁷	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Bay Terrace - Phase 1 - Convert Construction loan to permanent note	\$200,000		\$0		(\$200,000)	
b. Bay Terrace - Phase 2						
1. CFP / MTW	\$1,200,000		\$1,750,000		\$550,000	
2. COT		\$500,000		\$0		(\$500,000)
c. Prairie Oaks (LASA)						
1. HOME Funds		\$55,000		\$55,000		\$0
2. 2163 Funds		\$98,000		\$98,000		\$0
3.. HTF Funds		\$2,439,000		\$2,439,000		\$0
4. THA Loan to cover Construction costs		\$145,000		\$145,000		\$0
d. Purchase of New Look Apts.		\$100,000		\$300,000		\$200,000
e. Hilltop Lofts		\$600,000		\$600,000		\$0
f. Purchase of Outrigger Apts.				\$1,080,000		\$1,080,000
g. Purchase of Key Bank Properties				\$500,000		\$500,000
<i>Development Activity - Capital - Subtotal</i>	\$1,400,000	\$3,937,000	\$1,750,000	\$5,217,000	\$350,000	\$1,280,000

8. Reserve Appropriations Requested

8.1 <i>Operations</i>	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Community Services expenses received Prior Year grants		\$24,700		\$24,700		\$0
<i>Operations Subtotal</i>	\$0	\$24,700	\$0	\$24,700	\$0	\$0

8.2 <i>Capital</i>	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. 902 South L - Continue renovation	\$1,550,000		\$1,789,000		\$239,000	
b. FIC Building Renovations (postpone until 2016)	\$579,500		\$0		(\$579,500)	
c. Salishan Maintenance shop renovations (postpone until 2016)	\$286,500		\$0		(\$286,500)	
d. Maintenance vehicle replacement with outfitting	\$120,000		\$120,000		\$0	
e. Community Service vehicle replacement	\$25,000		\$25,000		\$0	
f. Transition IT Platform to new system	\$600,000		\$600,000		\$0	
g. IT Hardware	\$23,100		\$23,100		\$0	
h. PH Scattered Site homes - Prepare units for sale (3 homes @ \$30K each)	\$500,000		\$90,000		(\$410,000)	
i. Market Rate homes - Prepare units for sale (6)		\$115,000		\$637,000		\$522,000
j. Bay Terrace - Phase 1 - Convert Construction loan to permanent note	\$200,000		\$0		(\$200,000)	
k. Purchase of New Look Apts.		\$100,000		\$300,000		\$200,000
l. Hilltop Lofts		\$600,000		\$600,000		\$0
m. THA Loan to Prairie Oaks		\$145,000		\$145,000		\$0
Purchase of Outrigger Apartments				\$1,080,000		
Purchase of Hilltop Key Bank Property				\$500,000		
<i>Capital Subtotal</i>	\$3,884,100	\$960,000	\$2,647,100	\$3,262,000	(\$1,237,000)	\$722,000

9. Notable Recurring Operational/Support Department Costs

	Staff Positions			Change	Comments
	Increase/ Decrease fm previous year budget	Original	Mid-Year Revision		
9.1 Position Changes - FY-2015					
<i>Currently Occupied</i>					
a. Sr. Project Manager (Development)		\$7,500	\$7,500	\$0	Internal Promotion from Project Manager.
b. <i>Subtotal</i>	0.00	\$7,500	\$7,500	\$0	
<i>New Positions - Recurring</i>					
c. Chief Operating Officer (Exec)	1.0	\$174,200	\$174,200	\$0	This position will assist in overseeing the operations of the agency, and free the Executive Director to focus on community efforts.
d. In house counsel (REM&HS)	0.0	\$121,200	On hold	(\$121,200)	This position is contingent upon further discussions and assessments. The position will assist with evictions, writing the lease, and overseeing contract language within the agency. It is anticipated this will eliminate most of THA's operational legal costs. We will rebid the contract to see how the costs change, and compare to what we would be able to hire an in house counsel for. If the contract cost increases dramatically we will consider moving in this direction.
e. Civil Rights Compliance Auditor	1.0		\$80,900	\$80,900	
f. <i>Subtotal</i>	1.00	\$295,400	\$255,100	(\$40,300)	
<i>Eliminated Positions</i>					
N/A					
<i>Subtotal</i>	0.00	\$0			
<i>Sunset Positons</i>					
g. Business Process Improvement Analyst (Admin) - Carryover		\$111,600	\$111,600	\$0	Assist in business process improvement plan.
h. Data Requirements Specialist (Admin) - New	1.0	\$88,000	\$88,000	\$0	Assist agency in software conversion.
i. Software Implementation Manager (Admin) - New	0.0	\$111,600	Todd assumed role	(\$111,600)	Assist agency in software conversion.
j. Accounting Specialist - New	1.0	\$0	\$54,000	\$54,000	
k. <i>Subtotal</i>	1.00	\$311,200	\$253,600	(\$57,600)	
<i>New Positions - Project Oriented</i>					
k. Community Resource Planner (Admin)	1.0	\$114,000	\$114,000	\$0	Position will understand THA's needs. Further discussion required before moving forward.
l. Project Manager 1 (Dev)	1.0	\$78,800	\$78,800	\$0	New Position with internal staff promotion. Do not hire until further analysis completed.
m. Digital Librarian (Admin) - New (half year)	0.0	\$41,400	On hold	(\$41,400)	To assist agency in moving to paperless environment. Additional review will be required before moving forward.
n. <i>Subtotal</i>	2.00	\$234,200	\$192,800	(\$41,400)	

9.2 Project Oriented Positions (Non Grant funded)					
a. Project Manager-Asset Management (Admin)		\$88,000	\$88,000	\$0	MTW
b. Applications Architect (Admin)		\$102,600	\$102,600	\$0	MTW/BA
c. Sr. Project/Construction Manager (Dev) (3)		\$384,800	\$384,800	\$0	BA
d. Project Manager 1 (Dev)		\$84,200	\$84,200	\$0	BA
e. Project Manager 2 (CS)		\$109,900	\$109,900	\$0	MTW
f. After School Coordinator (2 PT) (CS)		\$24,500	\$24,500	\$0	MTW
g. Supply Chain Analyst (REM&HS)		\$90,000	\$90,000	\$0	MTW/BA
h. Marketing Specialist (REM&HS)		\$73,100	\$73,100	\$0	MTW/BA
i. Project Manager 1 (REM&HS)		\$82,200	\$82,200	\$0	MTW/BA
j. Subtotal	0.00	\$1,039,300	\$1,039,300	\$0	

9.3 Operations & Support Department - Notable Recurring Information

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a.						
b. Special Program Assistance Payments						
1. Child Welfare Vouchers	\$192,000		\$192,000		\$0	
2. Rapid Rehousing for Homeless Families	\$600,000		\$600,000		\$0	
3. Unaccompanied Youth Vouchers	\$288,000		\$288,000		\$0	
4. TCC Homeless Students	\$150,000		\$150,000		\$0	
5. Bay Terrace Supplemental Rents	\$140,400		\$140,400		\$0	
c. FSS paypoints - Replaces HAP FSS escrow amounts (Included with HAP)	\$50,000		\$50,000		\$0	
d. MTW Security Deposit Program	\$20,000		\$20,000		\$0	
e. Contamination Testing & Remediation PH Units *	\$260,000		\$260,000		\$0	
Totals	\$1,700,400	\$0	\$1,700,400	\$0	\$0	\$0

* Contamination Testing amount is based on an average of \$15,000 per unit remediation and put back, and a reduction to 5% of our unit turns based on a THA Meth clean team doing an initial cleaning to reduce the number of units needed to be fully remediated.

10. A LOOK AHEAD TO FY-2016 (ADDITIONAL INCOME, SAVINGS OR EXPENSES TO EXPECT)

10.1	Recurring FY016 Income	Recurring FY016 Expense	Amount
a.	Additional Rent Reform		????
b.	Congressional FY-2016 Budget Appropriations - Possible sequestration cuts		(\$3,000,000)
10.2	Non-Recurring FY016 Income	Non-Recurring FY016 Expense	Amount
a.	Developer Fee - Bay Terrace - Phase 2		\$275,000
b.	Developer Fee - Hilltop Lofts		\$350,000

11. *Emerging Needs and Opportunities*

	MTW -CFP	Non-MTW
a. New Look Apts. - Additional funds needed for rehab after initial purchase		????
b. THA Contribution to Purchase of Affordable Housing Up to 80% with THA contribution coming from proceeds from Salishan - Area 2B lots. Proceeds can be used for Affordable Housing purchase or RAD conversion.		\$3,000,000
c. Anticipated additional proceeds from Sale of PH Scattered Site Homes		\$2,250,000
d. Anticipated additional proceeds from Sale of Market Rate Homes		\$600,000
<i>Total - Emerging Development Projects</i>	\$0	\$5,850,000

Attachment B

**FY 2015 Tacoma Housing Authority Budget - Mid Year Revision
Agency Wide**

	FY 2015 Approved Budget	FY 2015 Mid Year Request	Difference
INCOME			
1 Revenue - Dwelling rent	\$2,606,905	\$2,537,785	(\$69,120)
2 Tenant Revenue - Other	\$60,500	\$231,850	\$171,350
3 HUD grant - Section 8 HAP reimbursement	\$36,331,959	\$36,612,866	\$280,907
4 HUD grant - Section 8 Admin fee earned	\$2,732,084	\$2,799,425	\$67,341
5 HUD grant - Public Housing subsidy	\$2,187,210	\$2,187,210	\$0
6 HUD grant - Community Services	\$353,493	\$353,493	\$0
7 HUD grant - Capital Fund Operating Revenue	\$1,053,824	\$1,203,824	\$150,000
8 Management Fee Income	\$3,130,715	\$3,121,285	(\$9,430)
9 Other Government grants	\$409,108	\$409,108	\$0
10 Investment income	\$38,775	\$38,775	\$0
11 Fraud Recovery Income - Sec 8	\$40,000	\$40,000	\$0
12 Other Revenue- Developer Fee Income	\$1,193,509	\$919,485	(\$274,024)
13 Other Revenue	\$672,068	\$672,068	\$0
TOTAL OPERATING RECEIPTS	\$50,810,150	\$51,127,174	\$317,024

OPERATING EXPENDITURES*Administrative*

14 Administrative Salaries	\$5,468,765	\$5,455,159	(\$13,606)
15 Administrative Personnel - Benefits	\$2,161,926	\$2,117,565	(\$44,361)
16 Audit Fees	\$81,713	\$81,713	\$0
17 Management Fees	\$2,546,730	\$2,569,796	\$23,066
18 Rent	\$128,200	\$128,200	\$0
19 Advertising	\$31,282	\$31,282	\$0
20 Information Technology Expenses	\$221,734	\$318,772	\$97,038
21 Office Supplies	\$59,368	\$59,368	\$0
22 Publications & Memberships	\$43,280	\$43,280	\$0
23 Telephone	\$109,559	\$109,559	\$0
24 Postage	\$58,813	\$58,813	\$0
25 Leased Equipment & Repairs	\$116,788	\$116,788	\$0
26 Office Equipment Expensed	\$68,835	\$76,835	\$8,000
27 Legal	\$215,588	\$285,588	\$70,000
28 Local Mileage	\$11,122	\$11,122	\$0
29 Staff Training/ Out of Town Travel	\$306,289	\$306,289	\$0
30 Administrative Contracts	\$712,727	\$893,727	\$181,000
31 Other Administrative Expenses	\$94,547	\$94,547	\$0
32 Due Diligence - Perspective Development	\$740,500	\$354,500	(\$386,000)
33 Contingency	\$73,000	\$73,000	\$0
Total Administrative Expenses	\$13,250,766	\$13,185,903	(\$64,863)

Tenant Services

34 Tenant Services - Salaries	\$1,000,072	\$934,432	(\$65,640)
35 Tenant Service Personnel - Benefits	\$411,615	\$390,566	(\$21,049)
36 Relocation Costs	\$17,670	\$60,630	\$42,960
37 Tenant Service - other	\$136,574	\$136,574	\$0
Total Tenant Services	\$1,565,931	\$1,522,202	(\$43,729)

07/04/2015

**FY 2015 Tacoma Housing Authority Budget - Mid Year Revision
Agency Wide**

	FY 2015 Approved Budget	FY 2015 Mid Year Request	Difference
<i>Utilities</i>			
38 Water	\$116,750	\$116,750	\$0
39 Electric	\$199,800	\$199,800	\$0
40 Gas	\$55,550	\$55,550	\$0
41 Sewer	\$302,890	\$302,890	\$0
Total Project Utilities	\$674,990	\$674,990	\$0
<i>Ordinary Maintenance & Operations</i>			
42 Maintenance Salaries	\$703,230	\$703,230	\$0
43 Maintenance Personnel - Benefits	\$250,279	\$250,279	\$0
44 Maintenance Materials	\$209,871	\$232,750	\$22,879
45 Contract Maintenance	\$623,089	\$676,589	\$53,500
Total Routine Maintenance	\$1,786,469	\$1,862,848	\$76,379
<i>General Expenses</i>			
46 Protective Services	\$98,350	\$98,350	\$0
47 Insurance	\$210,381	\$210,381	\$0
48 Other General Expense	\$1,340,317	\$1,461,190	\$120,873
49 Payment in Lieu of Taxes	\$13,803	\$13,803	\$0
50 Collection Loss	\$77,138	\$245,506	\$168,368
51 Interest Expense	\$115,376	\$115,376	\$0
Total General Expenses	\$1,855,365	\$2,144,605	\$289,241
TOTAL OPERATING EXPENSES	\$19,133,521	\$19,390,548	\$257,028
<i>Nonroutine Expenses and Capital Expenditures</i>			
52 Ext Maint/Fac Imp/Gain/Loss prop sale	\$335,000	\$335,000	\$0
53 Casualty Loss	\$18,000	\$18,000	\$0
54 Section 8 HAP Payments	\$30,927,469	\$30,927,469	\$0
Total Nonroutine Expenditures	\$31,280,469	\$31,280,469	\$0
TOTAL EXPENSES	\$50,413,990	\$50,671,017	\$257,028
OPERATING SURPLUS/(DEFICIT)	\$396,160	\$456,157	\$59,996
55 Debt Service Principal Payments	(\$195,240)	(\$195,240)	\$0
56 Special Transfer to Tax Credit Properties	\$0	\$0	\$0
Surplus/Deficit Before Reserve Appropriations	\$200,920	\$260,917	\$59,996
57 Reserve Appropriations - Operations/Transfers	\$24,710	\$24,710	\$0
Surplus/Deficit Before Capital Expenditures	\$225,630	\$285,627	\$59,996
58 Capitalized Items/Development Projects	(\$9,565,100)	(\$10,939,100)	(\$1,374,000)
59 Revenue - Capital Grants/Sale of property	\$4,721,000	\$6,275,500	\$1,554,500
60 Reserve Appropriations - Capital	\$4,844,100	\$5,886,000	\$1,041,900
AGENCY WIDE BUDGET SURPLUS/(DEFICIT)	\$225,630	\$1,508,027	\$1,282,396

FY 2015 Tacoma Housing Authority Budget - Mid Year Revision
Agency Total by Departmental Areas

	Executive	Human Resources	Finance	Administration	Client & Landlord Services O'hd	Rental Assistance	Community Services	Development	Policy & Innovation	REM Overhead	Property Budgets	Agency Total
INCOME												
1. Revenue - Dwelling rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,537,785	\$2,537,785
2. Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$231,850	\$231,850
3. HUD grant - Section 8 HAP reimbursement	\$0	\$0	\$0	\$0	\$0	\$36,612,866	\$0	\$0	\$0	\$0	\$0	\$36,612,866
4. HUD grant - Section 8 Admin fee earned	\$0	\$0	\$0	\$0	\$0	\$2,799,425	\$0	\$0	\$0	\$0	\$0	\$2,799,425
5. HUD grant - Public Housing subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,187,210	\$2,187,210
6. HUD grant - Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$353,493	\$0	\$0	\$0	\$0	\$353,493
7. HUD grant - Capital Fund Operating Revenue	\$0	\$0	\$0	\$696,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$696,000
8. Management Fee income	\$139,535	\$97,405	\$543,890	\$529,601	\$711,911	\$134,391	\$82,045	\$0	\$0	\$862,508	\$0	\$1,203,824
9. Other Government grants	\$0	\$0	\$0	\$0	\$0	\$0	\$249,108	\$160,000	\$0	\$0	\$0	\$409,108
10. Investment income	\$0	\$0	\$7,250	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$6,525	\$38,775
11. Fraud Recovery income - Sec 8	\$0	\$0	\$0	\$0	\$0	\$40,000	\$0	\$0	\$0	\$0	\$0	\$40,000
12. Other Revenue-Developer Fee Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$919,465	\$0	\$0	\$0	\$919,465
13. Other Revenue	\$0	\$0	\$36,300	\$0	\$0	\$42,500	\$561,164	\$9,000	\$0	\$0	\$24,104	\$672,069
TOTAL OPERATING RECEIPTS	\$139,535	\$97,405	\$587,440	\$1,225,601	\$711,911	\$39,654,182	\$1,245,810	\$1,595,308	\$0	\$882,508	\$4,987,474	\$51,127,174

OPERATING EXPENDITURES

	Executive	Human Resources	Finance	Administration	Client & Landlord Services O'hd	Rental Assistance	Community Services	Development	Policy & Innovation	REM Overhead	Property Budgets	Agency Total
Administrative												
14. Administrative Salaries	\$497,932	\$200,487	\$732,866	\$973,241	\$193,571	\$1,191,717	\$0	\$679,632	\$273,856	\$348,448	\$364,609	\$5,455,159
15. Administrative Personnel - Benefits	\$150,246	\$74,492	\$298,925	\$344,219	\$67,302	\$538,274	\$0	\$242,223	\$95,822	\$149,552	\$158,511	\$2,117,565
16. Audit Fees	\$0	\$0	\$17,500	\$0	\$0	\$30,000	\$0	\$0	\$0	\$0	\$25,213	\$81,713
17. Management Fees	\$0	\$0	\$0	\$0	\$0	\$1,254,775	\$301,406	\$21,479	\$0	\$91,907	\$600,229	\$2,569,796
18. Rent	\$0	\$0	\$0	\$0	\$0	\$104,200	\$0	\$24,000	\$0	\$0	\$0	\$128,200
19. Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	\$25,000	\$5,000	\$782	\$31,282
20. Information Technology Expenses	\$1,000	\$0	\$0	\$256,188	\$0	\$10,200	\$35,696	\$0	\$0	\$0	\$15,688	\$318,772
21. Office Supplies	\$4,000	\$1,200	\$4,000	\$7,000	\$1,000	\$25,000	\$6,000	\$1,800	\$1,750	\$1,750	\$5,868	\$59,368
22. Publications & Memberships	\$33,065	\$2,105	\$1,020	\$200	\$0	\$5,420	\$5,200	\$1,100	\$750	\$750	\$0	\$43,280
23. Telephone	\$5,880	\$1,200	\$0	\$37,060	\$900	\$5,420	\$5,200	\$5,000	\$2,160	\$10,800	\$34,939	\$109,559
24. Postage	\$700	\$100	\$2,250	\$300	\$5,000	\$35,000	\$4,500	\$500	\$5,000	\$1,000	\$4,463	\$58,813
25. Lease Equipment & Repairs	\$250	\$0	\$650	\$54,380	\$3,000	\$16,000	\$5,100	\$0	\$0	\$12,000	\$24,408	\$116,788
26. Office Equipment Expensed	\$1,500	\$0	\$1,500	\$36,500	\$0	\$5,000	\$14,800	\$0	\$0	\$1,500	\$16,235	\$76,835
27. Legal	\$10,000	\$15,000	\$1,000	\$150,000	\$0	\$10,000	\$0	\$50,000	\$0	\$0	\$20,000	\$285,588
28. Local Mileage	\$0	\$100	\$275	\$0	\$750	\$1,500	\$3,100	\$500	\$1,000	\$1,750	\$2,147	\$11,122
29. Staff Training/Out of Town Travel	\$45,600	\$41,400	\$22,750	\$31,679	\$9,000	\$27,200	\$17,010	\$16,750	\$21,600	\$73,300	\$0	\$306,289
30. Administrative Contracts	\$5,000	\$83,350	\$30,600	\$272,000	\$35,000	\$21,000	\$157,000	\$110,000	\$160,000	\$5,000	\$14,777	\$893,727
31. Other Administrative Expenses	\$18,500	\$7,550	\$2,000	\$1,900	\$2,500	\$14,000	\$0	\$4,000	\$0	\$39,380	\$4,717	\$94,547
32. Due Diligence - Perspective Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$354,500	\$0	\$0	\$0	\$354,500
33. Contingency	\$20,000	\$5,000	\$0	\$15,000	\$0	\$5,000	\$0	\$5,000	\$5,000	\$10,000	\$8,000	\$73,000
Total Administrative Expenses	\$793,673	\$431,863	\$1,113,336	\$2,179,667	\$316,023	\$2,295,266	\$653,902	\$1,825,964	\$591,738	\$772,137	\$1,310,173	\$13,185,903

Tenant Services

34. Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$934,432	\$0	\$0	\$0	\$0	\$934,432
35. Tenant Service Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$390,566	\$0	\$0	\$0	\$0	\$390,566
36. Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,630	\$60,630
37. Tenant Service - other	\$2,000	\$0	\$0	\$0	\$0	\$1,000	\$124,068	\$0	\$5,000	\$0	\$6,508	\$136,574
Total Tenant Services	\$2,000	\$0	\$0	\$0	\$0	\$1,000	\$1,449,067	\$0	\$5,000	\$0	\$67,136	\$1,522,202

FY 2015 Tacoma Housing Authority Budget - Mid Year Revision
Agency Total by Departmental Areas

	Executive	Human Resources	Finance	Administration	Client & Landlord Services O'hd	Rental Assistance	Community Services	Development	Policy & Innovation	REM Overhead	Property Budgets	Agency Total
Utilities												
38 Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$5,500	\$106,250	\$116,750
39 Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000	\$0	\$36,000	\$159,800	\$199,800
40 Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,100	\$0	\$2,000	\$52,450	\$55,550
41 Sewer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,200	\$0	\$12,500	\$292,180	\$302,880
Total Project Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,300	\$0	\$56,000	\$600,680	\$674,980
Ordinary Maintenance & Operations												
42 Maintenance Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$653,230	\$703,230
43 Maintenance Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,795	\$232,484	\$250,279
44 Maintenance Materials	\$0	\$0	\$0	\$0	\$0	\$2,400	\$0	\$5,000	\$0	\$20,000	\$205,350	\$232,750
45 Contract Maintenance	\$0	\$0	\$0	\$0	\$0	\$2,000	\$0	\$10,000	\$0	\$87,000	\$577,589	\$676,589
Total Routine Maintenance	\$0	\$0	\$0	\$0	\$0	\$4,400	\$0	\$15,000	\$0	\$174,795	\$1,669,653	\$1,852,848
General Expenses												
46 Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$22,000	\$75,350	\$98,350
47 Insurance	\$3,786	\$1,349	\$5,635	\$7,071	\$967	\$29,223	\$9,630	\$4,063	\$1,290	\$16,189	\$131,348	\$210,390
48 Other General Expense	\$0	\$300,000	\$0	\$0	\$0	\$119,515	\$0	\$5,000	\$0	\$1,000	\$1,005,675	\$1,461,190
49 Payment in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,803	\$13,803
50 Collection Loss	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$220,506	\$245,506
51 Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$115,376	\$0	\$0	\$0	\$115,376
Total General Expenses	\$3,786	\$301,349	\$5,435	\$7,071	\$967	\$173,738	\$9,630	\$125,459	\$1,290	\$89,189	\$1,446,682	\$2,144,805
TOTAL OPERATING EXPENSES	\$799,469	\$735,332	\$1,118,771	\$2,186,738	\$318,980	\$3,474,424	\$2,012,599	\$1,984,743	\$596,028	\$1,072,121	\$5,093,334	\$19,390,548
Nonroutine Expenses and Capital Expenditures												
52 Ext Maint/Fac Imp/Gain/Loss prop sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$335,000	\$335,000
53 Casualty Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,000	\$18,000
54 Section 8 HAP Payments	\$0	\$0	\$0	\$0	\$0	\$30,927,469	\$0	\$0	\$0	\$0	\$0	\$30,927,469
Total Nonroutine Expenditures	\$0	\$0	\$0	\$0	\$0	\$30,927,469	\$0	\$0	\$0	\$0	\$353,000	\$31,280,469
TOTAL EXPENSES	\$799,469	\$735,332	\$1,118,771	\$2,186,738	\$318,980	\$34,401,893	\$2,012,599	\$1,984,743	\$596,028	\$1,072,121	\$5,446,334	\$20,671,017
OPERATING SURPLUS/(DEFICIT)												
55 Debt Service Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56 Special Transfer to Tax Credit Properties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus/Deficit Before Reserve Appropriations	(\$659,934)	(\$635,927)	(\$531,331)	(\$961,137)	\$392,921	\$5,252,289	(\$766,789)	(\$389,434)	(\$596,028)	(\$189,614)	(\$458,860)	\$458,157
57 Reserve Appropriations - Operations/Transfe	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus/Deficit Before Capital Expenditures	(\$659,934)	(\$635,927)	(\$531,331)	(\$961,137)	\$392,921	\$5,252,289	(\$742,079)	(\$572,174)	(\$596,028)	(\$189,614)	(\$471,360)	\$285,927
58 Capitalized Items/Development Projects	\$0	\$0	\$0	(\$643,100)	\$0	\$0	(\$25,000)	(\$8,755,000)	\$0	(\$120,000)	(\$1,395,000)	(\$10,939,100)
59 Revenue - Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,342,000	\$0	\$0	\$1,933,500	\$6,275,500
60 Reserve Appropriations - Capital	\$0	\$0	\$0	\$600,000	\$0	\$0	\$25,000	\$4,414,000	\$0	\$120,000	\$727,000	\$5,886,000
AGENCY WIDE BUDGET SURPLUS/(DEFICIT)	(\$659,934)	(\$635,927)	(\$531,331)	(\$1,004,237)	\$392,921	\$5,252,289	(\$742,079)	(\$572,174)	(\$596,028)	(\$189,614)	\$784,140	\$1,608,027

RESOLUTION #2



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (2)

Date: July 30, 2015
To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Re: MTW Reserve Commitment

This resolution would update the Board's commitment of Tacoma Housing Authority's (THA) Moving wot Work (MTS) reserves. These reserves are essential for purposes vital to THA's mission and to cover important obligations. In an exercise of responsibility, patience and prudence, THA has assembled these reserves for these reasons. Committing them formally for these purposes is a useful planning tool. It also helps Housing and Urban Development (HUD) understand their purposes.

Recommendation

Approve Resolution 2015-07-30 (2) committing THA MTW reserves as identified in the attached Schedule of MTW Reserve Commitments.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (2)

(MTW Reserve Commitments)

WHEREAS, For THA to be effective in its mission it must plan its use of financial resources over multi-year periods and assembled reserves for those purposes;

WHEREAS, THA has assembled adequate reserves for those purposes through its responsible, prudent and patient management and budgeting;

WHEREAS, The attached Schedule of MTW Reserve Commitments reflects the Authority's current plans for such capital and operational expenditures of MTW Reserves; and

WHEREAS, The Authority intends to include a Schedule of MTW Reserve Commitments in the MTW annual report including language that allows for shifting monies between the identified commitments; now, therefore, be it

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

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

Approved: July 30, 2015

Stanley Rumbaugh, Chair

Schedule of MTW Reserve Commitments

Planned Expenditure	Current Commitment	Revised Commitment	Planned Expenditure Date
2nd Phase of Hillside Terrace redevelopment project	\$ 2,420,000	\$ 2,420,000	6/30/2017
Renovation/Remodel of 2nd Floor of Administrative Building	\$ 1,550,000	\$ 1,789,000	12/31/2015
Renovation/Remodel of Salishan Family Investment Center	\$ 579,500	\$ 579,500	06/30/2016
Renovation of Salishan Maintenance Shop	\$ 286,500	\$ 286,500	06/30/2016
RAD Conversion Costs - Capital Contributions to Projects	\$ 1,500,000	\$ 1,500,000	12/31/2017
Software Conversion for Unsupported/Obsolete ERP Software (Visual Homes)	\$ 600,000	\$ 1,100,000	9/30/2016
Education Projects - McCarver & Others	\$ 310,000	\$ 310,000	12/31/2016
Exigent Health & Safety Issues (Meth Remediation)	\$ 260,000	\$ 260,000	12/31/2016
Total Committed Funds	\$ 7,506,000	\$ 8,245,000	

RESOLUTION #3



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (3)

Date: July 30, 2015
To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Re: 902 South L Street Administration Building Tenant Improvement –
Increase Contingency

Background

This resolution would increase the maximum contract for Stetz Construction's fix-up of the 902 South L Street Building from \$1,240,255 to \$1,351,732, an increase of \$111,477. The increase is necessary to cover the cost of some unexpected work including the need to cut through concrete in the building roof that we did not know was present. This increase is within the revised mid-year budget for this work contemplated by Resolution 2015-07-30 (1).

Recommendation

Approve Resolution 2015-7-30 (3) authorizing THA's Executive Director to increase the Stetz Construction contract not to exceed \$1,351,732 including contingency.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (3)

(902 South L Street Administration Building Tenant Improvement – Increase Contingency)

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

WHEREAS, On February 25, 2015, the Board of Commissioners authorized the award of the contract to reconstruct the 902 South L Street Building to Stetz Construction for a not to exceed amount of \$1,174,515 plus contingency of \$65,740; and

WHEREAS, The reconstruction of the 902 South L Street Building has encountered some unexpected costs, including the cost of cutting through concrete in the roof that we did not know was present.

WHEREAS, the work is otherwise going well in schedule and budget;

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

Authorizes THA's Executive Director to increase the Stetz Construction contract from \$1,240,255 to a not to exceed amount of \$1,351,732, including contingency, for the 902 South L Street Tenant Improvement project.

Approved: July 30, 2015

Stanley Rumbaugh, Chair

RESOLUTION #4



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (4)

Date: July 30, 2015
To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Re: Authorization to Select Bay Terrace Phase II Investor

Background

This resolution would authorize the executive director to negotiate and sign a Letter of Intent selecting the Royal Bank of Canada (RBC) as the tax credit investor for Bay Terrace Phase II. It also authorizes him to negotiate an operating and partnership agreement with RBC for the transaction. He will submit the agreement to the Board for approval before signing it.

The Tacoma Housing Authority received a 2015 allocation of 9% Low Income Housing Tax Credits from the Washington State Housing Finance Commission (WSHFC) for Bay Terrace Phase II. The tax credits are sold to investors to generate equity for the development. The initial value of the tax credits was estimated to be \$15,044,990. On June 9, 2015, Tacoma Housing Authority requested Letters of Interest from prospective tax credit investors to assist in financing the development of Bay Terrace Phase II, a 74-unit rental housing complex.

The Request for Proposal was forwarded to following investors:

Richman Capital	National Equity Fund (NEF)
Boston Capital	City Real Estate Advisors (CREA)
Royal Bank of Canada (RBC)	Key Bank
Berkshire Hathaway	

On June 29, 2015, staff received Letters of Interest from the following responders:

Royal Bank of Canada (RBC)
Boston Capital
City Real Estate Advisors
Key Bank

An evaluation team comprised of four Tacoma Housing Authority staff and THA's Financial Services Advisor, Brawner and Company, evaluated the proposals based on price per tax credit and other terms, including operating reserve requirements, guarantees, pay in schedules for equity and developer fees, and buy-out provisions at the end of the 15-year compliance period.

After some discussion, the evaluation team unanimously agreed to recommend Royal Bank of Canada (RBC) as the Bay Terrace Phase II investor for the project. The selection committee favored RBC for the following reasons:

- Tax Credit Pricing: \$1.12, total estimated equity value: \$16,850,000
- Operating Reserves: \$0.00
- Replacement Reserve: \$250/unit
- Lease-up Reserve: \$80K
- THA Guarantees: Construction completion, operating deficits, tax credit delivery
- Buy-Out: THA (General Partner) has Right of First Refusal; General Partner can purchase at year 12 from when the project was Placed-in-Service at remaining debt or Fair Market Value, excluding exit tax

Recommendation

Approve Resolution 2015-7-30 (4) authorizing THA's Executive Director to (a) negotiate and execute the commitment letter from RBC for the purchase of low-income housing tax credits to be allocated to Bay Terrace Phase II (2500 Court G LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and RBC as Limited Investor Partner. The negotiated partnership and operating agreement will be presented to the Board for its consideration and approval prior to execution.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (4)

(Authorization to Select Bay Terrace Phase II Investor)

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

WHEREAS, On June 9, 2015, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) for Letters of Interest from investors interested in purchasing low-income housing tax credits for Bay Terrace Phase II; and

WHEREAS, The RFP was forwarded to seven investors of which five investors responded with Letters of Interest; and

WHEREAS, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer; and

WHEREAS, The evaluation team agreed to recommend negotiating with the Royal Bank of Canada (RBC) for execution of the Commitment Letter and a Partnership Operating Agreement; now therefore, be it

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

Authorize THA's Executive Director to (a) negotiate and execute the commitment letter from RBC for the purchase of low-income housing tax credits to be allocated to Bay Terrace Phase II (2500 Court G LLLP), and (b) negotiate a partnership and operating Agreement between THA as General Partner and RBC as Limited Investor Partner. The negotiated agreement will be presented to the Board for its consideration and approval prior to execution.

Approved: July 30, 2015

Stanley Rumbaugh, Chair

RESOLUTION #5



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-7-30 (5)

Date: July 30, 2015
To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Re: RAD: Authorization to Form Tax Credit Entity

Background

The Tacoma Housing Authority received a portfolio award for Rental Assistance Demonstration (RAD) in late February, 2015. The RAD program allows Tacoma Housing Authority (THA) to convert its Public Housing stock to Project Based Section 8. Housing and Urban Development (HUD) requires Housing Authorities converting to RAD to fix up their properties. RAD allows THA to attract private equity and debt to finance the needed repairs. THA plans to do this using 4% tax credits, which are sold to investors to generate equity for the development. The investor becomes a Limited Partner in a Limited Liability Limited Partnership.

Board Resolution

The subject resolution seeks Board approval to authorize the Executive Director to:

- Form a limited liability limited partnership
- To prepare, execute and submit to Washington State Housing Finance Commission any agreements or other documents necessary to secure the proper approval of THA's use of low income housing tax credits for its HUD Rental Assistance Demonstration project
- To execute, deliver and/or file, on behalf of the Authority in its own behalf and in its capacity as the LLLP's general partner, as applicable, any other affidavits, certificates, letters, government forms, documents, agreements and instruments that the Executive Director determines to be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein and/or in connection with the application for low income housing tax credits or other financing for the project
- To expend such funds as may be necessary to be paid by the Authority in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution

Recommendation

Approve Resolution 2015-7-30 (5) to form a LLLP for the RAD tax credit project.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (5)

(RAD: Authorization to Form Tax Credit Entity)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma providing for the formation of a limited liability limited partnership in which the Authority will be the sole general partner in connection with the acquisition, rehabilitation, and operation of nine affordable rental housing complexes consisting of 456 dwelling units, all located within the City of Tacoma, Washington, and providing for other matters properly related thereto.

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”); and

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 dwelling apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070 authorizes the Authority, among other things, to “prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof,” “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project,” “make and execute contracts and other instruments, including but not limited to partnership agreements,” and “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income”; and

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

WHEREAS, The Authority expects to participate in the acquisition, rehabilitation, operation and maintenance of nine affordable rental housing complexes consisting of 456 dwelling units, all located within the City of Tacoma, Washington (the “Project”); and

WHEREAS, The total financing for the Project is expected to require the use of various funding and credit enhancement sources, including low-income housing tax credits, loans from public and private lenders, and grants, and certain of these sources will require the creation of a partnership or limited liability company to maximize the benefits and minimize the risks to the Authority; and

WHEREAS, The Board finds and determines that both the Partnership (as defined below) and the Project will provide for the necessary support of the poor within the City; and

WHEREAS, Based on the consideration of funding sources available for the Project, the need for affordable housing in the City, and other matters, it is necessary that the Authority proceed with the transactions described in this resolution; now, therefore, be it

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

1. The Authority is authorized to participate in the formation of, and become the sole general partner in, a Washington limited liability limited partnership (the “Partnership”), which Partnership shall have an initial limited partnership agreement (the “Partnership Agreement”) substantially in the form on file with the Authority’s Executive Director and a certificate of limited partnership (the “Certificate of Limited Partnership”) in such form as is required by chapter 25.10 RCW. The Board intends that the Partnership will acquire and rehabilitate the Project and receive low income housing tax credits in connection therewith.
2. The Authority’s Executive Director and his designees (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized on behalf of the Authority to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, the Partnership Agreement, the Certificate of Limited Partnership and all such forms, certificates, applications and other documents that are necessary to form the Partnership; (ii) approve any changes to the Partnership Agreement and the Certificate of Limited Partnership, including any material changes; (iii) determine the name of the Partnership (it being understood that the words “Renew Tacoma Housing” should appear in the name to the greatest extent feasible); and (iv) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein. The Authority’s Executive Director is delegated the authority to cause, in his discretion, the Partnership to be created as a Washington limited liability company, in which case all references in this resolution to limited liability limited partnership, partnership agreement, general partner, limited partner, chapter 25.10 RCW, and certificate of limited partnership shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, chapter 25.15 RCW and certificate of formation, respectively.
3. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership’s general partner) to: (i) apply for, and enter into contracts relating to, such funding for the Project as they deem necessary or desirable, including without limitation public and/or private sector financing, Community Development Block Grant(s), Washington State Housing Trust Fund grant(s) and/or loan(s), an allocation of private activity bond volume cap from the Washington State Department of Commerce, and other federal, state and local funds; (ii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development in connection with

such funding; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply to the Washington State Housing Finance Commission for an allocation of (or approval of the use of) low income housing tax credits for the Project (depending on whether the Authorized Officers determine to pursue “9%” or “4%” tax credits), enter such agreements (including a credit reservation and carryover allocation contract), provide such documents (including cost certifications) necessary to secure such allocation (or approval), and cause such allocation (or any portion thereof) to be assigned to the Partnership if the allocation initially is made to the Authority; (v) seek and approve investors to serve as subsequent limited partners in the Partnership in connection with the receipt of low income housing tax credits for the Project; (vi) negotiate with potential investors regarding their acquisition of limited partnership interests in the Partnership and, if the Executive Director determines the same to be advisable, limited partner or member interests in limited partnerships and/or limited liability companies formed to finance other Authority tax credit projects; (vii) execute documents pursuant to which Authority funds (including amounts granted or lent to the Authority for the Project) may be lent to the Partnership; (viii) prepare all appropriate resolutions for Board review and approval; (ix) prepare all documents required so that the Authority and the Partnership comply with state and federal securities laws; (x) negotiate contracts relating to the use, management and naming of Project buildings; (xi) take all necessary and appropriate actions for the Partnership to acquire the Project by sale or lease from the existing owner thereof (including entering into any option to lease, or lease, necessary to provide the Partnership with control of the Project site); (xii) apply for bond insurance and other credit enhancement for any bonds to be issued by the Authority for the Project (but only if the Authority’s Executive Director determines such credit enhancement to be cost effective); (xiii) solicit investment banking firms to serve as the lead underwriter(s) and as members of a selling group (if any) for any bonds to be issued for the Project, and select such lead underwriter(s) and the members of any selling group (if the Executive Director determines that a selling group is desirable); (xiv) apply for ratings of any bonds to be issued by the Authority for the Project (but only if the Authority’s Executive Director determines such ratings to be desirable); (xv) assist in the preparation of any official statement to be used in connection with the offering of any bonds by the Authority for the Project; and (xvi) otherwise execute the Authority’s rights under the Partnership Agreement. Nothing herein shall commit the Authority to issuing bonds to finance the Project.

4. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. To the extent any fees or predevelopment costs are incurred and payable by the Partnership prior to the time the Authority enters into a formal loan agreement, the Authority may lend money to the Partnership to pay such costs, with the loan bearing interest at such rate that the Executive Director determines, in his discretion (which may be 0% per annum).

5. The Authorized Officers, and each of them acting alone, are hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in their discretion to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, a development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.
6. 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.
7. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
8. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: July 30, 2015

Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

CERTIFICATE

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. 2015-7-__(__) (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 ___ day of July, 2015, 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 30th day of July, 2015.

HOUSING AUTHORITY OF THE CITY OF TACOMA

Michael Mirra, Executive Director of the Authority

RESOLUTION #6



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-07-30 (6)

Date: July 30, 2015
To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Re: RAD: Tax Credit Investor Selection

Background

This resolution would authorize the executive director to negotiate and sign a Letter of Intent selecting the Royal Bank of Canada (RBC) as the tax credit investor for THA's RAD refinancing and reconstruction of its entire housing portfolio. It also authorizes him to negotiate an operating and partnership agreement with RBC for the transaction. He will submit the agreement to the Board for approval before signing it.

The Tacoma Housing Authority received a portfolio award for Rental Assistance Demonstration (RAD) in late February, 2015. The RAD program allows Tacoma Housing Authority (THA) to convert its Public Housing stock to Project Based Section 8. HUD requires Housing Authorities converting to RAD to fix up their properties so the major systems and components will have at least a twenty (20) year life span. Unlike public housing, RAD allows THA to attract private equity and debt to finance the needed repairs. THA plans to do this through tax credits, which are sold to investors to generate equity for the development. The initial value of the tax credits was estimated to be \$25,111,896. On June 15, 2015, Tacoma Housing Authority requested Letters of Intent from prospective tax credit investors to assist in financing the development of THA's traditional Public Housing projects. The request was for a single investor to form a partnership for all 9 traditional Public Housing Sites. The 456 total Public Housing units we plan to renovate are in the following properties: Dixon Village, Bergerson Terrace, G Street, K Street, E.B. Wilson, Fawcett, Ludwig, Wright, and 6th Avenue. Common area and exterior improvements are also planned, including landscaping and improved lighting.

The Request for Proposal was forwarded to the following investors:

Richman Capital	National Equity Fund (NEF)
Boston Capital	City Real Estate Advisors (CREA)
Royal Bank of Canada (RBC)	Key Bank
Berkshire Hathaway	

On July 3, 2015, staff received Letters of Intent from the following investors:

Royal Bank of Canada (RBC)	Richman Capital
Boston Capital	National Equity Fund (NEF)
City Real Estate Advisors (CREA)	

An evaluation team comprised of four THA staff and Financial Services Advisor, Brawner and Company, evaluated the proposals based on price per tax credit and other terms, including operating reserve requirements, guarantees, pay in schedules for equity and developer fees and buy-out provisions at the end of the 15-year compliance period.

After some discussion, the evaluation team unanimously agreed to recommend Royal Bank of Canada (RBC) as the RAD investor for the project. The selection committee favored RBC for the following reasons:

- Highest Tax Credit Pricing: \$1.155, total estimated equity value: \$26,363,279
- Low Replacement Reserve Requirements: \$250/unit
- High Developer Fee: \$7,880,230 with a deferred portion of \$887,251
- Low Asset Management Fee: \$10,000 increasing 3% annually
- THA Guarantees: Construction completion, operating deficits, tax credit delivery
- Buy-Out: THA (General Partner) has Right of First Refusal; General Partner can purchase at year 12 from when the project was Placed-in-Service at the greater of the remaining debt or Fair Market Value, excluding exit tax

Recommendation

Approve Resolution 2015-7-30 (6) authorizing the THA's Executive Director to (a) negotiate and execute the commitment letter from RBC for the purchase of low-income housing tax credits to be allocated to the RAD properties, and (b) negotiate a partnership and operating agreement between THA as General Partner and RBC as Limited Investor Partner. The negotiated agreement will be presented to the Board for its consideration and approval prior to execution.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-7-30 (6)

(RAD: Tax Credit Investor Selection)

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

WHEREAS, On June 15, 2015, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) for Letters of Intent from investors interested in purchasing low-income housing tax credits for the RAD project;

WHEREAS, The RFP was forwarded to seven investors of which five investors responded with Letters of Intent;

WHEREAS, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer;

WHEREAS, The evaluation team agreed to recommend negotiating with the Royal Bank of Canada (RBC) for execution of the Commitment Letter and a Partnership Operating Agreement.

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

Authorize THA's Executive Director to (a) negotiate and execute the commitment letter from RBC for the purchase of low-income housing tax credits to be allocated to the RAD properties, and (b) negotiate a partnership and operating agreement between THA as General Partner and RBC as Limited Investor Partner. The negotiated agreement will be presented to the Board for its consideration and approval prior to execution.

Approved: July 30, 2015

Stan Rumbaugh, Chair