



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

June 22, 2016



Michael Mirra
Executive Director

TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

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

REGULAR MEETING Board of Commissioners

WEDNESDAY, June 22, 2016

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold its Regular Meeting on **Wednesday, June 22, 2016, at 4:45 pm.**

The meeting will take place at:

**902 South L. Street, 2nd Floor Conference
Tacoma, WA 98405**

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 June 22, 2016, I faxed / EMAILED, PUBLIC MEETING NOTICE before:

City of Tacoma	747 Market Street Tacoma, WA 98402	fax: 253-591-5123 email: CityClerk@cityoftacoma.com
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	email: 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 BOARD OF COMMISSIONERS MEETING

June 22, 2016 4:45 PM

902 South L. Street, 2nd Floor Conference, Tacoma, WA 98405

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
 - 3.1 Minutes of May 25, 2016—Regular Session
 - 3.2 Minutes of May 27, 2016—Special Session
4. **GUEST COMMENTS**
 - 4.1 Metro Parks—Eastside Community Center Project
5. **COMMITTEE REPORTS**
6. **COMMENTS FROM THE EXECUTIVE DIRECTOR**
7. **ADMINISTRATION REPORTS**
 - 7.1 Finance
 - 7.2 Client Services
 - 7.3 Property Management
 - 7.6 Real Estate Development
8. **NEW BUSINESS**
 - 8.1 2016-06-22(1) Approval of Tenant Account Receivable Write-Offs
 - 8.2 2016-06-22(2) Revised Variable Pay Policy
 - 8.3 2016-06-22(3) Mid-Year Budget Revision
 - 8.4 2016-06-22(4) MTW Reserve Commitment
 - 8.5 2016-06-22(5) Arlington Drive Land Use Proposal
9. **COMMENTS FROM THE COMMISSIONERS**
10. **EXECUTIVE SESSION, if any.**
11. **ADJOURNMENT**



TACOMA HOUSING AUTHORITY

MINUTES



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, May 25, 2016

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 401 North G. Street, Tacoma, WA at 4:45 pm on Wednesday, May 25, 2016.

1. CALL TO ORDER

Chair Rumbaugh called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 5:02 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
Chair Stanley Rumbaugh	
Vice Chair Arthur Banks	
Commissioner Janis Flauding	
	Commissioner Minh-Anh Hodge
Commissioner Derek Young	
Staff	
Michael Mirra, Executive Director	
Sha Peterson, Executive Assistant	
April Black, Deputy Executive Director	
Ken Shalik, Finance Director	
	Barbara Tanbara, Human Resources Director
Pat Patterson, Property Management Director	
Kathy McCormick, Real Estate Development Director	
Todd Craven, Administration Director	
Greg Claycamp, Client Services Director	
Sandy Burgess, Associate Director for AD & Asset Management	

Chair Rumbaugh arrived at 4:56 pm, Vice Chair Banks at 5:00 pm, and Commissioner Flauding at 5:02 pm. The Chair declared a quorum present at 5:02 pm, and proceeded with the meeting.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Rumbaugh asked for any corrections or discussion of the April 27, 2016 minutes of the Regular Session of the Board of Commissioners. Vice Chair Arthur Banks moved to adopt the minutes; Commissioner Janis Flauding seconded.

Upon roll call, the vote was as follows:

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

Motion approved.

4. GUEST COMMENT

Karen Scott: Resident at North G, Unit G207

Ms. Karen Scott requested that THA more widely share information with residents regarding the renovation at North G. Currently, THA posts that information only on the bulletin board in the building. She also reported that the windows at North G are dirty, particularly those facing the alley. She believes that the windows have not been cleaned in five years and suggested that a sign posted in the alley directing front-end parking only might help keep the windows from getting dirty. Chair Rumbaugh informed Ms. Scott that the alley is public property; THA does not have full control of the parking situation. Property Management Director Pat Patterson stated that the maintenance schedule for North G includes window cleaning. [During her comments to the Board, Sandy Burgess assured Ms. Scott that the Rental Assistance Demonstration (RAD) team will review the adequacy of the notices to residents about the renovation.]

5. COMMITTEE REPORTS

Real Estate Development Committee—Commissioner Rumbaugh

The Real Estate Development Committee did not meet in May, but Chair Rumbaugh met with ED Mirra regarding Bay Terrace Phase 2.

Finance Committee—Commissioner Hodge and Commissioner Young

There was nothing new to report.

Education Committee—Commissioner Hodge

Commissioner Minh-Anh Hodge was not in attendance.

Citizen Oversight Committee—Vice Chair Banks

There was nothing new to report.

6. COMMENTS FROM THE EXECUTIVE DIRECTOR

Executive Director (ED) Michael Mirra directed the Board to his report. Mirra reported on what he learned in Washington, D.C. about the possible and plausible outcomes of Congress's efforts to pass a federal budget for FY 2017. He shared the chart from the Council of Large Public Housing Authorities (CLPHA) that showed the housing budget proposals from the President and the Senate. In general, the year will have its customary uncertainties because of Congress's customary difficulties in making decisions. The year is more uncertain because it is an election year. The uncertainties may be still more pronounced because it is an unusual election.

Chair Rumbaugh brought up the idea of dormitory-type configurations as an outreach to students, especially single parents struggling to make ends meet. This topic has previously been discussed by the Board. Historically, dormitory-type housing is not widely accepted outside college campuses. However, Chair Rumbaugh suggested that THA can provide substantial housing in a dorm setting with communal kitchen and other facilities that would be acceptable to student renters. This can be provided in conjunction with Tacoma Community College (TCC) and he has requested a meeting with the TCC President to further explore the idea. Commissioner Derek Young commented that there could also be a potential for housing University of Washington Tacoma (UWT) students. Chair Rumbaugh agreed to invite UWT to the TCC discussion.

ED Mirra introduced Teresa Power Drudis from New Connections, a shelter for women transitioning to the community from prison. New Connections is a small organization with a \$50k annual budget, two part-time staff and volunteers. They have multiple individual donors and foundation assistance and are interested in partnerships of all kinds.

New Connections has two houses — one for single women and the other for women with children. The average stay is two to three months and longer for women with children. They provide mentoring, counseling, civic engagement in the community, and advocacy work. New Connections volunteers work directly with the women, providing peer-to-peer mentoring. Most of their connections are with community partners and transition services, including chaplains who provide housing applications. Within 72 hours of being released from prison, the women receive a mental health intake, a driver's license, and food stamps. New Connections works directly with the Department of Corrections to ensure that the women in their shelters comply with the conditions of their release. New Connections also has accepted women from the Pierce County jail.

7. ADMINISTRATIVE REPORTS

Finance

Finance Director Ken Shalik directed the Board to his report. He presented two financial motions - one for March and one for April. Due to clerical issues last month, the March motion did not match the dollar amount. Expenses increased by \$15M but THA is still on its budget targets and in good shape financially. THA received \$2.5M in advances after the close on RAD and Bay Terrace. Reserves for the month decreased because all properties are now under Renew Tacoma, but there are no concerns. Director Shalik reminded the Board that the Budget Study Session is scheduled for Friday, May 27, at 12:00 pm.

Additionally, the report shows THA's financial position year-to-date. There was an operating deficit due to the way Housing and Urban Development (HUD) disperses Housing Assistance Program funds, which are used for other expenses. Year-to-date figures will reflect a deficit position, but by the end of the year, THA will have caught up. Director Shalik will participate in a call with the other Moving to Work (MTW) agencies to discuss HUD's cash management proposals. For the 2016 revision, Director Shalik ran the financial reports for public housing through April.

Upon roll call, the vote was as follows:

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

Motion for March and April approved.

Policy, Innovation, and Evaluation

Deputy Executive Director April Black directed the Board to her report. Policy, Innovation, and Evaluation (PIE) was formed during the agency reorganization in 2014-2015, so this is the first report to the Board. The PIE report lists the topics that the Board may expect quarterly. Per Chair Rumbaugh's request, Director Black will add Housing for Students to her quarterly report. The PIE team started an education advisory committee in May. THA has a meeting scheduled with Tacoma Community College.

Administration

Associate Director of Administration and Asset Management Sandy Burgess directed the Board to her report. Financing for Renew Tacoma Housing closed in April. THA is now working on converting the existing tax credit portfolio to Rental Assistance Demonstration financing. HUD requires THA to perform energy efficient upgrades. THA is in compliance with HUD deadlines and tax credit investors are on board. THA is also exiting investors for New Look and Hillside 1500, which potentially could take a year.

Client Services

Client Services Director Greg Claycamp directed the Board to his report. Rental Assistance has noted numerous landlord requests for rent increases, which have doubled from 2014 to 2015. He will provide additional information and mapping at the June Board meeting.

Tacoma Community House is interested in co-locating with the Sound Outreach partnership at the Key Bank property. Client Services continues to have discussions with other organizations such as Clover Park Technical College, Goodwill, Tacoma Community House, and United Way of Pierce County to increase services to THA households. One program of interest is Goodwill's Women 2 Work, which serves single mothers who are enrolled in vocational training programs and who have young children. Client Services is scheduled to meet with an architectural consultant for a cost analysis for the space at Key Bank. After that meeting, they will be able to determine what rent would be reasonable and how much partners can afford. The consultant is aware that this use of the facility will not be long-term. Real Estate Development Director Kathy McCormick added that Sound Outreach likes the open concept and space for private consultation, so this makes the design for Key Bank less expensive.

Property Management

Property Management (PM) Director Pat Patterson directed the Board to his report. Director Patterson introduced Eric Owens, THA's new Property Manager. Gretchen Sinkula has been promoted to Portfolio Manager. These changes will increase THA's presence in buildings. Director Patterson reported on efforts of TPU and THA to determine if there is lead in the water supply from the City of Tacoma. He said that TPU found no lead "gooseneck" fittings on its side of the meters. THA does not believe that it has any lead fixtures or pipes on its side of the meter. Chair Rumbaugh noted that unit turn times have decreased remarkably.

Real Estate Development

Real Estate Development (RED) Director Kathy McCormick directed the Board to her report. Things are going smoothly at Bay Terrace. At EB Wilson, only one elevator is working; the state red tagged the other elevator because it needs repair. Walsh Construction is working to resolve this problem but it will take four to six weeks to get the parts and another week or so to repair the elevator. RED has started its effort to fix up and sell the public housing scattered sites, and will start planning for the fix up of New Look. They have the same team working on New Look as they did for RAD. Structural and mechanical work is anticipated to be \$1.5M. They are evaluating financing options. According to Director McCormick, the auto shop across from Key Bank is open to the idea of selling his property if THA can find another location for his repair shop. In addition, RED is talking with the City regarding the Donaldson building on 10th and MLK. Only the City bid on the building and they are no longer interested.

DR Horton sold the final home at Salishan. The News Tribune will do a story on the topic. In addition, Community Youth Services (CYS) is interested in building a youth home on one of the three acres on Arlington Drive at Salishan. The original plan was for an assisted living facility, but in 10 years THA has not found an organization to purchase or build on the land. The Board reviewed the factors THA must consider to determine if a youth home would be a good use of the land. This matter will come before the Board in June. CYS is seeking a letter from THA committing this use of the land for the youth home. Chair Rumbaugh and the other commissioners expressed support for the proposal and interest in learning more.

8. OLD BUSINESS

There was no old business to report or discuss.

9. NEW BUSINESS

8.2 RESOLUTION 2016-05-25(2) Moving to Work Contract Extension

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

WHEREAS, Tacoma Housing Authority's (THA's) Moving to Work contract is set to expire December 31, 2018; and

WHEREAS, Housing and Urban Development (HUD) has provided a letter to THA restating the 2016 HUD appropriations act language to extend the contract to 2028; and

WHEREAS, signing the letter will show THA's explicit acceptance of the contract extension; now, therefore, be it

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

THA's Executive Director is authorized to sign the attached letter as an amendment to THA's MTW Contract and to return the letter to HUD. The amendment will extend the contract to 2028.

Vice Chair Banks raised a motion to approve the resolution. Commissioner Flauding seconded the motion.

Approved: May 25, 2016

Stanley Rumbaugh, Chair

8.3 RESOLUTION 2016-05-25(3)
Amendment of Salishan Four Program Loan Agreement

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the amendment of the Loan Agreement pertaining to the Salishan Four Program Income Loan, and determining related matters.

WHEREAS, The Housing Authority of the City of Tacoma (the "Authority") and Salishan Four LLC (the "LLC") entered into a Loan Agreement (the "Agreement") dated June 28, 2007, pursuant to which the Authority agreed to lend the Borrower up to \$5,279,951 (the "Loan") to finance costs incurred by the LLC with respect to the Salishan Four portion of the Salishan HOPE VI Redevelopment Project; and

WHEREAS, Although the Authority and the LLC intended that interest on the Loan be compounded annually, the Agreement does not specifically require such interest to be compounded; and

WHEREAS, The Board of Commissioners finds and determines that it is necessary and appropriate to amend the Agreement to reflect the original intent that interest on the Loan be compounded annually; now, therefore, be it

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

1. Approval of Amendment. The Authority and the LLC each are authorized to amend the Agreement to reflect that interest on the Loan be compounded annually. The Chair of the Board, the Authority's Executive Director, and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized and directed to execute and deliver (or cause to be executed and delivered) on behalf of the Authority (acting on its own behalf or as the managing member of the LLC) an amendment to the Agreement that

reflects the intent that interest on the Loan be compounded annually; and
(ii) any other documents reasonably required to be executed by the Authority or the LLC in connection with such amendment.

2. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
3. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

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

Approved: May 25, 2016

Stanley Rumbaugh, Chair

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and 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 copy of Resolution 2016-05-25(3) (the "Resolution") is a full, true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a regular meeting of the Authority held on May 25, 2016, and duly recorded in the minute books of the Authority; and
2. That such meeting was duly convened and held in all respects in accordance with the law; 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 on May 25, 2016.

Michael Mirra, Secretary and Executive Director of the Authority

8.4 RESOLUTION 2016-05-25(4)
Renewal of Salishan Three Housing Assistance Payment

WHEREAS, THA's contract to provide housing assistance payments to Salishan Three LLC on behalf of its residents is set to expire on June 30, 2016; and

WHEREAS, This rental assistance is necessary to make the housing affordable to its residents; now, therefore, be it

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

THA's Executive Director is authorized to sign an Agreement to execute a Housing Assistance Payment (HAP) contract with Salishan Three LLC. He is further authorized to set the terms and duration of this rental assistance.

Commissioner Flauding raised a motion to approve the resolution. Vice Chair Banks seconded the motion.

Approved: May 25, 2016

Stanley Rumbaugh, Chair

8.5 RESOLUTION 2016-05-25(5)
Amendment No. 2 to Residential Floor Replacement Contract with Great Floors

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

WHEREAS, Tacoma Housing Authority (THA) procured for a new contract for residential flooring replacement in February, 2015 and received no proposals; and

WHEREAS, Tacoma Housing Authority (THA) used the Washington State Contract as a means of procuring prices for a new Contract signed on May 26, 2015, for one year with an allowance for four (4) twelve-month extensions; and

WHEREAS, by Resolution 2015-12-16(6) the Board approved a current contract limit of \$200,000; and

WHEREAS, the accumulative expenditures from services rendered are near that limit; and

WHEREAS, THA anticipates the need to do more residential flooring replacements; and

WHEREAS, an additional \$150,000 and with a Not-to-Exceed amount of \$350,000 will carry us through May 31, 2016 when the present contract expires; now, therefore, be it

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

THA's Executive Director is authorized to amend the existing Residential Flooring Replacement contract to increase the contract value to a Not-to-Exceed \$350,000.

Vice Chair Banks raised a motion to approve the resolution. Commissioner Young seconded the motion.

Approved: May 25, 2016

Stanley Rumbaugh, Chair

8.6 Board Review of Hearing Examiner's Decision Upholding Termination of Tenancy

Pursuant to tenant's complaint and written appeal, the Tacoma Housing Authority Board of Commissioners decided to uphold the original decision by the hearing officer "*Complainant has not shown entitlement to the relief requested, that is relief from termination of tenancy. The Housing Authority has sustained its burden justifying its decision to terminate tenancy. The Notice to Vacate remains in effect.*"

Chair Rumbaugh recused. Commissioner Flauding motioned to uphold the hearing officer's decision. Commissioner Young seconded.

Approved: May 25, 2016

Stanley Rumbaugh, Chair

9. COMMENTS FROM COMMISSIONERS

This year, THA's Executive Director proposed to split THA's yearly \$50k donation: \$25k to be donated to Affordable Housing Consortium and \$25k to be donated to New Connections.

Chair Rumbaugh motioned to approve the split of donations. Vice Chair Banks seconded the motion.

10. EXECUTIVE SESSION

None.

11. ADJOURNMENT

There being no further business to conduct, the meeting ended at 6:25 PM.

APPROVED AS CORRECT

Adopted: June 22, 2016

Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION FRIDAY, May 27, 2016

The Commissioners of the Housing Authority of the City of Tacoma met for Special Session at 902 South L Street, Tacoma, WA at 12:00 PM on Friday, May 27, 2016.

1. CALL TO ORDER

Commissioner Derek Young called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 12:00 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
Vice Chair Arthur Banks	Chair Stanley Rumbaugh
Commissioner Derek Young	Commissioner Janis Flauding
Staff	Commissioner Minh-Anh Hodge
Michael Mirra, Executive Director	
Sha Peterson, Executive Assistant	
April Black, Deputy Executive Director	
Ken Shalik, Finance Director	
	Barbara Tanbara, Human Resources Director
Kathy McCormick, Real Estate Development Director	Pat Patterson, Property Management Director
Todd Craven, Administration Director	
Sandy Burgess, Associate Director for AD & Asset Management	Greg Claycamp, Client Services Director

The Board lacked a quorum. Commissioner Young proceeded with the meeting at 12:00 pm. Vice Chair Banks arrived at 12:07 pm.

3. DRAFT 2016 MID-YEAR BUDGET REVISION

Finance Director Ken Shalik noted that the purpose of the study session was to review the proposed revision to the 2016 budget that staff will propose to the Board in June for the Board's adoption. He recounted that the Board adopted a 2016 budget last December. In doing so, the Board acknowledged some notable uncertainties: Congress had not yet adopted a federal budget for 2016, the RAD deal was still being negotiated, and the terms of HUD's extension of the MTW contract were not yet firm. The Board adopted the budget planning to review it during 2016 when those uncertainties clarified. In that budget, the Board largely extended to 2016 the income and expenditure levels from 2015.

The uncertainties have clarified for 2016 and it is time to review the budget. Congress adopted a 2016 budget that is basically a flat line budget from 2015. The RAD deal has closed. HUD extended the MTW contracts on the same terms as the original contract.

Director Shalik provided multiple reports to the Board showing the summary of the proposed budget revisions. THA continues to follow the budget principles directed by the Board for the past ten years:

1. Recurring income will cover recurring expenses;
2. Spend reserves to make us money, save us money, or make us more effective; and
3. We will maintain reserves between minimum and maximum levels as directed by the Board.

THA may have to use reserves for some recurring expenses in 2017, including salaries for sunset positions created for the Rental Assistance Demonstration (RAD) project. Although regarded as non-recurring expenses, they will be expenses for the next two years or so and will seem like recurring expenses.

THA will begin fully subsidizing the RAD units in 2017, but the cash flow will not be fully realized until 2018. Due to this, and the implementation phase of the Information Technology (IT) conversion, THA will most likely experience a further decrease in reserve levels in 2017.

THA Reserves:

- THA will spend \$3.4M from reserves for the RAD redevelopment.
- 2016 reserves will decrease from \$11.9M to \$9.2M.
- 2017 reserves will be even lower to expend funds for RAD in the form of rent supplements and staff support.
- 2018 cash flow and non-recurring income is expected at \$11M.

Due to RAD refinancing, most of THA's portfolio is now owned by tax-credit partnerships. Financial reports will go to the investors who own 99% of the partnership and will no longer show as part of THA's operational budget and financial reports.

4. ADJOURNMENT

There being no further business to conduct, the meeting ended at 12:58 PM.

APPROVED AS CORRECT

Adopted: June 22, 2016

Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

Real Estate Development Committee

Chair Stanley Rumbaugh

Finance Committee

Commissioner Minh-Anh Hodge

Commissioner Derek Young

Citizen Oversight Committee

Vice Chair Banks

Education Committee

Commissioner Minh-Anh Hodge



TACOMA HOUSING AUTHORITY

**COMMENTS FROM THE
EXECUTIVE DIRECTOR**



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Date: June 16, 2016
Re: Executive Director's Report

This is my monthly report for June 2016. The departments' reports supplement it.

1. CONGRESSIONAL BUDGET NEWS

Since last month's Board meeting, the House Appropriation Committee passed a proposed HUD budget. We now have this House version, a Senate version and of course the version of a HUD budget that the Administration proposed. I attach a chart comparing the various versions. As it shows, all the proposals would continue for 2017 about the 2016 appropriation levels. Our advisors in D.C. and our congressional offices expect that Congress will not pass a budget by its deadline of October 1st. Instead they expect that Congress will pass a continuing resolution to take the government through the election. What happens after that will likely depend on the election results. If control of Congress changes, the present Congress will likely pass a budget or perhaps a year -long continuing resolution before the new Congress takes office in January.

2. WHAT A SUPPORTIVE CITY LOOKS LIKE

I write this from Boston. April, Greg, Mia and I are attending CLPHA's Spring conference. Usually these conferences are inspiring chances to hear the innovative work of other housing authorities. That has been true at this conference. However, we also heard inspiring descriptions of what it looks like when a city is thoroughly supportive of the preservation and creation of affordable housing. The cities of Boston and Cambridge excel in the support they provide using the normal and innovation tools: *E.g.*,

- local housing trust fund
- incentives to private developers to include affordable housing in their market rate mix.
- inclusionary requirements that they do so
- requirement that commercial developers pay a fee to the local housing trust fund
- use of excess land

In its 2010 report to the Tacoma City Council, the Tacoma Affordable Housing Policy Advisory Group recommended these and other policies. I attach a copy of the report. In 2015, the City Council adopted a weakened versions of some of the recommendations. As the City's housing market heats up and as housing becomes less and less affordable in the city, it may be time to renew the recommendations.

3. STRATEGIC PLANNING AND BUSINESS PROCESSES, DELAYED

The strategic planning and business process projects are two long pending projects. They have been delayed and will likely stay that way until the work of the RAD project and the software conversion let up. Staff are just too busy. I hope we will resume work on the delayed projects later this year.

Please note that I will miss the June board meeting. April will fill in.

May 24, 2016

	FY 2014 Final	FY 2015 Final	FY 2016 Final	FY 2017 CLPHA Request	FY 2017 HUD Request	FY 2017 Senate Cmte (4-21-16)	FY 2017 House Cmte (5-24-16)
Operating Fund	\$4.4 billion	\$4.44 billion	\$4.5 billion	\$5.464 billion	\$4.569 billion	\$4.675 billion	\$4.5 billion
Capital Fund [Emergency Capital Needs] [Resident Opportunity and Supportive Services] [Jobs Plus]	\$1.875 billion [\$20 million] [\$45 million] [\$15 million] ³	\$1.875 billion [\$23 million] [\$45 million] [\$15 million]	\$1.90 billion [\$21.5 million] [\$35 million] [\$15 million]	\$5.0 billion [\$20 million] [\$35 million] [\$15 million]	\$1.865 billion [\$20 million] [\$0] [\$35 million]	\$1.925 billion [\$21.5 million] [\$35 million] [\$15 million]	\$1.90 billion [\$20 million] [\$35 million] [\$15 million]
Housing Choice Voucher (HCV) Renewals	\$17.366 billion	\$17.486 billion	\$17.681 billion	\$18.447 billion	\$18.447 billion	\$18.355 billion	\$18.312 billion
HCV Administrative Fees	\$1.5 billion	\$1.530 billion	\$1.650 billion	\$2.122 billion	\$2.077 billion	\$1.769 billion	\$1.650 billion
VASH Vouchers	\$75 million	\$75 million	\$60 million	\$75 million	\$0	\$50 million	\$7 million ⁴
Family Self Sufficiency (FSS) Program	\$75 million ²	\$75 million	\$75 million	\$85 million	\$75 million	\$75 million	\$75 million
Tenant Protection Vouchers	\$130 million	\$130 million	\$130 million	\$150 million	\$110 million	\$110 million	\$110 million
Choice Neighborhoods Initiative	\$90 million [\$55 million] ¹	\$80 million [\$50 million] ¹	\$125 million [\$75 million] ¹	\$200 million [\$133 million] ¹	\$200 million [\$0 million]	\$80 million [\$48 million] ¹	\$100 million [\$50 million] ¹
Rental Assistance Demonstration	\$0	\$0	\$0	\$50 million	\$50 million	\$4 million ³	\$0

1 Not less than this amount shall be awarded to public housing authorities.

2 A new consolidated FSS program for public housing and the HCV program in FY14.

3 Amount available only for properties converting under Section 202 (Housing for the Elderly).

4 HUD-VA Supportive Housing vouchers amount for Native American veterans only.

CITY OF TACOMA
AFFORDABLE HOUSING POLICY ADVISORY GROUP

**POLICY RECOMMENDATIONS TO THE
CITY COUNCIL**

December 3, 2010

Affordable Housing Policy Advisory Group
City of Tacoma
Room 1200
747 Market Street
Tacoma, WA 98402
(253) 591-5100
www.cityoftacoma.org

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1. INTRODUCTION AND SUMMARY

The City Council of Tacoma, by Resolution 38017 on April 27, 2010, created the Affordable Housing Policy Advisory Group. *See* Appendix A. The resolution appointed the following persons to serve on the Advisory Group:

Co-Chairs

Michael Mirra
Blaine Johnson

Tacoma-Pierce County Affordable Housing Consortium
Market Rate Developer

Committee Members

Connie Brown
Sandy Burgess
Lyn Messenger
Tom O'Connor
Gary Pedersen
John Purbaugh
Mike Pyatok
Tiffany Speir
Walter Zisette

Tacoma-Pierce County Affordable Housing Consortium
Burgess LLC
Belay Architects
O'Connor & Associates; Tacoma Planning Commission
Builder Consultant
Pierce County Planning Commission
Pyatok Architects
Master Builders of Pierce County
Common Ground

The resolution assigned the following duties to the Advisory Group:

- (1) review the work of the Council's Neighborhood and Housing Committee on affordable housing and the work of the Pierce County Housing Affordability Task Force;
- (2) review demographic data and identify data development needs in order to inform planning efforts;
- (3) provide input and consultation necessary to refine the Committee's affordable housing policy recommendations;
- (4) recommend a series of policy actions that are consistent with or complimentary (sic) to the City Comprehensive Plan; and,
- (5) build a consensus of Advisory Group members.

The Resolution also directed the Group to provide its final report to the Council's Neighborhood and Housing Committee by December 15, 2010.

This is the Advisory Group's report to the Council's Committee. It comes in parts.

Part 1 is an introduction and summary.

Part 2, Statement of the Problem, reviews data measuring the scope and nature of the City's present unmet need in Tacoma for affordable places for its residents to live. In general,

the data show that the City has a very serious shortage of affordable housing. That section also projects the significant increased future need the City faces for additional affordable housing.

Part 3, Recommendations to the City Council, contains the Group's twenty-five (25) policy recommendations in the seven (7) categories listed here with their section numbers in Part 3 of this report. Appendix B is a chart summarizing the recommendations.

- 3.1 City Policy and Leadership
- 3.2 Housing Incentive or Inclusionary Programs
- 3.3 Regulatory Assistance To Developers Of Affordable Housing
- 3.4 Financing Tools
- 3.5 Affordable Building Design Practices

- 3.6 Preservation, Acquisition, Conversion and Rehabilitation of Existing Housing

- 3.7 Community Development Incentives
- 3.8 Planning And Zoning Tools

The policy recommendations would have the City focus its efforts in four main ways:

(1) *Non-Profit Development:* This report recommends how the City can become a more effective source of financial and regulatory assistance to nonprofit developers of affordable housing. The housing that these organizations develop are a principal source of affordable housing in the City. This part of the housing stock is also the most effective at serving the neediest households, including those with special needs. Helping these nonprofit developers succeed in their mission, and become more competitive for financing from other sources, is one of the report's two principal themes.



(2) *For-Profit Development:* The report's second principal theme is to harness the engine of private, for-profit developers and make it financially worthwhile for them to include affordable units in market rate projects. For this purpose, the report recommends a range of incentive and limited mandatory inclusionary programs. Enlisting for-profit development efforts in this way is important for three reasons. **First**, nonprofit development efforts will not likely ever be enough. There is not enough financing available to do the job. **Second**, for-profit developers can usually build at a lower per-unit cost because their financing sources do not impose expenses common with non-profit financing. **Third**, including affordable units into market rate projects also promotes economic and other demographic integration. The report also notes, however, that such incentive and inclusionary programs generally do not serve the lower income tiers. For this reason, both the for-profit and the non-profit development efforts are necessary to address the range of the City's housing needs.

(3) *Reduce Cost of Housing Development:* The report recommends ways that the City can reduce the cost of housing development generally. These measures would make all housing more affordable, including housing for low-income households.

(4) *Accommodation of Appropriate Density:* The report also recommends how the City can accommodate the increased density it will need for the additional 43,353 households it projects to be living in Tacoma by 2030. Increased density is not only necessary for growth management goals. It is also an important element for affordable housing for all income tiers, including low income households. A crucial theme of these recommendations is that increased density can be attractive and congenial to the values that make neighborhoods vibrant and appealing. This is mainly a design challenge. The recommendations focus on ways to meet it.

This report designates the priority of its recommendation as “high”, “medium” or “low”. It also indicates for each recommendation the income tier it is more likely to benefit and whether it is focused on renters or owners or both.

The Advisory Group has two expressions of thanks and gratitude to offer. First, throughout this effort it has enjoyed the very able and amiable support and expertise of City staff. We particularly acknowledge the help of Ric Teasley, Housing Division Manager, and Ian Munce, Urban Planner, both in the City’s Community and Economic Development Department. The City is fortunate to have such talented, expert and interested professionals working on such complex and important topics.

The Advisory Group also offers thanks to the City Council and the City Manager. The Group appreciates the interest and leadership they have already shown in addressing the City’s housing needs. The adoption in 2009 of an enhanced mixed-use center ordinance, for example, is a very good step forward. The City’s affordable housing needs, however, will require further efforts. Those needs are dire. They are worsening. The Group understands that its convening denotes the City’s intent to further enhance policies to address these needs. We hope this report is helpful for that purpose.

The Group is very pleased to report that all of its recommendations enjoy the consensus of its members. This is a notable achievement among the diverse voices that the Group represents. This consensus is one of the main gifts the Group’s report offers the City Council. It should help the Council make its own policy choices, perhaps by a consensus as well.

All the members of the Advisory Group were pleased to serve our City in this way.

2. STATEMENT OF THE PROBLEM

This section summarizes the affordable housing challenges facing the City of Tacoma currently and over the next twenty years. The Advisory Group did not conduct additional research or compile new data. Doing so was not necessary because adequate data and information is already available from a variety of sources. In particular, this report uses those sources and estimates that the City of Tacoma uses for planning purposes. In particular, it uses data and information from the Consolidated Plan for Housing and Community Development 2010 – 2015 (Tacoma-Lakewood HOME Consortium)(hereinafter referred to as the “Consolidated Plan”).

These data offer estimates only and the estimates vary by source. However, this variance does not obscure the scale and nature of the affordable housing needs of the City. In summary the City of Tacoma currently has a very serious shortage of affordable housing for its residents. This shortage will likely worsen over the next twenty years.

2.1 Summary of the Problem and Limitations of this Report

The City of Tacoma does not have enough housing affordable¹ to many of its residents. The extent and nature of the problem are evident in ways that this section describes. The problem, in broad terms, arises from a mismatch between the cost of housing in Tacoma and the incomes of Tacoma's residents.² Large portions of Tacoma's population do not have enough income to afford the housing available in Tacoma's private market at a cost of no more than 30% or even 50% or more of their income. The sections below, and the cited sources, show the following aspects of the problem:



- In 2009, Fair Market Rent (FMR)³ for a one bedroom apartment in Tacoma is about \$776 a month. The FMR for a two bedroom apartment is \$926 a month. To afford the FMR for the two bedroom apartment a household would need an annual income of about \$37,040, or the full time equivalent of \$17.81/hour. Yet, the average Tacoma renter income is only \$12.35/hour.⁴ The state's minimum wage is \$8.55/hour.
- As of the 2000 census, 73% of Tacoma's very low income households and 77% of its extremely low income households are paying more than 30% of their gross

¹ "Housing is considered to be affordable when the cost of housing plus utilities equals no more than 30% of household [gross] income." Consolidated Plan at page 58.

² Consolidated Plan at 58 -63.

³ HUD conducts surveys every year to calculate Tacoma's Fair Market Rent. It seeks to identify the amount needed to pay the "gross rent {shelter rent plus utilities} of privately owned, decent, and safe rental housing or a modest (non-luxury) nature with suitable amenities." Furthermore, it seeks to identify this amount for the 40th percentile of the rental market (lower 40%). See 74 Fed. Reg. 50551 (September 30, 2009).

⁴ Out of Reach 2009 for Tacoma, WA (National Low Income Housing Coalition 2010) at <http://www.nlihc.org/oor/oor2009/>

income for housing and utilities; 22% of its very low income households and 61% of its extremely low-income households are paying more 50% of an already low income.

- It is estimated that between 4,440 and 5,550 persons experienced homelessness in Tacoma during 2009; members of families homeless with minor children constituted more than 80% of this total.
- Tacoma presently needs approximately an additional 14,096 affordable housing units for its present population of low-income households who are paying unaffordable amounts for housing. To accommodate the additional households Tacoma expects between now and 2030, Tacoma will require an additional 8,174 affordable units.



This assessment of need already recognizes the approximately 4,106 subsidized apartment units serving low-income households in Tacoma, as well as the 2,666 tenant-based housing vouchers serving them.¹ Households in these units or with these vouchers have affordable housing. The data in this section refer to those additional low-income households who do not.

Solutions require attention to both the inadequacy of income and excessive housing cost. This report and its recommendations address only those City policies that would address the cost and availability of affordable housing. It does not address the equally important need for Tacoma to produce higher income jobs and residents qualified to fill them. This report also focuses on the problem as it appears in the private rental market. The purchase housing market poses its own challenges, which this report describes as well. However, as it explains, the main problem appears among lower-income households. They are largely renters and the likely solutions relate to the rental market.



This report also does not recount the consequences that result when significant portions of the City's population lack affordable housing or, for some, any housing at all. These consequences are covered by an extensive literature. The City's Consolidated Plan discusses them as well. The lack of affordable housing causes problems for major areas of civic concern that will determine the City's future health and prosperity, including economic development, growth management, transportation policy, child welfare, education, and emergency services.

Taken altogether, the City of Tacoma has an affordable housing crisis. This section describes its scope and nature.

¹ Consolidated Plan at 78, Appendix Table A-1

2.2 City of Tacoma's Estimated Housing Need By Income Groups: 2010 - 2030

2009 Household Gross Income levels ¹		No. of renter households ²	Affordable Monthly Housing Payment ⁴	2010 Monthly Rental Housing Costs ⁵	% of rent burdened households ⁶		Affordable Units Needed for Rent Burdened Households						
							2010 (existing need)		2010 – 2030 (future need) ⁷		Totals (existing and future need)		
		% of renter population ³			rent burden (% of gross income that households pay for rent and utilities)								
		>30%	>50%		>30%	>50%	>30%	>50%	>30%	>50%			
Computer Programmer (\$79,800/year)		↑ 80% AMI and up	\$1,995	\$1,587/4 BR rental (FMR) \$1,410/3 BR rental (FMR)									
Area Median (AMI) Income (\$23.56/hour;\$48,996/year)			11,767 31%		\$1,225								
Work Force Housing Needs	Executive Secretary/Admin. Asst. (\$22.39/hour;\$46,570)				\$1,164	5%	1%	588	118	308	48	896	166
	Medical Lab Technician (\$19.35/hour;\$40,248)				\$1,006								
	Low Income; 80% AMI (\$18.84/hour/\$39,197/year)	7,603 22%	\$980	\$968/2 BR rental (FMR)									
	Bookkeeping Clerk (\$17.90 hour/;\$37,232/year)		\$931										
	Starting Teacher (\$15.89/hour; \$33,054/year)		\$826		29%	4%	2,205	304	1,269	175	3,474	479	
	Retail Sales (\$12.93/hour;\$26,908/year)		\$673										
	Average Renter Income (\$12.35/hour;\$25,688/year)		\$642	\$790/2 BR rental (AVG) \$776/1 BR rental (FMR) \$694/1 BR rental (AVG) \$665/0 BR rental (FMR)									
	Very Low Income; 50% AMI (\$11.78/hour/\$24,498/year)	6,063 18%	\$612										
	Home Care Aide (11.06/hour;\$23,005/year)		\$575										
	Federal Poverty Line for Family of 4 (\$10.60/hour;\$22,050/year)		\$551		73%	22%	4,426	1,334	2,614	788	7,040	2,122	
	Dishwasher \$9.95/hour;\$20,696		\$517										
	State Minimum Wage (\$8.55/hour;\$17,793/year)		\$445										
	Extremely Low Income; 30% AMI (\$14,698/year)	8,931 26%	\$367										
	SSI Disability (\$674/month;\$8,088/year)		\$202	77%	61%	6,877	5,448	3,983	3,156	10,860	8,604		
TANF for Family of 4 (\$661/month; \$7,932/year)		\$198											
Total Affordable Units Needed							14,096	7,204	8,174	4,167	22,270	11,371	

NOTES:

1. U.S. Bureau of the Census – ESRI 2009 Forecasts; Bureau of Labor Statistics, May 2009 Metropolitan Area Occupational Employment and Estimates of Average Wages, Tacoma, WA http://www.bls.gov/oes/current/oes_45104.htm; Tacoma Public School District at <http://www2.tacoma.k12.wa.us/hr/certsalary.PDF>

2. Consolidated Plan at page 67.

3. Tacoma has 34,364 renter households. *Id.* The % of that total in each income tier derives from dividing the number in each tier by that total. The % and number for the top tier are households at or above 80% AMI.

4. "Housing is considered to be affordable when the cost of housing plus utilities equals no more than 30% of household [gross] income." *Id.* at page 58.

5. HUD calculates Fair Market Rents (FMR) annually. "In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities." FMRs reflect the rent for the 40th percentile of the market. 74 Fed. Reg. 50551 (September 30, 2009); average rents WA Center for Real Estate Research, WSU.

6. Consolidated Plan at page 67. Households paying >30% of their income include those paying >50%.

7. The City projects that 43,253 additional households will join the city by 2030. City of Tacoma Vision 2030 Geography for Housing Unit Allocation, October 22, 2009. 45% of current city households rent. Consolidated Plan at page 52. Applying that percentage to the new households means that 19,897 of them will rent. Applying the percentages of the current renter population in each income tier and rent burden categories estimates the number of the new renter households in each income tier that will be rent burdened.

2.3 Supply vs. Need: Misalignment

An interesting and exacerbating aspect of Tacoma's shortage of affordable housing arises from the mismatch within its unsubsidized housing market between need and cost. "Units are not allocated on the basis of need – just because there are units renting or sold at a price affordable to low-income households does not mean those are the households actually occupying the units."¹ HUD data estimate that only about "half of the rental units within the appropriate affordability range were actually occupied by households with incomes in that range in 2000." *Id.* Of the units affordable to households at or below 30% of AMI (extremely low income), "only 61% were occupied by households with incomes in that range. The others were occupied by households with higher incomes." *Id.* This mismatch is greater in owner-occupied homes, which more than rentals are occupied by households with incomes higher than what is necessary to afford the home. *Id.* This misalignment works to further limit the availability of units affordable to the lower income households. It means that the estimates in the previous section on the City's need for more affordable units are an undercount.



2.4 Other Indications that Tacoma Needs More Affordable Housing

Tacoma's inadequate supply of affordable housing is evident in other ways, including the following.

2.4.1 Homelessness

The number of homeless persons and families continues to grow. The primary measure of homelessness in Tacoma and Pierce County is the annual "count" during a 24 hour period in January of persons found in shelters, other transitional programs, other settings not fit for human habitation or on the street.



Annual Homeless Count 2006-2009: Pierce County ²					
	2006	2007	2008	2009	2009 Tacoma Only
Sheltered	1,058	1,342	1,478	1,853	
Unsheltered	340	254	265	230	
Totals	1,398	1,596	1,743	2,083	1,110

¹ Consolidated Plan at page 66.

² Consolidated Plan at pages 85 -86; Pierce County Homeless Survey 2009, page 4 (Pierce County 2009)

Members of families who are homeless with minor children constituted 84% of the total.
Id.

These numbers are better understood as indications of trends and not as estimates of the size of the homeless population. In particular:

- These numbers significantly undercount the number of homeless persons.¹ The count misses people who sleep in cars, the woods or in shelters that do not participate in the count.²
- “National studies estimate that 4 to 5 times more people will be homeless during the year than are homeless on a given night.”³ Using this measure would translate the one time count into an estimate that annually between 4,440 and 5,550 persons experienced homelessness in Tacoma during 2009. The vast majority are members of families who are homeless with minor children.



2.4.2 Low Income Senior Households

Households headed by people 65 years of age and older have significantly lower incomes than households headed by people between the ages of 25 and 65.⁴ This is not surprising since most seniors are retired and many are disabled. For this reason most rely on fixed incomes that will not increase significantly in their remaining lifetimes.



Most pertinent to the City’s affordable housing needs is the projection that the elderly portion of the City’s population, and the nation’s, will significantly increase in the next two decades in both the gross number and percentage of the total population. In 2007, people of this age constituted about 11% of Tacoma’s population, or about 22,000 persons.⁵ By 2020, they will be 14% of a larger population, or about 35,000 persons. By 2030, their percentage will rise to 18% of a still larger population, or about 50,000.⁶ This will mean a substantial increase in a population that will necessarily be among the City’s lowest income households.

¹ See Consolidated Plan at page 86.

² *Id.*

³ *Id.* at 85.

⁴ See Consolidated Plan at page 42.

⁵ *Id.* at page 23.

⁶ *Id.* at 25; Vision 2030 Housing Unit Allocation (October 22, 2009).

2.4.3 Home Owners¹

About 42,000 households in Tacoma own the home they occupy. The data below, from 2000, shows that the low-income portion of this population has its share of problems affording this housing. According to this data, in 2000, about 29%, or 11,986, of all homeowners pay more than 30% of their income for housing costs and about 10%, or 4,235, pay more than 50%. As expected, the lower the owner household income the greater the percentage of that income it spends on housing costs.

City of Tacoma Owner Households: Cost Burden of Homeownership: 2000				
Income Tier of Homeowners	% of All Homeowners	# of Homeowners in Income Tier	% / # of Homeowners in Income Tier Paying >30% and >50% of Household Income for Housing Costs	
			>30%	>50%
>80% A.M.I.	70%	29,441	16% / 4,711	2% / 588
51%-80% A.M.I.	16%	6,732	52% / 3,501	15% / 1,015
31% - 50% A.M.I.	7%	3,034	62% / 1,881	36% / 1,092
< 30% A.M.I.	6%	2,524	75% / 1,893	61% / 1,540
Totals	99%	41,731	28.7% / 11,986	10.1% / 4,235

This problem has likely worsened since 2000.

Household income spent on homeownership, however, differs from household income spent on rental housing in some ways pertinent to assessment of affordability. Both expenditures purchase shelter. Yet a home purchase buys additional benefits. **First**, the household will gain equity if the value of the home increases. In this way, the household builds assets. **Second**, a home confers substantial tax benefits. **Third**, a home purchase provides an added measure of security and reassurance that ownership provides. These benefits may justify a larger percentage of household income for purchase than it could justify for rental expenses.

2.4.4 Transportation Expenses

Estimates of housing costs should also include expenses for transportation to work, school, and shopping. The Consolidated Plan cited a recent study that “determined that when housing and commute costs are combined, the combination of the two is considerably greater than 30% of income for working families.”² That study surveyed information from 28 metropolitan areas, including Seattle. “Working families with incomes between \$20,000 and \$50,000 spent 57% of their earnings for the combination of transportation and housing, split about evenly between housing and transportation.”³

¹ *Id.* at page 69.

² Consolidated Plan at page 63.

³ *Id.*

The transportation costs of housing have a special pertinence to Tacoma. City residents who work in Tacoma have an advantage of a short commute. The significant number of Tacoma residents, however, who work in King County may lose any savings from Tacoma's lower housing costs in the higher transportation costs they incur in their commute. In this way, Tacoma's lack of jobs for more of its residents is part of the housing affordability problem it faces.

2.5 Special Needs Housing

Tacoma's need for more affordable housing appears in distinct ways for discrete groups within the city's low-income population who have special needs. Like other low-income portions of the population, households within these groups require affordable places to live that are not available on the private market. They face other challenges as well. Two in particular are pertinent to this report. **First**, they need other kinds of assistance and supportive services located within an easily accessible distance from where they live to be successful even if housing is affordable. **Second**, their history of need or institutionalization makes it harder for them to find private landlords willing to rent to them. This chart outlines those groups and the challenges they face.

Subpopulation of Special Need	Number	Needs in Addition to Affordable Housing
Disabled persons and frail elderly	The 2000 census reported that 22.9% of Tacoma's population or 40,198 persons between the ages of 5 and 64 had disabilities. ¹ The frail elderly will grow as a part of the City's disabled population. Presently, about 6% of Tacoma's residents are 75 years of age or older. Consolidated Plan at 95. This percentage will grow significantly. <i>Id.</i>	<ul style="list-style-type: none"> • supportive services both out of home and in-home to allow a person to live independently • assisted living housing
Homeless families	<i>See</i> Section 1 above. Between 8,332 and 10,415 persons experienced homelessness in Pierce County during 2009; and of them between 5,373 and 6,716 were members of families with minor children. Veterans appear in this population to a disproportionate extent.	<ul style="list-style-type: none"> • prevention services • shelter • supportive services, especially for victims of domestic violence
Homeless single adults, including veterans		<ul style="list-style-type: none"> • prevention services • shelter • services, especially for those afflicted with mental illness and drug or alcohol addiction.

¹ See U.S. Census 2000 at <http://factfinder.census.gov/home>. See also Consolidated Plan at 97. This compares with 19.3% of the nation's population that is disabled. See U.S. Census 2000.

Subpopulation of Special Need	Number	Needs in Addition to Affordable Housing
Domestic violence victims	Domestic violence appears as a significant factor among homeless persons and households. The estimates range. <i>E.g.</i> , 14% ¹ , 27% ² , 36%. ³	<ul style="list-style-type: none"> • confidential shelter • protective services • counseling
Persons afflicted with alcohol/drug addiction	Alcohol and drug addiction is widespread among the population of homeless single adults. <i>E.g.</i> , 42% of single homeless adults are chronic substance abusers. ⁴	<ul style="list-style-type: none"> • treatment • supportive housing
Persons coming from institutions: <ul style="list-style-type: none"> - corrections - psychiatric - nursing homes - foster care 	<p>The Tacoma area hosts sizeable institutions that house persons who are then released: Western State Hospital; McNeil Island Correctional Facility (which may be closing); Purdy Correctional Institution for Women; Pierce County Jail. Tacoma also has a sizable population of youth aging out of foster care.</p> <p>Persons coming from these institutions and settling in Tacoma have notable housing needs. First, they generally have very low incomes and share the challenge facing all low-income households. Second, their institutional record will make landlords less interested in renting to them. Third, some of them will need a structured or supervised type of housing.</p>	<ul style="list-style-type: none"> • supportive services both out of home and in-home to allow a person to live independently • assisted living housing
Unaccompanied homeless youth	Unaccompanied youth appear among the county's population of homeless persons. Efforts to count them give varying estimates. The school districts of Bethel, Sumner, Clover Park and Tacoma reported a total of 87 enrolled homeless youth. ⁵ Most sources agree that all counts understate the problem.	<ul style="list-style-type: none"> • shelter • family services • health care • protection services • counseling

¹ Ten Year Homeless Plan: 2008 Annual Report, page 35 (Washington State Dept. of Commerce Dec. 2008)

² Homeless Families in Washington State: A Study of Families Helped by Shelters and Their Use of Welfare and Social Services, 63 (DSHS 2001).

³ Pierce County Homeless Housing Plan, 19 (Pierce County 2008)

⁴ Consolidated Plan at page 100.

⁵ Pierce County Homeless Housing Plan, 22 (Pierce County 2008)

2.6 Conclusion to the Statement of the Problem

The data and information in this section show that the City of Tacoma has an affordable housing crisis. It will only worsen as the City's population grows and ages over the next two decades unless Tacoma takes immediate action to ensure an adequate supply of affordable housing for its existing and anticipated residents at all income levels. Identifying the policies useful for this purpose is the subject of the following section.

3. POLICY RECOMMENDATIONS TO THE CITY COUNCIL

3.1 City Policy and Leadership

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) =\$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
***	***	***	***	Owner/Renter Renter*** Owner***	Priority	High

The City should incorporate the following principles and acknowledgements in pertinent and authoritative policies and planning documents. In its exercise of civic leadership, the City should make concerted efforts to help residents, neighborhood councils and other civic groups understand and appreciate them:



(1) Affordable Housing is Vital to Important Civic Interests

The City's welfare requires an adequate supply of well built and well managed affordable housing serving the full range of incomes appearing among its residents. An adequate supply of this housing is vital to the following important civic needs or values:

- the City's prosperity, economic development and growth of employment opportunities;
- the appropriate management of the City's projected population growth and transportation needs;
- the City's fulfillment of its legal obligation to make "adequate provisions for existing and projected [housing] needs of all economic segments of the community" (RCW 36.70A.070(2)), and to comply with the related directives of the CountyWide Planning Policies for Pierce County. The new draft of those Policies direct Tacoma and other Pierce County general purpose local governments to arrange that 25% of its housing development be affordable to low-income households;
- the survival of green spaces throughout the City and Pierce county;
- the success of the City's schools;



- the effectiveness of the City's emergency services;
- the City's ability to continue its accommodation of a population that is increasingly diverse by income, race, ethnicity, ability, disability and age;
- the City's ability to accommodate a population that, in the aggregate, is getting older;
- the City's values of social justice.

(2) Affordable Housing is Attractive, Innovative and Well Managed



Affordable housing developments by nonprofit developers, public and private, in the City, region and nation have been among the most attractively designed, most environmentally innovative and best managed in the market place. Appendix C is a collection of photographs of affordable housing developments in Tacoma, the Puget

Sound region, Washington State and around the nation. Those and other photos are also scattered throughout this report.

(3) The City Needs to Enlist the Engine of Private Development

Nonprofit developments of affordable housing will never likely be adequate to meet the City's need. The City also needs a companion strategy to enlist the engine of private market rate developments to include a measure of affordable units. These strategies also provide the added benefit of economic and demographic integration.

(4) Affordable Housing Developments Spur Other Investments

Affordable housing developments have spurred the revitalization of neighborhoods, encouraging both public and private investment, helping the City attain its desired density, and furthering a neighborhood's economic development.

(5) The City Should Welcome Affordable Housing Developments

Affordable housing is an asset to be encouraged and not a detriment to be tolerated and controlled.

(6) Every City Neighborhood Needs Affordable Housing Developments

The City should promote the development of affordable housing in every City neighborhood.

(7) Affordable Housing As Innovative Design

In seeking the appropriate balance, the City should not have to compromise important neighborhood design standards in order to promote affordable housing. Instead proper design should allow affordable housing to show the way for all developments serving all incomes toward a greener, more sustainable urban future that accommodates the appropriate density that the City's planning documents anticipate to be necessary for the City's projected population allocations between now and 2030.

(8) Affordable Housing as a High City Priority Amid Competing Interests

In a complex community like Tacoma, interests and policies often clash. Good governance is the effort to balance them appropriately. In doing so, the City should give a very high priority to the promotion of affordable housing development.



3.2 Housing Incentive or Inclusionary Programs

The recommendations in this section seek to enlist the efforts of private, for-profit developers of market rate units to include affordable housing units in their market rate developments. Doing this is an important companion to the efforts of the non-profit developers who focus on building affordable housing. Both are necessary. They each contribute differently in the following ways:

For-Profit Developers	Non-Profit Developers
<ul style="list-style-type: none"> • Incentive and inclusionary programs can encourage, or in limited circumstances require, for-profit developers to build affordable housing without direct public financing. 	<ul style="list-style-type: none"> • Non-profit developers can leverage other sources of public and private financing available only for affordable housing.
<ul style="list-style-type: none"> • For-profit developers can build at lower per unit cost. 	<ul style="list-style-type: none"> • Non-profit developments are affordable to the neediest households.
<ul style="list-style-type: none"> • Their affordable units can promote economic and demographic integration of affordable housing into a market rate development. 	<ul style="list-style-type: none"> • Non-profit developments also serve households with special needs by matching the housing with necessary supportive services.
<ul style="list-style-type: none"> • Yet such housing generally is not affordable to the income groups below 50% of AMI where the need is greatest. 	<ul style="list-style-type: none"> • Non-profit developers have an organizational mission to keep the units affordable indefinitely.

The policy recommendations in this section, in general, seek either (i) to provide incentives to for-profit developers to voluntarily include units affordable to low-income households as part of a market rate development or to pay a cash equivalent of those units to the City's Housing Trust Fund, or (ii) in limited circumstances to



require that they do so. Versions of such programs must incorporate the elements and make the policy choices listed below. The details of these elements or policy choices will likely vary among the types of programs. State law directs some of these choices. See RCW 36.70A.540. This report does not attempt to recommend specific elements or policy choices. Such specifics will likely require more detailed study than the Advisory Group could undertake.



(1) Threshold Size

The program must designate the size of the development that would make it eligible for an incentive or that would impose a requirement to include affordable units. *E.g.* developments of more than 10 units.

(2) Number of Affordable Units



The program must direct the number or percentage of units in the development that must be affordable. *e.g.*, the City's present mixed-use center ordinance requires developers who choose one height bonus option to make 20% of the units affordable.

(3) Size, Placement and Quality of Units

The program must determine the size of the affordable units and their number of bedrooms, their location within the market rate development and their quality. In general, the goal is to architecturally integrate affordable units among the market rate units and make them indistinguishable from each other.

(4) Income Targets

The program must designate the household income tiers eligible for a development's affordable units, *e. g.*, ≤ 30 AMI; $\leq 50\%$ AMI; $\leq 80\%$ AMI. State law directs that rental units be targeted to an "income of fifty percent or less of the county median family income, adjusted for family size." Owner-



occupied units must be targeted at or below 80% of the county's median income. RCW 36.70A.540(2)(b). The law permits a city to choose higher income targets after public hearings and findings of local need. The city may go up to 80% of the county's median family income for rentals and 100% for owner-occupied units. *Id.*

(5) Definition of Affordability



The City must define what it means for a unit to be affordable. State law allows it to set the maximum rent level or sales price for each affordable unit.

"For renter-occupied housing units, the total housing costs, including basic utilities as determined by the jurisdiction, may not exceed thirty percent of the income limit for the low-income housing unit." RCW 36.70A.540(2)(c).

(6) Duration of Affordability

The program must direct how long the units must remain affordable. The Growth Management Act specifies this term to be at least 50 years. RCW 36.70A.540(2)(e). The City may have flexibility under other authority.

(7) Financial Feasibility

These programs, whether voluntary or mandatory, must be designed so that the development is financially feasible for the developer. The various elements and policy choices listed above will influence this. For example, the lower the income targets, the fewer affordable units the project will be able to sustain. In general, such programs are not able to serve the lowest income tiers.

(8) Cash Out Option

State law allows a city to permit a developer to pay cash to the City in lieu of providing the affordable units as part of the development. State law also sets forth the terms of doing so. These terms include: (i) the City must “determine that the payment achieves a result equal to or better than providing the affordable housing on-site”; (ii) “the payment does not exceed the approximate cost of



developing the same number and quality of housing units that would otherwise be developed”. RW 36.70A.540(2)(h). The cash-out amounts would go into the City’s Housing Trust Fund for use in financing developments of affordable housing elsewhere in the city, usually by nonprofit developers.

The cash-out option has advantages and disadvantages:

Advantages of Cash-Outs	Disadvantages of Cash-Outs
<ul style="list-style-type: none">Offers flexibility to for-profit developer who may otherwise not choose to participate	<ul style="list-style-type: none">Cash-outs forego the opportunity to economically and demographically integrate affordable units in a market rate mix. The cash-outs, used through the City’s Housing Trust Fund, usually help nonprofit developers build affordable units that generally have no or fewer market rate units and therefore little economic integration.

Advantages of Cash-Outs	Disadvantages of Cash-Outs
<ul style="list-style-type: none"> Can be a source of revenue for the City's Housing Trust Fund. This Fund can help nonprofit developers leverage other financing that usually requires a "local match." 	<ul style="list-style-type: none"> Cash-outs also forego the greater ability of for-profit builders to construct units at lower costs than nonprofit builders.
<ul style="list-style-type: none"> Cash-outs generally replace affordable housing that a developer would offer to households at the higher end of the "low-income" income scale. The cash-out amounts allow the City's Housing Trust Fund to finance housing by nonprofit developers serving lower income households, who have the greater need. 	

These program elements and policy choices would be an important part of many of the recommendations below.

3.2.1 Voluntary Housing Incentive Program

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
				Owner/Renter	Priority
**	**	***	***	Renter*** Owner***	High

The City should offer incentives to for-profit developers of new construction and rehabilitation of pre-existing housing so they include units affordable to a range of incomes. A developer would choose whether to participate. The incentives could include the following:

- (1) density bonuses;
- (2) reduction in lot sizes;
- (3) height or bulk bonuses;
- (4) fee waivers;
- (5) permitting priority;
- (6) reduction in parking requirements.



To its great credit, the City has begun such a program with its 2009 revisions to the mixed-used center regulations. Ord. 27818 (July 28, 2009). This is a very good start! The City must adjust that ordinance in at least two ways. **First**, it must increase the cash-out formula. The Ordinance presently allows a cash-out of 0.5% (0.005) of the value of the building. This amount is much too low. It would allow a developer of a \$ 20 million building with 100 units to get an additional 20 feet in height, or two stories, by making 20% of the units affordable, or 20 units, or by paying a cash-out of only \$100,000. In other words, the developer would be able to add two stories and avoid the requirement of providing any affordable units by paying only \$100,000. This is not enough. The law requires the cash out amount to be “equal to or better than providing the affordable housing on-site.” (See above). **Second**, it should extend the duration of the affordability requirements. The GMA specifies a term of 50 years. (See above).



3.2.2 Inclusionary Requirements for Voluntary Residential Upzones

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
				Owner/Renter	Priority
**	**	***	***	Renter *** Owner***	High



When the City confers a requested upzone in any zone that authorizes residential uses, it can significantly increase the value of the property. An affordable housing requirement is a way to redirect part of that increase to an important, yet compatible, civic use. When a developer seeks an upzone of a property that would permit a higher residential density, the City should condition its grant of the upzone upon the developer's agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 3.2.4.

3.2.3 Limited Mandatory Affordable Housing Bonus Program for City Initiated Upzones

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
				Owner/Renter		
**	**	***	***	Renter*** Owner***	High	

Similarly, when the City upzones property on its own initiative it can significantly increase the property's value. An affordable housing requirement is a way to redirect part of that increase to an important, yet compatible, civic use. The City should require developers of market rate residential developments to include at least 10% of the units as affordable to a range of incomes when the City upzones property other than at the formal request of the owner or developer and when the developer builds at the higher density allowed by the upzone. A change in the comprehensive plan's allowed intensity would not be considered an upzoning for this purpose.



3.2.4 Inclusionary Requirements for Voluntary Master Planned Communities

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
				Owner/Renter	Priority	
**	**	***	***	Renter*** Owner***	High	



As with upzones, if and when the City grants permission for a Master Planned Community, it can significantly increase the value of the property. It should direct part of this increased value into an affordable housing requirement. Accordingly, when a developer seeks a Master Planned Community, or its equivalent, the City should condition its grant of the request upon the developer's agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 3.2.4.

3.2.5 *Planned Residential Development Districts (PRDs)* *Planned Affordable Residential Districts (PARDs)*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
				Owner/Renter	Priority	
**	**	**	**	Renter*** Owner***	High	

The City has authority to grant discretionary permits for Planned Residential Development Districts (PRDs). PRDs can be valuable strategies for the City to direct higher density development to the appropriate places and influence what it looks like and how it serves the larger community. The city should revise the rules as follows:

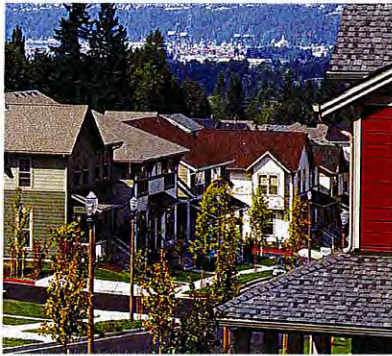
(1) Planned Residential Districts (PRD) on Five or More Acres (currently allowed)

The City should list the inclusion of affordable units on the menu of design features from which a developer may choose. The list should allow a developer to increase the number of market rate units on site above that allowed in the underlying zoning designation (*e.g.*, R-2, R-3) if the developer also provides affordable units. The City must determine the ratio of market rate units to affordable units. The ratios should be at least the following:



- Rental Units: at least 10% of the total units shall be affordable. For each affordable unit, the developer may add 1.5 market rate units.
- Owner Occupied Units: at least 10% of the units shall be affordable. For each affordable unit, the developer may add 1 market rate unit.

(2) Planned Affordable Residential Districts (PARD) from One to Five Acres



The City should add a similar district for sites from 1 to 5 acres called Planned Affordable Residential Districts (PADR) with the same underlying zoning concept presented in the preceding section. This district could be governed by a Developer Agreement between the developer and the City. The agreement should allow the developer to increase the number of market rate units on site above that allowed in the underlying zoning designation (R-2, R-3, etc.) of one market rate unit for every affordable unit provided.

NOTE: The City should consider overall density caps for PRD and PARDs, *e.g.*, 4 times the underlying zoning density. Caps must account for the density needed to make a development financially feasible, the need for affordable housing, the character of the neighborhood and the directives for the area found in the City's comprehensive plan.

3.2.6 *Framework for Public-Private Partnerships for Residential or Commercial Developments*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966	Owner/Renter		
**	**	***	***	Renter*** Owner**	High	



Sometimes the City contributes to a commercial or residential development. *E.g.*, the city may provide financing, it may be a development partner, perhaps by building or contributing parking, or it may assume liabilities, such as environmental cleanup costs. In the negotiations for these contributions the City should regularly incorporate the expectation that in return for the City's contribution the developer will either incorporate units affordable to a range of low incomes or pay an equivalent value to the City's Housing Trust Fund. The extent of this housing requirement would have to be "project specific." The goal, however, should be a housing or cash contribution that resembles the inclusionary requirements of other proposals such as items 3.2.1, 3.2.2, 3.2.3 and 3.2.4. Possible forms of City contribution or assistance include:

(1) Government provided incentives

(A) Tax incentives

1. Tax Increment Financing
2. Sales tax sharing

(B) Loan assistance

1. Long term land leases of govt. owned land
2. Low cost lease of air rights
3. Participation in payment of loan fees for end user
4. Loan guarantees
5. Down payment assistance



(C) Cost sharing

1. Reduction of permit fees
2. Participating in infrastructure improvements
3. Speedy permit processing

(D) Contributions through Tacoma Housing Authority

1. Project Based Section 8 rent subsidies
2. Provision of land in a partnership structure in exchange for % of affordable units equal to value of land

(2) Partnerships

A. Cost sharing based on percentage of units

1. Provision of land in a partnership structure in exchange for % of affordable units equal to value of land
2. Post construction purchase of completed units

B. Early creation of project partnerships

1. Planning for timing and predictability of funding availability
2. Reduce risk – financial strength, development capacity, general contracting
3. Relationship from conception to project completion

(3) Cash contributions and Gifts In Kind to Non-profit Developers

- A. Tax deduction
- B. Corporate Giving goals
- C. Contributions to local housing trust fund

NOTE: The City should provide each incentive or assistance to a developer in exchange for the developer providing a reasonable and proportionate number of affordable housing units in a development. The City



would not require that a developer provide affordable housing units.

However, if the developer wishes to receive the City's contribution or assistance, it must provide a certain number or percentage of units in their development which are affordable to low income households. The incentives would need to be

monetized or valued to determine an appropriate exchange rate for the number of units to be provided in each case. It is our strong recommendation that, if implemented, each strategy would need to be project specific, with transparent negotiations, and eventual contractual obligations that work within the constraints of the total structure of the arrangement, for all parties.



3.2.7 Transfer of Development Rights (TDRs)

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					
Population Served By Income Tier					
Tacoma Area Median Income (AMI) =\$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
				Owner/Renter	Priority
	*	**	***	Renter** Owner**	Medium



Transfer of Development Rights (TDR) Programs arrange for the transfer of development rights of residential units and other development from one area, which should be preserved for agricultural, forestry, environmental or recreational purposes, to another area that is planned for a higher density of development. Pierce County has created such a program. The City of Tacoma should participate in this program. In designing its participation, the City should include features or considerations as follows:

- (1) The City should devise a formula governing how many of the units to be built with transferred development rights should be affordable. This formula should account for the developer's need that such an inclusion to be at least profit neutral.

(2) A TDR program may effectively increase the cost of development inside the City by having developers purchase development rights transferred from elsewhere. Important values of preservation may justify these costs. The City must balance these values against the resulting increased costs to a market rate project resulting from a TDR purchase of development rights and the corresponding greater challenge of including affordable housing.

(3) Tacoma's TDR program should allow for the transfer of development rights not only from outside the City to inside the City but from one part of the City to another.

3.3 Regulatory Assistance to Developers of Affordable Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
				Owner/Renter	Priority	
***	***	***		Renter*** Owner*	High	

Non-profit developers of housing dedicated to affordable housing without market rate units should receive assistance similar to the incentives the previous section's recommendations would provide to market rate developers. *i.e.*, density bonuses, fee waivers, accelerated permitting, zoning flexibility, parking requirement flexibility. The City should do this because these nonprofit developers are essential to the effort to meet the City's affordable housing needs. They are the only developers likely to address the needs of the lowest income households and households with special needs. They also bring significant amounts of investment into the City from sources that require a local match. These developers have also developed some of the City's and region's most architecturally distinct, environmentally innovative and well managed housing.



3.4 Financing Tools

The City has been a very valuable source of financing for affordable housing developments. Much of its contribution has been federal dollars that it receives from the federal Department of Housing and Urban Development (HUD). The City should become a more significant source of local financing. This is important for two reasons: **First**, more effective local financing will make development projects in the City more competitive for other sources of financing, both public and private. These other sources generally require the development to show a local match. Generally, Tacoma's projects are at a serious competitive disadvantage for lack of a local match. **Second**, more local funds will create more affordable housing.

3.4.1 Downtown Mixed Income Housing Plan (Repeal the Miller Amendment)

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698 **	Very Low <50% AMI \$24,498 **	Low <80% AMI \$39,197 ***	Mod. <100% AMI \$48,966 ***			
				Owner/Renter		
				Renter**	High	

(1) Introduction and Goal for Downtown Housing

Tacoma's downtown is one of the City's neighborhoods and in that respect shares the same need of all neighborhoods for housing that is accessible to a range of household incomes. At the same time, it requires some special consideration to account for its unique status among neighborhoods:

- the downtown is the City's "front door"
- many of the City's jobs are in the downtown.
- it is the focus of important City economic development initiatives.

For the downtown to thrive in the way that the City seeks, the downtown needs an appropriate balance of housing serving all income tiers. The City's goal should be that at least 20% of downtown housing units, but not more than 20%, will be governed by subsidies that reserve those units for households at or below 50% AMI and that make those units affordable to such households. [NOTE: House-holds using tenant based vouchers would not count toward these limits because such a subsidy follows the household and is not restricted to the unit or to downtown.] The following factors and judgments underlie this recommended goal and the policy recommendations in this section:



- Downtown needs a higher density of market rate housing to sustain the retail commerce and the business investment it seeks.

- For the same reason, downtown needs more housing affordable to the people who would work there, particularly those working at the lower end of the wage scale, such as retail clerks, restaurant workers, office workers, janitors, entry level professionals, and service workers. Households dependent on these wages are at 30% of AMI and higher. *See* Section 2.2 above.¹ Housing affordable to these households is called “work-force” housing.

- Downtown also needs housing affordable to the lowest income households, below 30% AMI. These households, frequently headed by an elderly or disabled person, generally depend on fixed incomes such as social security, Supplemental Security Income (SSI) and Temporary Assistance to Needy Families (TANF). Downtown is a good place for their housing because of its transit options and services.

(2) Repeal the “Miller Amendment”



The City should “repeal” the “Miller Amendment.” The “Miller Amendment” refers to Resolution 33809 that the City Council adopted in 1997. In general, it limits the development of housing for households at or below 80% of AMI in the downtown. It does this by precluding any City funding for such housing unless the City Council votes to approve it. The resolution also restricted development of other such projects anywhere in the City or even such projects that received no City funding. Appendix D recounts the details of the resolution. Since then the Tacoma Community Redevelopment Agency (TCRA), which awards City funds, has incorporated the resolution’s directives into its funding criteria. The City should repeal the “Miller Amendment” for the following reasons:

- *Its Purpose No Longer Applies*

The purpose of the Miller Amendment is no longer as applicable. The resolution stated its purpose to address an over “concentration” of low-income housing in the downtown. Although the resolution did not state any facts in support of this finding, City sources recall estimates that 70% of the households then living downtown were low-income. Present City estimates show that downtown has changed significantly:

¹ For example, a person earning 30% AMI grosses \$14,648 per year.

Estimated Percentages of Low-Income Households ¹ in Tacoma and its Downtown ² : 2005		
	Downtown	City
% of Low-Income Households	47% ³	40% ⁴
% of Dwelling Units Subsidized for Low-Income Households ⁵	38% ⁶	7.6% ⁷



According to these estimates, the composition of downtown households does not differ markedly from the City's aggregate. In addition, it is important to note that many "low-income households" include working households. "Low-income" tiers include households up to \$39,196 annually. This covers the following occupations and categories (*See* section 2.2 above):

Low Income; 80% AMI (\$18.84/hour/\$39,197/year)	Very Low Income; 50% AMI (\$11.78/hour/\$24,498/year)
Bookkeeping Clerk (\$17.90 hour/\$37,232/year)	Home Care Aide (11.06/hour;\$23,005/year)
Starting Teacher (\$15.89/hour; \$33,054/year)	Federal Poverty Line for Family of 4 (\$10.60/hour;\$22,050/year)
Retail Sales (\$12.93/hour;\$26,908/year)	Dishwasher \$9.95/hour;\$20,696
Average Renter Income (\$12.35/hour;\$25,688/year)	

¹ "Low-income" means at or below 80% of the City's Area Median Income or \$39,196 per year.

² "Downtown" is broader than the old B zone that the Miller Amendment used. Roughly, it coincides with zip code 98402 or Census Tracts 0616.01 and 0616.02. In general, it includes the area between 25th and 6th Avenue, and between the waterfront and Tacoma Avenue.

³ City of Tacoma Economic Development Department estimates in 2005. The Department estimates that for zip code 98402 low-income households constitute 46.7% of the population and for the combined two census tracts low-income households constitute 38.7% of the population.

⁴ A value identifying a median is 50%, by definition. Also by definition 80% of 50% will always be 40%.

⁵ Subsidized units include public housing, project based section 8 units, units subsidized by HUD project based contracts, and units occupied by tenants who participate in a tenant-based voucher program. Presently 126 tenant-based vouchers are in use in zip code 98402. This number fluctuates as these voucher holders move.

⁶ This percentage derives by estimating the number of subsidized units in downtown (about 750) and dividing that number by the estimated number of total households (1,596). These estimates come from the City of Tacoma's Economic Development Department.

⁷ The City of Tacoma has approximately 5,800 subsidized units,. *See* City of Tacoma's Consolidated Plan 2010-2015, pages 75-82. It has about 76,000 households living in their own dwelling unit. *See* DataPlace.org. Dividing the first number by the second number gives an approximation of the percentage of subsidized dwelling units.

In this way, the low-income composition of downtown residents includes those persons who provide the workforce that a prosperous downtown will require. Accommodating their housing needs would be an advantage to the downtown's economic prospects.

- *The Miller Amendment Restricts Investment in Needed Affordable Housing*

It is hard to assess the effects of the Miller Amendment. No new developments of shelter, transitional housing or permanent low income housing have occurred in the downtown B Zoning District since 1997. (NOTE: The B Zoning District was rescinded in 1999). Since 1997, no developer has asked the City Council for approval under the Miller Amendment for such a development. It would be hard to know whether and, if so, to what extent the Miller Amendment requirement for City Council approval deterred developer interest in projects that would otherwise have been viable. Downtown land costs may have had a similar deterrent effect. Since 1997, such developments have occurred in other parts of the City.



It is likely, however, that the Miller Amendment has deterred such investments in two ways. **First**, nonprofit developments require a developer to invest substantial amounts of time and money in assembling multiple sources of financing. A developer can justify such an investment if it judges that its chances with the various funding sources are adequate. It makes this judgment by self-scoring its proposal against what it knows to be the funders' criteria. However, it is very hard to self-score the chances of a favorable vote of a political body such as a city council. **Second**, such development efforts require a carefully synchronized array of funding decisions from multiple sources. Yet it is hard to anticipate the schedule for a city council decision.



For these reasons, the City should repeal the Miller Amendment in favor of the following proposal that would constitute the Downtown Mixed Income Housing Plan. This proposal is a reasonable balance of the varying interests. The Advisory Group understands that the Council can make this change quickly without requiring a modification of the City's Comprehensive Plan.

(3) Create the Downtown Mixed Income Housing Plan

We propose to replace the Miller Amendment with a Downtown Mixed Income Housing Plan. It would have the following features.

(3.1) Downtown Expanded

The Miller Amendment mainly applied to a small portion of the downtown called the “B Zone District.” Our proposed Downtown Mixed Income Housing Plan would regard downtown as a bigger area: between 6th Avenue and 25th Street, and between Tacoma Avenue and the waterfront. This larger area roughly coincides with zip code 98402. This area more closely matches how City residents understand the downtown and what the contours of a discrete downtown neighborhood would be.

(3.2) TCRA Funding Of Downtown Projects

The following rules should govern requests to Tacoma Community Redevelopment Agency (TCRA) for City funding of affordable housing in downtown Tacoma,

- Community Notice, Consultation and Good Neighbor Agreements

TCRA should require the developer of affordable housing seeking City funding to submit for TCRA approval a reasonable Community Consultation Plan. This Plan would commit the developer as follows: (i) Notice: The developer would provide meaningful notice of the proposed project to neighbors and to downtown groups; (ii) Consultation: The developer would provide neighbors and downtown groups with a meaningful opportunity to engage the developer in discussions about the proposal; (iii) Good Neighbor Agreement: The developer would offer the community groups a “Good Neighbor Agreement” that would set forth reasonable arrangements for continued consultation during operations of the project.



The Community Consultation Plan should require such notices and consultation opportunity to property owners within 1,000 feet of the proposed project. The Plan should offer this to the New Tacoma Neighborhood Council and to other appropriate community groups that TCRA finds at the time to be active and offering a responsible and representative interest in the matter.

NOTE: When assessing an application for funding, the TCRA should, when determining the competitiveness of an application, value and assess the amount and quality of such notice and consultation, as well as the degree of expressed community support for the project. However, such support shall not be a requirement for funding of an otherwise qualified project and in no circumstances should the City reject an

application because of community objections based upon the low income of prospective residents or their characteristics protected from discrimination by City, state and federal civil rights laws.

- Limited City Council Review of TCRA Funding Decisions

If the proposed project reserves more than the “threshold” percentages (see below) of units for households below 50% AMI then: (i) the City Council may by vote overturn a TCRA approval of City funding upon the Council’s assessment that the project would conflict in a demonstrable way specific to the project with other important downtown uses; (ii) the Council vote overturning a funding decision must be made within 45 days of the TCRA funding decision. This time limit is necessary to protect the proposal from the uncertainty that arises from delay.

A TCRA funding decision would not be subject to City Council review if the percentage of the proposed project’s units reserved for households below 50% of AMI was below the following “threshold” percentages: 20% on the following schedule - within the first two years of this rule, the “threshold shall be 10%; within the next two years, it shall be 15%; thereafter it shall be 20%.

- Development Agreements



Nothing in this proposal shall preclude, and the City shall encourage, binding development agreements setting forth different or additional requirements or allowances governing City funding for projects that provide a special benefit to downtown, such as: improvement of a vacant or blighted property; mixed income housing with a substantial percentage of market rate, unsubsidized housing; a mix of residential and commercial uses; subsidized housing that downtown needs in particular; or a showing of substantial support from the community and surrounding property owners.

3.4.2 Local Housing Trust Fund

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
***	***	**		Owner/Renter Renter*** Owner*		High

A Tacoma Housing Trust Fund would allow the City to contribute to the capital costs of building, preserving or rehabilitating housing. Such a fund would make local developers much more competitive for state, federal and private dollars for these purposes. Those other sources generally expect the local jurisdiction to contribute. Without a local match, Tacoma projects are less competitive for those other dollars.

The City already has a structure for a local Housing Trust Fund. However, it does not have a local dedicated source of revenue. Over the last ten years, the City has presented two proposals to a vote of the people to create a local revenue source. Both were unsuccessful.



The City should try again with a narrower proposal that is focused on funding the development of housing for low-income seniors and veterans. This narrower focus would be a less ambitious proposal. It would also direct the assistance to two populations that are growing in our area.

Another vote of the people on this topic will also be an occasion for the City and its partners to show their leadership in the ways we describe above in Item No. 1.

3.4.3 Contingent Loan or Credit Enhancement Program

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698 ***	Very Low <50% AMI \$24,498 ***	Low <80% AMI \$39,197 ***	Mod. <100% AMI \$48,966 ***			
				Owner/Renter	Priority	
				Renter***	High	

The City of Tacoma, without cost or significant risk, can help finance the construction or rehabilitation of affordable housing by creating a Contingent Loan or Credit Enhancement Program for qualified affordable housing developments. Such a program would lower the interest rate such developments must pay for primary financing and raise the amounts developments can borrow. King County has a very successful program of this type. See King County Code Chapter 24.28.

Such a program would have the following elements:

(1) The City would not be the primary source of the project's financing. Instead, as part of the project's initial financing, the City would commit to lending the project funds should such funds ever be necessary for short-term periods to continue debt service while new financing is arranged. This will allow the project to get lower interest rates and higher loan amounts from its primary sources of financing.



(2) At the initial financing, the project would pay the City an administrative fee (e.g., .5% of total financing). This fee will serve two purposes. **First**, it will cover the City's administrative costs. **Second**, it will fund a City reserve balance that the City will use to make any loan payments under its commitment.

(3) If the City ever makes a payment under its commitment, the project sponsor would repay the funds, with interest.

(4) In return for this assistance, the project would commit to set aside units at affordable rents or purchase amounts for low-income households for a specific period of time. The terms of this set-aside must include the same elements set forth above in Item No. 2 on Housing Incentive and Inclusionary Programs, including: number of affordable units; size, placement and quality of units; income targets; definition of affordability; duration of affordability; cash out option.

3.4.4 Tax Increment Financing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) =\$48,966						
Extremely Low <30% AMI \$14,698 ***	Very Low <50% AMI \$24,498 ***	Low <80% AMI \$39,197 ***	Mod. <100% AMI \$48,966 ***			
				Owner/Renter	Priority	
				Renter***	High	



Traditional Tax Increment Financing (TIF) programs taps increased property taxes generated by development and apply those taxes to pay bonds issued to finance the public infrastructure supporting the development. TIF is a valuable development tool available in other states but is not effectively available in Washington State. In 1995, the Washington State Supreme Court ruled that state constitutional limits prevent the use of a full scale TIF program in Washington. As declared by the Court those limits preclude the use in this way of the state's portion of property taxes. Since then the legislature has explored similar programs using other portions of the property taxes and other types of taxes for specific purposes. The City of Tacoma should include among its requests to the state legislature consideration of similar programs for affordable housing purposes.

3.5 Affordable Building Design Practices

This section mentions some architectural designs that make housing more affordable. It recommends ways the City can facilitate the use of these designs. Two related principles underlie these recommendations. **First**, affordable designs can be as attractive as other designs. **Second**, the City will have to increase its density to accommodate its projected population growth. The City should allow for this increase in a way that encourages attractive design.



3.5.1 Accessory Dwelling Units (ADUs)

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
				Owner/Renter	Priority	
*	**	**	**	Renter** Owner**	Medium	

The City should broaden its rules governing Accessory Dwelling Units (ADUs). The rules presently permit ADUs if the unit is attached to the main house. The City should allow ADUs in detached structures as well, such as converted garages.

ADUs can promote affordability in two ways. **First**, it can provide a small and affordable rental unit to a household. **Second**, it can provide the property owner with a source of income that he or she may need to afford the cost of ownership.

ADUs are also an efficient way to increase the density of neighborhoods in an unobtrusive way.

3.5.2 Cottage/Cluster Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966	Owner/Renter		
		**	**	Renter* Owner**	Medium	

The City should further encourage the development of cottage or clustered housing. Cottage houses are small units for single family use. These units are generally less than 1,000 square feet. Clustered housing can also refer to such housing in multi-family communities. This design is particularly suitable to in-fill developments. This type of housing can be very attractive, as the accompanying photos show. This type of housing can be more affordable, (although examples in the Puget Sound area have proven so popular that sales prices for some 900 square foot homes have exceeded \$500,000.)

The City permits cottage and cluster housing in certain Z zones. It should also adopt the following policies to encourage it further:

- (1) permit this housing in single family zones with zero lot lines.
- (2) require developers, who benefit from the increased density of units, to make a minimum percentage of the units affordable to low income families.
- (3) include prescriptive design standards in the zoning code for three purposes: (i) to assure neighborhoods that these developments will be attractive and appropriate; (ii) to spare the developer, neighborhoods and city project-by-project design disputes; (iii) to make development more predictable and make city project review quicker.



3.5.3 Permit Ready Housing Designs

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966	Owner/Renter		
	*	**	**	Renter* Owner**	Medium	



The City should have pre-approved designs “on the shelf” for developers to use especially for in-fill housing, cottage housing at lower cost. Developers may use these plans if they include a minimum number of units affordable to lower income tiers for a minimum number of years. These designs should be attractive, economical, and sustainable.

3.5.4 Great House Design

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
*	*	*	*		
Owner/Renter				Priority	
Renter*				Medium	

“Great houses” are multi-family units, such as four-plexes, designed to appear as large single family homes. They are a way to increase density in single family zones in an architecturally congenial way. The City should allow great homes in single-family zones if they conform to design standards.

3.5.5 Rooming House/Boarding House/Single Room Occupancy

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
***	***	**	*	Owner/Renter Renter**	Priority Medium

Rooming houses, boarding houses and single-room occupancy units are very valuable for low-wage workers and persons living on fixed income. The City needs more of this form of housing. The City should encourage its development.

3.6 Preservation, Acquisition, Conversion and Rehabilitation of Existing Housing

Tacoma's existing housing stock needs attention from the City for the opportunities to preserve or expand the supply for affordable housing.

3.6.1 Preservation of Existing Subsidized Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698 ***	Very Low <50% AMI \$24,498 ***	Low <80% AMI \$39,197 **	Mod. <100% AMI \$48,966 *			
				Owner/Renter		
				Renter***		High

Privately owned subsidized apartment complexes in Tacoma are an important part of the City's affordable portfolio. Contracts with HUD govern these subsidies. These contracts are very valuable to the City's portfolio of affordable housing. These contracts, however, have expiration dates after which the continued affordability depends on the owner's willingness to renew the contract. The preservation of such housing will generally be a lot less expensive than constructing it anew.



The City should: (i) track these contracts and their expiration dates; (ii) facilitate efforts to renew the contracts or the sale of the buildings to nonprofit or public owners who will do so.

3.6.2 Voluntary Housing Incentive Program for Rehabilitation Purposes

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698 **	Very Low <50% AMI \$24,498 ***	Low <80% AMI \$39,197 ***	Mod. <100% AMI \$48,966 ***			
				Owner/Renter		
				Renter***	High	



Section 3.2.1 above recommends a Voluntary Housing Incentives Program to entice private for profit developers of new market rate housing to include affordable units in the market rate mix. The same type of program would be useful for existing housing in need of repair. Such a program would offer similar incentives to owners to fix up their properties in need of repair. In exchange for these incentives, the owner would agree to set aside units for affordable housing. Such a program would have the additional benefit of encouraging owners to attend to properties that, because of their poor condition, may be a blight on their neighborhoods.

3.6.3 Code Enforcement for Affordable Housing Purposes

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					Priority
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966	Owner/Renter	
**	***	***	***	Renter***	
					High

The City should enlist its code enforcement activities for the effort to preserve or increase the supply of affordable housing among the City's existing housing stock, in the following ways:

- (1) The City can connect owners of cited properties to the incentive programs that may provide financing for repairs. *See* Section 3.6.2;
- (2) The City can waive code enforcement fines in exchange for the owner's rehabilitation and affordability commitments;
- (3) The City sometimes acquires derelict properties through abandonment, eminent domain or tax defaults. In these cases the City can transfer these

properties to nonprofits or the public housing authority for rehabilitation and affordable housing commitments.

3.6.4 Land Trusts

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
*	*	**	**	Owner/Renter	Priority
				Owner**	Medium



The City should encourage land trusts in the City. The City should also seek ways to participate by donating land or financing its purchase for land trust communities. The County, in its assessments of land values for tax purposes, should account for this land trust structure so home owners are not overbilled.

In a typical land trust, a nonprofit organization would acquire land for the purpose of ensuring the long term affordability of housing developed on that land. It would sell the homes on the land to households who would be required to live in them. A land trust would continue to own the land. In this way, the land's value then would not become part of the home's purchase price, thus reducing the purchase and repurchase pricing of the home.

3.6.5 Use of Surplus or Underutilized Property

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698 ***	Very Low <50% AMI \$24,498 **	Low <80% AMI \$39,197 **	Mod. <100% AMI \$48,966 **		
				Owner/Renter	Priority
				Renter**	Medium

The City, including Tacoma Public Utilities, and related municipal entities such as the Port of Tacoma, and the Tacoma Public School District, acquire or own properties. These include tax foreclosed property, which the County would then own, condemned or abandoned properties, property taken by eminent domain and surplus property that the entity no longer needs.

The City should fashion policies that would identify which of those properties would be suitable for housing development and direct their transfer to other organizations that would develop them into affordable housing. The City should condition the

conveyance on such development and long term maintenance of the housing's affordability.

The City already has the legal ability to transfer such properties to other governmental entities, such as a public housing authority. The City should support some version of SHB 2138 that allows governmental entities to transfer or sell surplus properties value to private nonprofits for less than fair market value as long as it is used for affordable housing purposes.

3.7 Community Development Incentives

3.7.1 Infill Housing Development

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						Priority
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966	Owner/Renter		
*	*	*	*	Renter* Owner**	Medium	

The City should encourage the development or redevelopment of vacant or blighted land using the following techniques:

(1) The City should perform an area-wide environmental review in an Environmental Impact Statement (EIS) in areas that need investment and revitalization. The review should cover development up to the maximum allowed for that area under the City's comprehensive plan and zoning. This review would relieve developers of the need to do a site-specific SEPA assessment for a project that fits within the parameters of the area-wide review and associated regulations. This will save the developers time and money on studies and thereby lower the price of the housing they produce.



(2) The City should increase the SEPA thresholds to state limits so that more developments can be processed administratively, reducing costs.

(3) The City should equip itself so it can advise developers of the available utility and infrastructure capacity in the 17 mixed-use centers.

(4) The City should upgrade utilities and infrastructure in neighborhoods so they can accommodate the growth that the City has designated for them.

3.8 Planning And Zoning Tools

3.8.1 Exception to Standard Lot Sizes for Specific Projects

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) =\$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966	Owner/Renter		
*	*	**	**	Renter** Owner**	Medium	

The City should allow smaller lot sizes in its neighborhoods to permit a greater diversity of housing types and sizes. Smaller lot sizes are necessary to take advantage of higher densities and to allow more creativity with lot arrangements.

3.8.2 Higher Review Threshold

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]						
Population Served By Income Tier						
Tacoma Area Median Income (AMI) = \$48,966						
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966			
				Owner/Renter	Priority	
*	*	**	**	Renter* Owner*	Medium	

The City should allow more design changes by administrative review rather than by discretionary review. In particular:

- the City should redefine short plats from 4 to 9 lots;
- the City should reconsider SEPA review thresholds so they are consistent with Washington State maximum thresholds
- the City should pursue SEPA programmatic EIS for specific areas of the City to eliminate the need for projects in those areas that conform to the area wide EIS and associated regulations to conduct their own environmental review.

4. CONCLUSION

The City of Tacoma has an affordable housing crisis. Significant numbers of its residents cannot easily afford a place to live. This shortage seriously impairs many important civic goals and values. This shortage will worsen with the projected increase in the City's population between now and 2030, and the projected aging of its population.

The City can have a very helpful influence on the affordability of housing for its residents in the following ways:

- (1) **Leadership:** The City should lead an effort to further the public understanding that an adequate supply of affordable housing is important to the City's health and prosperity.
- (2) **Helping Non-Profit Development of Affordable Housing:** The nonprofit development of affordable housing is essential to addressing the City's housing crisis. This housing is a principal source of affordable housing in the City. It is the primary source of affordable housing for the neediest households, including those with special needs. This housing is also among the most attractive, best managed and environmentally innovative. The City should adopt policies that more effectively support this development.
- (3) **Enlisting For-Profit Development of Affordable Housing:** The City should more effectively enlist the engine of private, for-profit developers and make it financially worthwhile for them to include affordable units in market rate projects.
- (4) **Reducing Housing Development Costs:** The City should review ways to reduce the cost of housing development generally. This will make all housing more affordable, including housing for low-income households.
- (5) **Facilitating Appropriate Density and Design of Housing:** The City should adopt further policies to promote the residential density that the City's population projections will require, and to ensure that this increased density occurs in the right places, that it is attractive and congenial to its neighborhoods and that it includes adequate provision for affordable housing.

Policy options are available to further all of these goals. The City should adopt effective versions of these policies. Doing so is necessary for several purposes. Such policies will help the City fulfill its Growth Management Act obligations to make adequate provision for the housing needs of all economic segments of its residents. They are necessary to implement the City's comprehensive plan. These policies will also give meaningful expression to the City's hopes for its own economic prosperity, its vision of itself as an attractive and vibrant urban core, and its own civic values of diversity and justice.

APPENDICES

Appendix A: City of Tacoma Resolution 38017, April 27, 2010

Appendix B: Chart of Policy Recommendations

Appendix C: Photographs of Affordable Housing Developments

Appendix D: Memo to the Affordable Housing Advisory Group from its co-chairs
discussing the Miller Amendment, November 1, 2010



RESOLUTION NO. 38017

1 BY REQUEST OF DEPUTY MAYOR FEY AND COUNCIL MEMBERS
2 LONERGAN, MANTHOU, AND WALKER

3 A RESOLUTION relating to affordable housing; creating the Affordable Housing
4 Policy Advisory Group; and appointing individuals to the committee.

5 WHEREAS, throughout 2009, the Neighborhoods and Housing
6 Committee ("Committee") worked to create an affordable housing policy for
7 recommendation to the City Council, and

8 WHEREAS, prior to recommending its final draft, the Committee is
9 seeking additional public feedback, and

10 WHEREAS, with the recommendation of community stakeholders, the
11 Committee is recommending that the City Council create an Affordable Housing
12 Policy Advisory Group ("Advisory Group") to perform the following: (1) review
13 the work of the Committee's affordable housing policy development process
14 and the Pierce County Housing Affordability Task Force, (2) review
15 demographic data and identify data development needs in order to inform
16 planning efforts, (3) provide input and consultation necessary to refine the
17 Committee's affordable housing policy recommendations, (4) recommend a
18 series of supporting policy actions that are consistent with or complementary to
19 the City's Comprehensive Plan, and (5) build a consensus of Advisory Group
20 members, and
21

22 WHEREAS the Advisory Group will provide a final report to the
23 Committee by December 15, 2010, with intermittent updates, as appropriate;
24 Now, Therefore,
25
26



BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

Section 1. That there is created an Affordable Housing Policy Advisory Group ("Advisory Group"), which shall provide a final report to the Neighborhoods and Housing Committee by December 15, 2010, with intermittent updates, as appropriate.

Section 2. That the duties of the Advisory Group shall include:

- (1) reviewing the work of the Committee's affordable housing policy development process and the Pierce County Housing Affordability Task Force,
- (2) reviewing demographic data and identifying data development needs in order to inform planning efforts, (3) providing input and consultation necessary to refine the Committee's affordable housing policy recommendations,
- (4) recommending a series of supporting policy actions that are consistent with or complimentary to the City's Comprehensive Plan, and (5) building a consensus of Advisory Group members.



Section 3. That those individuals listed on Exhibit "A" are hereby confirmed
and appointed as members of the Advisory Group.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:



City Attorney



EXHIBIT "A"

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Co-Chairs:

Michael Mirra /	Tacoma-Pierce County Affordable Housing Consortium
Blaine Johnson	Market Rate Developer

Committee Members

Connie Brown	Tacoma-Pierce County Affordable Housing Consortium
Sandy Burgess	Burgess LLC
Lyn Messenger	Belay Architects
Tom O'Connor	O'Connor & Associates
Gary Pedersen /	Builder Consultant
John Purbaugh	Pierce County Planning Commission
Mike Pyatok	Pyatok Architects
Tiffany Speirs /	Master Builders of Pierce County
Walter Zisette	Common Ground

APPENDIX B

City of Tacoma Affordable Housing Policy Advisory Group: Policy Recommendations Chart

December 3, 2010

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Affordable Housing Advisory Group
City of Tacoma
Room 1200
747 Market Street
Tacoma, WA 98402
(253) 591-5100
www.cityoftacoma.org

Title & Description	Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority
	Population Served By Income Tier					
	Tacoma Area Median Income (AMI) =\$48,966					
	Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
1. CITY POLICY AND LEADERSHIP	***	***	***	***	Owner *** Renter ***	High
The City should incorporate the following principles and acknowledgements in pertinent policies. In the exercise of civic leadership, the City should also make concerted efforts to help residents understand and appreciate them:						
(1) The City’s welfare requires an adequate supply of well built and well managed affordable housing serving the full range of incomes appearing among its residents. An adequate supply of this housing is vital to the following important civic needs or values:						
<ul style="list-style-type: none">the city’s prosperity, economic development and growth of employment opportunities;the appropriate management of the city’s projected population growth and transportation needs;the city’s fulfillment of its legal obligation to make “adequate provisions for existing and projected [housing] needs of all economic segments of the community” and to comply with the related directives of the Pierce County Wide Planning Policies;the survival of green spaces throughout the city and Pierce county;the success of the city’s schools;the effectiveness of the city’s emergency services;the city’s ability to continue its accommodation of a population that is increasingly diverse by income, race, ethnicity, ability, disability and age;the city’s ability to accommodate a population that, in the aggregate, is getting older;the city’s values of social justice.						
(2) Affordable housing developments by nonprofit developers, public and private, in the city, region and nation have been among the most attractively designed, most environmentally innovative and best						

Title & Description	Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority
	Population Served By Income Tier					
	Tacoma Area Median Income (AMI) =\$48,966					
	Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
managed in the market place.						
<p>(3) Nonprofit developments of affordable housing will never likely be adequate to meet the City’s need. The City also needs a companion strategy to enlist the engine of private market rate developments to include a measure of affordable units. These strategies also provide the added benefit of economic and racial integration.</p> <p>(4) Affordable housing developments have spurred the revitalization of neighborhoods, encouraging both public and private investment, helping the city attain its desired density, and furthering a neighborhood’s economic development.</p> <p>(5) Affordable housing is an asset to be encouraged and not a detriment to be tolerated and controlled.</p> <p>(6) The City should promote the development of affordable housing in every city neighborhood.</p> <p>(7) In seeking the appropriate balance, the City should not have to compromise important neighborhood design standards in order to promote affordable housing. Instead, proper design should allow affordable housing to show the way for all developments serving all incomes toward a greener, more sustainable urban future that accommodates the appropriate density that the City’s planning documents anticipate to be necessary for the City’s projected population increases between now and 2030.</p> <p>(8) In a complex community like Tacoma, interests and policies often clash. Good governance is the effort to balance them appropriately. In doing so, the City should give a very high priority to the promotion of affordable housing development.</p>						

Title & Description		Potential for Creating/Preserving Affordable Units * low, ** medium, *** high				Owner/ Renter	Priority
		Population Served By Income Tier					
		Tacoma Area Median Income (AMI) =\$48,966					
		Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
2. HOUSING INCENTIVE OR INCLUSIONARY PROGRAMS							
2.1	Voluntary Housing Incentive Program	***	***	***	***	Renter *** Owner ***	High
<p>The City should offer incentives to for-profit developers of new construction and rehabilitation of pre-existing housing to include units affordable to a range of incomes. A developer would choose whether to participate. The incentives could include the following:</p> <ul style="list-style-type: none">(1) density bonuses;(2) reduction in lot sizes;(3) height or bulk bonuses;(4) fee waivers;(5) permitting priority;(6) reduction in parking requirements; <p>The City has begun such a program with its 2009 creation revisions to the mixed-used center regulations. Ord. 27818 (July 28, 2009). The City must adjust that ordinance in at least two ways. First, it must increase the cash-out formula. The Ordinance presently allows a cash-out of 0.5% (0.005) of the value of the building. This is much too low. It would allow a developer of a \$ 20 million building with 100 units to get an additional 20 feet in height, or two stories, by keeping 20% of the units, or 20 units, or by paying a cash-out of only \$100,000. State law requires the cash out amount to be “equal to or better than providing the affordable housing on-site.” RCW 36.70A.540(2)(h). Second, it should extend the duration of the affordability requirements to 50 years or allow for a cash-out that would shorten this period. The GMA appears to require this. RCW 36.70A.540(2)(e).</p>							
2.2	Inclusionary Requirements for Voluntary Residential Upzone	**	**	***	***	Renter *** Owner ***	High
<p>When a developer seeks an upzone of a property to permit a higher residential density, the City should condition its grant of the upzone upon the developer’s agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 2.4.</p>							

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		Population Served By Income Tier					
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		Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
2.3	Limited Mandatory Affordable Housing Bonus Program for City Initiated Upzones	**	**	***	***	Renter *** Owner ***	High
The City should require developers of market rate residential developments to include at least 10% of the units as affordable to a range of incomes when the city upzones property other than at the formal request of the owner or developer and when the developer builds at the higher density allowed by the upzone. A change in the comprehensive plan’s allowed intensity is not considered an upzoning for this purpose.							
2.4	Inclusionary Requirements for Voluntary Master Planned Community	**	**	***	***	Renter *** Owner ***	High
When a developer seeks a Master Planned Community, or its equivalent, the City should condition its grant of the request upon the developer’s agreement to include at least 10% affordable units in the market rate mix with the density bonuses set forth in item 2.4.							
2.5	Planned Residential Development Districts (PRDs)	**	**	**	**	Renter *** Owner ***	High
Planned Affordable Residential Development Districts (PARDs)							
The City has authority to grant discretionary permits for Public Residential Development Districts (PRDs). PRDs can be valuable strategies for the City to direct higher density development to the appropriate places and influence what it looks like and how it serves the larger community.							
The city should revise the rules as follows:							
(1) PRD on Five or More Acres (currently allowed): The City should list the inclusion of affordable units on the menu of design features from which a developer may choose. The list should allow a developer to increase the number of market rate units on site above that allowed in the underlying zoning designation (e.g., R-2, R-3) if the developer also provides affordable units.							

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<p>The City must determine the ratio of market rate units to affordable units. The ratios should be at least the following:</p> <p>1.1 Rental Units: at least 10% of the total units shall be affordable. For each affordable unit, the developer may add 1.5 market rate units.</p> <p>1.2 Owner Occupied: at least 10% of the units shall be affordable. For each affordable unit, the developer may add 1 market rate unit.</p> <p>(2) PARD from One to Five Acres: The City should add a similar district called Planned Affordable Residential Development Districts (PADR) with the same underlying zoning concept as described in the preceding section for sites from 1 to 5 acres. This district could be governed by a Developer Agreement between the developer and the City. The agreement should allow the developer to increase the number of market rate units on site above that allowed in the prefix zoning designation (R-2, R-3, etc) of one market rate unit for every affordable unit provided.</p> <p>NOTE: The City should consider overall density caps for PRD and PARDs, <i>e.g.</i>, 4 times the underlying zoning density. Caps must account for the density needed to make a development to be financially feasible, the need for affordable housing, the character of the neighborhood and the directives for the area found in the City's comprehensive plan.</p>							
2.6	Framework for Public-Private Partnerships.	**	**	***	***	Renter*** Owner**	High
<p>Sometimes the City contributes to a commercial or residential development. <i>E.g.</i>, the city may provide financing, it may be a development partner, perhaps by building or contributing parking, or it may assume liabilities, such as environmental cleanup costs. In the negotiations for these contributions the City should regularly incorporate the expectation that in return for the City's contribution, the developer will either incorporate units affordable to a range of low incomes or pay an equivalent to the City's Housing Trust Fund. The extent of this housing requirement would have to be "project specific." The goal, however, should be a housing or cash contribution that resembles that of the Mandatory Affordable Housing Bonus Program. Possible forms of City contribution or assistance include:</p> <p>(1) Government Provided incentives</p> <p>A. Tax incentives</p> <p>1. Tax Increment Financing (need state law change)</p> <p>2. Sales tax sharing</p>							

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B.	Loan assistance						
	1.	Long term land leases of govt. owned land					
	2.	Low cost lease of air rights					
	3.	Participation in payment of loan fees for end user					
	4.	Loan guarantees					
	5.	Down payment assistance					
C.	Cost sharing						
	1.	Reduction of permit fees					
	2.	Participating in infrastructure improvements					
	3.	Speedy permit processing					
D.	Contributions through Tacoma Housing Authority						
	1.	Project Based Section 8 rent subsidies					
	2.	Provision of land in a partnership structure in exchange for % of affordable equal to value of land.					
(2)	Partnerships						
	A.	Cost sharing based on percentage of units					
	1.	Provision of land in a partnership structure in exchange for % of affordable units equal to value of land					
	2.	Post construction purchase of completed units					
	B.	Early creation of project partnerships					
	1.	Planning for timing and predictability of funding availability					
	2.	Reduce risk – financial strength, development capacity, general contracting					
	3.	Relationship from conception to project completion					
(3)	Cash contributions and Gifts In Kind to Non profit Developers						
	A.	Tax deduction					
	B.	Corporate Giving goals					
	C.	Contributions to local housing trust fund					

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	\$14,698	\$24,498	\$39,197	\$48,966			
The City should provide each incentive or assistance to a developer in exchange for the developer providing a reasonable and proportionate number of affordable units in a development. The City would not require any developer to provide affordable housing units. However, if the developer wishes to receive the incentive or form of assistance, it must provide a certain number or percentage of units in their development which are affordable to low income people. The incentives would need to be monetized or valued to determine an appropriate exchange rate for the number of units to be provided in each case. It is our strong recommendation that, if implemented, each strategy would need to be project specific, with transparent negotiations, and eventual contractual obligations that work within the constraints of the total structure of the arrangement, for all parties.							
2.7	Transfer Development Rights (TDR)		*	**	***	Renter** Owner**	Medium
A Transfer of Development Rights (TDR) Program arranges for the transfer of development rights of residential units and other development from one area, which should be preserved for agricultural, forestry, environmental or recreational purposes, to another area that is planned for a higher density of development. Pierce County has created such a program. The City of Tacoma should participate in this program. In designing its participation, the City should include features or considerations as follows:							
(1) The City should devise a formula governing how many of the units to be built with transferred development rights should be affordable. This formula should account for the developer's need that such an inclusion to be at least profit neutral.							
(2) A TDR program may effectively increase the cost of development inside the City by allowing developers to purchase development rights transferred from elsewhere. Important values of preservation may justify these costs. The City must balance these values against the increased costs to a market rate project resulting from a TDR purchase of development rights and the costs of including affordable housing in the market rate mix of units.							
(3) Tacoma's TDR program should allow for the transfer of development rights not only from outside the City to inside the City but from one part of the City to another.							

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3. REGULATORY ASSISTANCE TO DEVELOPERS OF AFFORDABLE HOUSING							
3.1	Assistance to Developers of Affordable Housing	***	***	***		Renter*** Owner*	High
Developers of housing dedicated to affordable housing, without market rate units, should receive assistance similar to the incentives the previous section’s recommendations would provide to market rate developers. <i>i.e.</i> , density bonuses, fee waivers, accelerated permitting, zoning flexibility, parking requirement flexibility.							

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4. FINANCING TOOLS						
4.1	Downtown Mixed Income Housing Plan	**	**	***	***	Renter** High
<p>(1) GOAL FOR DOWNTOWN The City’s goal should be that at least 20% of downtown housing units, but not more than 20%, will be governed by subsidies that reserve those units for households at or below 50% AMI and that make those units affordable to such households. [NOTE: Households using tenant based vouchers would not count toward these limits because such a subsidy follows the household and is not restricted to the unit or to downtown.]</p> <p>(2) REPEAL THE MILLER AMENDMENT The City should repeal the “Miller Amendment”.</p> <p>(3) ADOPT DOWNTOWN MIXED INCOME HOUSING PLAN The City should adopt a Downtown Mixed Income Housing Plan with the following features:</p> <p>3.1 Downtown Expanded For purposes of this proposal downtown Tacoma is defined as between 6th Avenue and 25th Street, and between Tacoma Avenue and the water front.</p> <p>3.2 TCRA Funding Of Downtown Projects The following rules should govern requests to the Tacoma Community Redevelopment Authority (TCRA) for city funding of affordable housing in downtown Tacoma:</p> <ul style="list-style-type: none">• <u>Community Notice, Consultation and Good Neighbor Agreements</u> <p>TCRA should require the developer of affordable housing seeking City funding to submit to TCRA for its approval a reasonable Community Consultation Plan. This Plan would commit the developer as follows: (i) <u>Notice</u>: The developer would provide meaningful notice of the proposed project to neighbors and to downtown groups; (ii) <u>Consultation</u>: The developer would provide neighbors and downtown groups with a meaningful opportunity to engage the developer in discussions about the proposal; (iii) <u>Good Neighbor Agreement</u>: The developer would offer the community groups a “Good Neighbor Agreement” that would set forth reasonable arrangements for continued consultation during operations of the project.</p>						

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<p>The Community Consultation Plan should require such notices and consultation opportunity to property owners within 1,000 feet of the proposed project. The Plan should offer this to the New Tacoma Neighborhood Council and to other appropriate community groups that TCRA finds at the time are active and offering an appropriately responsible and representative interest in the matter.</p> <p>NOTE: When assessing an application for funding, the TCRA should, when determining the competitiveness of an application, value and assess the amount and quality of such notice and consultation, as well as the degree of expressed community support for the project. However, such support shall not be a requirement for funding of an otherwise qualified project.</p> <ul style="list-style-type: none"><u>Limited City Council Review of TCRA Funding Decisions</u> <p>If the proposed project reserves more than the “threshold” percentages (see below) of units for households below 50% AMI then: (i) the City Council may by vote overturn a TCRA approval of City funding upon the Council’s assessment that the project would conflict in a demonstrable way specific to the project with other important downtown uses; (ii) the Council vote overturning a funding decision must be made within 45 days of the TCRA funding decision. This time limit is necessary to protect the proposal from the uncertainty that arises from delay.</p> <p>A TCRA funding decision would not be subject to City Council review if the percentage of the proposed project’s units reserved for households below 50% of AMI was below the following “threshold” percentages: 20% on the following schedule: within the first two years of this rule, the “threshold shall be 10%; within the next two years, it shall be 15%; thereafter it shall be 20%.</p> <ul style="list-style-type: none"><u>Development Agreements</u> <p>Nothing in this rule shall preclude, and the City shall encourage, binding development agreements setting forth different or additional requirements or allowances governing city funding for projects that provide a special benefit to downtown, such as: improvement of a vacant or blighted property; mixed income housing with a substantial percentage of market rate, unsubsidized housing,; a mix of residential and commercial uses; subsidized housing that downtown needs in particular; or a showing of substantial support from the community and surrounding property owners.</p>						

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4.2	Local Housing Trust Fund	***	***	**		Renter*** Owner*	High
<p>A Tacoma Housing Trust Fund would allow the City to contribute to the capital costs of building, preserving or rehabilitating housing. Such a Fund would make local developers much more competitive for state, federal and private dollars for these purposes. Those other sources generally expect the local jurisdiction to contribute. Without a local match, Tacoma projects generally are less competitive for those other dollars.</p> <p>The City already has a structure for a local Housing Trust Fund. However, it does not have a local dedicated source of revenue. Over the last ten years, the City has presented two proposals to a vote of the people to create a local revenue source. Both were unsuccessful. The City should try again with a proposal that is focused on funding the development of housing for low-income seniors and veterans.</p>							
4.3	Contingent Loan or Credit Enhancement Program	***	***	***	***	Renter***	High
<p>The City of Tacoma, without cost or significant risk, can help finance the construction or rehabilitation of affordable housing by creating a Contingent Loan or Credit Enhancement Program for qualified affordable housing projects. Such a program would lower the interest rate such projects would face in its own financing and raise the amount the project can borrow. King County has a very successful program of this type.</p> <p>Such a program would have the following elements:</p> <p>(1) The City would not be the primary source of the project’s financing. Instead, as part of the project’s initial financing, the City would commit to lending the project funds should such payments ever be necessary for short-term periods to continue debt service while new financing is arranged. This will allow the project to get lower interest rates and higher loan amounts from its primary sources of financing.</p> <p>(2) At the initial financing, the project will pay the City an administrative fee (e.g. .5% of total financing). This fee will serve two purposes. First, it will cover the City’s administrative costs. Second, it will fund a City reserve balance that the City will use to make any loan payments</p>							

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under its commitment.							
(3) If the City ever makes a payment under its commitment, the project sponsor will repay the funds, with interest.							
(4) In return for this assistance, the project would commit to set aside units at affordable rents or purchase amounts for low-income households for a specific period of time. The terms of this set-aside must include the same elements set forth above in Item No. 2 on Housing Incentive and Inclusionary Programs, including: number of affordable units; size, placement and quality of units; income targets; definition of affordability; duration of affordability; cash out option.							
4.4	Tax Increment Financing	***	***	***	***	Renter***	High
Traditional TIF programs taps increased property taxes generated by development and apply those taxes to pay bonds issued to finance the public infrastructure supporting the development. Tax Increment Financing (TIF) is a valuable development tool available in other states but is not effectively available in Washington State. In 1995, the Washington State Supreme Court ruled that state constitutional limits prevent the use of a full scale TIF program in Washington. As declared by the Court those limits preclude the use in this way of the state's portion of property taxes. Since then the legislature has explored similar programs using other portions of the property taxes and other types of taxes for specific purposes. The City of Tacoma should include among its requests to the state legislature consideration of similar programs for affordable housing purposes.							

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5. AFFORDABLE BUILDING DESIGN PRACTICES							
5.1	Accessory Dwelling Units (ADUs)	*	**	**	**	Renter** Owner**	Medium
The City should broaden its ADU rules. They presently permit ADUs if they are attached to the main house. The City should allow ADUs in detached structures, such as converted garages.							
5.2	Cottage/Cluster Housing			**	**	Renter* Owner**	Medium
Cottage houses are small units for single family use or clustered housing designs for multi-family housing. They are particularly suitable to in-fill developments. The City permits them in Z zones. It should also adopt the following policies; (1) Permit this housing in single family zones with zero lot lines. (2) Require developers, who benefit from the increased density of units, to make a minimum percentage of the units affordable to low income families. (3) Include prescriptive design standards in the zoning code for three purposes: (i) to assure neighborhoods that these developments will be attractive and appropriate; (ii) to spare the developer, neighborhoods and city design disputes project by project; (iii) to make development more predictable and make city project review quicker.							
5.3	Permit Ready Housing Designs		*	**	**	Renter* Owner**	Medium
The City should have pre-approved designs “on the shelf” for developers to use especially for in-fill housing, cottage housing at lower cost. Developers may use these plans if they include a minimum number of units affordable to lower income tiers for a minimum number of years. These designs should be attractive, economical, and sustainable.							

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5.4	Great House Design	*	*	*	*	Renter*	Medium
The City’s permitting rules should encourage the great house design that allows multi-family units to blend into single family neighborhoods. The City should allow great homes that conform to design standards in single-family zones.							
5.5	Rooming House Design et al	***	***	**	*	Renter**	Medium
The City should continue to allow rooming houses, boarding homes and housing for temporary workers and others. The City should encourage the development of this housing.							

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6. PRESERVATION, ACQUISITION, CONVERSION & REHABILITATION OF EXISTING HOUSING							
6.1	Preservation of Existing Subsidized Housing	***	***	**	*	Renter***	High
<p>Privately owned subsidized apartment complexes in Tacoma are an important part of the City’s affordable portfolio. Contracts with HUD govern these subsidies. These contracts have expiration dates after which the continued affordability depends on the owner’s willingness to renew the contract. The preservation of such housing will generally be a lot less expensive than constructing it anew.</p> <p>The City should: (i) track these contracts and their expiration dates; (ii) facilitate efforts to renew the contracts or the sale of the buildings to nonprofit or public owners who will do so.</p>							
6.2	Housing Incentive Program	**	***	***	***	Renter***	High
<p>Section above § 2.1 proposes incentives to developers of new construction to include affordable units within the market rate units. The City should offer similar incentives to owners of properties in need of rehabilitation to fix up their properties in return for which the owner would set aside units at affordable rents for low-income households.</p>							
6.3	Code Enforcement for Affordable Housing Purposes	**	***	***	***	Renter***	High
<p>The City should enlist its code enforcement activities for the effort to preserve or increase the supply of affordable housing among the city’s existing housing stock, in the following ways:</p> <ul style="list-style-type: none">• The city can connect owners of cited properties to the incentive programs that may provide financing for repairs;• The city can waive code enforcement fines in exchange for the owner’s rehabilitation and affordability commitments.• The city sometimes acquires derelict properties through abandonment, eminent domain or tax defaults. In these cases the city can transfer these properties to nonprofits or the public housing authority for rehab and affordable housing commitments.							

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6.4	Land Trusts	*	*	**	**	Owner**	Medium
<p>The City should encourage land trusts in the City. The City should also seek ways to participate by donating land or financing its purchase for land trust communities. The County, in its assessments of land values for tax purposes, should account for this land trust structure so home owners are not overbilled.</p> <p>In a typical land trust, a nonprofit organization would acquire land for the purpose of ensuring the long term affordability of housing developed on that land. It would sell the homes on the land to households who would be required to live in them. A land trust would continue to own the land. In this way, the land's value then would not become part of the home's purchase price, thus reducing the purchase and repurchase pricing of the home.</p>							
6.5	Use of Acquired or Surplus or Under-utilized Property	***	**	**	**	Renter**	Medium
<p>The City, including Tacoma Public Utilities, and related municipal entities such as TPU, the Port of Tacoma, and the Tacoma Public School District, acquire or own properties. These include tax foreclosed property, which the County would then own, condemned or abandoned properties, property taken by eminent domain and surplus property that the entity no longer needs.</p> <p>The City should fashion policies that would identify which of those properties would be suitable for housing development and direct their transfer to other organizations that would develop them into affordable housing. The City should condition the conveyance on such development and long term maintenance of the housing's affordability.</p> <p>The City already has the legal ability to transfer such properties to other governmental entities, such as a public housing authority. The City should support some version of SHB 2138 that allows governmental entities to transfer or sell surplus properties for affordable housing purposes for less than fair market value to private nonprofits.</p>							

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7. COMMUNITY DEVELOPMENT INCENTIVES							
7.1	Infill Housing Development	*	*	*	*	Renter* Owner**	Medium
<p>The City should encourage the development or redevelopment of vacant or blighted land using the following techniques:</p> <p>(1) The City should perform an area-wide environmental review in an Environmental Impact Statement (EIS) in areas that need investment and revitalization. The review should cover development up to the maximum allowed for that area under the City’s comprehensive plan and zoning. This review would relieve developers of the need to do a site- specific SEPA assessment for a project that fits within the parameters of the area- wide review and associated regulations.</p> <p>(2) The City should increase the SEPA thresholds to state limits so that more developments can be processed administratively, reducing costs.</p> <p>(3) The City should equip itself so it can advise developers of the available utility and infrastructure capacity in the 17 mixed-use centers.</p> <p>(4) The City should upgrade utilities and infrastructure in neighborhoods so they can accommodate the growth that the City has designated for them.</p>							

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8. PLANNING AND ZONING TOOLS							
8.1	Exception to Standard Lot Sizes for Specific Projects	*	*	**	**	Renter** Owner**	Medium
The City should allow smaller lot sizes in its neighborhoods to permit a greater diversity of housing types and sizes. Smaller lot sizes are necessary to take advantage of higher densities and to allow more creativity with lot arrangements.							
8.2	Higher Review Threshold	*	*	**	**	Renter* Owner*	Medium
The City should allow more design changes by administrative review rather than by discretionary review. In particular: <ul style="list-style-type: none">the City should redefine short plats from 4 to 9 lots;the City should reconsider SEPA review thresholds so they are consistent with Washington State maximum thresholdsthe City should pursue SEPA programmatic EIS for specific different areas of the City to eliminate the need for specific projects in those areas that conform to the area wide EIS and associated regulations to conduct their its own EIS environmental review.							

APPENDIX C

PHOTOGRAPHS OF AFFORDABLE HOUSING DEVELOPMENTS in TACOMA, the PUGET SOUND REGION, WASHINGTON STATE AND NATIONWIDE

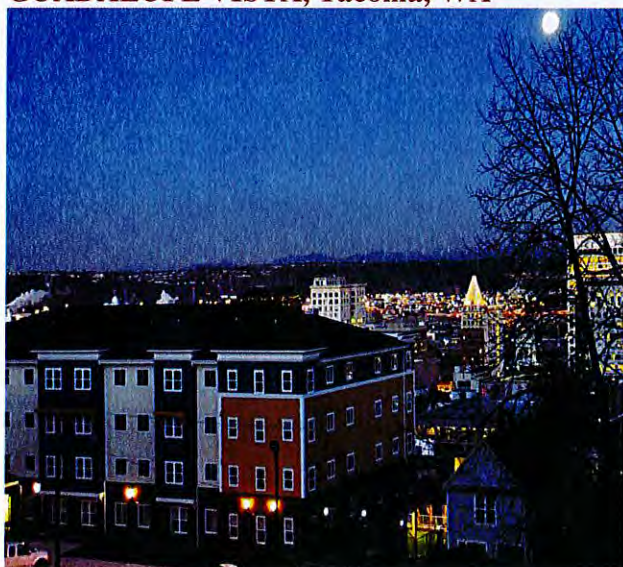
December 3, 2010

NEW SALISHAN, Tacoma, WA



NAME: New Salishan
OWNER: Tacoma Housing Authority
LOCATION: East Tacoma WA
SETTING: Neighborhood
TYPE: Multi-family, single family, rental, ownership
UNITS: 1,350 at build-out
POPULATION: Mixed income
290 public housing units (VL-I);
341 project based section 8 (VL-I);
110 section 202 senior housing units (VL-I)
FINANCING: HUD, Private debt, bonds, LIHTC, HTF, HOME (TCRA), AHP, City of Tacoma, Pierce County 2060, United Way

GUADALUPE VISTA, Tacoma, WA



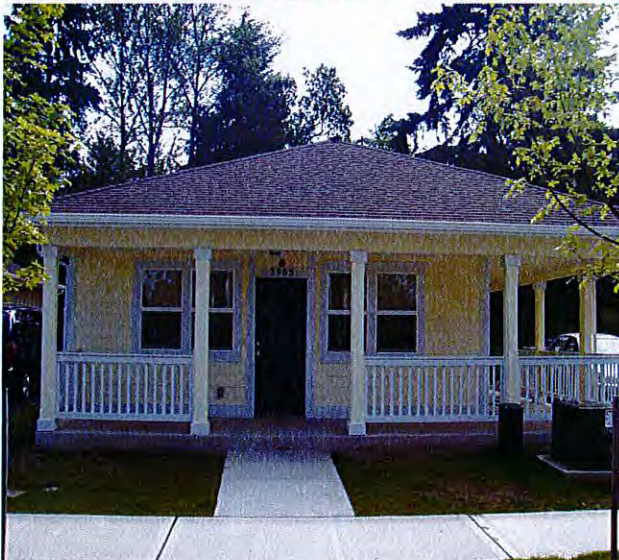
NAME: Guadalupe Vista
OWNER: Catholic Community Services
LOCATION: G street, Tacoma
SETTING: Mixed-use
TYPE: Multi-family
UNITS: 50
POPULATION: 38 formerly homeless + 12 XL-I
FINANCING: HTF, Gates Foundation, Pierce County, Tacoma, UWPC, LIHTC, THA project based HCV

GUADALUPE HOUSE, Tacoma, WA



NAME: Guadalupe House
OWNER: Tacoma Catholic Worker
LOCATION: South G Street, Tacoma
SETTING: Neighborhood
TYPE: Group home
UNITS: 10 rooms
POPULATION: Clean/sober, XL-1

HABITAT FOR HUMANITY – NEW SALISHAN, Tacoma, WA



NAME: Private home
OWNER: Private homeowner
LOCATION: East Tacoma
SETTING: Neighborhood
TYPE: Single-family
UNITS: 1 of 11 in group
POPULATION: 30-60% AMI

FINANCING: HTF, home, City of Tacoma, self-help homeownership opportunity program, churches, foundations, private donors

HOMEOWNERSHIP CENTER OF TACOMA, Tacoma, WA



NAME: Private home
OWNER: Private homeowner
LOCATION: East F Street, Tacoma
SETTING: Neighborhood
TYPE: Single-family
UNITS: 1 of 180 developed and sold
POPULATION: L-I
FINANCING: HTF, HCT loan program

KWA – INTERNATIONAL PLACE, NEW SALISHAN, Tacoma, WA



NAME: International Place
OWNER: Korean Womens Association
LOCATION: East Tacoma
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 55
POPULATION: L-I Seniors
FINANCING: HTF, HUD Section 202, other

FLETT MEADOWS, Tacoma, WA



NAME: Flett Meadows
OWNER: Lakewood Area Shelter Association
LOCATION: South 74th Street, Tacoma
SETTING: Mixed-Use
TYPE: Duplex
UNITS: 14 [1 for manager]
POPULATION: XL-I, Families With Children, DV
FINANCING: PC, Tacoma, HUD, Lakewood, HTF, THA Project-Based HCV

ELIZA McCABE APARTMENTS, Tacoma, WA



NAME: Eliza McCabe
OWNER: Mercy Housing NW
LOCATION: South Yakima, Tacoma
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 41
POPULATION: Families, homeless families
FINANCING: HTF, LIHTC, THA Project Based HCV

435 SOUTH FAWCETT APARTMENTS, Tacoma, WA



NAME: The 435 South Fawcett Apts
OWNER: Metropolitan Development Council

LOCATION: Near Downtown, Tacoma
SETTING: Mixed-use
TYPE: Multifamily
UNITS: 60
POPULATION: <45% AMI

FINANCING: LIHTC, HTF

GRANDVIEW TOWNHOMES, Tacoma, WA



NAME: Grandview Townhomes
OWNER: Puyallup Tribal Housing Authority
LOCATION: Tacoma, WA
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 22
POPULATION: L-I tribal members

FINANCING: HTF, HUD, NAHASDA, Title VI Loan Guarantee Program

ADAMS STREET FAMILY CAMPUS, Tacoma, WA



NAME: Adams Street Family Campus
OWNER: Tacoma Rescue Mission
LOCATION: Tacoma
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 20 emergency, 16 transitional
POPULATION: Families, homeless, XL-I
FINANCING: HTF, TCRA, PC, HUD, foundations

WILSONION, Tacoma, WA



NAME: Wilsonion
OWNER: YWCA Pierce County
LOCATION: St. Helens, Tacoma
SETTING: Mixed-use
TYPE: Multi-family emergency housing
UNITS: 25
POPULATION: Domestic violence survivors; 90-day maximum stay
FINANCING: City of Tacoma, Pierce County, State of Washington

GOLDEN HEMLOCK, Tacoma, WA



NAME: Golden Hemlock
OWNER: Golden Hemlock LLC
LOCATION: N 26th Street, Tacoma WA
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 149 subsidized
POPULATION: XI-I & VL-I seniors &/or disabled

FINANCING: HUD, LIHTC, HUD-subsidized rent

SOUND VIEW APARTMENTS, Edmonds, WA



NAME: Sound View Apartments
OWNER: Olympic & Sound View LLC
LOCATION: Edmonds, WA
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 44
POPULATION: XL-I & VL-I Seniors

FINANCING: HUD, LIHTC, HUD-subsidized rent

A L HUMPHREY HOUSE, Seattle, WA



NAME: A L Humphrey House
OWNER: Plymouth Housing Group
LOCATION: Belltown (downtown), Seattle, WA
SETTING: Mixed-use
TYPE: Multi-family
UNITS: 81

POPULATION: Chronically homeless [40 w/ mental illness/drug dependency]

FINANCING: City of Seattle Levy, HTF, LIHTC, King County sales tax, FHLB

LAUBE HOTEL, Bellingham, WA



NAME: Laube Hotel
OWNER: Bellingham Housing Authority
LOCATION: Bellingham WA
SETTING: Mixed-use
TYPE: Multi-family
UNITS: 20
POPULATION: XL-I, VL-I
FINANCING: WSHFC tax credits

ANGLE LAKE COURT, Sea-Tac, WA



NAME: Angle Lake Court
OWNER: Compass Housing Alliance
LOCATION: Sea-Tac WA
SETTING: Mixed-use
TYPE: Multi-family
UNITS: 80
POPULATION: VL-I senior &/or disabled

MATTHEI PLACE, Bellingham, WA



NAME: Matthei Place
OWNER: Kulshan CLT/Land
[built on community land trust land]
LOCATION: Bellingham, WA
SETTING: Neighborhood
TYPE: Single-family ownership
UNITS: 14 homes
POPULATION: L-I
FINANCING: City of Bellingham [HOME, CDBG], HTF

PONTEDERA CONDOS, Seattle, WA



NAME: Pontedera Condos
OWNER: 809 Hiawatha Place LLC
LOCATION: Seattle, WA
SETTING: Mixed-use
TYPE: Multi-family
UNITS: 102
POPULATION: 50% sold to L-I families

FINANCING: City of Seattle, LISC, private debt, WSHFC

COMPASS HEALTH PROJECT, Marysville, WA



NAME: Compass Health Project
OWNER: Compass Health Care
LOCATION: Marysville WA
SETTING: Residential
TYPE: Multi-family
UNITS: 26
POPULATION: Chronically homeless, mentally ill
FINANCING: HTF, Snohomish County

HIGH POINT, Seattle, WA



NAME: High Point
OWNER: Seattle Housing Authority
LOCATION: West Seattle
SETTING: Neighborhood
TYPE: Multi-family, single-family ownership
UNITS: 1,700
POPULATION: Mixed-income
FINANCING: HUD, HOPE VI, HTF, LIHTC, NIH, SPU, private equity

GREENBRIDGE, White Center, WA



NAME: Greenbridge
OWNER: King County Housing Authority
LOCATION: White Center WA
SETTING: Neighborhood
TYPE: rental, ownership
UNITS: 1,000
POPULATION: Mixed-income
FINANCING: HOPE VI, ARRA. Private debt, LIHTC

ARCH – GREENBRIER – INCLUSIONARY ZONING, Woodinville, WA



NAME: Greenbrier
OWNER: private owner
LOCATION: Woodinville, WA
SETTING: neighborhood
TYPE: single-family
UNITS: 20 affordable of 70 total
POPULATION: $\leq 80\%$ AMI [affordable]

FINANCING: surplus land, LIHTC, density bonuses for affordable ownership units

NOTE: one house in photo is affordable; others market rate.

ARCH – THE CLEVELAND - INCLUSIONARY HOUSING, Redmond, WA



NAME: The Cleveland
OWNER: private owner
LOCATION: Redmond, WA
SETTING: mixed-use
TYPE: Multi-family
UNITS: 8 affordable of 84 total

POPULATION: 20 units for $\leq 80\%$ AMI.; 50 market rate units

FINANCING: density bonuses for affordable ownership units

ARCH – LAKEVIEW - INCLUSIONARY HOUSING, Kirkland, WA



NAME: Private owner
OWNER: Kirkland, WA
LOCATION: neighborhood
SETTING: Single family neighborhood
TYPE: Single-family homes
UNITS:
POPULATION: 2 affordable units out of 30 total
≤ 80% ami [affordable]
FINANCING: density bonuses [for affordable ownership units]

HIDDEN PINES, Spokane, WA



NAME: Hidden Pines
OWNER: Spokane Housing Ventures
LOCATION: Spokane Valley
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 25
POPULATION: 38 formerly homeless + 12 XL-I
FINANCING: Impact Capital, Spokane County HOME Program, LIHTC, private debt

VIOLA APARTMENTS, Yakima, WA



NAME: Viola Apartments
OWNER: VBC Viola LP
LOCATION: Yakima, WA
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 25
POPULATION: VL-I, L-I seniors &/or disabled
FINANCING: WSHFC tax credits

PUEBLO DEL SOL, Los Angeles, CA



NAME: Pueblo Del Sol
OWNER: Aliso Village housing Partnership
LOCATION: Los Angeles CA
SETTING: Neighborhood
TYPE: Apartments, townhouses, single-family
UNITS: 375 rental, 93 single family homes
POPULATION: Mixed-income
FINANCING: HOPE VI

THE PROMENADE - INCLUSIONARY PROGRAM – Hunting Beach, CA



NAME: The Promenade
OWNER: Private owners
LOCATION: Huntington Beach, CA
SETTING: Neighborhood
TYPE: Multi-family ownership
UNITS: 80
POPULATION: Moderate-income 100-120% AMI

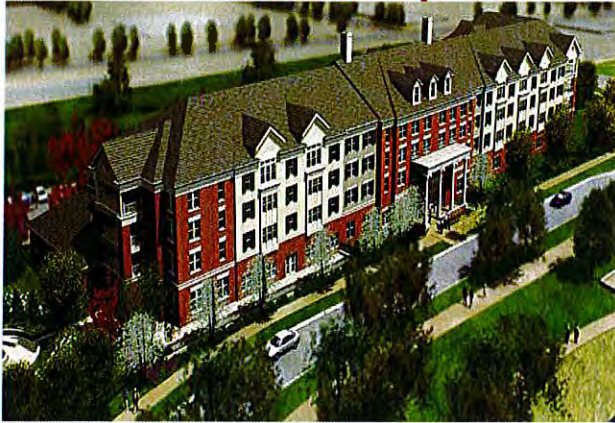
NOTE: Developed by for-profit developers to satisfy inclusionary housing requirements at other developments.

CHANDON VILLAGE – INCLUSIONARY ZONING – San Diego, CA



NAME: Chandon, Village
OWNER: Private owners
LOCATION: San Diego, CA
SETTING: Neighborhood
TYPE: Apartments
UNITS: 10 1,2 and 3 BR
POPULATION: ≤60% AMI

HERITAGE COMMONS, Minneapolis, MN



NAME: Heritage Commons
OWNER: Minneapolis Public Housing authority
LOCATION: Minneapolis, MN
SETTING: Mixed-use
TYPE: Multi-family apartments
UNITS: 102 Mixed-income seniors
POPULATION: HOPE VI
FINANCING:

CRAWFORD SQUARE, Pittsburgh, PA



NAME: Crawford Square
OWNER: McCormack Baron Salazar
LOCATION: Pittsburgh PA
SETTING: Neighborhood
TYPE: Multi-family; single family
UNITS: 375 homes on 17.5 acres
POPULATION: Mixed-income: rental [50% market-rate, 50% subsidized]
FINANCING: Urban Redevelopment Authority of Pittsburgh, HOME, private debt, foundations, LIHTC

ATLANTIC TERRACE, Brooklyn, NY



NAME: Atlantic Terrace
OWNER: Fifth Avenue Committee
LOCATION: Brooklyn, NY
SETTING: Mixed-use
TYPE: Multi-family - ownership
UNITS: 80

POPULATION: Mixed income 9 @ ≤65% ami, 31 @ ≤80% ami, 19 @ ≤130% ami, 20 @ market rate

FINANCING: Citibank, LIHF, NPCR, NYC HPD, NYC HDC, NYS AHC, FHLB of NY

HAMPTON CRESTE, Charlotte, NC



NAME: Hampton Creste
OWNER: Charlotte Housing Authority
LOCATION: Charlotte NC
SETTING: neighborhood
TYPE: multi-family
UNITS: 239 town homes & garden style
POPULATION: mixed-income; XLI-LI

COLLEGE & BATTERY CONDOS – INCLUSIONARY ZONING, Burlington, VT



NAME: College & Battery Condos
OWNER: Private
LOCATION: Burlington, VT
SETTING: Neighborhood
TYPE: Multi-family
UNITS: 15-25% of units must be affordable
POPULATION: to $\leq 75\%$ AMI
FINANCING: Density bonuses and lot coverage bonuses

KELLY'S TINY COTTAGE HOME, Portland, OR



NAME: Kelly's Tiny Home
OWNER: Private
LOCATION: Portland, OR
SETTING: Neighborhood
TYPE: Single-family cottage
UNITS: Many throughout Portland
POPULATION: Mixed-income

SABIN GREEN CO-HOUSING COTTAGES, Portland, OR



NAME: Sabin Green
OWNER: Private
LOCATION: Portland, OR
SETTING: Neighborhood
TYPE: Co-housing, single-family cottage
UNITS: 4 homes
POPULATION: Mixed-income

GREENWOOD AVENUE COTTAGES, Shoreline, WA



NAME: Greenwood Avenue Cottages
OWNER: Private
LOCATION: Shoreline, WA
SETTING: Neighborhood
TYPE: Cottage homes (1,000 square feet)
UNITS: 8

ABBREVIATIONS:

XL-I:	Extremely Low-income <30% AMI
VL-I:	Very Low-income 30-50% AMI
L-I:	Low-income <80% AMI
AMI:	Area Median Income [per HUD]
ARRA:	American Recovery & Reinvestment Act of 2009
CDBG:	Community Development Block Grant [federal \$]
DV:	Available for survivors of domestic violence only
FHLB:	Federal Home Loan Bank
HCV:	Housing Choice Voucher [federal Section 8]
HTF:	Washington State Housing Trust Fund
HOME:	Federal HOME Investment Partnerships Program
HOPE VI:	Major HUD plan to revitalize public housing projects into mixed-income developments
HUD:	Federal Department of Housing and Urban Development
LIHF:	Low Income Investment Fund (NY)
LIHTC:	Low-Income Housing Tax Credits
LISC:	Local Initiatives Support Corporation
NAHASDA:	Native American Housing Assistance & Self Determination Act of 1996
NIH:	National Institutes of Health
NPCR:	New Partners for Community Revitalization (NY)
NYC HPD:	NYC Department of Housing Preservation & Development
PC:	Pierce County
SPU:	Seattle Public Utilities
UWPC:	United Way Pierce County
WSHFC:	Washington State Housing Finance Commission

CITY OF TACOMA
AFFORDABLE HOUSING POLICY ADVISORY GROUP

To: City of Tacoma Affordable Housing Policy Advisory Group
From: Michael and Blaine
Date: November 1, 2010
Re: Miller Amendment

On November 2nd the Affordable Housing Policy Advisory Group is set to resume its discussion of the "Miller Amendment." We write to provide some information that may help us decide what to recommend that the Council do. Much of the information below comes from Ric who has been very helpful in gathering it.

1. MILLER AMENDMENT: ITS PURPOSE, PROVISIONS AND EFFECT

We attach a copy of the "Miller Amendment". It appears as Resolution No. 338090, dated August 26, 1997. As we explain below, the resolution amended the City of Tacoma's Consolidated Plan for 1995. The Council did not direct that the same language appear in subsequent Consolidated Plans. The language did not appear in any subsequent Consolidated Plan, including the present one. The Council has approved all such plans without the language.

1.1 Purpose

The 1997 Resolution states its findings and purposes:

- "... to encourage the deconcentration of low-income, subsidized housing in Tacoma". *Id.* at page 1.
- "The policy of the City of Tacoma is to provide opportunities for affordable housing throughout the city and not to concentrate low income housing in any area of the city." (Attachment A, page 1)
- "The Tacoma City Council finds that certain areas of the city have concentrations of low income, subsidized housing development." *Id.*
- The Council also finds that efforts to revitalize the city's Downtown core have improved the business environment and that it is critical to the continued success of these efforts to emphasize a vibrant business climate in the area." *Id.*

1.2 Provisions

The 1997 Resolution amends "Section VI A(3)" of the City's 1995 Consolidated Plan by adding language set forth in Attachment A to the resolution. The Consolidated Plan, and its annual updates, are documents that the City must submit to HUD. Among other purposes, it governs the City's use of HUD funds, primarily CDBG (Comprehensive Development Block

Grant) and HOME funds. The new language states "guidelines" as follows. (The section citations are to the sections of Attachment A of the Resolution):

- *"Mixed Income/Market Rate Areas"*
The resolution allows the City Council to designate "Mixed Income/Market Rate Areas" where there is a concentration of "low income residents and/or subsidized housing units and where the Council wants to encourage a broader mix of income groups and more market rate housing." Section 1.
- *Part of Downtown Tacoma as a Mixed Income/Market Rate Area*
The resolution stated that the "City Council finds that the Downtown area has an over concentration of low-income residents and subsidized housing." It designates a portion of downtown as a "Mixed Income/Market Rate Area". It attaches a map that refers to the "B zone." Section 1(a). The resolution does not state the measure and does not recount the data supporting this "finding" of "over concentration".
- *No City Funding or Incentives for "Low-Income" Housing in B Zone Without Council Approval*
The resolution prohibits the use in the B Zone of city CDBG funds, HOME funds, Emergency Shelter Grant Funds or "other funds or incentives" for projects that include "low income housing" unless the City Council approves the use. Section 1(b)(1).¹ This appears to preclude the use of HUD funds or non-HUD funds, and "incentives."
- *No Certification of Consistency with Consolidated Plan Without Council Approval*
"The City will not provide a certification of consistency with its *Consolidated Plan* for the development or expansion of any emergency or transitional shelters for the homeless or of low-income permanent rental housing projects planned for Mixed Income/Market Rate Areas, unless the developer has been granted a waiver by the Council." Section 1(b)(2).
- *Criteria for Council Review of Waiver Requests*
The resolution sets forth the following criteria the Council will use to consider waiver requests. The project must provide a "special benefit to a Mixed

¹ "The City will not allocate its Community Development Block Grant, HOME Investment Partnership, Emergency Shelter Grant funds or **other funds or incentives** available for projects that include low income housing to the development or expansion of emergency or transitional shelters for the homeless or of low-income permanent rental housing projects in a Mixed Income/Market Rate Area, unless the specific project and its location is individually approved by vote of the City Council (not including Council approval of the allocation of funds to multiple projects as part of a funding plan. The Urban Policy Committee will be advised not to recommend funding of a low-income housing project in Mixed Income/Market Rate Areas unless the project has been granted a waiver by the Council." Section 1b. (emphasis added).

Income/Market Rate Area, such as: improvement of a vacant or blighted property; mixed income housing including a substantial percentage of market rate, unsubsidized housing; a mixed use commercial and residential development; elderly housing; substantial support from the community and surrounding property owners, or similar benefits.” Section 1(b)(3).

- *Process for Seeking Funding*

“Anyone seeking City funding or support to develop a homeless shelter or low income permanent rental project in a Mixed Income/Market Rate area may request a waiver of this policy. The request for waiver will be submitted to the Planning and Development Services Department. The request will be reviewed by the Urban Policy Committee which will make a recommendation to the City Council to approve, deny or modify the request for waiver. The request will then be presented to the City Council for action. Granting a waiver does not mean that a project will receive priority consideration in any competitive proposal processes.” Section 1(4).

- *Requirements of Projects Anywhere in the City and Requirements on Projects That Do Not Receive City Funds*

The resolution also imposes requirements on projects “anywhere in the City” and in some cases on projects that receive no City money:

Required Community Consultation: “Prior to final approval of funding for the rehabilitation or construction (not acquisition) of an emergency or transitional shelter for the homeless or of a low-income, permanent rental housing project **located anywhere in the City**, the housing developer will document to the City that property owners, residents and businesses within a radius of 400 feet of the project and the neighborhood council representing the area have been notified of the proposed project. The developer will also document that surrounding property owners and other affected parties have been given an opportunity to comment on the project during its planning stages, that these comments have been considered, and that the developer has made a good faith effort to accommodate reasonable concerns. Possible accommodations may include but are not limited to making project design modifications, changing the type of residents to be housed, creating a neighborhood advisory group, and/or participating in the City’s Crime Free Multi-Family Housing Program. Section (3)(emphasis added).

Required Good Management and Maintenance: “In **all** cases, low income housing developers are expected to properly manage and maintain their projects after rehabilitation or construction.” Section 3 (emphasis added). It is not clear if this requirement applies only to projects receiving city funds. It clearly applies city wide.

Required Consistency with City Plans and Policies: “The location of an emergency or transitional shelter for the homeless or a low-income permanent

rental housing project located **anywhere in the City** must be consistent with approved City plans and policies.” Section 2 (emphasis added). This requirement appears to apply to all projects, including those that do not receive City funds.

Inconsistency with Consolidated Plan Due to Excessive Costs: “Projects, **regardless of location**, may be determined to be inconsistent with the *Consolidated Plan* if the cost of a project is determined to be excessive. Costs will be evaluated in comparison to the cost of private, unsubsidized development allowing for the addition cost of providing support services, building spaces in projects where services will be provided, complying with regulatory requirements (such as paying prevailing wages, making required reports, providing opportunities for minority and women business enterprises, etc.) or similar costs which are not typical for private development.” Section 4.

1.3 Effect

It is hard to assess the effects of the Miller Amendment. Here are some factors that may help make such an assessment:

- Since 1997, no new developments of shelter, transitional housing or permanent low income housing have occurred in the B zone since 1997.
- Since 1997, no developer has asked the City Council for a waiver permitting such a development in the B zone.
- It would be hard to know whether and, if so, to what extent the Miller Amendment requirement for City Council approval deterred developer interest in projects that would otherwise have been viable. Downtown land costs may have had a similar deterrent effect.
- Since 1997, such developments have occurred in other parts of the City.

2. CURRENT AMOUNT OF DOWNTOWN "LOW INCOME" HOUSING

When the City Council adopted the Miller Amendment, it found that the downtown had an "over concentration of low income residents and subsidized housing." Attachment A, Section 1(a). Although the resolution did not recount any measure or data supporting such a finding, the City staff estimates that in 2000, low-income households constituted about 70% of the downtown population. The following more current estimates suggest that the downtown demographics have changed since the Miller Amendment was adopted in 1997 and that the ratio of low-income residents has been substantially reduced to a more moderate ratio:

Estimated Percentages of Low-Income Households¹ in City of Tacoma and its Downtown²: 2005		
	Downtown	City
% of Low-Income Households	47% ³	40% ⁴
% of Dwelling Units Subsidized for Low-Income Households ⁵	38% ⁶	7.6% ⁷

1. "Low-income" means at or below 80% of the City's Area Median Income or \$39,196 per year.
2. "Downtown" is broader than the old B zone that the Miller Amendment used. Roughly, it coincides with zip code 98402 or Census Tracts 0616.01 and 0616.02. In general, it includes the area between 25th and 6th Avenue, and between the waterfront and Tacoma Avenue.
3. City of Tacoma Economic Development Department estimates in 2005. The Department estimates that for zip code 98402 low-income households constitute 46.7% of the population and for the combined two census tracts low-income households constitutes 38.7% of the population.
4. A value identifying a median is 50%, by definition. Also by definition 80% of 50% will always be 40%.
5. Subsidized units include public housing, project based section 8 units, units subsidized by HUD project based contracts, and units occupied by tenants who participate in a tenant-based voucher program. Presently 126 tenant-based vouchers are in use in zip code 98402. This number fluctuates as these voucher holders move.
6. This percentage derives by estimating the number of subsidized units in downtown (about 750) and dividing that number by the estimated number of total households (1,596). These estimates come from the City of Tacoma's Economic Development Department.
7. The City of Tacoma has approximately 5,800 subsidized units,. See City of Tacoma's Consolidated Plan 2010-2015, pages 75-82. It has about 76,000 households living in their own dwelling unit. See DataPlace.org. Dividing the first number by the second number gives an approximation of the percentage of subsidized dwelling units.

"Low-income households" include those whose incomes are \$39,196 and lower. The following occupations and categories are examples from our problem statement draft:

Low Income; 80% AMI (\$18.84/hour/\$39,197/year)	Very Low Income; 50% AMI (\$11.78/hour/\$24,498/year)
Bookkeeping Clerk (\$17.90 hour/\$37,232/year)	Home Care Aide (11.06/hour;\$23,005/year)
Starting Teacher (\$15.89/hour; \$33,054/year)	Federal Poverty Line for Family of 4 (\$10.60/hour;\$22,050/year)
Retail Sales (\$12.93/hour;\$26,908/year)	Dishwasher \$9.95/hour;\$20,696
Average Renter Income (\$12.35/hour;\$25,688/year)	Extremely Low Income; 30% AMI (\$14,698/year)
	SSI Disability (\$674/month;\$8,088/year)
	TANF for Family of 4 (\$661/month; \$7,932/year)



TACOMA HOUSING AUTHORITY

**ADMINISTRATION
REPORTS**



TACOMA HOUSING AUTHORITY

FINANCE



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$4,459,219 for the month of May, 2016.

Approved: June 22, 2016

Stanley Rumbaugh, Chair

TACOMA HOUSING AUTHORITY
Cash Disbursements for the month of May 2016

		Check Numbers				
		From	To	Amount	Totals	
A/P Checking Account						
Low Rent Module Checks	Check #'s	2,914	- 2,917	606		
Accounts Payable Checks	Check #'s	87,403	-			
Business Support Center				391,581	Program Support	
Moving To Work Support Center				73,552		
Section 8 Programs				236,337	Section 8 Operations	
SF Non-Assisted Housing - N. Shirley				342		
SF Non-Assist Housing - 9SF Homes				93	Local Funds	
Salishan 7				14,266		
Salishan Developer Fee				2,104		
Development Activity				5,049	Development	
Bay Terrace II				3,497		
Hillside Terrace 1800 Court G Development				106		
Prairie Oaks Development				10,600		
KeyBank Building				519		
Bay Terrace II				141,426		
Renew Tacoma Housing Development				96,062		
CS General Business Activities				575		
Community Services MTW Fund				2,391		
Gates Ed Proj Grant				182	Community Service	
Gates Tacoma Pub Schools Grant				261		
WA Families Fund				198		
COT-CDBG-FSS Grant				31		
COT-McCarver Grant				94		
AMP 1 - No K, So M, No G				73,132		
AMP 2 - Fawcett, Wright, 6th Ave				77,162		
AMP 3 - Lawrence, Orchard, Stevens				114,652		
AMP 6 - Scattered Sites				698		
AMP 7 - HT 1 - Subsidy				5,144		
AMP 8 - HT 2 - Subsidy				1,856		
AMP 9 - HT 1500 - Subsidy				1,277	Public Housing	
AMP 10 - SAL 1 - Subsidy				11,573		
AMP 11 - SAL 2 - Subsidy				12,875		
AMP 12 - SAL 3 - Subsidy				10,484		
AMP 13 - SAL 4 - Subsidy				11,643		
AMP 14 - SAL 5 - Subsidy				13,639		
AMP 15 - SAL 6 - Subsidy				13,607		
AMP 16 - Bay Terrace - Subsidy				2,789		
Allocation Fund				57,259	Allocations-All Programs	
THA SUBTOTAL				1,387,662		
Hillside Terrace 1 through 1500				1,279		
Bay Terrace 1				1,014		
Renew Tacoma Housing Operations				-	Tax Credit Projects - billable	
Salishan I - through Salishan 6				907		
Salishan Association - Operations				-		
TAX CREDIT SUBTOTAL (Operations - billable)				3,199		1,390,861
Section 8 Checking Account (HAP Payments)						
SRO/HCV/VASH/FUP/NED	Check #'s	481,761	- 481,774	25,119		
	ACH	93,509	- 94,819	2,470,101	\$	2,495,220
Payroll & Payroll Fees - ADP					\$	573,138
Other Wire Transfers						
					\$	-
TOTAL DISBURSEMENTS					\$	4,459,219



TACOMA HOUSING AUTHORITY

Date: June 22, 2016

To: THA Board of Commissioners

From: Ken Shalik
Finance Department Director

Re: Finance Department Monthly Board Report

1. FINANCIAL STATEMENT

I present the May, 2016 disbursement report for your approval.

The next financial report presentation is scheduled for August, 2016, which will include income expenses through June, 2016. This year, financial information remains ever changing with the Public Housing (PH) units being transitioned to Rental Assistance Demonstration (RAD). In reviewing the financials as they currently stand, I am not seeing any challenges or concerns.

2. INVESTMENTS

Surplus funds are invested in Heritage checking and the Washington State Investment Pool. Rates with Heritage Bank are at .33%. The Washington State Local Government Investment Pool currently provides a return rate of .40%.

3. AUDIT

The Washington State Auditors have wrapped up the Single Audit or compliance portion of the audit, and have started on the financial portion. This portion will be wrapped up in time for the September 30th Real Estate Assessment Center (REAC) submission due date to Housing and Urban Development (HUD). They will finish up with the accountability audit later in the year. The Finance Committee entrance conference is scheduled for July 25th.

4. BUDGETS

The 2016 Mid-Year Budget is being presented to the Board of Commissioners for consideration of approval at this month's Board meeting. A budget study session was held on May 27th to prepare the Board for its presentation and resolution approving it.

5. YEAR END UPDATE

There is no update at this time.

TACOMA HOUSING AUTHORITY

CASH POSITION - May 2016

Account Name	Current Balance	Interest
HERITAGE BANK		
Accounts Payable	8,727,533	0.33%
Section 8 Checking	3,068,291	0.33%
THA Affordable Housing Proceeds	3,119,535	0.33%
Scattered Sites Proceeds	100	0.33%
Note Fund Account	101	0.33%
Credit Card Receipts	380	0.33%
THA Investment Pool	290	0.33%
THA LIPH Security Deposits	9,292	0.33%
THDG - Tacoma Housing Development Group	159,142	0.33%
Salishan 7	1,145,356	0.33%
Salishan 7 Security Deposit	27,287	0.33%
Salishan 7 Replacement Reserve	170,043	0.33%
Salishan 7 Operating Reserve	199,457	0.33%
Outrigger Operations	43,181	0.33%
Outrigger Security Deposit	22,163	0.33%
Outrigger Replacement Reserve	25,754	0.33%
Prairie Oaks Operations	32,503	0.33%
Prairie Oaks Security Deposit	4,608	0.33%
Prairie Oaks Replacement Reserve	4,381	0.33%
Payroll Account	6,923	0.33%
WASHINGTON STATE		
Investment Pool	\$ 1,633,035	0.42%
1. TOTAL THA CASH BALANCE	\$ 18,399,355	
Less:		
2. Total MTW Cash Balance	\$ 3,651,375	
<i>Less Minimum Operating Reserves</i>		
2.01 Public Housing AMP Reserves (4 months Operating Exp.)	65,000	
2.02 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.10 Total Minimum Operating Reserves	\$ 791,000	
3. MTW Cash Available (Lines 2-2.10)	\$ 2,860,375	
<i>MTW Reserve Commitments</i>		
3.01 Renovation/Remodel of Salishan FIC Building	\$ 579,500	
3.02 Renovation of Salishan Maintenance Shop	286,500	
3.03 Software Conversion for Operational Platform (VH)	454,557	
3.04 Education Projects - McCarver & Others	310,000	
3.10 Total Reserve Commitments (Lines 3.01 through 3.04)	\$ 1,630,557	
<i>MTW Cash Held By HUD</i>		
3.11 Undisbursed HAP Reserves Held by HUD	\$ 972,318	
3.20 Total MTW Cash Held By HUD	\$ 972,318	

TACOMA HOUSING AUTHORITY

CASH POSITION - May 2016

4. Non MTW Cash Restrictions

Other Restrictions:

4.01 FSS Escrows	\$	111,919	
4.02 VASH, FUP & NED HAP Reserves		337,279	
4.03 Mod Rehab Operating Reserves		2,271	
4.04 Security Deposit Accounts		61,634	
4.05 Salishan Sound Families - 608		40,468	
4.06 Gates Foundation - 615, 616, 617		336,281	
4.07 WA Families Fund - 676, 713		18,152	
4.08 Outrigger Reserves		25,754	
4.09 Salishan 7 Reserves		794,500	
4.10 Prairie Oaks Reserves		4,381	
4.11 THDG - 048		159,142	
4.12 Area 2B Sales Proceeds (Afford Hsg)		3,119,535	
4.20 Total - Other Restrictions			\$ 5,222,715
Agency Liabilities:			
4.30 Windstar Loan - 042		267,630	
4.40 Total - Agency Liabilities			\$ 267,630
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)			\$ 5,560,345

6. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-5)

\$ 9,187,635

7. Agency Current Commitments:

Board Approval

Expended

Obligation
Balance

Salishan Campus (PY exp plus 2016 budget)	\$	196,174	\$	126,174	\$	70,000
¹ Total Current Commitments outstanding					\$	70,000

Agency Advances for Current Development Projects

			\$	-	
Total Agency Advances			\$	-	



TACOMA HOUSING AUTHORITY

CLIENT SERVICES



TACOMA HOUSING AUTHORITY

DATE: June 22, 2016

TO: THA Board of Commissioners

FROM: Greg Claycamp
Director of Client Services

RE: Client Services Department Monthly Board Report

1. STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

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

2. DIRECTOR'S COMMENT

There is no Director's comment for May, 2016.

3. COMMUNITY SERVICES: Mia Navarro, Community Services

3.1 NUMBER OF PEOPLE AND HOUSEHOLDS SERVED

Program Entries, Exits, and Unduplicated Number of Households Served

May 2016	Program/ Caseload Entries this Month	Program/ Caseload Exits this Month	Unduplicated Number Served (Month)	Unduplicated Number Served (YTD)
Case Staffing	6	0	23	59
Families in Transition (FIT)	0	1	17	22
Family Self Sufficiency (FSS)	7	0	133	139
General Services	7	2	7	70
Hardship	1	0	1	6
Housing Opportunity Program (HOP) Case Management	0	0	3	3
Children's Savings Account (CSA) K – 5 th Grade Stage	0	2	19	19
CSA 6 th – 12 th Grade Stage	0	0	21	21
McCarver	2	0	39	39
Senior & Disabled	20	24	64	152
DEPARTMENT TOTAL	43	29	327	530

3.2 PROGRAM UPDATES

3.2.1 Education Project Update

The McCarver Special Housing Program has closed its application process until the fall. If every family currently in process leases up, there will be 45 families in the cohort by the end of the summer.

THA staff members Andrea Cobb and Mia Navarro are co-facilitating a series of meetings of an Advisory Committee that will advise THA on the McCarver Special Housing Program Redesign Process. The first meeting on May 31, 2016, provided an overview of the program and our proposed process for redesigning the program. The next three meetings will produce recommendations regarding the service model, mobility, and the duration and amount of rental assistance.

3.2.2 General Services Program Update

On June 1st, THA executed a contract with Sound Outreach to provide Financial Empowerment Services to THA residents and voucher holders. A Sound Outreach Empowerment Specialist is now embedded at the Salishan Family Investment Center. This partnership provides THA households dedicated access to a suite of services and programs. These include accessing benefits to meet basic needs, household financial planning and management, credit building and repair, and homebuyer education. Sound Outreach has developed a number of partnerships to help build assets, including entrepreneurial micro-lending, low interest alternatives to predatory payday lending, home loans designed for low-income households and low-interest car loans.

We anticipate this contract to be of mutual benefit. Sound Outreach builds capacity to provide its services, and develops a business model it may market to other large community development agencies. THA gains access to resources for our clients, and expands the number of THA households served by our supportive services.

We will evaluate the success of this contract by return on investment, tracking the overall increases in available income for households served relative to the cost of the contract.

4. RENTAL ASSISTANCE AND LEASING: Julie LaRocque, Rental Assistance

Housing Choice Voucher utilization is reported at 99% for the month of May 2016.

Rental Assistance (RA) continues to pull names from the 2015 Housing Opportunity Program (HOP) waiting list and issue HOP vouchers. We are partnering with Property Management to update all site-based waiting lists. RA will have an additional temporary employee on board over the summer to expedite this process.

RA is implementing other procedures to assist new voucher recipients lease up in an increasingly challenging market. We extended shopping time from 90 days plus a 30-day extension to 120 days plus a 30-day extension, with consideration for addition time possible. We are also committing to a 5 business day turnaround for all new inspections.

We are increasing outreach to landlords, including recently attending the annual Washington Landlord Association conference. Julie LaRocque presented to the Association for about 30 minutes, and Program Manager Rich Price helmed an information booth. Most landlords were receptive to expedited inspections as an incentive to lease to voucher holders. We are also involved in a Landlord Engagement group, which includes representatives from Pierce County Housing Authority, Pierce County, City of Tacoma and Metropolitan Development Council (MDC) Landlord Liaison Program.

We continue to monitor rent increases for our clients. Rents are rising quickly and landlords are taking advantage of the market. We will be attending a regional Housing Choice Voucher convening on June 17th. Rents and strategies are the main topic at this meeting.

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

Program Name	Units Allocated	Units Leased and Shoppers	Percentage Leased
VASH (Veterans Administration Supportive Housing)	177	163	92%
NED (Non Elderly Disabled) Vouchers	100	95	95%
FUP (Family Unification Program)	50	46	92%
CHOP (Child Welfare Housing Opportunity Program)	20	19	95%
McCarver Program	50	39*	78%
CHAP (College Housing Assistance Program)	25	23	92%
TOTAL	422	385	91%

** McCarver has opened its waiting list and is currently processing applications to fill the allocated vouchers for this program.*

Project-Based Properties	Units Allocated	Units Leased	Percentage Leased
Bay Terrace	20	20	100%
Eliza McCabe Townhomes	10	10	100%
Flett Meadows	14	9	64%
Guadalupe Vista	40	38	95%
Harborview Manor	125	125	100%
Hillside Gardens	8	8	100%
Hillside Terrace	9	9	100%
Nativity House	50	48	96%
New Look Apts.	42	42	100%
Pacific Courtyards	23	22	96%
New Tacoma Phase II	8	8	100%
Salishan 1-7	340	334	98%
Tyler Square	15	15	100%
TOTAL	704	688	97%



TACOMA HOUSING AUTHORITY

PROPERTY MANAGEMENT



TACOMA HOUSING AUTHORITY

Date: June 22, 2016

To: THA Board of Commissioners

From: Pat Patterson
Director of Property Management

Re: Property Management Monthly Board Report

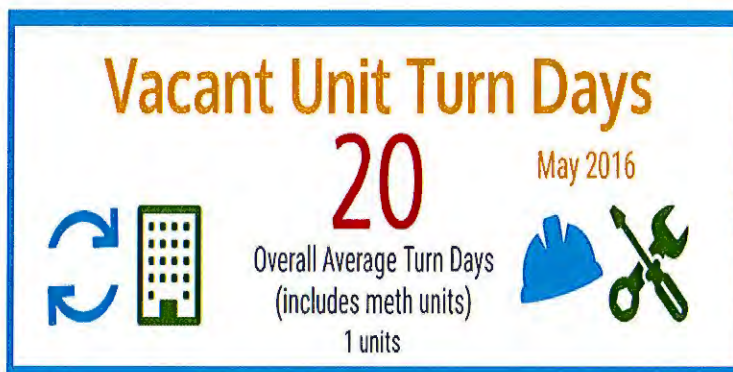
1. OCCUPANCY OVERVIEW

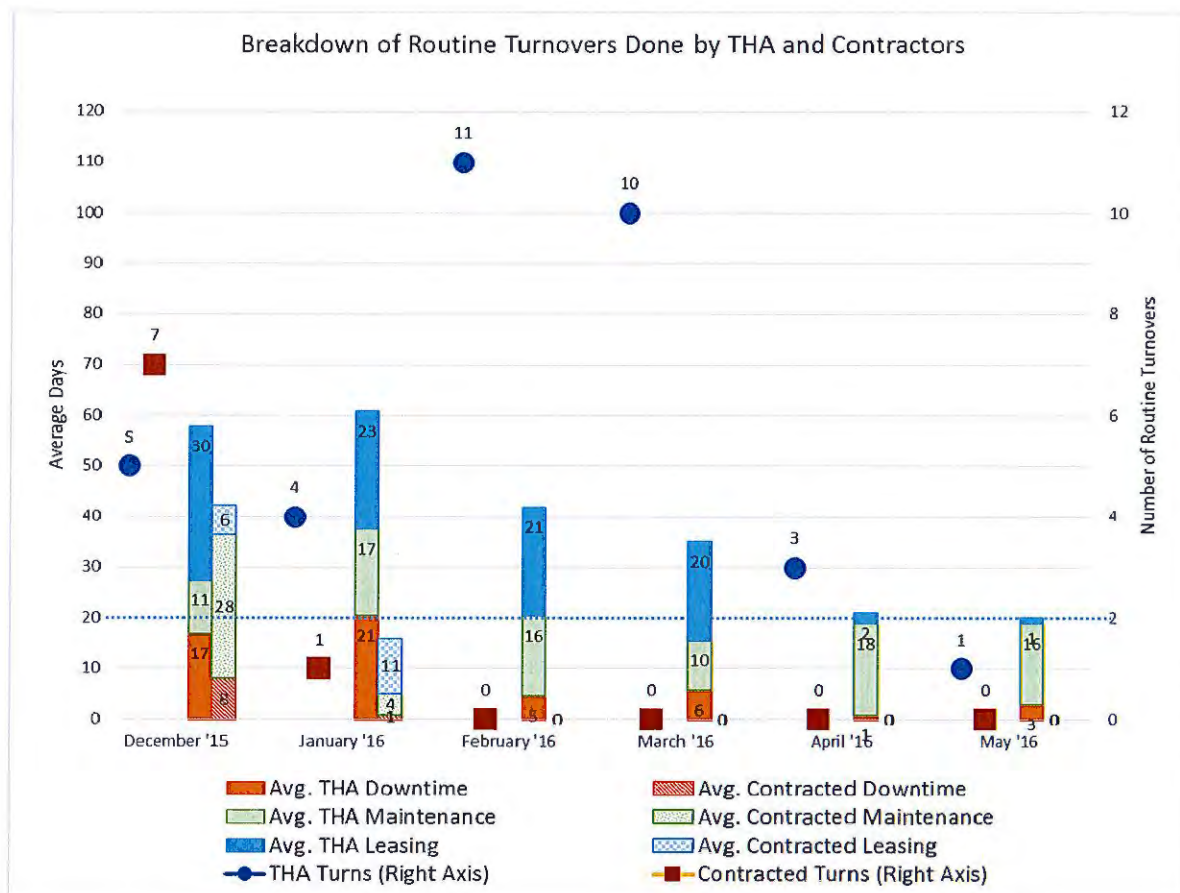
1.1 Occupancy

PROPERTY	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MONTH OCCUPIED	% YTD OCCUPIED
All Hillside/Bay Terrace	132	2	0	130	98.48%	97.88%
Family Properties	138	22	13	116	84.06	85.07%
Salishan	631	2	0	629	99.68%	99.43%
Senior/Disabled	353	14	1	339	96.03%	96.26%
All Total	1,254	40	14	1,214	96.81%	96.79%

Unit occupancy is reported for the first day of the month. This data is for the month of May. The high vacancy rate in the family properties is attributable to units being held for the Rental Assistance Demonstration (RAD) rehabilitation and the sale of our remaining Public Housing scattered sites.

1.2 Vacant Clean Unit Turn Status





		Routine THA Turnover Information				
Year	Month	Total Number of Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2016	May	1	20.0	3.0	16.0	1.0
2016	April	3	21.0	1.0	18.0	2.0
2016	March	10	35.2	5.9	9.6	19.7
2016	February	11	41.9	4.6	15.9	21.3
2016	January	4	60.8	20.5	17.0	23.3
2015	December	5	57.8	16.8	10.6	30.4
		Routine Contracted Turnover Information				
Year	Month	Total Number of Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2016	May	0	0.0	0.0	0.0	0.0
2016	April	0	0.0	0.0	0.0	0.0
2016	March	0	0.0	0.0	0.0	0.0
2016	February	0	0.0	0.0	0.0	0.0
2016	January	1	16.0	1.0	4.0	11.0
2015	December	7	40.6	8.0	28.3	6.0

The average unit turn time for the month of May was **20** days for one (1) unit turned by Tacoma Housing Authority (THA) staff.

Proposed Changes for Improvement in Unit Turn Times:

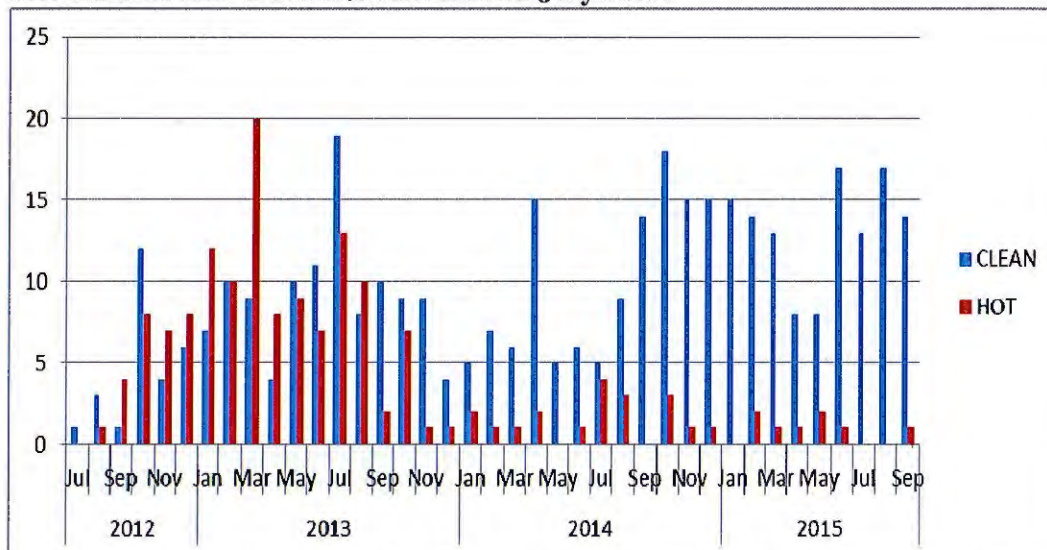
- **Downtime** - Start the unit turn process within 1 day of vacancy. Reduce downtime to 1 day.
- **Repair make ready**
 - ✓ Identify appropriate staffing levels needed to complete maintenance work during the move-out inspection.
 - ✓ Procure contractors who will respond to request for service if needed that have the appropriate staff to assign multiple units.
 - ✓ Increase inspections to deter heavy damage at move out.
 - ✓ Unit work every working day. Unit is the sole priority by assigned staff.
 - ✓ Use of charts to chart projected progress.
- **Leasing**
 - ✓ Prescreen to identify ready applicants.
 - ✓ Site-based leasing. Concentrated efforts on units. Each property staff will be responsible for the leasing efforts to fill their units.

Proposed

Downtime	Repair Make ready	Vacant	Total days
1	17	2	20

1.3 THA Meth Data Trends

Hot Rate Trend- 512 units tested since July 2012



- 2012- 55 units tested, 28 hot 51% Hot Rate
- 2013- 210 units tested, 100 hot 48% Hot Rate
- 2014- 138 units tested, 19 hot 14% Hot Rate
- 2015- 127 units tested, 8 hot 6% Hot Rate
- 2016-2 units tested, 2 hot 100% Hot Rate

As of April 1, 2016, 159 of the 575 units that have been tested for contamination have tested positive for methamphetamine. As of April 1, 2016, the 2016 current year-to-date hot rate is 100% and the overall hot rate from 2012 is 27%.

1.4 Work Orders

Work Order Summary by Portfolio For the Month of May, 2016

Completed Work Orders										
Portfolio	Emergency				Urgent		Non-Emergency			
	Month		YTD		# Completed	Avg Completion Days	Month		YTD	
	# Completed	% Completed in 24 Hrs	# Completed	% Completed in 24 hrs (99% HUD Std)			# Completed	Avg Completion Days	# Completed	Avg Completion Days (25 days HUD Std)
All Hillside										
BAY TERRACE	0	0.0%	2	100.0%	0		2	0.00	60	5.47
HILLSIDE TERRACE 1500 Block	0	0.0%	1	100.0%	0		4	5.00	18	5.72
HILLSIDE TERRACE PH I	0	0.0%	0	0.0%	0		1	2.00	41	4.41
HILLSIDE TERRACE PH II	0	0.0%	1	100.0%	0		0		14	2.64
	0	0.0%	4	100.0%	0		7	3.14	133	4.88
Family Properties										
BERGERSON TERRACE	2	100.0%	8	100.0%	2	1.00	13	5.77	92	5.34
DIXON VILLAGE	1	100.0%	7	100.0%	2		7	4.00	51	4.27
SCATTERED SITES	0	0.0%	6	100.0%	4	8.25	14	3.79	44	4.41
	3	100.0%	21	100.0%	8	4.38	34	4.59	187	4.83
Salishan										
SALISHAN I	0	0.0%	3	100.0%	4	1.75	23	7.84	151	7.12
SALISHAN II	0	0.0%	5	100.0%	2	15.00	34	9.06	143	11.13
SALISHAN III	0	0.0%	1	100.0%	3	12.33	49	10.05	212	8.77
SALISHAN IV	0	0.0%	4	100.0%	5	12.20	8	11.50	106	12.56
SALISHAN V	1	100.0%	4	100.0%	5	3.40	20	8.75	135	9.60
SALISHAN VI	1	100.0%	2	100.0%	0		22	11.14	118	10.48
SALISHAN VII	0	0.0%	4	100.0%	4	11.00	6	13.00	100	12.21
	2	100.0%	23	100.0%	23	8.52	162	11.51	965	10.00
Senior / Disabled Properties										
6TH AVE	1	100.0%	8	100.0%	4		12	14.67	82	7.57
E.B. WILSON	1	100.0%	7	85.7%	0		11	0.45	98	84.08
FAWCETT APARTMENTS	0	0.0%	3	100.0%	0		1	1.00	30	1.27
LUDWIG APARTMENTS	2	100.0%	5	100.0%	1		7	2.57	43	3.77
NORTH G ST	3	100.0%	11	100.0%	0		5	2.00	47	21.34
NORTH K ST	1	100.0%	7	100.0%	1		6	6.50	57	15.83
WRIGHT AVE	0	0.0%	1	100.0%	0		10	2.80	45	3.49
	8	100.0%	42	97.6%	6	0.00	52	5.33	402	27.64
Agency Totals:	13	100.0%	90	98.9%	37	6.24	255	9.10	1,687	13.23

In the month of May, 100% of emergency work orders were completed within 24 hours. In May, maintenance staff completed 255 non-emergency work orders with a total of 1,687 for the calendar year. The year-to-date average number of days to complete a non-emergency work order is 13.23 days.

Open Work Order Summary by Portfolio For the Month of May, 2016

		Emergency		Urgent		Non Emergency		
Portfolio		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	2	33	25	11	14
HT1	HILLSIDE TERRACE PH I	0	0	0	0	2	1	1
HT1500	HILLSIDE TERRACE 1500 Block	0	0	0	0	3	0	3
HT2	HILLSIDE TERRACE PH II	0	0	1	89	4	2	2
		0	0	3	122	34	14	20
Family Properties								
020	BERGERSON TERRACE	2	0	0	0	2	2	0
022	LOW RENT SCATTERED SITES (19)	0	0	0	0	2	2	0
023	DIXON VILLAGE	1	0	0	0	1	1	0
		3	0	0	0	5	5	0
Salishan								
SAL1	SALISHAN ONE LLC (S8)	0	0	4	23	31	29	2
SAL2	SALISHAN TWO LLC (S8)	0	0	2	18	5	5	0
SAL3	SALISHAN THREE LLC (S8)	0	0	2	19	12	12	0
SAL4	SALISHAN FOUR LLC (S8)	0	0	0	0	18	17	1
SAL5	SALISHAN V LLC (S8)	1	0	1	13	58	58	2
SAL6	SALISHAN SIX LLC (S8)	1	0	1	5	14	13	1
SAL7	SALISHAN SEVEN	0	0	2	38	10	9	1
		2	0	12	114	148	141	7
Senior / Disabled Properties								
006	NORTH K ST	1	0	0	0	3	1	2
008	E.B. WILSON	1	0	0	0	7	4	3
009	FAWCETT APARTMENTS	0	0	0	0	0	0	0
010	WRIGHT AVE	1	0	0	0	1	1	0
012	LUDWIG APARTMENTS	2	0	0	0	0	0	0
013	NORTH G ST	3	0	0	0	2	1	1
014	6TH AVE #2	1	0	0	0	2	1	1
		9	0	0	0	15	8	7
Agency Totals:		14	0	15	236	202	168	34

The open work orders that are greater than 25 days is 34 in May, 2016. Recent inspections at Salishan and Bay Terrace and the work orders that will be done with the work in our RAD units created work orders that have not been closed. The open work orders exceeding 25 days are minor repairs that have been prioritized.

Property Management (PM) continues to bring down the number of outstanding work orders and is trying to improve customer service. Processes that PM is trying to improve are as follows:

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

1.5 Lead Testing Update

At last months board meeting, I reported that Tacoma Public Utilities (TPU) issued a letter to THA and its residents that none of our properties have the lead TPU “gooseneck” on the TPU side of the meter that has been causing concern in the city as a possible source of lead contamination in drinking water. That is good news. The letter also stated that TPU offers no view on whether properties have lead contamination on the owner’s side of the meter. THA decided to research risks on our side of the meter, both pipes and fixtures. After further research and consultation, we have learned that there are no lead contaminating pipes or fixtures in any of our buildings. We have sent a letter to all our residents informing them of these findings.

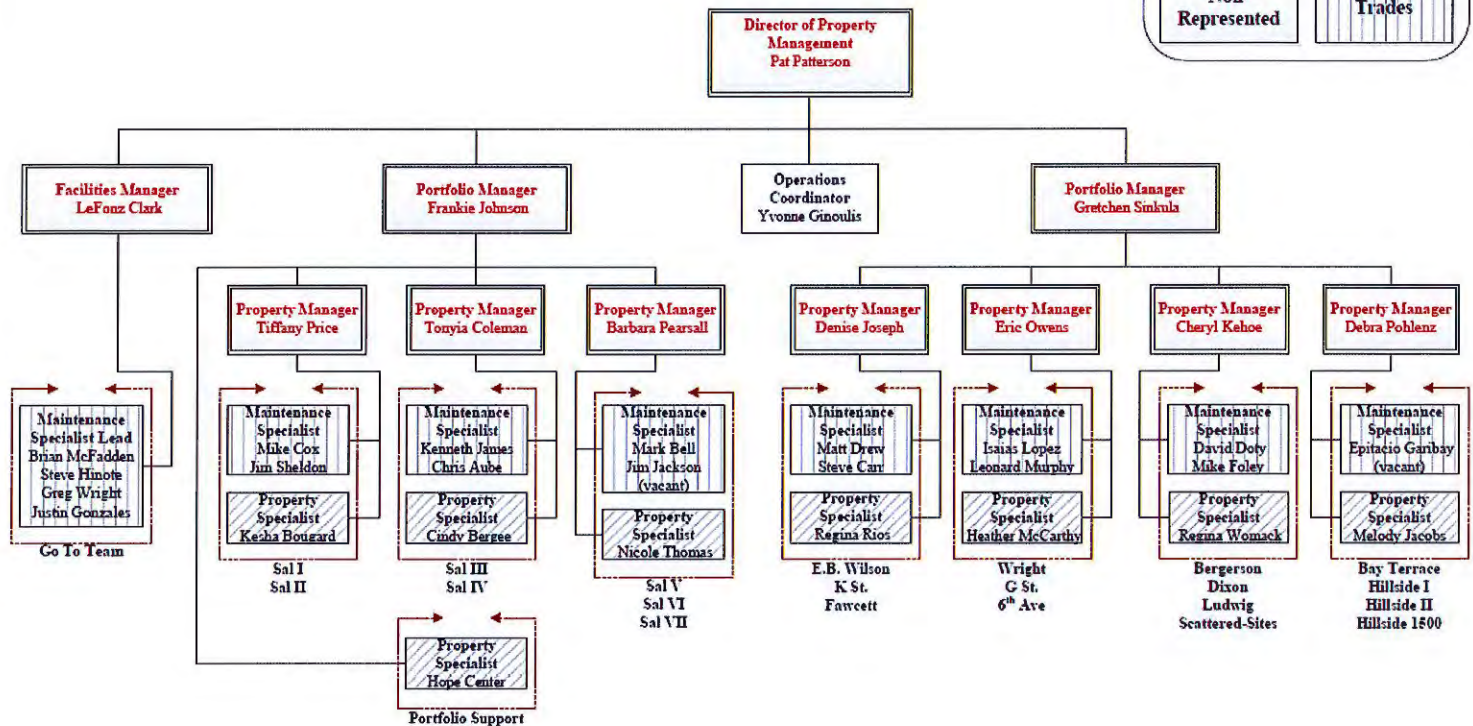
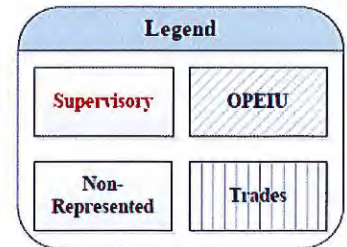
1.6 Property Management Reorganization

Below is the new Organizational Structure that has been implemented by Property Management. This new structure is a form of Site-Based management that has split the properties into two portfolios managed by Portfolio Managers. This structure was created to accomplish the following:

- **Better oversight of the property**
 - Staff will be on site more frequently to better deal with resident issues and provide better customer service
- **More detailed focus on property operations**
 - With the creation of Property Managers (PM) and newly created Property Specialists (PS), daily operation will have a more concentrated focus because the size of the unit responsibilities will be more manageable.
- **Dedicated maintenance staff**
 - Maintenance staff will be assigned to specific properties to address repairs, unit turns and preventative maintenance needs. Maintenance staff will report directly to the PMs of their properties.
- **Facility management**
 - Facility Managers will be responsible for driving the Preventative Maintenance schedule and be the contact for extraordinary repairs that occur throughout the portfolio. Lead Maintenance Staff will report to the Facility Managers and will be dispatched to assist in the field and work on special projects. This is our Go To Team.



**TACOMA HOUSING AUTHORITY
 PROPERTY MANAGEMENT
 ORGANIZATIONAL CHART**
 June 1, 2016





TACOMA HOUSING AUTHORITY

REAL ESTATE DEVELOPMENT



TACOMA HOUSING AUTHORITY

DDATE: June 22, 2016

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 Eastside Community Center is complete. Staff has issued a Request for Proposal (RFP) from firms for a Commercial Market study. Two (2) proposals were received by the due date of May 9, 2016. Staff is completing the evaluation of the proposals.

1.1.2 Area 3 Lot Sales

DR Horton has completed all sales at Salishan.

1.1.3 Area 2B Property Sale to Metro Parks

Housing and Urban Development (HUD) approved the disposition of the two lots. Real Estate Development (RED) is waiting for HUD approval for the remaining 16 acres. Once this approval is received, the property will be sold to Metro Parks.

2. NEW DEVELOPMENT

2.1 Bay Terrace – Phase II

Construction is underway at Bay Terrace Phase II as of April 19, 2016. The contractor has mobilized and the first task was to remove the big mound of dirt. The foundations are being excavated, formed and concrete is being poured for buildings G, H and J foundations. In the upcoming month, the contractor will be installing all underground utilities and pouring concrete for the ground floor slabs.



Excavation Buildings G & H Townhomes



Building J Foundation and Basement Wall Forms

NOTE:

The following information is based on Draw 2. BTII has not encountered any unusual problems or issues. Contractor is preparing a change order identifying cost related to changes between the bid set and final issuance of City comments from the permit plan review.

On April 19, 2016, the project team closed on the financing for the \$22.8 million Phase II project.

2.1.1 Construction Budget and Financing

Budget	Total budget	Expended	Outstanding
Soft Costs	\$ 4,861,258.00	\$ 2,081,637.83	\$ 2,779,620.17
Construction	\$16,100,410.00	\$ 347,942.23	\$15,752,467.80
Owners contingency	\$ 880,000.00	0	\$ 880,000.00

3. OTHER PROJECTS

3.1 Construction Management Services for the City of Tacoma

The current contract with the City has expired. The City has expressed interest in working with THA in this capacity again in the future.

3.2 Market Rate Scattered Sites

Following is the final report for the Market Rate Scattered Sites. THA net approximately \$158,000 per unit

	Total	Rehabilitation and Sales Cost Total	Sales Price Total	Net Proceeds
Units	10	\$ 583.878.85	\$2,162,000.00	\$1,578,121.15

3.3 Public Housing Scattered Sites

Homesight and THA staff are finalizing the deed restriction language for these homes. The homes will be sold at market value and THA will retain a restriction for the difference between market value and the effective sales price. The effective sales price is what a buyer earning 60% to 80% of the Area Median Income (AMI) can afford. The value of the difference between the market value and effective sales price will be captured in the deed restriction and will be forgiven after the buyer lives in the home for five years. This is the procedure outlined in the disposition application to Housing and Urban Development (HUD). Current THA residents and clients will be given first priority to purchase

	TOTAL	# of Units in Rehab	# of Units Sold	# of Units Remaining
Number of Units	34	8	0	*34
Financial		Total Rehab and Sales Cost	Total Sale Price	Net Gain
	*Waiting on deed restriction document	N/A	N/A	N/A

The remaining 26 homes will be remodeled as they become vacant.

Relocation activities have begun and households who are interested in purchasing are being provided with information and assistance in the home buying process. This project is being managed collaboratively with Community Services, which is working to identify and support residents who may be interested in purchasing these homes. The Policy, Innovation, and Evaluation (PIE) department has also been instrumental in navigating internal policy decisions and the RED relocation team has done an excellent job of following Housing and Urban Development (HUD) relocation procedures. 90-day notices have been distributed for those families who wish to have a voucher and need to relocate over the summer months while school is not in session.

3.4 Consulting and Community Engagement

RED staff is preparing a proposal to work with Salvation Army for the redevelopment of their Sixth Avenue property.

3.5 New Look Capital Planning

THA selected Buffalo Design to plan the capital work for the New Look Apartments so that refinancing for this property will begin in early 2017, with capital improvements completed at the end of 2017. An important component of the capital work will be designing a new façade for the property. The façade will integrate with the design guidelines developed as part of the Hilltop Master Development Plan.

4. DEVELOPMENT PIPELINE PROJECTS

4.1 Intergenerational Housing at Hillsdale Heights

The Many Lights Foundation (MLF) continues work on this project and is interested in executing an agreement with THA to partner in the development of intergenerational project which will house families adopting children out of foster care and seniors. We are analyzing the parameters for such an agreement through the THA Asset Management process. RED submitted a Housing Trust Fund (HTF) Stage 1 application requesting \$3 million on March 1, 2016, for an intergenerational

project. We need to finalize the programming and agreements by late summer, 2016. This project was invited to submit an application for the 2016 Housing Trust Fund to the Department of Commerce.

4.1.1 Pre-Development

Staff is in the early planning stages for this project. A pre-development budget and schedule is being formulated and circulated for approval.

4.2 Hilltop Lofts and THA Owned Properties Master Development Plan

THA and the City extended the timeline by two years for THA to develop the Hilltop Lofts project. Council approved the extension request at its November 3, 2015, meeting.

THA has been working with GGLO to implement the community engagement process which will include a "homework group" consisting of representatives of local businesses, faith-based groups and area residents that commit to attending five meetings as part of the planning process. The first meeting will be June 15th.

There will be four additional weekend events held in the Hilltop, designed to bring together residents and businesses to learn more about the project and opportunities in the Hilltop. These events will include food, music, art and other events that will be of interest to the neighborhood. The first event is June 25th and will include, among other activities, a rummage sale and donation drop-off. It is a non-traditional approach to understanding neighborhood opportunities and constraints. More details of the planning process will follow as meetings and events occur.

Below is a schedule of planned community engagement activities:

Homework Group:

1. June 15th, 2016, 12-2pm - Hilltop History and Planning
2. July 6th, 2016, 12-2pm - Asset Mapping and Linkages
3. July 27th, 2016, 12-2pm - Property programming
4. August 17th, 2016, 12-2pm - Building materials and heights
5. August 31st, 2016, 12-2pm - Reporting Back

Outreach Events:

1. June 25th, 26th, 2016 - Rummage Sale
2. July 16th, 2016 - Movie Night
3. August 13th, 2016 - Outdoor Activities

4.3 Acquisition

RED and its brokers are seeking new acquisition possibilities along the Hilltop's coming light rail line, near T.C.C. in West Tacoma, and some possibilities in South Tacoma.

5. Renew Tacoma

5.1 Construction

Property	Construction start	Construction schedule complete	Units complete	Units underway	Units remaining
Bergerson	5/4/2016	12/31/2016	15	7	50
M Street	5/4/2016	12/31/2016	13	6	58

5.2 Relocation

On May 4, 2016, relocation activities began at E.B. Wilson and Bergerson Terrace. At E.B. Wilson, there have been 13 households moved out and a portion returned to their units. Some residents chose to stay at a hotel, with either family or friends or to locate temporary housing on their own. As of June 2nd, six households were staying in a hotel or with friends and family. The residents' belongings are packed and stored through Lincoln Moving and Storage.

At Bergerson Terrace, 15 units were completed. These were vacant units, day moves and overnight moves. Currently, three households have been fully moved out of their units and staying at hotels or with friends and family. Residents are provided the options to stay at a hotel, either with friends or with family, on site (if a unit is available), or to locate temporary housing on their own. Four units are currently under construction and 50 units are remaining for construction. Residents are provided a meal stipend based on the number of days they are out of their units along with a lodging stipend if they choose not to stay at a hotel that has been located for the Rental Assistance Demonstration (RAD) Relocation. Residents that are only out of their units for the day also receive a day stipend to for inconvenience.

5.3 Watch list

Environmental - Awaiting Department of Ecology final approval of Voluntary Clean-up plans for G, Wright and 6th. (Note: Informal update from Ecology is that the Sixth Avenue has been approved. We expect Ecology to approve the recommendations for Wright and G Street within 7 to ten days.)

5.4 Problems encountered

5.4.1 Description

Elevator turnover time is tight and could affect tax credit equity.

Resolution

There will be labor on one of the elevators that spills over into 2017. This is due to timing for delivery of elevator materials (14 weeks), timing of labor (minimum 10 weeks) and balancing relocation costs against shutting down both elevators.

We will be able to draw down on materials in 2016; however, some labor may be charged in 2017; eliminating access to tax credit equity to pay for that work.

5.4.2 Description

E.B. Wilson – Reduced to working one elevator.

Resolution

Walsh and THA are seeking options and estimates to relieve the burden on the one working elevator such as lifts and storage of construction material.

5.4.3 Description

Citi Bank is requiring the seismic bracing at G Street to align with their engineering's directive versus the project architect and engineer's design. This will be an increased cost to the project.

Resolution

Walsh's GMP includes an estimate for doing the work in the manner recommended by THA's Architect and Architect's engineer. Prior to closing a budget adjustment was made to pay for the additional cost; however, until final engineering is complete, the full cost is unknown. Any additional cost will be covered through contingency.

5.4.4 Description

Walsh is seeking compensation for increased costs due to the delays in closing.

Resolution

RED staff are reviewing Walsh's claim and are negotiating the amount of compensation Walsh is requesting. Staff is also consulting with Brawner regarding source of payment and how it may affect the 50% test for the bond portion of the financing.

5.4.5 Description

There was a lack of clarity regarding the work completed by Walsh in vacant units under RAD and the requirement to meet THA's standard for preparing units for leasing. The "unit turn" standards are different. The RAD budget and scope of work does not allow Walsh to perform additional tasks, such as complete painting, new flooring, etc.

Resolution

At this time, there are 13 vacant units. Property Management will devise a schedule for completing work to meet the unit turn standards. This will have an unanticipated impact on the Property Management budget.

Budget	Total budget	Expended	Outstanding
NOTE: The first draw has been prepared and is under review.			
Soft Costs	\$ 24,023,498	\$4,722,176	\$19,301,322
Construction	\$29,812,529	0	\$29,812,529
Owners contingency	\$ 3,343,026	0	\$3,343,026



TACOMA HOUSING AUTHORITY

NEW BUSINESS

Resolution 1



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(1)

Date: June 22, 2016

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Approval of Tenant Account Receivable Write Offs

This resolution will authorize Tacoma Housing Authority (THA) to write off bad debts associated with tenant accounts in the amount of \$41,141.87

Background

THA has established a process of writing off tenant accounts receivable bad debt. THA incurs this bad debt when a program participant leaves the public housing or Housing Choice Voucher program owing a balance. The debt may arise from excessive damage to a unit, unpaid rent, or tenant fraud/unreported income. There are also instances where a property owner is overpaid rental assistance payments and the owner has not repaid THA for this amount.

Until we write off tenant accounts receivable balances as a bad debt, these balances stay on the active tenant ledger in our accounting system and General Ledger (GL). The receivable balance also remains as part of our tenant receivables that we report to Housing and Urban Development (HUD) in our year-end financials. Once we write off the debt, we can remove it from THA's receivable balance and assign it to the collection agency for collection purposes. THA receives 50% of any proceeds that the collection agency recovers.

THA has notified each individual of his or her debt included in this write off. THA mailed two notices to the last known address of the individual. These notices provide the opportunity for the individual to pay the debt or enter into a repayment agreement with THA. Sending a tenant to collections is the last resort for THA to collect the tenant debt.

Some accounts included in this resolution will not be sent to collections because the tenants have passed away, discharged the debt in bankruptcy proceedings or have a balance owing of less than \$30.00. Those accounts are indicated with asterisks (*) below.

Recommendation

Approve Resolution 2016-06-22(1) authorizing THA to write off tenant accounts totaling \$41,141.87.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(1)

Approval of Tenant Account Receivable Write Offs

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

WHEREAS, Tacoma Housing Authority (THA) provided housing assistance payments to property owners in excess to the amount the owner is entitled to receive and the owner has 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; now, therefore, be it

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

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

Collection Status	Project	Client #	Balance
W-O Collect			
	Section 8		
		00000492	\$2,574.00
		00009721	\$424.00
		000295	\$381.00
		000725	\$250.00
		711438	\$424.00
		714586	\$190.00
		716258	\$140.00
		717088	\$1,141.00
		717125	\$495.00
		717731	\$250.00
		717758	\$140.00
		717797	\$150.00
		Subtotal	\$6,559.00

Collection Status	Project	Client #	Balance
W-O Collect	N G Str		
		00143314	\$24,390.60
	6th Ave		
		00010227	\$3,780.08
	Bergerson Terrace		
		00009567	\$540.95
		00009567	\$40.68
		Subtotal	\$581.63
	Dixon Village		
		00120500	\$331.21
		00143989	\$2,798.96
		Subtotal	\$3,130.17
	S M Str (EB Wilson)		
		00008769	\$1,689.79
		00010387	\$552.77
		00143866	\$221.98
		00144393	\$128.51
		Subtotal	\$2,593.05
*W-O No Collect			
	North K Street		
		00005460	\$107.34
Grand Total Write offs			\$41,141.87

Approved: June 22, 2016

Stanley Rumbaugh, Chair

* Uncollectable accounts where tenant is deceased, bankruptcy or old balance under \$30.00

Resolution 2



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(2)

Date: June 22, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Revised Variable Pay Policy

This resolution would authorize Tacoma Housing Authority to revise the current Variable Pay policy to extend the program to maintenance personnel and to make minor program alterations.

Background

Our most recent Trades Council contract allows us to add a section to extend THA's existing Variable Pay program to its maintenance personnel.

We created the Variable Pay Program in 2013 to serve THA's non-represented and Office and Professional Employees International Union (OPEIU) staff. That program has been in place every year since. The policy allows supervisors and department directors and the Executive Director to recognize top performers through either a merit salary increase and/or a lump sum recognition award. Supervisors, department directors and the Executive Director recommend staff for such increases and awards. A Compensation Committee receives the recommendations and makes the final decision. Departments each have their own budget for these purposes.

The Variable Pay accomplishes several important Agency objectives:

1. It first serves our vital objective of providing a workplace that attracts, develops and retains motivated and talented employees;
2. This is an important part of the agency's response to requests from the Employee Opinion Surveys to include variable pay in our Total Rewards program;
3. It makes excellent performance financially worthwhile to the staff. This creates a climate in which excellent performers are encouraged to sustain their performance;
4. It communicates to satisfactory performers the importance of improved performance. This creates a climate in which employees understand that superior performance is financially worthwhile and provides encouragement for them to improve their performance where possible to earn financial rewards; and
5. It provides a pay system that encourages excellence and not mediocrity.

Recommendation

Approve this resolution.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(2) Revised Variable Pay Policy

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

WHEREAS, THA Policy HR-20.35 establishes THA's Variable Pay Policy; and

WHEREAS, the most recent collective bargaining agreement that the Board approved with the Trades Council allows THA to extend this policy to the Maintenance staff making them eligible to receive incentives for excellent job performance; and

WHEREAS, the Variable Pay policy sets forth the criteria and process for such incentives; and

WHEREAS, THA and the Trades Council recognize that this policy covers mandatory subjects of bargaining and thus the content or application of this policy to Trades Council represented employees may be re-opened for bargaining as permitted by applicable law; and

WHEREAS, THA should implement the extension of the Variable Pay program to maintenance staff. Doing so will reinforce the culture, climate and work performance that THA needs in order to be effective; now, therefore, be it

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

The Board authorizes the revision to THA Policy HR-20.35 Variable Pay in substantially the form set forth in the attached redlined version.

Approved: June 22, 2016

Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

Policy No. HR-20.35
Policy Variable Pay
Date May 16, 2016

1. Purpose

It is the policy of the Agency to maintain a Total Rewards plan designed to pay salaries that provide incentives for excellent job performance. Recognizing the critical role that pay plays in a high-performing workplace culture, Tacoma Housing Authority identified the necessity of developing pay programs to support and reinforce the Agency's culture, climate, and behaviors needed for the organization to be effective. The purpose of the Variable Pay plan is to provide a strategic tool to assist the Agency in achieving its goals of providing responsive, innovative housing services in the most efficient and cost effective manner.

The plan has been designed to reward all Agency employees for exceptional performance of assigned responsibilities and outcomes, and exceptional performance in the completion of special projects. THA, OPEIU and the Trades Council have bargained over the terms of this policy and have agreed on the content of this policy.

Deleted: OPEIU and non-represented

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2. Sources for Policy

- ▶ OPEIU Collective Bargaining Agreement
- ▶ THA-Trades Council Collective Bargaining Agreement
- ▶ Washington State Minimum Wage Act, Chap. 49.46 RCW
- ▶ Fair Labor Standards Act of 1938, 29 U.S.C. § 201 *et seq*

3. Scope of Policy

This policy applies to all eligible employees.

Deleted: represented by THA Office and Professional Employees International Union, Local 23 and non-represented employees

4. Who is Responsible for Implementing Policy

Who	Responsibilities
Office of Human Resources	<ul style="list-style-type: none">• Provide guidelines regarding reward program• Monitor compliance with this policy• Serve as consultants to supervisors and directors in implementing program
Supervisors/Directors	<ul style="list-style-type: none">• Oversee the use of reward programs• Recommend employees for a variable pay award• Ensure consistent implementation of reward programs within their department in a manner that is consistent with the written guidelines
THA Compensation Committee	<ul style="list-style-type: none">• Help staff understand this policy• Final approval or denial of variable pay award request• Ensure consistent application of this policy
All <u>Agency staff</u>	<ul style="list-style-type: none">• Responsible for being acquainted with this policy

Deleted: OPEIU and non-represented

5. Definitions

Merit Award	A salary increase award of 2% or 2.5% percent of the annual base salary for any eligible employee whose annual performance evaluation has been documented at a level that the Director determines to be excellent work and worthy of recognition
Special Recognition Award (SRA)	One-time cash or non-cash award for significant outstanding performance.

Deleted: Increase for Annual Evaluation (MIAE)

6. Forms Associated with this Policy

THA Form HR 20.35(1) Variable Pay Nomination

7. Policy

7.1 Variable Pay Guidelines

In order to recognize and promote excellence, two methods of providing variable pay awards will be available. Eligible employees may be nominated for and awarded a Merit ~~Award~~ based on their performance evaluation score and/or a Special Recognition Award (SRA) based on extraordinary effort and/or results.

Deleted: Increase for Annual Evaluation (MIAE)

The Variable Pay accomplishes several important Agency objectives:

- It first serves our vital objective of providing a workplace that attracts, develops and retains motivated and talented employees;
- This is an important part of the agency's response to requests from the Employee Opinion Surveys to include variable pay in our Total Rewards program;
- It makes excellent performance financially worthwhile to the staff. This creates a climate in which excellent performers are encouraged to sustain their performance;
- It communicates to satisfactory performers the importance of improved performance. This creates a climate in which employees understand that superior performance is financially worthwhile and provides encouragement for them to improve their performance where possible to earn financial rewards; and
- It provides a pay system that encourages excellence and not mediocrity.

7.2 Variable Pay Options

7.2.1 Basic Program Eligibility Criteria

To be eligible for either a Merit Award or an SRA, an employee must meet all the following criteria at the time of the nomination and award payment:

Deleted: n MIAE

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

7.2.2 Merit Awards

Deleted: Increase for Annual Evaluation (MIAE)

(a) Nomination

The Executive Director, Department Director or supervisor may recommend a salary increase award of 2% or 2.5% percent of the annual base salary for any eligible employee within their department whose performance on their annual performance evaluation has been documented at a level that the Director determines to be excellent work.

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Merit Awards must be proposed on the basis of the completed annual performance evaluation form. The annual performance evaluation must have been discussed with and signed by the employee.

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Deleted: and must be submitted either simultaneously with, or no later than sixty calendar days following the end of the month in which the evaluation was due.

Performance evaluations are used to implement THA's Variable Pay program. THA will endeavor to complete all evaluations within 60 days from the end of the due month. An employee's compensation for a time period after the evaluation due date is intended to include any compensation adjustment based on the evaluation and thus agree that any compensation adjustment as a result of the evaluation will be effective with the start of the second pay period in the month in which the evaluation is due, regardless of when the evaluation is completed.

(b) Eligibility Date Change

The date for Merit Award eligibility for an employee will change only if the employee is promoted or otherwise assigned to another position and is required to serve a probationary period; or the employee receives an off-cycle adjustment as authorized by the Compensation Committee.

Deleted: MIAE

(c) Merit Award Limits

The Merit Award will be paid as an increase in the base salary rate up to the maximum rate for the position, except as provided herein. That portion of a Merit Award that would exceed the maximum rate for the position will be awarded as a one-time lump sum payment paid in lieu of a future increase.

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Merit Awards must be funded from the department's Variable Pay budget.

Deleted: Increase Evaluation

In no event will an employee receive more than one Merit Award in a calendar year.

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7.2.3 Special Recognition Award (SRA)

(a) Nomination

The Executive Director, the Department Director or the supervisor may recommend a lump sum Special Recognition Award to recognize employees who have demonstrated outstanding individual and/or team performance in contribution to agency goals and objectives. An employee may be recommended for such an award for:

Deleted: or

- **Outstanding Performance:** Demonstrated and sustained outstanding performance that consistently exceeds goals and job expectations in quantity and quality;
- **Teamwork:** Acting as an exceptionally effective and cooperative team member in carrying out goals of the department/division, demonstrating superior interactions with and a positive influence on managers, peers, supervisors, subordinates, and the client population served;
- **Creativity:** One-time innovation or creation that results in time/dollar savings or benefit, or ongoing innovative creative activities that benefit agency systems and/or procedures;
- **Organizational Abilities:** Extraordinary individual skills or leadership skills resulting in the accomplishment of significant departmental/division goals and objectives; project management without which the project or program results would not have been achieved, and which are beyond what is normally expected for the position; and/or,
- **Dedication/Commitment:** Following a period of excess work demands that was far above and beyond what would typically be required of that position.

The recommendation for any eligible employee may be at one of four levels:

- Level 1 - \$750
- Level 2 - \$1000
- Level 3 - \$1250
- Level 4 - \$1500

This SRA will not be incorporated into an employee's base pay for the purposes of computing overtime. The SRA will remain a separate, one-time recognition of contribution.

The Director or supervisor may request Special Recognition Awards for staff within their department, either individually or as a group, in a manner that outlines the circumstances and the performance that merits the award. Working together, multiple departments/divisions may nominate awards for the joint efforts of an interdepartmental team.

Eligibility for this SRA program is part of the Total Rewards plan for each eligible employee during the applicable period of service. An employee who receives an SRA has thereby satisfied this portion of the Total Rewards plan by the employee's extraordinary work or effort during that period.

The following are not reasons to give a Special Recognition Award:

- *Labor market issues*
- *Longevity*
- *An employee in an acting status*

An SRA under this section shall be added to the employee's paycheck at the next possible payroll cycle following approval of the award by the Compensation Committee.

Lump sum SRA's may be given to an eligible employee any time during the year.

(b) SRA Limits

Special Recognition Awards must be funded from the department's Variable Pay budget.

Deleted: performance awards

In no event will an employee receive more than two SRA's in a calendar year.

(c) Special Executive Director SRA's

At her/ his discretion, the Executive Director may nominate employees for Special Recognition Awards (SRA). These awards may be outside of the guidelines for implementing SRA's in that s/he may nominate any otherwise eligible employee for any dollar amount up to and including the top level for SRA's. In addition, these nominations are not limited by 7.2.3(b) and do not impact the two SRA's per year limit of any nominated employee(s).

7.2.4 *Compensation Committee*

The Compensation Committee will approve or deny all Merit Awards and Special Recognition Awards proposed by directors. The decision to approve or deny is ineligible for appeal or grievance. In addition to the performance criteria defined above, the Compensation Committee's decision to approve or deny will consider:

Deleted: Increases

Deleted: for Annual Evaluations

- 1) The department's ability to fund the award within the department's established budget;
- 2) The total number and cost of performance based salary awards given or contemplated by the department during the year;
- 3) Equity between departments;
- 4) Fairness to employees; and
- 5) The overall fiscal status of the Agency.

7.2.5 HR and Executive Director Oversight

The HR Director or the Executive Director may overturn or modify a decision of the Compensation Committee.

7.3 No Right to Merit Award or SRA.

There is no right to either an Merit Award or a SRA. The awarding or withholding of either is within the discretion of THA. An award also does not guarantee continued employment, further awards, or other consideration.

Deleted: MIAE

Deleted: MIAE

While THA intends the plan will become an integral part of its Total Rewards plan for Agency employees, the Agency reserves the right to terminate, suspend, or amend the plan, in whole or in part, from time to time as conditions warrant.

Deleted: OPEIU and non-represented

8. Administration

8.1 Administration

The plan will be administered by the Compensation Committee under the supervision of the HR Director. The plan is designed to be flexible in response to changing competitive environments and the Agency's financial status.

8.2 Fiscal Impact

The Variable Pay plan's net cost to payroll will be evaluated and established annually as part of the budget process. The Variable Pay plan's net cost of the OPEIU and Trades Council's payroll is negotiated through the collective bargaining process. The percentage amount established is based on projected base salaries for the calendar year.

Deleted: the non-represented

8.3 Leave and Lay-Off Considerations

An employee returning from a leave of absence without pay for one month or more will have their eligibility date extended by the same length of time (to the nearest whole month) that the employee was on leave without pay. An employee reinstated to the same position or a position in the same grade following layoff from employment will have their eligibility period extended by the same length of

time (to the nearest whole month) as the duration of their layoff, to a twelve month maximum. An employee who has an involuntary downward job movement will have their eligibility date changed based on the effective date of the new job.

8.4 Collective Bargaining

THA, OPEIU and the Trades Council have agreed on the terms of this variable pay policy. The parties recognize that this policy covers mandatory subjects of bargaining and thus the content or application of this policy to OPEIU or Trades Council represented employees may be re-open for bargaining as permitted by applicable law.

Deleted: and

Resolution 3



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(3)

Date: June 22, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Fiscal Year 2016 Agency Budget Revision

This resolution would adopt THA's revised Budget for FY 2016. The details are set forth in the attachments A to D.

Background

By this resolution, the Board would adopt a revised THA budget for FY 2016. Each year THA budgets for the upcoming fiscal year. The annual budget reflects an estimate of the expected revenues and expenditures for each of its departments and major programs. The budget denotes strategic choices. It shows individual department expenses. For management purposes, each department director will manage and control their department budget in accordance with Federal, State and Local regulations.

In a typical year, a full budget process would take place in the fall of the year, and an abbreviated review and mid-year course directions would take place in the spring with approval in early summer. For 2016, the process was different. With the unknowns regarding the Rental Assistance Demonstration (RAD) conversion, the Moving to Work (MTW) negotiations, and Congressional funding, the Board of Commissioners supported approval of the 2015 mid-year budget as the starting budget for 2016, knowing the intent was to have the full budget process take place early 2016. The process is completed, with the particulars of the RAD conversion, the MTW contract, and Congressional funding known.

During this process, the Board provided direction for writing this budget through discussions with its Finance Committee and the chair. I provided additional direction to the staff, and the Finance Director facilitated meetings with the other directors to devise a budget to present to both me, and now the Board. At its May 27th budget study session, the Board indicated support of the revised budget that staff now submits.

Here are some of its notable features:

- Like past budgets, we base this budget on conservative estimates. THA's past prudence has allowed us to weather the continuing budget challenges. As our budget environment makes it hard to predict future Housing and Urban Development (HUD) funding, this approach should continue to serve the agency well. As Federal funding has.
- The 2016 mid- year budget accounts for our strategic objectives.
- The 2016 mid-year budget fits recurring income within recurring expenses.
- The revised budget provides funding for ongoing Community Service support of our tenants, especially in the area of asset building and preparing for successful exits of our Housing Opportunity Program (HOP) participants at the end of their assistance. The Gates foundation has provided us with a 5-year grant to assist us in continuing our education program, and our Children's matched Savings account program is underway.
- The budget revision allows us to move forward on the RAD conversion of our entire portfolio, to include supplementing rents with MTW funds, redevelopment of our traditional portfolio, and loans to our existing Tax Credit properties for repairs up to RAD standards.
- The budget revision invests in THA's financial future, and promoting redevelopment of additional affordable housing in the community by providing due diligence funds for existing and future opportunities.
- We are paying attention to the increased pressure on rents in our area and the impact on our Housing Assistance payments (HAP). We are continuing our discussions on possible additional rent reform in the coming year(s).
- The 2016 revised budget proposal leaves THA with adequate projected reserves of both MTW and non-MTW funds as indicated in Attachment A:
 - MTW Reserves \$ 178,000
 - Business Activities (Non-MTW) reserves \$ 5,674,150
 - Public Housing (PH) Owned Property Reserves \$ 763,700
 - Reserves with restrictions \$ 2,643,000
 - Section 8 Reserves held at HUD \$ 0
 - \$ 9,258,850

Recommendation

I recommend that the Board adopt Resolution 2016-06-22(3) to formally approve THA's revised Fiscal Year 2016 Annual Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(3) FISCAL YEAR 2016 ANNUAL BUDGET

WHEREAS, The Housing Authority of the City of Tacoma ("Authority") approved a FY 2016 Budget on December 16, 2015; and

WHEREAS, Authority staff determined that the FY 2016 Budget should be revised based upon updated Federal funding levels, RAD closing dates, and internal funding and expenditure needs; and

WHEREAS, Authority staff has prepared, and the Board of Commissioners of the Housing Authority of the City of Tacoma, has reviewed and provided input to the proposed revised Fiscal Year 2016 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 2016 Agency wide budget and authorizes THA's Executive Director to implement and execute said budget. Expenses and other cash outflows are projected as follows:

<u>Expenses</u>		
Executive	\$	879,454
Human Resources		644,094
Finance		1,224,104
Administration		2,008,835
Client Services Overhead		155,932
Rental Assistance		36,259,705
Community Services		2,188,018
Development		3,894,233
Policy, Innovation & Evaluation		897,381
Property Management Overhead		1,092,083
Property Management		<u>5,133,795</u>
Subtotal		54,377,634
<u>Additional Cash Outflows</u>		
Capital Expenditures		12,755,312
Debt Service		<u>67,581</u>
Subtotal		12,822,893
TOTAL APPROVED BUDGET	\$	<u>67,200,527</u>

Approved: June 22, 2016

Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

To: Board of Commissioners
From: Michael Mirra
Date: May 27, 2016
Re: 2016 Mid-Year Budget revision

We propose a mid-term budget revision for 2016. In December 2015, the Board adopted a budget for 2016. It did so knowing that, at the time, we did not have some important information. There were three main uncertainties. Congress had not yet adopted a budget for 2016; we were still negotiating the terms of our RAD redevelopment; and we were negotiating with HUD over our MTW contract. Accordingly, the Board adopted a 2016 budget that essentially continued the income and expenses from the 2015 budget. It did this planning to review the 2016 budget when those uncertainties clarified.

The initial budget uncertainties have clarified sufficiently. Congress adopted a 2016 budget that puts our funding at about the same levels as 2015. On April 14, 2016, we signed the closing documents on the RAD financing for our Renew Tacoma Housing properties. Congress has directed HUD to renew our MTW for ten years without change unless we agreed to the change. All this allows us to propose a mid-term budget revision. We have scheduled the board to review the budget at its study session on May 27th and then to vote on a budget revision at its regular meeting in June.

The attached chart shows the summary of the proposed budget revision as well as details should any Commissioner wish them. This is the same chart we have used for the purpose for the past 7 or 8 years, modified year to year as we try to make it clearer. Here are the highlights of the revised budget..

THA's BUDGET PRINCIPLES AND THE MID-TERM 2016 PROPOSED REVISION

We continue to use the following three budget principles that the Board has directed at least for the past ten years. For each one I describe how our revised 2016 budget measures up, with a brief look ahead to 2017 and 2018.

- **Recurring income will cover recurring expenses.**
We will satisfy this budget principle for 2016. In 2017, we may have to use reserves for some recurring expenses. Some of those expenses are salaries for time-limited positions we created for the RAD project. Because they are time limited we can regard them as non-recurring. Yet, they will be expenses for the next two years or so, so they may feel like a recurring expense. The 2017 operating deficit will arise for two main reasons. In 2017 we will begin fully subsidizing the RAD units, as our RAD budget directs. Yet the cash flow from RAD will not be fully realized until 2018. The agency will also be in the implementation phase of our IT conversion. It will take at least a year to determine the impacts on the agency and efficiencies it may give us. In 2018, the budget should start

leveling out. By then we will also receive \$15.82 million in cash from the RAD refinancing. See Attachment A.

- **Spend reserves to make us money, save us money or make us more effective.**
We will spend \$3.4 million from reserves for the RAD redevelopment; and \$3.0 million for (i) other real estate development such as our Hilltop investments; and (ii) the software conversion. We judge that these expenditures serve this principle very well.
- **We will maintain reserves between minimum and maximum levels that the Board directs.**
In 2016, our reserves will decrease from \$11.9 million to \$9.2 million. This will still be above the \$7.0 million maximum the Board has directed. In 2017 our Reserves may dip lower as we continue to expend funds for RAD in the form of rent supplements (\$2.3 million), and RAD staff support (\$600K). There will be only \$1 million in RAD developer fees with no cash flow returning to the agency in 2017. In 2018, cash flow and non-recurring income of \$11 million will come into the agency.. However, we expect to spend down those reserves to the Board directed levels by paying for the second phase of RAD (Salishan/Hillside), and for our other developments, along with other important initiatives that require Community Service and Administrative support.

THIS BUDGET WILL CONTINUE THE FOLLOWING WORK, IN ADDITION TO OUR MAINLINE OPERATIONS:

RAD redevelopment	Salesforce software conversion
Bay Terrace Phase 2	Business process improvement project
Hilltop redevelopment master planning	Disaster planning
Education Project expansion	Building data and evaluation capacity
Property purchases – Hilltop and Hillside 1500	Strategic planning

Please remember that with our RAD refinancing most of our portfolio is now owned by tax credit partnerships. This means that its finances will no longer show as part of THA's operational budget and financial reports. Instead, the formal financial reports will go to the investors who own 99% of the partnerships. Yet, the Board and THA should still be very interested in the financial health of that portfolio. Accordingly, when we finish our new software conversion in 2017, we will create for the Board a dashboard report showing its financial performance.



Attachment A

BOARD OF COMMISSIONER DECISION POINTS: THA Mid-Year FY-2016 BUDGET May 27, 2016

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

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

1. AVAILABLE RESERVES

Minimum necessary and Optimal Reserves

Type/Purpose of Reserves	Projected Reserves 01/01/16
a. MTW Reserves	\$3,050,000
b. Business Activities (Non-MTW) reserves	\$4,960,000
c. PH Owned Property Reserves	\$785,000
d. Reserves with Restrictions (Salishan land sale proceeds)	\$3,115,000
e. Section 8 Reserves held at HUD.	\$0
Totals	\$11,910,000

Minimum	Optimal or Maximum	Amount to Reserve
\$ 500,000	\$ 3,700,000	\$500,000
\$4,000,000	\$5,750,000	\$5,750,000
\$400,000	\$750,000	\$750,000
\$0	\$0	\$0
\$0	\$0	\$0
\$4,900,000	\$10,200,000	\$7,000,000

Amount of reserves available to use in FY016
\$2,550,000
(\$790,000)
\$35,000
\$3,115,000
\$0
\$4,910,000

MTW Reserves

MTW Expenses Non-HAP

Annual Amount	Minimum		Maximum	
	Period	Amount	Period	Amount
\$11,181,571	1/2 month	\$ 500,000	4 months	\$ 3,700,000
	Total	\$ 500,000	Total	\$ 3,700,000

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2016

	Recurring Income	-	Cost of Recurring operations (with proposed savings)	=	Surplus or (Shortfall) in recurring operations ¹
MTW	\$44,097,300		\$43,321,900		\$775,400
Non-MTW	\$5,659,700		\$6,418,300		(\$758,600)
Total	\$49,757,000		\$49,740,200		\$16,800

3. BUDGET IMPACT - RESERVES - FY-2016

	MTW	Non - MTW				Total
		Business Activities	PH Owned Property Reserves	Reserves with Restrictions (Salishan land sale proceeds)	Section 8 Reserves held at HUD.	
Reserves - 01/01/16	\$3,050,000	\$4,960,000	\$785,000	\$3,115,000	\$0	\$11,910,000
Recurring Surplus/(Shortfall) ¹	\$775,400	(\$1,137,300)	\$378,700			\$16,800
Non-Recurring Income/(Expense)						Amount
a. Non Recurring Income - Operational ²	\$26,800	\$3,370,000				\$3,396,800
b. Non Recurring Income - Capital ³	\$7,587,600	\$2,325,000		\$1,728,000		\$11,640,600
c. Operations & Support Department Expenses - Operational ⁴	(\$1,673,400)	(\$640,700)				(\$2,314,100)
d. Operations & Support Departments Expenses- Capital ⁵	(\$1,907,200)	(\$550,000)				(\$2,457,200)
e. Development Department - Operational ⁶	(\$868,600)	(\$1,522,350)				(\$2,390,950)
f. Development Department - Capital ⁷	(\$8,162,600)	(\$2,062,500)				(\$10,225,100)
g. RAD transfers to Tax Credit properties	(\$1,150,000)			(\$2,200,000)		(\$3,350,000)
h. Operating Transfers		\$400,000	(\$400,000)			\$0
i. Repayment of Bay Terrace ACC Reserve - RAD closing		\$532,000				\$532,000
j. Repayment of development advances (prior year) RAD & Bay Terrace 2	\$2,500,000					\$2,500,000
<i>Projected Reserves - 12/31/16</i>	<i>\$178,000</i>	<i>\$5,674,150</i>	<i>\$763,700</i>	<i>\$2,643,000</i>	<i>\$0</i>	<i>\$9,258,850</i>

4. **FY-2016 PROJECTED END OF YEAR RESERVE LEVELS**

Type/Purpose of Reserves *	Projected Reserves 12/31/16	Minimum	Optimal	Excess/(Deficit) Reserves Over Optimal
a. MTW Reserves	\$178,000	\$500,000	\$3,700,000	(\$3,522,000)
b. Business Activities (Non-MTW) reserves	\$5,674,150	\$4,000,000	\$5,750,000	(\$75,850)
c. PH Owned Property Reserves	\$ 763,700	\$400,000	\$750,000	\$13,700
d. Reserves with Restrictions (Salishan land sale proceeds)	\$ 2,643,000	\$0	\$0	\$2,643,000
e. Section 8 Reserves held at HUD.	\$ -	\$0	\$0	\$0
Totals	\$9,258,850	\$4,900,000	\$10,200,000	(\$941,150)

Amount to Reserve	Excess/(Deficit) Reserves Over Amount to Reserve
\$500,000	(\$322,000)
\$5,750,000	(\$75,850)
\$750,000	\$13,700
\$0	\$2,643,000
\$0	\$0
\$7,000,000	\$2,258,850

5. **A LOOK AHEAD TO FY-2017 and beyond (ADDITIONAL INCOME, SAVINGS OR EXPENSES TO EXPECT)**

5.1	Recurring FY017 Income	Recurring FY017 Expense	Amount
a.	Admin Fee for RAD units		\$525,000
b.		MTW Supplement for RAD rents (HAP)	(\$2,300,000)
5.2	Non-Recurring FY017 Income	Non-Recurring FY017 Expense	Amount
a.	Developer Fee - Bay Terrace - Phase 2		\$500,000
b.	Developer Fee - RAD		\$1,000,000
c.	Sale of Scattered Site Homes (12)		\$1,320,000
d.		Funds to Hillside/Salishan Tax Credit properties for repairs under RAD	TBD
5.3	Non-Recurring FY018 Income	Non-Recurring FY018 Expense	Amount
a.	Developer Fee - Bay Terrace - Phase 2		\$1,100,000
b.	Developer Fee - RAD		\$7,000,000
c.	Capitalized Loan Payment - RAD		\$3,325,000
d.	Bond Issuance Fee - RAD		\$675,000
e.	Sale of Scattered Site Homes (9)		\$990,000
f.		Funds to Hillside/Salishan Tax Credit properties for repairs under RAD	TBD
5.4	Projected Cash Flow to THA- TC properties		Amount
a.	2017 Salishan/Hillside Properties (Renew Tacoma Housing deferred until after rehab completion)		TBD
b.	2018 Salishan/Hillside Properties (Renew Tacoma Housing deferred until after rehab completion)		TBD
c.	2019 Salishan/Hillside Renew Tacoma Housing - recurring amount thereafter		TBD

6. MTW Commitments passed by Board - 2015	Current Commitment	Projected Balance at end of 2015	Included in 2016 Budget	Revised Commitment Amount	
2nd Phase Bay Terrace Redevelopment (Includes 1.2 million rebenchmarking settlement)	\$2,420,000	\$1,000,000	\$400,000	\$0	Closed in 2016- THA actual contribution \$400K
b. Renovation/Remodel of 2nd Floor - Administrative Building	\$1,789,000	\$75,000	\$75,000	\$0	Finalized 2016
c. Renovation/Remodel of Family Investment Center Building	\$579,500	\$579,500	\$579,500	\$579,500	MTW- Still pending
d. Renovation of Salishan Maintenance Shop	\$286,500	\$286,500	\$286,500	\$286,500	MTW-Still pending
e. RAD Conversion Cost -Renew Tacoma - Capital Contributions to Projects	\$1,500,000	\$1,500,000	\$1,150,000	\$0	Closed in 2016- Funds transferred in April. Actual amount, approximately \$1.15 million
f. Software Conversion of Yardi/VisualHOME Platform (Open Door/Intacct)	\$1,100,000	\$758,000	\$675,000	\$750,000	MTW- Remaining Balance from 2015
g. Education Projects - McCarver and Others	\$310,000	\$310,000	\$0	\$310,000	MTW
h. Childrens Savings Account Cohort payments	\$0	\$0	\$36,000	\$300,000	MTW
i. Exigent Health & Safety Issue (Meth Remediation)	\$260,000	\$0	\$30,000	\$0	Most projects TC - No further need
j. Development Projects (Hilltop)	\$0	\$2,500,000	\$0	\$2,500,000	MTW , BA, or demo/dispo funds
k. Tax Credit Portfolio loans to repair units up to RAD standard upon turn	\$0	\$0	\$2,200,000	\$8,000,000	MTW/BA/demo-dispo funds over time
	\$8,245,000	\$4,509,000	\$3,166,000	\$12,726,000	

Back-up Detail

7. Non-Recurring Income: FY-2016

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 - 2016 will be the final year						
a. subsidy will be received	\$26,800					
b. 2015 HAP income carryover to 2015	\$0					
c. Government Grants						
City of Tacoma Power - DR Horton Home sales		\$70,000				
d. Developer Fee Income						
1. RAD Closing		\$2,000,000				
3. Bay Terrace - Phase 2 - Will receive 2017		\$0				
e. Net Capitalized lease payment - RAD closing		\$1,250,000				
f. Commerce Grant for Meth		\$50,000				
g. Loan Interest received - Tax Credit Properties						
Operations Subtotal²	\$26,800	\$3,370,000	\$0	\$0	\$0	\$0
Capital³	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Bay Terrace - Phase 2						
1. CBDG funds		\$100,000				
2. TCRA funds		\$1,000,000				
b. RAD						
1. CFP funds transferred for development loan	\$7,348,300					
2. Relocation Staff Costs (Capitalized)	\$239,300					
c. Sale of 7 Market Rate Homes		\$1,225,000				
d. Sale of 13 Single Family Scattered Site Homes (Prog Inc)		\$1,728,000				
Capital Subtotal³	\$7,587,600	\$4,053,000	\$0	\$0	\$0	\$0

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

Operations & Support Departments

8.1 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 9.1a & b.	\$165,990	\$35,210				
2. New project oriented positions - 9.1n	\$0	\$0				
3. Existing project oriented Positions - 9.2c.-f.	\$543,400	\$354,500				
4. Overtime requests	\$150,000					
b. Office Supplies (Line 21)						
1. Wait list purge (RA)	\$2,000					
c. Postage (Line 22)						
1. RA division - Postage for Wait list purge	\$5,000					
d. Office Equipment Expensed (Line 26)						
1. Finalize equipment needs for remodel - (Fin)	\$27,000					
2. Property Management staff IT equipment	\$14,500					
3. Community Services staff IT equipment	\$25,000					
e. Legal (Line 27)						
1. RAD Conversion (Admin)	\$100,000					
2. Tax Credit conversion assistance (Admin)	\$50,000					
f. Staff Training (Line 29)						
1. RAD trainings	\$17,500					
g. Administrative Contracts (Line 30)						
1. Leadership Team Development (HR)	\$16,600	\$3,400				
2. Compensation Analysis (HR)	\$8,300	\$1,700				
3. New Performance Evaluation System (HR)	\$8,300	\$1,700				
5. Finance consultants for TC RAD and 15 yr conversion analysis (Admin)	\$100,000					
6. MTW Consultant- 2016/2017 planning (PIE)	\$50,000					
7. Evaluation of MTW Program (PIE)	\$50,000					
8. Rent Reform Analysis (PIE)	\$10,000					
9. Comm Health Advocate Focus Groups (PIE)	\$15,000					
10. Tax Credit Certification Assistance for RAD conversion	\$75,000					
11. Property Management RAD conversion contract	\$100,000					
h. Other Administrative Expenses (Line 31)						
1. Archiving (RA)	\$5,810	\$1,190				
i. Tenant Services - Relocation (Line 36)						
1. Relocation - Scattered Site Home Sales	\$80,000					
j. General Expenses (Line 48)						
1. Buyout incentives/ separation agreements (HR)		\$150,000				
k. Extraordinary Maintenance (Line 52)						
1. Meth Remediation & Repairs - Wright St. Apts.	\$30,000					
l. Contingency will be reevaluated each year (Line 33)	\$24,000	\$93,000				
Operational Subtotal⁴	\$1,673,400	\$640,700	\$0	\$9	\$0	\$0

8.2 Operations & Support Departments - Capital⁵

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Reserve Replacement Funding - Salishan 7 & Prairie Oaks	(\$31,300)					
b. FIC Building Renovations	\$579,500					
c. Salishan Maintenance shop renovations	\$286,500					
d. Maintenance vehicle replacement with outfitting	\$30,000					
e. Community Services Vehicle	\$17,500					
f. Security Cameras - 902	\$50,000					
g. Transition IT Platform to new system	\$675,000					
h. Funds set aside for Outrigger repairs		\$450,000				
i. PH Scattered Site homes - Prepare units for sale	\$300,000					
j. Market Rate homes - Prepare units for sale		\$100,000				
Capital Subtotal ⁵	\$1,907,200	\$550,000	\$0	\$0	\$0	\$0

Real Estate Development Department Activity
8.3 Development Department Nonrecurring - Operational⁶

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Salaries						
1. Sunset positions identified in 10.1j.-m.	\$287,500	\$113,800				
2. Existing project oriented Positions - 9.2g	\$356,100	\$225,700				
a. Legal (Line 27)						
1. Hilltop Master Plan		\$10,000				
2. New Look Apts.		\$10,000				
3. Other Acquisition		\$5,000				
b. Administrative Contracts (Line 30)						
1. Miscellaneous	\$25,000	\$150,000				
c. Due Diligence - Development Opportunities						
1. Hilltop Master Plan		\$150,000				
2. Key Bank Purchase		\$2,850				
3. Many Lights		\$150,000				
4. New Look		\$150,000				
5. New Tax Credit Project		\$250,000				
6. Salishan Core Planning		\$100,000				
7. Other Opportunities		\$200,000				
d. Relocation Costs (Line						
1. RAD overincome tenants	\$200,000					
d. Contingency (Line 33)		\$5,000				
Development Activity - Operational - Subtotal ⁶	\$868,600	\$1,522,350	\$0	\$0	\$0	\$0

8.4 Development Department - Capital ⁷	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Bay Terrace - Phase 2						
1. THA - MTW funds	\$400,000					
2. CBDG loan		\$100,000				
3. TCRA loan		\$1,000,000				
b. RAD						
1. CFP funds transferred for development loan	\$7,348,300					
2. Relocation Staff Costs (Capitalized)	\$239,300					
c. Finish of THA remodel	\$75,000					
d. Key Bank Purchase - Total \$775K, loan \$715K. THA is balance plus app fee		\$62,500				
e. Upgrade Key Bank for short term lease		\$150,000				
f. Land/Property purchases - MLK corridor		\$750,000				
g. Purchase Hillside 1500 - Year 15 exit (early)	\$100,000					
<i>Development Activity - Capital - Subtotal⁷</i>	\$8,162,600	\$2,062,500	\$0	\$0	\$0	\$0

9. Operating Transfers/Reserve Appropriations Requested

9.1 Operations	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		\$42,400				
b. PH Operating reserves transferred to Renew Tacoma development	\$1,200,000					
c. THA funds transferred to Salishan/Hillside projects for RAD improvements		\$2,200,000				
<i>Operations Subtotal</i>	\$1,200,000	\$2,242,400	\$0	\$0	\$0	\$0

9.2 Capital	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. FIC Building Renovations	\$579,500					
b. Salishan Maintenance shop renovations	\$286,500					
c. Maintenance vehicle replacement with outfitting						
d. Transition IT Platform to new system	\$675,000					
e. IT Hardware	\$0					
f. PH Scattered Site homes - Prepare units for sale	\$300,000					
g. Market Rate homes - Prepare units for sale		\$100,000				
h. Finish of THA remodel						
i. Key Bank Purchase - Total \$775K, loan \$715K. THA is balance plus app fee		\$62,500				
j. Upgrade Key Bank for short term lease		\$150,000				
k. Land/Property purchases - MLK corridor		\$750,000				
l. Purchase Hillside 1500 - Year 15 exit (early)	\$100,000					
<i>Capital Subtotal</i>	\$1,941,000	\$1,062,500	\$0	\$0	\$0	\$0

10. Notable Recurring Operational/Support Department Costs

	Staff Positions			Change	Comments
	Increase/ Decrease fm previous year budget	Original	Mid-Year Revision		
10.1 Position Changes - FY-2016					
<i>Currently Occupied</i>					
a.					
b. <i>Subtotal</i>	0.00	\$0			
<i>New Positions - Recurring</i>					
c. Risk Manager (Admin) - .5 yr	1.0	\$56,600			Implement Disaster plan and shore up risk management function
d. Inspector (C&LS-RA) .5 yr	1.0	\$36,100			Budgeted, depending on RAD unit inspection outcome. On hold until determination made.
e. <i>Subtotal</i>	2.00	\$92,700			
<i>Eliminated Positions</i>					
f. Supply Chain Analyst (.75 yr)		\$49,500			
g. <i>Subtotal</i>	0.00	\$49,500			
<i>Sunset Positons</i>					
h. Accounting Specilaist (Fin)	0.0	\$64,400			Assist staff during RAD and IT software conversions
i. Project Manager Asset Mgt/RAD (Admin)	1.0	\$80,200			RAD
j. Business Process Improvement Specialist (Exec)	0.5	\$56,600			To assist with Process Improvement
k. Senior Project Manager (RED)	1.0	\$113,800			RAD
l. Construction Site Manager (RED)	2.0	\$221,700			RAD
m. Senior Office Assistant (RED)	1.0	\$65,800			RAD
n. Program Manager - Relocation	1.0				Capital Budget - RAD
o. Relocation Specialist	2.0				Capital Budget - RAD
p. <i>Subtotal</i>	8.50	\$602,500			
<i>New Positions - Project Oriented</i>					
q.					
r. <i>Subtotal</i>	0.00	\$0			
10.2 Project Oriented Positions (Non Grant funded)					
a. Sr. Project/Construction Manager (RED) (3)		\$409,100			BA
b. Project Manager 1 (RED) (2)		\$172,700			BA
c. After School Coordinator (2 PT) (CS)		\$16,300			MTW
d. Supply Chain Analyst (REM&HS)		\$31,600			MTW/BA
e. Community Resource Planner		\$93,500			BA
f. Project Manager 1 (PIE) (2)		\$174,700			MTW/BA

g.	<i>Subtotal</i>	0.00	\$897,900		
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10.3 Operations & Support Department - Notable Recurring Information

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Special Program Assistance Payments						
1. Rapid Rehousing for Homeless Families	\$900,000					
2. Unaccompanied Youth Vouchers	\$288,000					
3. RAD Supplemental Rents	\$0					
b. FSS paypoints - Replaces HAP FSS escrow amounts (Included with HAP)	\$50,000					
c. MTW Security Deposit Program	\$20,000					
Totals	\$1,258,000	\$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.

**FY 2016 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	PIE	PM Overhead	Property Budgets	Agency Total
INCOME												
1 Revenue - Dwelling rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,045,034	\$2,045,034
2 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$127,833	\$127,833
3 HUD grant - Section 8 HAP reimbursement	\$0	\$0	\$0	\$0	\$0	\$35,299,045	\$0	\$0	\$0	\$0	\$0	\$35,299,045
4 HUD grant - Section 8 Admin fee earned	\$0	\$0	\$0	\$0	\$0	\$2,951,612	\$0	\$0	\$0	\$0	\$0	\$2,951,612
5 HUD grant - Public Housing subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,275,994	\$2,275,994
6 HUD grant - Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$279,662	\$0	\$0	\$0	\$0	\$279,662
7 HUD grant - Capital Fund Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,596,451	\$1,596,451
8 Management Fee Income	\$202,361	\$124,230	\$764,874	\$874,256	\$708,336	\$192,955	\$214,250	\$0	\$0	\$677,384	\$0	\$3,758,647
9 Other Government grants	\$0	\$0	\$0	\$0	\$0	\$0	\$191,669	\$80,000	\$0	\$0	\$0	\$271,669
10 Investment income	\$0	\$0	\$20,000	\$0	\$0	\$15,000	\$0	\$89,391	\$0	\$0	\$5,010	\$129,401
11 Fraud Recovery Income - Sec 8	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000
12 Other Revenue- Developer Fee Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,055,900	\$0	\$0	\$0	\$2,055,900
13 Other Revenue	\$0	\$0	\$36,360	\$50,000	\$0	\$42,500	\$576,173	\$1,258,000	\$341,884	\$12,200	\$20,495	\$2,337,612
TOTAL OPERATING RECEIPTS	\$202,361	\$124,230	\$821,234	\$924,256	\$708,336	\$38,526,113	\$1,261,755	\$3,483,291	\$341,884	\$689,584	\$6,070,617	\$53,153,860

OPERATING EXPENDITURES**Administrative**

14 Administrative Salaries	\$433,621	\$245,200	\$772,288	\$906,514	\$116,129	\$1,449,190	\$0	\$990,205	\$446,665	\$286,674	\$200,640	\$5,847,126
15 Administrative Personnel - Benefits	\$151,784	\$99,361	\$329,044	\$341,601	\$34,028	\$666,351	\$0	\$382,903	\$143,593	\$127,879	\$66,045	\$2,342,588
16 Audit Fees	\$0	\$0	\$17,500	\$0	\$0	\$30,000	\$0	\$15,000	\$0	\$0	\$8,965	\$71,465
17 Management Fees	\$0	\$0	\$0	\$0	\$0	\$1,156,439	\$340,814	\$997,956	\$0	\$0	\$290,355	\$2,785,564
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	\$12,000	\$500	\$2,500	\$3,000	\$800	\$18,800
20 Information Technology Expenses	\$500	\$0	\$0	\$318,842	\$0	\$20,000	\$6,000	\$0	\$0	\$5,000	\$11,405	\$361,747
21 Office Supplies	\$8,000	\$1,750	\$4,500	\$5,000	\$0	\$25,000	\$11,500	\$5,000	\$1,200	\$2,000	\$8,140	\$72,090
22 Publications & Memberships	\$35,575	\$1,560	\$750	\$200	\$0	\$1,000	\$1,000	\$550	\$1,500	\$2,000	\$0	\$44,135
23 Telephone	\$7,419	\$1,500	\$0	\$36,460	\$0	\$7,700	\$14,220	\$7,200	\$1,800	\$5,500	\$21,543	\$103,342
24 Postage	\$15,000	\$50	\$1,750	\$1,000	\$0	\$25,000	\$1,800	\$1,500	\$5,000	\$250	\$1,930	\$53,280
25 Leased Equipment & Repairs	\$0	\$0	\$0	\$53,413	\$0	\$19,750	\$7,500	\$0	\$0	\$5,000	\$7,320	\$92,983
26 Office Equipment Expensed	\$5,000	\$400	\$27,000	\$0	\$0	\$10,000	\$28,000	\$0	\$8,200	\$16,500	\$7,950	\$103,050
27 Legal	\$75,000	\$40,000	\$5,000	\$150,000	\$0	\$10,000	\$0	\$25,000	\$5,000	\$10,000	\$12,400	\$332,400
28 Local Mileage	\$300	\$100	\$900	\$700	\$0	\$1,500	\$3,016	\$2,500	\$1,000	\$1,000	\$630	\$11,646
29 Staff Training Out of Town Travel	\$50,000	\$15,000	\$20,750	\$28,457	\$5,250	\$31,500	\$67,800	\$12,500	\$28,550	\$42,600	\$3,105	\$305,512
30 Administrative Contracts	\$5,000	\$72,975	\$35,500	\$127,500	\$0	\$23,000	\$186,000	\$175,000	\$200,000	\$200,000	\$15,575	\$1,040,550
31 Other Administrative Expenses	\$20,000	\$9,700	\$4,000	\$1,900	\$0	\$18,000	\$2,000	\$10,000	\$5,000	\$35,400	\$4,320	\$110,320
32 Due Diligence - Perspective Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,002,850	\$0	\$0	\$0	\$1,002,850
33 Contingency	\$67,000	\$5,000	\$0	\$15,000	\$0	\$5,000	\$0	\$5,000	\$5,000	\$15,000	\$0	\$117,000
Total Administrative Expenses	\$874,199	\$492,596	\$1,218,981	\$1,986,586	\$155,407	\$3,603,629	\$681,650	\$3,657,664	\$855,008	\$757,804	\$661,123	\$14,944,648

Tenant Services

34 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$890,821	\$0	\$0	\$0	\$0	\$890,821
35 Tenant Service Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$388,947	\$0	\$0	\$0	\$0	\$388,947
36 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$0	\$0	\$83,695	\$283,695
37 Tenant Service - other	\$2,000	\$0	\$0	\$0	\$0	\$2,000	\$219,984	\$0	\$39,000	\$20,000	\$27,010	\$309,994
Total Tenant Services	\$2,000	\$0	\$0	\$0	\$0	\$2,000	\$1,499,752	\$200,000	\$39,000	\$20,000	\$110,705	\$1,873,457

FY 2016 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	PIE	PM Overhead	Property Budgets	Agency Total
Utilities												
38 Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200	\$0	\$5,800	\$71,040	\$77,040
39 Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$400	\$0	\$37,000	\$73,570	\$110,970
40 Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$0	\$2,060	\$17,075	\$19,235
41 Sewer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,600	\$0	\$12,900	\$171,822	\$195,122
Total Project Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,300	\$0	\$57,760	\$333,307	\$402,367
Ordinary Maintenance & Operations												
42 Maintenance Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$203,713	\$253,713
43 Maintenance Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000	\$82,036	\$102,036
44 Maintenance Materials	\$0	\$0	\$0	\$0	\$0	\$2,000	\$0	\$2,600	\$0	\$11,500	\$91,226	\$107,326
45 Contract Maintenance	\$0	\$0	\$0	\$0	\$0	\$1,500	\$0	\$11,875	\$0	\$91,650	\$345,071	\$450,096
Total Routine Maintenance	\$0	\$0	\$0	\$0	\$0	\$3,500	\$0	\$14,475	\$0	\$173,150	\$722,045	\$913,170
General Expenses												
46 Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$550	\$0	\$25,000	\$26,350	\$51,900
47 Insurance	\$3,255	\$1,498	\$5,123	\$22,249	\$525	\$30,036	\$6,616	\$10,244	\$3,373	\$18,369	\$83,371	\$184,659
48 Other General Expense	\$0	\$150,000	\$0	\$0	\$0	\$122,959	\$0	\$0	\$0	\$31,000	\$1,552,069	\$1,856,028
49 Payment in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,574	\$3,574
50 Collection Loss	\$0	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$75,822	\$125,822
51 Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91,671	\$91,671
Total General Expenses	\$3,255	\$151,498	\$5,123	\$22,249	\$525	\$202,995	\$6,616	\$10,794	\$3,373	\$74,369	\$1,832,857	\$2,313,654
TOTAL OPERATING EXPENSES	\$879,454	\$644,094	\$1,224,104	\$2,008,835	\$155,932	\$3,812,124	\$2,188,018	\$3,894,233	\$897,381	\$1,083,063	\$3,660,037	\$20,447,296
Nonroutine Expenses and Capital Expenditures												
52 Ext Maint/Fac Imp/Gain/Loss prop sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,000	\$30,000	\$39,000
53 Casualty Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,200	\$12,200
54 Section 8 HAP Payments	\$0	\$0	\$0	\$0	\$0	\$32,447,580	\$0	\$0	\$0	\$0	\$1,431,558	\$33,879,138
Total Nonroutine Expenditures	\$0	\$0	\$0	\$0	\$0	\$32,447,580	\$0	\$0	\$0	\$9,000	\$1,473,758	\$33,930,338
TOTAL EXPENSES	\$879,454	\$644,094	\$1,224,104	\$2,008,835	\$155,932	\$36,259,704	\$2,188,018	\$3,894,233	\$897,381	\$1,092,063	\$5,133,795	\$54,377,634
OPERATING SURPLUS/(DEFICIT)	(\$677,093)	(\$519,864)	(\$402,870)	(\$1,084,579)	\$552,404	\$2,266,409	(\$926,263)	(\$410,942)	(\$555,497)	(\$402,500)	\$937,022	(\$1,223,774)
55 Debt Service Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$87,581)	(\$87,581)
Surplus/Deficit Before Reserve Appropriations	(\$677,093)	(\$519,864)	(\$402,870)	(\$1,084,579)	\$552,404	\$2,266,409	(\$926,263)	(\$410,942)	(\$555,497)	(\$402,500)	\$869,441	(\$1,291,355)
56 Reserve Appropriations	\$0	\$0	\$0	\$0	\$0	\$0	\$42,428	\$2,200,000	\$0	\$0	\$1,150,000	\$3,392,428
57 Operations/Transfers In/(Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,200,000)	\$0	\$0	(\$1,150,000)	(\$3,350,000)
Surplus/Deficit Before Capital Expenditures	(\$677,093)	(\$519,864)	(\$402,870)	(\$1,084,579)	\$552,404	\$2,266,409	(\$883,835)	(\$410,942)	(\$555,497)	(\$402,500)	\$869,441	(\$1,248,927)
58 Capitalized Items/Development Projects	\$0	\$0	\$0	(\$875,000)	\$0	\$0	(\$17,500)	(\$10,225,046)	\$0	(\$946,000)	(\$891,766)	(\$12,755,312)
59 Revenue - Property Sales/Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,687,546	\$0	\$0	\$2,953,000	\$11,640,546
60 Reserve Appropriations - Capital	\$0	\$0	\$0	\$675,000	\$0	\$0	\$0	\$1,462,500	\$0	\$666,000	\$0	\$3,003,500
AGENCY WIDE BUDGET SURPLUS/(DEFICIT)	(\$677,093)	(\$519,864)	(\$402,870)	(\$1,084,579)	\$552,404	\$2,266,409	(\$901,335)	(\$485,942)	(\$555,497)	(\$482,500)	\$2,930,675	\$639,807

2016 Tacoma Housing Authority Portfolio Budget (Mid-Year)

09/15/16

	AMP 1	AMP 2	AMP 3	AMP 4	AMP 6	Tax Credit AMPS	LIPH Total	Sal 7	Market Rate	Outrigger	Prairie Oaks	Portfolio Total
	K, M & G St. Apts. Elderly Disabled 160 Units	Fawcett, Wright, 6th St. Apts. (Elderly/Disabled) 152 Units	Lawrence, Burgerson Terrace, Dixon Village 144 Units	Hillside Terrace (1800 & 2500 Blocks) Dorm'd 104 Units dorm'd	Single Family Homes 34 Units			60 Units	118 Units			

INCOME

1 Revenue - Dwelling rent	\$147,270	\$135,712	\$136,985	\$0	\$64,920	\$0	\$484,887	\$1,010,787	\$0	\$401,000	\$148,360	\$2,045,034
2 Tenant Revenue - Other	\$49,983	\$3,105	\$6,135	\$0	\$250	\$0	\$59,473	\$20,000	\$0	\$48,360	\$0	\$127,833
3 HUD grant - Section 8 HAP reimbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 HUD grant - Section 8 Admin fee earned	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 HUD grant - Public Housing subsidy	\$394,457	\$342,264	\$363,009	\$26,826	\$89,870	\$1,059,569	\$2,275,994	\$0	\$0	\$0	\$0	\$2,275,994
6 HUD grant - Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 HUD grant - Capital Fund Operating Reven	\$340,590	\$322,965	\$327,680	\$0	\$57,380	\$547,836	\$1,596,451	\$0	\$0	\$0	\$0	\$1,596,451
8 Management Fee Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Other Government grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10 Investment income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$10	\$0	\$5,010
11 Fraud Recovery Income - Sec 8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12 Other Revenue- Developer Fee Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13 Other Revenue	\$4,700	\$3,985	\$1,040	\$0	\$100	\$0	\$9,825	\$0	\$0	\$10,670	\$0	\$20,495

TOTAL OPERATING RECEIPTS

\$837,000	\$808,031	\$834,849	\$26,826	\$212,520	\$1,607,405	\$4,426,630	\$1,035,787	\$0	\$480,040	\$148,360	\$6,070,517
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OPERATING EXPENDITURES

Administrative

14 Administrative Salaries	\$29,960	\$26,770	\$27,310	\$0	\$17,000	\$0	\$101,040	\$52,600	\$0	\$47,000	\$0	\$200,640
15 Administrative Personnel - Benefits	\$12,135	\$10,340	\$10,090	\$0	\$7,225	\$0	\$39,790	\$22,355	\$0	\$3,900	\$0	\$86,045
16 Audit Fees	\$0	\$0	\$0	\$0	\$415	\$0	\$415	\$8,550	\$0	\$0	\$0	\$8,965
17 Management Fees	\$61,212	\$58,148	\$48,152	\$0	\$24,120	\$0	\$191,632	\$67,723	\$0	\$23,000	\$8,000	\$290,355
18 Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200	\$0	\$600	\$0	\$800
20 Information Technology Expenses	\$1,360	\$1,625	\$2,040	\$0	\$1,000	\$0	\$6,025	\$0	\$0	\$1,380	\$4,000	\$11,405
21 Office Supplies	\$1,355	\$1,525	\$1,660	\$0	\$150	\$0	\$4,690	\$1,750	\$0	\$1,500	\$200	\$8,140
22 Publications & Memberships	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23 Telephone	\$4,375	\$4,050	\$3,410	\$0	\$900	\$0	\$12,735	\$2,250	\$0	\$2,158	\$4,400	\$21,543
24 Postage	\$375	\$355	\$450	\$0	\$150	\$0	\$1,330	\$600	\$0	\$0	\$0	\$1,930
25 Leased Equipment & Repairs	\$885	\$785	\$2,400	\$0	\$1,400	\$0	\$5,470	\$1,850	\$0	\$0	\$0	\$7,320
26 Office Equipment Expensed	\$2,500	\$2,335	\$1,615	\$0	\$0	\$0	\$6,450	\$0	\$0	\$1,500	\$0	\$7,950
27 Legal	\$2,500	\$1,100	\$900	\$0	\$1,500	\$0	\$6,000	\$5,500	\$0	\$900	\$0	\$12,400
28 Local Mileage	\$170	\$150	\$110	\$0	\$75	\$0	\$505	\$125	\$0	\$0	\$0	\$630
29 Staff Training/ Out of Town Travel	\$330	\$435	\$840	\$0	\$0	\$0	\$1,605	\$1,500	\$0	\$0	\$0	\$3,105
30 Administrative Contracts	\$1,925	\$1,725	\$2,575	\$0	\$1,500	\$0	\$7,725	\$5,850	\$0	\$2,000	\$0	\$15,575
31 Other Administrative Expenses	\$580	\$305	\$255	\$0	\$0	\$0	\$1,140	\$2,000	\$0	\$1,180	\$0	\$4,320
32 Due Diligence - Perspective Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33 Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Administrative Expenses	\$119,662	\$109,648	\$101,807	\$0	\$55,435	\$0	\$386,552	\$172,853	\$0	\$85,118	\$18,600	\$881,123

Tenant Services

34 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35 Tenant Service Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36 Relocation Costs	\$1,000	\$1,745	\$950	\$0	\$80,000	\$0	\$83,695	\$0	\$0	\$0	\$0	\$83,695
37 Tenant Service - other	\$1,650	\$600	\$1,210	\$0	\$0	\$0	\$3,460	\$11,250	\$0	\$3,300	\$9,000	\$27,010
Total Tenant Services	\$2,650	\$2,345	\$2,160	\$0	\$80,000	\$0	\$87,155	\$11,250	\$0	\$3,300	\$9,000	\$110,705

	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	Tax Credit AMPS	LIPH Total	Sel 7	Market Rate	Outrigger	Prairie Oaks	Portfolio Total
	K, M & O St. Apts. Elderly Disabled	Fawcett, Wright, 6th St. Apts. (Elderly/Disab le)	Lawrence, Bergerson Terrace, Dixon Village	Hillside Terrace (1800 & 2500 Blocks) Demold	Single Family Homes							
Utilities												
38 Water	\$8,950	\$6,950	\$11,500	\$0	\$1,200	\$0	\$28,600	\$30,000	\$0	\$7,440	\$5,000	\$71,040
39 Electric	\$18,500	\$20,750	\$12,200	\$0	\$1,200	\$0	\$52,650	\$4,000	\$0	\$4,920	\$12,000	\$73,570
40 Gas	\$8,750	\$5,050	\$1,775	\$0	\$300	\$0	\$15,875	\$0	\$0	\$1,200	\$0	\$17,075
41 Sewer	\$29,000	\$22,750	\$34,600	\$0	\$3,500	\$0	\$89,850	\$58,000	\$0	\$23,772	\$0	\$171,622
Total Project Utilities	\$65,200	\$55,500	\$60,075	\$0	\$6,200	\$0	\$186,975	\$92,000	\$0	\$37,332	\$17,000	\$333,307
Ordinary Maintenance & Operations												
42 Maintenance Salaries	\$37,950	\$36,700	\$37,600	\$0	\$25,000	\$0	\$137,250	\$66,462	\$0	\$0	\$0	\$203,712
43 Maintenance Personnel - Benefits	\$16,250	\$16,525	\$14,675	\$0	\$8,000	\$0	\$55,450	\$26,585	\$0	\$0	\$0	\$82,035
44 Maintenance Materials	\$6,500	\$6,550	\$9,950	\$0	\$15,000	\$0	\$38,000	\$22,050	\$0	\$31,176	\$0	\$91,226
45 Contract Maintenance	\$43,500	\$40,500	\$43,000	\$0	\$17,500	\$0	\$144,500	\$103,150	\$0	\$89,921	\$7,500	\$345,071
Total Routine Maintenance	\$104,200	\$100,275	\$105,225	\$0	\$65,500	\$0	\$375,200	\$218,247	\$0	\$121,097	\$7,500	\$722,044
General Expenses												
46 Protective Services	\$11,750	\$8,800	\$4,300	\$0	\$500	\$0	\$25,350	\$0	\$0	\$0	\$1,000	\$28,350
47 Insurance	\$10,750	\$10,000	\$9,750	\$0	\$9,384	\$0	\$39,884	\$30,288	\$0	\$6,600	\$6,600	\$83,371
48 Other General Expense	\$775	\$2,110	\$1,015	\$0	\$200	\$1,424,769	\$1,428,869	\$99,200	\$0	\$0	\$24,000	\$1,552,069
49 Payment in Lieu of Taxes	\$934	\$690	\$620	\$0	\$580	\$0	\$2,824	\$750	\$0	\$0	\$0	\$3,574
50 Collection Loss	\$49,500	\$4,500	\$5,500	\$0	\$580	\$0	\$60,080	\$15,000	\$0	\$0	\$742	\$75,822
51 Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79,846	\$11,825	\$91,671
Total General Expenses	\$73,709	\$26,100	\$21,185	\$0	\$11,244	\$1,424,769	\$1,557,007	\$145,238	\$0	\$86,446	\$44,167	\$1,832,857
TOTAL OPERATING EXPENSES	\$365,421	\$293,868	\$290,452	\$0	\$218,379	\$1,424,769	\$2,592,889	\$639,587	\$0	\$333,293	\$94,267	\$3,660,036
Nonroutine Expenses and Capital Expenditures												
52 Ext Maint/Fac Imp/Gain/Loss prop sale	\$0	\$30,000	\$0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$0	\$0	\$30,000
53 Casualty Loss	\$1,200	\$0	\$6,000	\$0	\$0	\$0	\$7,200	\$5,000	\$0	\$0	\$0	\$12,200
54 Section 8 HAP Payments	\$519,858	\$443,486	\$468,214	\$0	\$0	\$0	\$1,431,558	\$0	\$0	\$0	\$0	\$1,431,558
Total Nonroutine Expenditures	\$521,058	\$473,486	\$474,214	\$0	\$0	\$0	\$1,468,758	\$5,000	\$0	\$0	\$0	\$1,473,758
TOTAL EXPENSES	\$886,479	\$767,354	\$764,666	\$0	\$218,379	\$1,424,769	\$4,061,647	\$644,587	\$0	\$333,293	\$94,267	\$5,133,794
OPERATING SURPLUS/(DEFICIT)	\$50,520	\$40,677	\$70,183	\$26,826	(\$5,859)	\$182,636	\$364,984	\$391,200	\$0	\$126,747	\$54,093	\$897,023
55 Debt Service Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$12,500)	\$0	(\$55,081)	\$0	(\$67,581)
Surplus/Deficit Before Reserve Appropriations	\$50,520	\$40,677	\$70,183	\$26,826	(\$5,859)	\$182,636	\$364,984	\$378,700	\$0	\$71,666	\$54,093	\$869,442
56 Reserve Appropriations	\$403,400	\$383,400	\$363,200	\$0	\$0	\$0	\$1,150,000	\$0	\$0	\$0	\$0	\$1,150,000
57 Operations/Transfers In/(Out)	(\$403,400)	(\$383,400)	(\$363,200)	\$0	\$0	\$0	(\$1,150,000)	\$0	\$0	\$0	\$0	(\$1,150,000)
Surplus/Deficit Before Capital Expenditures	\$50,520	\$40,677	\$70,183	\$26,826	(\$5,859)	\$182,636	\$364,984	\$378,700	\$0	\$71,666	\$54,093	\$869,442
58 Capitalized Items/Development Projects	\$0	\$0	\$0	\$0	(\$300,000)	\$0	(\$300,000)	(\$36,516)	(\$100,000)	(\$450,000)	(\$5,250)	(\$891,766)
59 Revenue - Capital Grants/Sale of property	\$0	\$0	\$0	\$0	\$1,728,000	\$0	\$1,728,000	\$0	\$1,225,000	\$0	\$0	\$2,953,000
60 Reserve Appropriations - Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus/Deficit	\$50,520	\$40,677	\$70,183	\$26,826	\$1,422,141	\$182,636	\$1,792,984	\$342,184	\$1,125,000	(\$378,334)	\$48,843	\$2,930,978

FY16 Budget - Supporting Schedule for Housing Development Capital Expenditures
January 1, 2016 through December 31, 2016

Project	Funding Source	Total	MTW/CFP/RHF	MTW BA/Demo-dispo funds	WSHFC	State & Local Grants	THA Reserves & Program Income
Bay Terrace Phase 2 redevelopment							
	TCRA	1,000,000				1,000,000	
	THA - MTW Reserves	400,000					400,000
	CBDG	100,000				100,000	
	SUBTOTAL	1,500,000	-	-		1,100,000	400,000
Outrigger							
	Reserve Set Aside for Site work and remodel work at unit turn	450,000					450,000
	SUBTOTAL	450,000	-	-	-	-	450,000
RAD Conversion							
	THA Funds	7,348,280	7,348,280				
	SUBTOTAL	7,348,280	7,348,280	-	-	-	-
THA Homes for Sale Rehab							
	Prepare Scattered Site homes for sale	300,000	300,000				
	Prepare Market Rate homes for sale	100,000	100,000				-
	SUBTOTAL	400,000	400,000	-		-	-
Renovations - THA Administration							
	902 2nd Floor Remodel - Reserves	75,000		75,000			
	Family Investment Center Remodel - Reserves	579,500					579,500
	Salishan Maintenance Shop renovations - Reserves	286,500					286,500
	SUBTOTAL	941,000	-	75,000		-	866,000
Key Bank							
	THA Funds - Reserves	62,500					62,500
	Updgrades to lease	150,000					150,000
	WSHFC loan (not part of budget)	775,000			775,000		
	SUBTOTAL	987,500	-	-	775,000	-	212,500
Property Purchases							
	Hilltop area - BA Reserves	750,000					750,000
	Hillside 1500 Tax Credit Purchase - MTW Reserves	100,000					100,000
	SUBTOTAL	850,000	-	-	-	-	850,000
Total Capital Expenditures:							
		12,476,780	7,748,280	75,000	775,000	1,100,000	2,778,500

Resolution 4



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(4)

Date: June 22, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Moving to Work (MTW) Reserve Commitment

This resolution would update the Board's commitment of Tacoma Housing Authority's (THA) Moving to Work (MTW) reserves. These reserves are essential for purposes vital to THA's mission and to cover important obligations.

Background

THA is an MTW agency, and therefore subject to Housing and Urban Development (HUD) Cash Management. Currently, any eligible Housing Assistance Payment (HAP) funds not reported on the agency's monthly Voucher Management System (VMS) report to HUD as HAP expenditures remain at HUD until the agency submits a request based on expenditures to draw it down.

Furthermore, HUD is now requiring MTW agencies to report on the status of their commitments on their monthly VMS report.

Over the years, THA has built up reserves in both its MTW and Business Activity areas. In doing so, the agency plans for the future in both capital and operational areas, and identifies areas where the Reserve funds will allow THA to move forward in accomplishing its goals.

Formally committing these funds with Board approval is a useful planning tool. It also helps HUD understand their purposes.

Resolution 2015-07-30(2) provided the latest approved list of commitments for 2015. This resolution will update the agency commitments based on the 2016 mid-year budget revision.

Recommendation

Approve Resolution 2016-06-22(4) committing THA MTW reserves as identified in the attached Schedule of MTW Reserve Commitments.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(4) COMMITMENT OF MOVING TO WORK RESERVES

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

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

WHEREAS, The attached Schedule of MTW Reserve Commitments updates Resolution 2016-07-30(2), and reflects the Authority's current plans for such capital and operational expenditures of MTW reserve's; and

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

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

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

Approved: June 26, 2016

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	\$ -	Completed
Renovation/Remodel of 2nd Floor of Administrative Building	\$ 1,789,000	\$ -	Completed
Renovation/Remodel of Salishan Family Investment Center	\$ 579,500	\$ 579,500	12/31/2017
Renovation of Salishan Maintenance Shop	\$ 286,500	\$ 286,500	12/31/2017
RAD Conversion Costs - Capital Contributions to Projects	\$ 1,500,000	\$ -	Completed
Software Conversion for Unsupported/Obsolete ERP Software (Visual Homes)	\$ 1,100,000	\$ 750,000	6/30/2017
Education Projects - McCarver & Others	\$ 310,000	\$ 310,000	12/31/2018
Exigent Health & Safety Issues (Meth Remediation)	\$ 260,000	\$ -	Properties primarily Tax Credit
Children Savings Account Cohort		\$ 300,000	12/31/2020
Affordable Housing (Re)/Development (Hilltop/RAD)	\$ -	\$ 2,000,000	12/31/2018
Total Committed Funds	\$ 8,245,000	\$ 4,226,000	

Resolution 5



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-06-22(5)

Date: June 22, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Arlington Drive Land Use Proposal for Youth Housing and Services

This resolution would authorize the Executive Director to do two things: (1) negotiate and sign a letter committing THA to lease its Arlington Drive property to the City of Tacoma (City) for a youth home the City and others would pay to develop for children ages twelve (12) to eighteen (18); the letter will make clear that the commitment is contingent on the Board's approval of a contract with the City and others governing the terms of the arrangement; (2) negotiate that contract for submittal to the Board for its review and approval. The terms of the contract will also include provision for other housing and services for youth.

Background

TACOMA AND PIERCE COUNTY'S GROWING NUMBERS OF HOMELESS YOUTH WITHOUT FAMILIES AND YOUNG ADULTS, AND THE CONSEQUENCES

Tacoma and Pierce County has a worrisome population of homeless youth without families and homeless young adults. The Pierce County 2016 Point in Time Count recorded 65 sheltered and 25 unsheltered youth. The report acknowledges this may be an undercount. Our community has few resources to serve these young people. In the past 30 years up to the present day, Pierce County has had no crisis residential care facility, no stable shelter, and no day use services for their use. Most receive no help. Those who receive services do so within the foster care system, the juvenile or adult criminal justice system, or the mental health system. Sometimes these systems move them to other counties or states.

Here is what we understand homelessness does to youth and young people aged 12 to 24 years:

- Developmental and educational impairments
- Increased exposure to violence, victimization and complex trauma
- Barriers to work and long term employment
- Increased chances of lifelong poverty

- Increased delinquency, criminal behavior as adults and engagement in the criminal justice system
- Increased debt
- 40% increase in likelihood that a young person will exchange sex for food, shelter, drugs
- Higher utilization of acute health services
- Prolonged periods on welfare benefits
- 30% - 50% increase in likelihood of substance abuse
- African American disproportionally experience homelessness
- Increased behavioral health challenges by up to 50% - 60% (depression, anxiety and externalizing behavior are the most prevalent for children and adolescents by)
- Lack of positive life supports
- Weakened or broken relations with family members
- Youth in foster care are at a higher risk for homelessness as adults (some research indicates between 15% and 50% of foster youth experience homelessness)
- Food insecurity
- Parental stress, poor parent-child relationships and negative interactions between parents and their children.
- Poor impulse control

Washington State's child welfare system faces serious challenges in its abilities to address this problem. Child abuse and neglect is increasing. Pierce County has more than its share of children suffering abuse and neglect. It has more such cases than King County, which has a much larger population. Yet placement options (foster home or group care beds) are decreasing. Children's Administration social workers are staying with youth in hotels or sending youth out of state for placement options.

RECENT HISTORY OF THE EFFORTS IN TACOMA AND PIERCE COUNTY TO SERVE HOMELESS YOUTH AND HOMELESS YOUNG ADULTS

The City of Tacoma has approached THA about purchasing one acre of a 3.5 acre parcel of land adjacent to Salishan called Arlington Drive. The City would like to use this property for a crisis residential center (CRC) for youth aged 12-17. The building would be built using City and Pierce County funds. The City would own the building. The City would contract with Community Youth Services (CYS) to operate the CRC. CYS is well regarded a non-profit service provider for these services. Its main operations are in Thurston County. It has recently expanded into Pierce County.

about providing housing and services for homeless youth aged 12-24. THA participated in those discussions. That discussion succeeded in identifying the continuum of services these young people need. That continuum requires three elements:

1. A crisis residential center (CRC) for youth aged 12-17 years old. This center would focus on housing youth who are homeless, who are in protective custody due to abuse and neglect, who are otherwise subject to the dependency jurisdiction of the state and have run from foster care system, and youth being referred out of Remann Hall detention because their criminal involvement is related to homelessness.
2. A young adult shelter for people aged 18-24 and a day center for people aged 12-24. These are envisioned to be in the same building.
3. Rental assistance and supportive services for homeless young adults able to rent housing on the private market. The assistance is intended for young adults exiting the shelter as part of a continuum of care for this population.

In 2012, THA worked closely with the County and began funding the rental assistance component of this plan using its Moving to Work (MTW) dollars. By contract with Pierce County THA now provides \$288,000 each year for rental assistance to young adults 18-24. We have spent these funds with good success.

Also in 2012, the City and the County became more involved in these discussions for the other two elements of the strategy. They propose to fund the construction of the CRC and shelter/day center that the City would own. As the owner of the buildings, the City would be responsible for securing the funds necessary to build, purchase and/or rehab the buildings for these two purposes, and to fund their operation. The City has set aside \$2 million in capital for both facilities and the County has set aside \$750,000.

In 2014, the City and County selected Community Youth Services (CYS) to be the service provider to run these two facilities. The timing of the selection was useful so CYS's expertise can inform the choice of location of the facilities. The City, the County and CYS have been looking for locations since 2014, with little success.

As merely an interim measure the COT has contracted with CYS to provide shelter services in the Beacon Senior Center on S 13th and Fawcett. CYS uses this facility to shelter 35 to 40 young adults of both sexes from ages 18 to 24. It shelters them from 6:30 PM to 6:30 AM each day. The young people sleep on cots in a common area. The shelter provides an evening meal through a partnership with Tacoma Rescue Mission and evening programming (games and movies) through the use of volunteers. This shelter is valuable but it is not enough and it is not a healthy place to be. One problem is that the young adults must exit the facility at 6:30 AM each morning, regardless of the weather. They have few options for daytime shelter, services, laundry facilities and food, and services to find them more suitable and stable housing.

During this year's state legislative session, CYS successfully advocated for new funding for homeless youth and young adults. An opportunity for \$600,000 in annual operating funds for a CRC facility in Pierce County will come available in early summer 2016. In order to apply for this funding, CYS must have a letter of support that identifies a site for the CRC.

ARLINGTON DRIVE PROPOSAL

THA owns Arlington Drive, a 3.5 acre parcel adjacent to Salishan and buffered by First Creek gulch. The site has approximately .5 acre of wetlands and new developments must allow for a 50' buffer around the wetland. This leaves about 2.5 acres of buildable land. The land appraised for \$1.3 million in 2008. Real Estate Development (RED) staff estimate the land now to be worth about \$1 million. THA has no current plans for the site.

The City, the County and CYS would like to use one acre of Arlington Drive to develop the crisis residential facility (CRC). This would be a newly constructed 4,000-5,000 square foot, single-family, single-level home to house up to 15 youth at any given time. The City, the county and CYS think Arlington Drive is the best site for this home. They think it offers an appealing therapeutic and residential setting for the children. CYS would staff and operate the home which the State of Washington would license. The site is properly zoned for this use.

Recommendation

Staff recommend that the Board approve this resolution. It would authorize and direct the Executive Director to do two things, which I explain in further detail below:

- *Negotiate and Sign Contingent Letter of Commitment*
The resolution would authorize the Executive Director to negotiate with the City, the County and CYS and, if those negotiations are successful, to sign a letter committing Arlington Drive as the site for the CRC facility. This letter would state that the commitment is contingent on THA and the City and others reaching agreement in the form of a contract stating the terms of use for the Arlington Drive site. A draft of the letter of commitment is attached.
- *Negotiate for Board Review a Contract, with the City of Tacoma and others, setting the terms of use of Arlington Drive.*
The resolution would direct the Executive Director to negotiate a contract with the City of Tacoma and others setting the terms of use for the Arlington Drive site, and if he judges those negotiations to be successful, to submit the agreement to the Board for its review and approval. Below I propose the general terms such an agreement would cover.

1. FACTORS GOVERNING THE RECOMMENDATION

The following seven factors inform the staff's recommendation:

1.1 *Urgency of Need in Tacoma and Pierce County to Serve Homeless Youth Without Families and Homeless Young Adults*

Pierce County has not had stable shelter, CRC facilities or transitional housing for homeless or needy youth and young adults for thirty years. Their number continues to grow and they continue to make their way into adulthood without housing and without services, at enormous costs to them and to our community.

This is a good time for our community to step up, including THA. Years of planning has identified the required continuum of services. The City and the County are willing to commit funds for the purpose. Funding from the state is now available. A highly capable service provider, CYS, is ready to assume operational responsibilities.

1.2 *The Site's Suitability for the Population of Young People*

We must be assured that Arlington Drive is a suitable site for the young people to be served. We relied on the expert judgment of Community Youth Services (CYS) to make this assessment. CYS reports that the Arlington Drive site is very suitable. It will allow for an appealing, residential setting screened from neighbors by First Creek Gulch. It is near a middle school, the EastSide Recreation Center that MetroParks will build shortly, parks, and bus transportation.

1.3 *Fit for the Salishan Community and Surrounding Area*

The proposed uses must also be a good fit for the nearby neighborhood of Salishan and Portland Avenue. To judge this we will consult the experience of CYS, which has long managed similar programs in Thurston County. We also know that the fit depends on the skill and competence of the service provider and manager. For this reason we value the high capacity of CYS. For this same reason, in our agreement with the City, we will retain an adequate ability to intervene should the service provider lose its capacity. We will also participate with the City, the County and CYS, in a meaningful effort to elicit and consult the views of the surrounding community about the development and its ongoing operation. This consultation has already begun.

1.4 *Capacity of Service Provider*

The City and Pierce County selected CYS through a competitive Request for Qualifications (RFQ) process. CYS has 40 years of experience in Thurston County operating similar facilities. It is well respected for this work. It is financially secure with a solid operational and fundraising capacity. CYS has also hired Kurt Miller as its Executive Director of Pierce County Operations. Kurt comes with his own impressive set of experience and expertise. He was the former director of REACH, a housing and employment service organization serving this same population. He is also a former Tacoma Public School board member. THA knows him well in a long and very positive array of collaborations.

1.5 *THA Retaining Adequate Control*

THA needs to retain adequate control of the property's use. This measure of control is necessary to protect several THA interests: its interest in Salishan and its high standards of design and community functioning, its interest in the welfare of the youth to be served and the high quality of services they will need; its stewardship over land that it will continue to own, and its interest in the considerable investment it is making in this enterprise through its donation of the property's use. For these purposes, THA needs an agreement with the City with the following elements: THA lease (not sale) of the property; THA as master planner and developer of the campus; adequate THA control over the selection and retention of the service provider.

1.6 *Design*

THA's strong investment in the design of the Salishan neighborhood gives THA a strong interest in ensuring that the Arlington Drive buildings and campus look lovely. This is also important for the youth who will live there. For this purpose, it will need approval authority of exterior design.

1.7 *What does this use of one acre of Arlington Drive mean for the use of the remaining two acres?*

The THA Asset Management Committee does not support dividing the Arlington Drive property. We only support this proposal as part of a master plan to use the entire site as a campus to support youth and young adults. We come to this recommendation for two reasons. **First**, the property's main value is for an undivided use. If we rented or sold only 1 acre to the City for a CRC only, we would have a harder time finding a use the remaining 2 acre, especially since the wetlands make some of the land unbuildable. **Second**, the homeless youth and young adults of our community need the full continuum of services, not only a CRC but also a shelter, a drop in center, transitional housing, job training facility and administrative offices for the service provider. Arlington Drive is a rare chance to get it all done.

The following two recommendations account for all of these factors:

2. NEGOTIATE AND SIGN A CONTINGENT LETTER OF COMMITMENT

The resolution would authorize the Executive Director to negotiate, and if those negotiations are successful, to execute a letter committing Arlington Drive as the site for the CRC facility. This letter would state that the commitment is contingent on THA and the City and others reaching agreement in the form of a contract stating the terms of use for the Arlington Drive site. A draft of the letter of commitment is attached. CYS would use this letter to support its application to the state for operational funding for the CRC.

3. **NEGOTIATE MEMORANDUM OF UNDERSTANDING (MOU) OR EQUIVALENT CONTRACT FOR SUBMITTAL TO BOARD**

The resolution would direct the Executive Director to negotiate a contract with the City of Tacoma and others setting the terms of use for the Arlington Drive site, and if he judges those negotiations to be successful, to submit the agreement to the Board for its review and approval. The contract should provide for the following terms:

- *Lease of the land and Required Uses*
The contract will provide for THA's lease to the City of Tacoma of all 3.5 acres of Arlington Drive. THA would not charge rent for this use. The rent free use of this \$1 million property would be THA's contribution to the effort to serve these homeless and needy young people of our community.

The City will be required to use the land as a campus for services for homeless or needy youth and young adults aged 12-24. The City will be responsible for providing or arranging the finances to build and operate the necessary facilities on a schedule that the contract will direct. The City will own the facilities. These facilities will include the following:
 - the first planned use of the site would be approximately one acre for the Crisis Residential Center facility to be built and opened within eighteen (18) months of the execution of the agreement;
 - a young adult shelter and daytime drop in center within eighteen (18) months of the execution of the agreement, unless the City, within that time, develops and opens an adequate shelter and drop in center at another site in the City;
 - transitional housing for young adults;
 - a job training center;
 - administrative offices for the service provider(s) at the site.
- *THA shall approve design standards for any structure to be built at Arlington Drive.*
- *THA shall serve as the lead master planner and developer for the entire site.*
- *High Capacity Services Provider*
The City shall contract with and manage a high quality service provider to manage each building, and its services, on the site. The City shall obtain THA's approval of any such provider, which approval THA will not unreasonably withhold. The contract will provide a process that will allow THA or the City to direct a change in providers should either judge that a change is appropriate or necessary to ensure the provision of high quality service to the youth.

- The agreement will provide for a meaningful consultation process to elicit and consider the views of the community for the use of Arlington Drive in both its initial development and in its ongoing operations.
- The City will retain ownership of any building built on Arlington Drive. After the lease terminates for any reason, ownership of any buildings on the site will revert to THA.
- The lease shall provide for an early termination for the City's failure to fulfill its terms, at which time ownership of any buildings on the site will revert to THA.

In conclusion, staff believe that under the leadership of the City and the County, our community has a long overdue chance to effectively address a long standing disaster for a growing number of homeless youth without families and homeless young adults. Much more discussion will be necessary with the City, the County and CYS. We recommend that the Board authorize the Executive Director to negotiate THA's contribution to this important effort. We recommend the Board's approve resolution 2016-06-22(5).



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-06-22(5)

Arlington Drive Land Use Proposal for Youth Housing and Services

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

WHEREAS, The City of Tacoma and Pierce County have a growing population of homeless youth without families and homeless young adults; and

WHEREAS, The City of Tacoma and Pierce County are presently without the services necessary to responsibly and effectively serve these young people; and

WHEREAS, As a result these young people face physical and sexual exploitation, lifelong developmental and educational impairments, health and mental health damage, and blighted economic and emotional prospects, and our City and County face increased costs of emergency services, mental health and health services and judicial and jail services; and

WHEREAS, The City and the County over years of planning have identified the continuum of services necessary to address the problem; and

WHEREAS, This a promising and rare occasion to help our community address this problem, for several reasons: the City and the County show a willingness to commit the funds necessary to build and operate these services, they have chosen Community Youth Services, a high capacity service provider, for the purpose; the State of Washington is offering funds for operational expenses; and

WHEREAS, The City, the County and the service provider have asked THA for use of THA's property of Arlington Drive near Salishan, valued at \$1 million, to site a Crisis Residential Center; and

WHEREAS, After two years of looking, the City has not been able to identify other sites; and

WHEREAS, Serving homeless youth without families and homeless young adults fits well within THA's mission and strategic objectives; now, therefore, be it

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

1. THAs Executive Director is directed and authorized to negotiate and if those negotiations are successful, to sign a letter committing the use of Arlington Drive as the site for a Crisis Residential Center. This letter shall state that the commitment is contingent on THA and the City of Tacoma reaching agreement in the form of a contract stating the terms of use

for the Arlington Drive site. The letter may be in substantially the form showing in the attached draft.

2. The Executive Director is directed to negotiate a contract with the City of Tacoma and others setting the terms of use for the Arlington Drive site, and if he judges those negotiations to be successful, to submit the agreement to the Board for its review and approval. The terms of the agreement will cover the following:

- *Lease of the land and Required Uses*

The contract will provide for THA's lease to the City of Tacoma of all 3.5 acres of Arlington Drive. THA would not charge rent for this use. The rent free use of this \$1 million property would be THA's contribution to the effort to serve these homeless and needy young people of our community.

The City will be required to use the land as a campus for services for homeless or needy youth and young adults aged 12-24. The City will be responsible for providing or arranging the finances to build and operate the necessary facilities on a schedule that the contract will direct. The City will own the facilities. These facilities will include the following:

- the first planned use of the site would be approximately one acre for the Crisis Residential Center facility to be built and opened within eighteen (18) months of the execution of the agreement;
 - a young adult shelter and daytime drop in center within eighteen (18) months of the execution of the agreement, unless the City, within that time, develops and opens an adequate shelter and drop in center at another site in the City;
 - transitional housing for young adults;
 - a job training center;
 - administrative offices for the service provider(s) at the site.
- *THA shall approve design standards for any structure to be built at Arlington Drive.*
 - *THA shall serve as the lead master planner and developer for the entire site.*

- *High Capacity Services Provider*
The City shall contract with and manage a high quality service provider to manage each building, and its services, on the site. The City shall obtain THA's approval of any such provider, which approval THA will not unreasonably withhold. The contract will provide a process that will allow THA or the City to direct a change in providers should either judge that a change is appropriate or necessary to ensure the provision of high quality service to the youth.
- The agreement will provide for a meaningful consultation process to elicit and consider the views of the community for the use of Arlington Drive in both its initial development and in its ongoing operations.
- The City will retain ownership of any building built on Arlington Drive. After the lease terminates for any reason, ownership of any buildings on the site will revert to THA.
- The lease shall provide for an early termination for the City's failure to fulfill its terms, at which time ownership of any buildings on the site will revert to THA.

Approved: June 22, 2016

Stanley Rumbaugh, Chair

<Date to be inserted>

With this letter, Community Youth Services is applying for the Office of Youth Homelessness Request for Proposal for CRC and Hope program services.

Community Youth Services, the City of Tacoma, Pierce County and the Tacoma Housing Authority have partnered in the development of a facility for Crisis Residential Center (CRC), Hope (beds used for youth experiencing homelessness), Runaway and Homeless Youth (RHY) and other emergency sheltering services.

Pierce County is designated a high needs county for young people experiencing homelessness. The community has been without dedicated services for this population for over 30 years. Currently, CYS hold contracts with the City of Tacoma and Pierce County to operate an overnight shelter at a temporary location. Community Youth Services, the City of Tacoma and Pierce County are collaborating to develop a facility that can meet the needs of youth who are experiencing homelessness in Pierce County. A permanent site has been identified for the development of a youth facility or teen home on a property belonging to the Tacoma Housing authority. The teen home will provide 24 hour/day, 7 day/ week crisis residential services for youth between 12 and 18 years of age. This letter represents the commitment between all four parties.

This commitment includes:

- Dedicated funds from both the City of Tacoma and Pierce County are ready to serve as match to both state and federal awards.
- Tacoma Housing Authority has available property, known as the "Arlington" property which is identified specifically for the teen home facility. The commitment of the land is by lease to the City of Tacoma. The lease terms and other terms will be outlined in a contract between Tacoma Housing Authority and the City of Tacoma and others that the Tacoma Housing Authority Board of Commissioners must approve.
- The project timeline for completion of the 12-15 bed facility will fall well within the September 2016 to August 2017 Office of Youth Homelessness contract period.

We sign this to denote our pledge to this important project. Please feel free to contact us if you have questions or if you require more information.

Scott Hanauer, MA
CEO, Community Youth Services

Nadia Chandler Harding
Assistant to the City Manager, City of Tacoma

Michael Mirra
Executive Director, Tacoma Housing Authority

Tess Colby
Manager Community Connections, Pierce County

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A community partnership to end youth homelessness

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