



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

December 14, 2016



Michael Mirra
Executive Director

TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

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

REGULAR MEETING Board of Commissioners

WEDNESDAY, December 14, 2016

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold its Regular Meeting on **Wednesday, December 14, 2016, at 4:45 pm.**

The meeting will take place at:

**Bay Terrace
2550 South G. Street
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 December 14, 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

UPDATED

AGENDA

REGULAR BOARD OF COMMISSIONERS MEETING

December 14, 2016 4:45 PM

Bay Terrace, 2550 South G. Street, Tacoma

-
- 1. CALL TO ORDER**
 - 2. ROLL CALL**
 - 3. APPROVAL OF MINUTES**
 - 3.1 Minutes of November 16, 2016—Regular Session
 - 4. GUEST COMMENTS**
 - 5. COMMITTEE REPORTS**
 - 6. COMMENTS FROM THE EXECUTIVE DIRECTOR**
 - 7. ADMINISTRATION REPORTS**
 - 7.1 Finance
 - 7.2 Client Services
 - 7.3 Property Management
 - 7.4 Real Estate Development
 - 8. OLD BUSINESS**
 - 9. NEW BUSINESS**
 - 9.1 2016-12-14 (1) Approval of Tenant Account Receivable Write-Offs
 - 9.2 2016-12-14 (2) Extension of Project Based Vouchers-Tyler Square
 - 9.3 2016-12-14 (3) Buffalo Design A&E Services FIC/Maintenance Shop
 - 9.4 2016-12-14 (4) Buffalo Design A&E Services Key Bank
 - 9.5 2016-12-14 (5) Robinson Noble Environmental Consultant Services-RAD
 - 9.6 2016-12-14 (6) Saravida Property Acquisition in Hilltop-1011 South L. Street
 - 9.7 2016-12-14 (7) Architectural and Engineering A&E Services for New Look 9.8 Property
 - 9.8 2016-12-14 (8) 2017 Budget
 - 9.9 2016-12-14 (9) MTW Reserve Commitments
 - 9.10 2016-12-14 (10) Revised Procurement Policy (**WALK-ON**)
 - 9.11 2016-12-14 (11) Hilltop Lofts Authorizing LIHTC Application (**WALK-ON**)
 - 10. COMMENTS FROM THE COMMISSIONERS**
 - 11. EXECUTIVE SESSION, if any.**
 - 11.1 Purchase of 1011 South L. Street Property
 - 12. ADJOURNMENT**



TACOMA HOUSING AUTHORITY

MINUTES



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, November 16, 2016

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 2302-6th Avenue, Tacoma, WA at 4:36 PM on Wednesday, November 16, 2016

1. CALL TO ORDER

Chair Banks called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:34 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
Chair Arthur Banks	
Vice Chair Janis Flauding	
	Commissioner Stanley Rumbaugh
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	
Toby Kaheiki, 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 Banks declared there was a quorum present @ 4:36 pm and proceeded.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Banks asked for any corrections to, or discussion of the minutes for the Regular Session of the Board of Commissioners on Wednesday, October 26, 2016. Commissioner Flauding moved to adopt the minutes; Commissioner Hodge seconded.

Upon roll call, the vote was as follows:

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

Motion approved.

4. GUEST COMMENTS

Susan Harmon-Payne, 6th Avenue Apartments

Ms. Harmon-Payne brought three items to the board's attention. First, she requested THA to provide a sign outside the building directing dog owners to pick up their pets' waste. Second, she reminded us that at a previous board meeting, she had asked the board to keep Eric Owens as the building manager because she thought he had done more in managing the building than anyone else. Finally, she informed the board that homeless people have been staying under the building stairwell and in the hallway. Tenants have asked security to direct them to shelters. She asked if it would be possible to install cameras in and outside the building before the renovation to record unwanted visitors.

Director Patterson will look into the pet waste situation. It would be very difficult to install cameras before the renovation because it would require wiring, however; fencing will be provided around the property once renovation begins. Mr. Harmon-Payne asked if it would be possible to ask tenants who are up late at night to take pictures of unwanted people and send them to Tacoma Police Department (TPD). Director Patterson discouraged that because it might lead to confrontations. The best thing to do is to have security intervene. Security can take some type of image because they have body cams.

Richard Gill, 6th Avenue Apartments

Mr. Richard Gill said he is one of the tenants up late at night. He does not feel it to be his job to monitor intruders and take pictures. According to him, THA had a report naming him as a tenant who lets non-residents into the building. He has an apprenticeship program that requires him to meet with non-residents. He encouraged tenants to look out for themselves.

5. COMMITTEE REPORTS

Real Estate Development Committee—Commissioner Rumbaugh

Commissioner Rumbaugh was not present.

Finance Committee—Commissioner Hodge and Commissioner Young

Nothing to report.

Education Committee—Commissioner Hodge

Nothing to report.

Citizen Oversight Committee—Vice Chair Banks

Nothing to report.

6. COMMENTS FROM THE EXECUTIVE DIRECTOR

ED Mirra was in Washington, D.C. for a Council of Large Public Housing Authorities (CLPHA) conference and was not in attendance. His written report noted the election results, congressional budgeting, and Tacoma Housing Authority's budget for 2017. Finance Director Ken Shalik addressed the board on ED Mirra's behalf to answer questions.

7. ADMINISTRATIVE REPORTS

Finance

Director Ken Shalik directed the board to the finance report, starting with the financial statement for the period through September 20, 2016. Through September, there is a surplus of \$1.6M compared to the budgeted \$390k and a projected surplus at year's end of \$1.3M compared to the budgeted \$640k.. This is a year of transition. THA is expected to close on Rental Assistance Demonstration (RAD) properties in August, which will mean a surplus at the end of 2017. There are no major areas of concern.

For cash position, there is \$15M in cash and a little under a million for MTW. Unencumbered funds is at \$9M. There is a Study Session on December 7 to go over the 2017 budget. The reserves will dip a little, but THA will still be in good financial shape.

The state auditors hosted an exit conference with the Finance Committee on October 28. There will be no findings for the 2015 audit.

Commissioner Young moved to ratify the payment of cash disbursements totaling \$6,094,034 for the month of October 2016. Commissioner Hodge seconded.

Upon roll call, the vote was as follows:

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

Motion Approved.

Administration

Administration Associate Director Sandy Burgess directed the board to the AD report.

She provided the board an update on RAD and the decision to discontinue the RAD conversion of Salishan and Hillsides. The conversions of the balance of the portfolio under Renew Tacoma and Bay Terrace are still moving forward. THA may still seek to buy out the interest of Boston Financial in Salishan and Hillside.

Client Services

Client Services Director Grey Claycamp directed the board to his report.

Housing Opportunity Program (HOP) waitlist utilization is taking longer due to competing demands. Utilization is currently at 93.7%. Rental Assistance (RA) is working with Policy to identify and account for the factors contributing to the underutilization.

Client Services will move forward with a Landlord Liaison position. The liaison will build relationships with landlords and folks considering Section 8 vouchers. The person will also focus on what kinds of subsidy programs to move forward with.

Commissioner Comments:

Vice Chair Flaundt commented that potential tenants turn down public housing because they dislike the units. Commissioner Hodge asked if there is a comparison chart for HOP vs. other programs, as well as a quota for how many vouchers are available for each program. She suggested reviewing underutilization and the policy for what is offered. She also suggested providing fewer units at a higher rate.

Director Shalik said payment standards are reviewed annually and are increased based on Fair Market Rates (FMR). In addition, both traditional and HOP programs are tracked monthly to review what tenants are paying and what THA is paying in HOP. Director Claycamp added that information for average number of shopping days and utilization may also be reviewed. Rental Assistance staff are taking steps to assist potential renters with receiving financial assistance through Sound Outreach. Landlords are provided an incentive for accepting THA vouchers because part of the tenant's rent is guaranteed. Tenants have THA's support if they face financial hardship.

Vice Chair Flauding asked about rent deposits and what happens when tenants vacate units in good standing. Director Claycamp stated that THA returns the deposit. Usual deposits costs between \$500-\$1000.

Property Management

Property Management (PM) Director Pat Patterson directed the board to his report.

A couple of months ago, the board requested a representative from Salishan Security to address the board. Zack Phillips with Pierce County Security Washington (PCSWA) addressed the board. PCSWA's office is based out of Tacoma, seven minutes away from Salishan. They are able to provide a good range of services to the Salishan neighborhood. This month, they initiated a 24-hour patrol service. Calls go to the main office and are dispatched to officers. They opted out of cameras on their vehicles but they have the ability to take photographs when they are patrolling and writing reports. In addition, photographs of property damages and graffiti are sent real time to property managers, broken down by Sal 1-7. The majority of the calls they have received lately are suspicious activities, noise complaints, and other disturbances. Patrol times are staggered for non-predictability but there is 14 hours of coverage daily 7 days a week. There have been 50 major incidents in the last month, but it is hard to clarify what "major" is. The board asked Property Management to provide numbers of specific incidents to the board on a quarterly basis.

There are no major highlights and updates from last month's PM report. PM continues to drive down turn time and find qualified tenants. THA continues to receive numerous turn downs due to family and work situations. The current disadvantage is that applicants can sign-up for multiple properties. There will be a policy proposed to the board on how long applicants can stay on the waitlist after turning down a unit. In addition, OpenDoor will have a tool built in to have five applicants ready to house at the same time.

Recently, PM was asked to turn units for RAD on short notice. They were able to do the extra work during normal operations.

Real Estate Development

Real Estate Development (RED) Department Director Kathy McCormick directed the board to her report.

The New Look project is going well. The architect will pull the drawings together. The current challenge is finding a contractor willing to do a small project; most contractors are doing \$15-20M projects. This will affect the timeline. There are many investors not interested with small projects. Another challenge is recruiting labor to work on construction jobs. RED is working with CS and United Way to recruit more workers.

RED will be submitting an agreement negotiated with the City for THA's development of the Crisis Residential Center at Arlington Drive. THA will provide and the City will provide the capital funding. If the final agreement is negotiated by the end of December, design can start in February. It has to meet commercial code so it will take around 18 months to build.

8. OLD BUSINESS

None.

9. NEW BUSINESS

8.1 RESOLUTION 2016-11-16 (1) (Agency-Wide Leave Adjustment)

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

WHEREAS, The agency has an established and defined leave policy; and

WHEREAS, THA has required staff to meet especially demanding workloads in 2016 and be available for the remainder of the year, which will be demanding; and

WHEREAS, In recognition of doing this hard work, some extra vacation time would be appropriate; 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 additional Annual Leave for all regular employees' Annual Leave banks as follows:

1. All regular employees hired on or before March 31, 2016, will receive forty (40) hours of Annual Leave.
2. All regular employees hired between April 1, 2016, and June 30, 2016, will receive thirty-two (32) hours of Annual Leave.
3. All regular employees hired between July 1, 2016, and October 31, 2016, will receive twenty-four (24) hours of Annual Leave.
4. All regular employees hired November 1, 2016, and December 31, 2016, will receive eight (8) hours of Annual Leave.

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

AYES: 4
NAYS: None

Abstain: None
Absent: 1

Motion Approved: November 16, 2016

Dr. Arthur C. Banks, Chair

9. COMMENTS FROM COMMISSIONERS

None.

10. EXECUTIVE SESSION

None.

11. ADJOURNMENT

There being no further business to conduct the meeting ended at 5:47 PM.

APPROVED AS CORRECT

Adopted: December 14, 2016

Dr. Arthur C. Banks, Chair



TACOMA HOUSING AUTHORITY

Real Estate Development Committee

Commissioner Stanley Rumbaugh

Finance Committee

Commissioner Minh-Anh Hodge

Commissioner Derek Young

Citizen Oversight Committee

Chair Arthur C. Banks

Education Committee

Commissioner Minh-Anh Hodge



TACOMA HOUSING AUTHORITY

**COMMENTS FROM THE
EXECUTIVE DIRECTOR**



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra, Executive Director
Date: December 8, 2016
Re: Executive Director's Report

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

1. **THA's 2017 BUDGET**

This month staff asks the Board to approve THA's 2017 budget. Staff thanks the Board for the budget study session on December 7th. I was also able to confer separately with Arthur and Minh-Anh. As the Board directed, we wrote the budget presuming upon the HUD appropriations levels that the House Appropriation Committee approved earlier this year. These levels impose flat funding. Yet, we will not know until March, when the next Congress is now set to pass a real budget for 2017, if those levels will govern HUD for the year. We judge that the next Congress in March will likely stay at those levels.

Between now and March we will consult closely with our advisors and our congressional offices to try to anticipate what Congress will do in March. That will help us adjust to whatever the final appropriation is.

We will also begin to identify ways to cut THA's expenses should Congress reduce our funding in March. Even if cuts are not necessary, that exercise may be useful for the 2018 budget, which may be the next real challenge. 2018 will be the first full budget year that the Trump administration will influence.

THA's MTW status gives us some flexibility in how we may respond to these budget challenges. All these choices require us to trade one valuable expenditure for another. I attach a single page document that helps to visualize our present choices and what we give up by making them. I hope this chart will help the Board puzzle through the budget challenges that may be headed our way.

2. **TRUMP CHOOSES BEN CARSON TO LEAD HUD**

We learned today that President-Elect Trump will nominate Ben Carson to be Secretary of HUD. I attach some newspaper articles about Mr. Carson. I also attach CLPHA's press release about the appointment.

3. **THA's SHOWCASED**

I attach a copy of a report featuring THA. It is entitled "*Innovation and the City*". It "highlights fifteen bold urban policies with a proven record of success." The report lists THA and its Education Project on the list of fifteen urban policies or projects that the report cites as models for the nation! Two organizations wrote and published the report, The Center for an Urban Future (CUF) and the Wagner Innovation Labs at NYU's Robert F. Wagner Graduate School of Public Service.

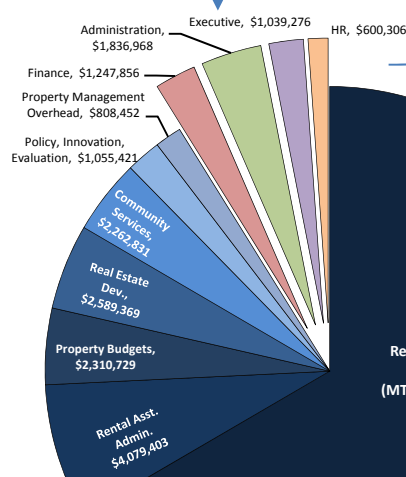
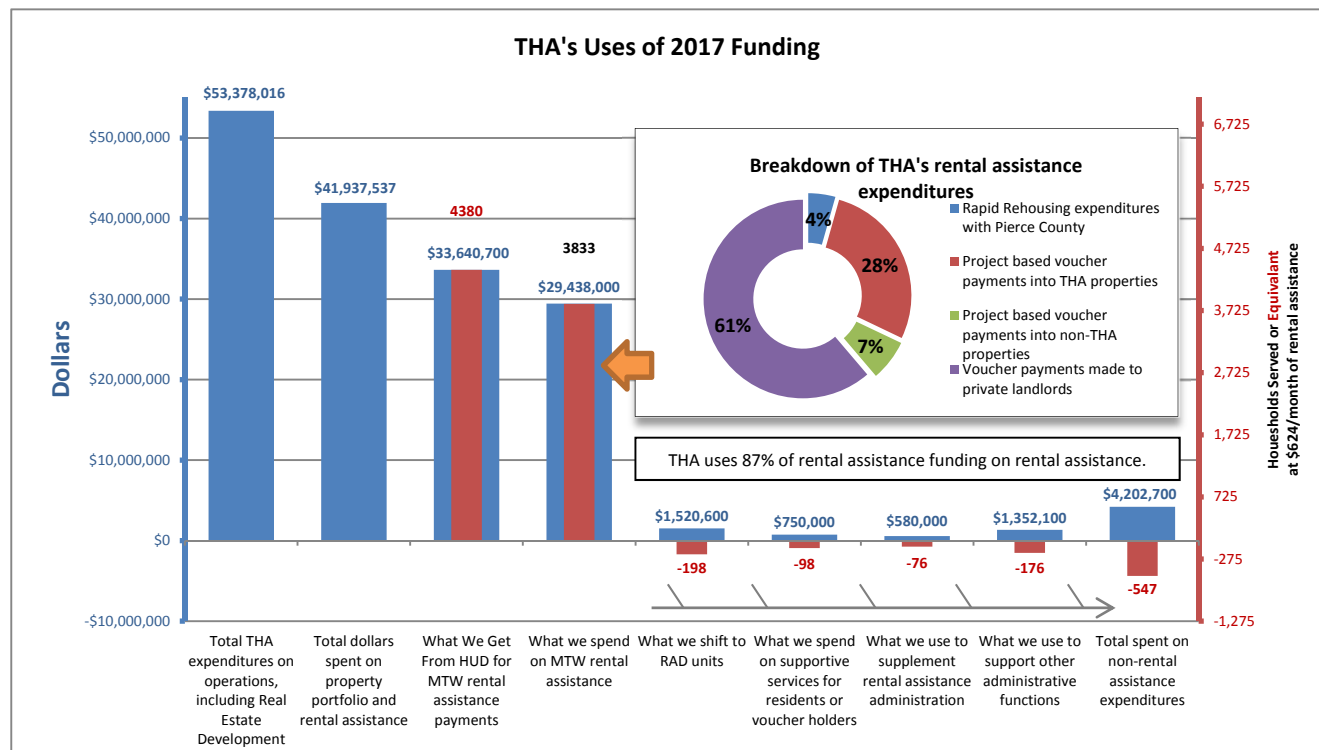


TACOMA HOUSING AUTHORITY

THA USES OF FUNDING

December 7, 2016

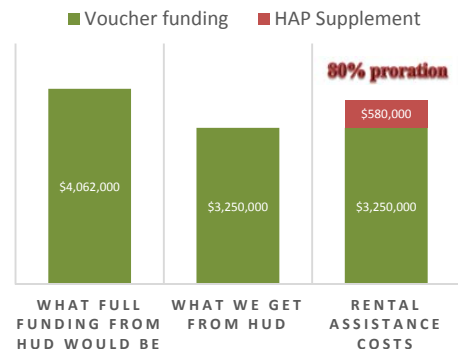
This document illustrates the choices THA faces when allocating its housing resources to housing and other related purposes.



Back Office Function
\$4,724,406; 6%

VOUCHER PROGRAM: DOES NOT RECEIVE FULL HUD FUNDING FOR ADMINISTRATIVE COSTS

Services
\$48,653,610; 94%



The Atlantic

Ben Carson, Poverty Fighter?

Trump’s nominee to be the nation’s next housing secretary brings no formal experience in the federal bureaucracy, but his vision for reviving inner cities will likely stem from his own upbringing.



Evan Vucci / AP

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SIGN UP

Donald Trump changed his mind about Ben Carson. And so, apparently, did Ben Carson.

The president-elect announced on Monday morning his intention to nominate the award-winning neurosurgeon to be secretary of the Department of Housing and Urban Development, putting a former Republican rival in charge of leading a revival of the nation's inner cities that Trump believes are "a disaster."

The move marks a reversal for both men. During the heat of the GOP primary, Trump said Carson had "a pathological temper" that was as incurable as pedophilia. And much more recently, a spokesman for Carson, Armstrong Williams, said the one-time presidential aspirant "feels he has no government experience, no experience running a federal agency."

LATEST FROM POLITICS



[Sometimes There Are More Important Goals Than Civility](#)

"The last thing he would want to do was take a position that could cripple a presidency," Williams [told *The Hill*](#).

Currently led by Secretary Julian Castro, HUD has more than 8,000 employees and a budget of more than \$30 billion. Carson's selection is an odd one chiefly because as a former chief of pediatric neurosurgery at Johns Hopkins, he would seem to be an obvious fit to lead the Department of Health and Human Services, which will be [led by Tom Price](#) if confirmed by the Senate, as opposed to the Cabinet federal housing policy, in which he has comparatively little experience. "Dr. Carson has experience with everything," Williams [told the *Los Angeles Times*](#), revising his earlier statement. "You'd be shocked at the depth of his experience." Carson is the first African American to be named to Trump's Cabinet.

Carson was first reported to be Trump's pick for the job before Thanksgiving, but the nomination wasn't announced for nearly two weeks. "Ben Carson has a brilliant mind and is passionate about strengthening communities and families

within those communities,” the president-elect said in a statement released by his transition team Monday. “We have talked at length about my urban renewal agenda and our message of economic revival, very much including our inner cities. Ben shares my optimism about the future of our country and is part of ensuring that this is a presidency representing all Americans. He is a tough competitor and never gives up.”

What Trump and Carson do share is an up-by-the-bootstraps approach to poverty. Carson’s comes from his personal experience growing up poor in Detroit, where from the age of eight he was raised by a single mother who was a domestic worker and who relied, at times, on food stamps and public assistance. [According to a 20-page biography published by Johns Hopkins](#), Carson’s mother Sonya limited her sons’ television viewing and required them to read constantly and submit weekly book reports. Carson struggled as a teenager with a violent temper, and he has said he once tried to stab a classmate and “almost killed him” except that the blade hit the student’s belt buckle and broke. That was the incident that Trump mocked on the campaign trail, suggesting it would be unwise for voters to elect someone who had admitted to that kind of temper.

Carson’s constant reading, however, fostered an interest in science, and he said he went from being the “class dummy” to the top of his class in just a year. He went to Yale and then the University of Michigan medical school, and by the age of 33, he had become the youngest person ever to lead a major division at Johns Hopkins. He first gained national fame in the 1980s as the doctor who led a surgical team that separated conjoined twins. Twenty years later, he became a conservative political star after assailing President Obama’s signature healthcare law at the National Prayer Breakfast in 2013.

In a [Facebook post](#) just before Thanksgiving, Carson briefly addressed his change of heart on joining the Cabinet:

After serious discussions with the Trump transition team, I feel that I can make a significant contribution particularly to making our inner cities great for everyone. We have much work to do in strengthening every aspect of our nation and ensuring that both our physical infrastructure and our spiritual infrastructure is solid.

Carson has said little, however, about what specific ideas he would bring to HUD to combat inner city poverty and homelessness. He will likely have to work with House Speaker Paul Ryan, who has developed a conservative anti-poverty proposal centered on consolidating federal programs and giving more authority to the states. In choosing Carson, Trump seems to have passed over Ryan's mentor on the issue, Bob Woodson, the president and founder of the Center for Neighborhood Enterprise. Trump met with Woodson last month.

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ABOUT THE AUTHOR



RUSSELL BERMAN is a senior associate editor at *The Atlantic*, where he covers political news. He was previously a congressional reporter for *The Hill* and a Washington correspondent for *The New York Sun*.

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From The Web

Ads by Revcontent

**The New Grocery Store
Alternative is Here!**

Home Chef

**See Why Directors Are
Now Refusing To Work
With These Celebs**

**They've Pretty Much
Given Up On Their Kid
At This Point**

**Would You Spend \$99
to Knock a Shot off
Every Hole?**

The New York Times | <http://nyti.ms/2h5rDor>

POLITICS

Trump Chooses Ben Carson to Lead HUD

By TRIP GABRIEL DEC. 5, 2016

Ben Carson, who took Donald J. Trump on a tour of blighted neighborhoods in Detroit during the presidential campaign, including his boyhood home, has been chosen by Mr. Trump to oversee one of the government's main efforts to lift American cities as secretary of the Department of Housing and Urban Development.

Mr. Carson, a retired neurosurgeon, was an early endorser of Mr. Trump after ending his own presidential bid.

"Ben Carson has a brilliant mind and is passionate about strengthening communities and families within those communities," Mr. Trump said in a statement Monday morning. "We have talked at length about my urban renewal agenda and our message of economic revival, very much including our inner cities."

"Ben shares my optimism about the future of our country and is part of ensuring that this is a presidency representing all Americans," he added. "He is a tough competitor and never gives up."

With no experience in government or running a large bureaucracy, Mr. Carson, 65, publicly waffled over whether to join the administration. He will oversee an agency with a \$47 billion budget, bringing to the job a philosophical opposition to government programs that encourage what he calls "dependency" and engage in "social engineering."

He has no expertise in housing policy. Raised by a dauntless mother with a grammar-school education who sometimes turned to the government for food assistance, he stressed in his autobiography that individual effort, not government programs, were the key to overcoming poverty.

The Department of Housing and Urban Development oversees programs that provide vouchers and other rental assistance for five million low-income families, fights urban blight and helps struggling homeowners stave off foreclosures.

Housing policy was rarely mentioned on the campaign trail by candidates in either party. When Mr. Trump spoke of “inner cities,” he painted with a broad brush to describe the lives of poor blacks and Hispanics as “a disaster,” pleading for their votes by asking, “What do you have to lose?”

In an opinion article in 2015 for The Washington Times, Mr. Carson compared an Obama administration housing regulation to “the failure of school busing” because it would place affordable housing “primarily in wealthier neighborhoods with few current minority residents.”

The rule, known as Affirmatively Furthering Fair Housing, was years in the making and designed to end decades-old segregation by offering affluent areas incentives to build affordable housing. Critics, including Mr. Carson, called it government overreach.

Barbara Sard, a former official at the housing department during President Obama’s first term, said Mr. Carson’s view was a misunderstanding of the regulation and its origin in the 1968 Fair Housing Act. The rule also included development funds for poor neighborhoods.

“He doesn’t seem to understand that extending access to opportunity includes improving conditions in racially concentrated neighborhoods,” said Ms. Sard, now vice president for housing policy at the Center on Budget and Policy Priorities.

Mr. Carson will be charged with enforcing the same civil rights law once used in a federal lawsuit against Mr. Trump. He and his father were accused in 1973 of refusing to rent to African-Americans in their buildings. A former Trump

superintendent testified that he had been told to mark a “C,” for “colored,” on the applications of black apartment seekers. The Trumps denied the charges and countersued the government. They ultimately signed a consent degree in which they did not admit guilt, but agreed to desegregate their properties.

In a recent television interview, Mr. Carson said that he was prepared to lead the agency because he grew up “in the inner city” and because as a physician in Baltimore he has “dealt with a lot of patients from that area.”

“We cannot have a strong nation if we have weak inner cities,” Mr. Carson told Fox News. “We have to get beyond the promises and start really doing something. The amount of corruption and graft and things, shell games that are played — we need to get rid of all that stuff.”

Born into poverty, Mr. Carson was awarded a scholarship to Yale, and by age 33 he was named director of pediatric neurosurgery at Johns Hopkins Hospital.

He became an author, a philanthropist supporting scholarships for young students, and a conservative star after attacking Mr. Obama’s health care law.

During his campaign, he expressed a sweeping opposition to many government programs devised to end poverty, which he said had replaced church-based and other community initiatives. “We the people have the responsibility to take care of the indigent in our society,” he said at a Republican town hall-style event in February. “It’s not the government’s job.”

When he gained on Mr. Trump in polls last year, Mr. Trump attacked his rags-to-riches biography. Mr. Trump ridiculed his rival’s account of how he nearly committed a stabbing as a youth, a pivotal moment in Mr. Carson’s life story that led to prayer and a calmer temper. “How stupid are the people of the country to believe this crap?” Mr. Trump asked at a rally in Iowa.

But after Mr. Carson dropped out of the race in March, he reconciled with Mr. Trump and became a frequent surrogate on television for him. A key moment of building trust was at a debate in February when Mr. Carson missed his cue to take

the stage, and Mr. Trump walked out with him to ease the awkwardness, said Armstrong Williams, a close friend of Mr. Carson's.

"They both have grown," Mr. Williams said. "Dr. Carson has tremendous respect for this man."

"These guys have been friends, like brothers, forever," he added.

Weeks ago, as Mr. Carson seemed reluctant to join the administration, Mr. Williams was quoted as saying his longtime friend did not want to get in over his head.

"Dr. Carson feels he has no government experience; he's never run a federal agency," Mr. Williams told The Hill, which covers the federal government.

Mr. Carson said on Facebook at the time that he had told Mr. Trump that "I preferred to work outside of government as an adviser," but that if asked, he would serve. He signaled the day before Thanksgiving that he was ready to take on the Department of Housing and Urban Development. The announcement was delayed as Mr. Carson, who once had planned to learn to play the organ in retirement, gave himself several days to mull it over.

Correction: December 5, 2016

Using information from a close friend of Ben Carson, the nominee for housing secretary, an earlier version of this article misstated that Mr. Carson spent part of his childhood in public housing. The friend, Armstrong Williams, said Monday that Mr. Carson had never lived in government housing.

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The New York Times | <http://nyti.ms/2ghvpKQ>

The Upshot
POLICY CLASH

How Ben Carson Could Undo a Desegregation Effort

Emily Badger NOV. 23, 2016

President Obama’s civil-rights legacy looked on track, not long ago, to include a major push against America’s deeply entrenched housing segregation. In 2015, his administration rolled out a rule requiring local communities to assess their own patterns of racial and income segregation and make genuine plans to address them.

The move followed years of debate and came as segregated cities like Baltimore and Chicago faced renewed bouts of racial unrest. The federal government, advocates hoped, was finally trying to repair a long-unkept promise of the 1968 Fair Housing Act.

Now that rule is likely to be undermined — and possibly erased — by a Department of Housing and Urban Development headed by Ben Carson. On Monday, president-elect Donald J. Trump officially offered the cabinet post to Mr. Carson, a neurosurgeon and a former presidential candidate, who grew up poor in Detroit but has no experience in housing policy.

While we know little about what Mr. Carson would do at the agency, he has played down the role of government in his own up-from-urban-poverty story. (“If

you don't succeed," his mother taught him, according to his autobiography "Gifted Hands," "you have only yourself to blame.") And he has specifically criticized the Obama housing rule.

Known as "affirmatively furthering fair housing," the rule has been politically contentious. Its backers argue that it is essential to remedying the long history of government and private-sector discrimination that has resulted in poor, segregated neighborhoods persisting to this day. Critics say that the rule amounts to government overreach into the decisions — and demographic makeup — of individual communities and a free housing market.

Republicans in Congress have tried to defund its implementation. Mr. Carson wrote last year that the new policy followed the government's history of failed "mandated social-engineering schemes," and would redirect low-income housing primarily into wealthy, white communities that oppose it.

If he is confirmed by Congress, Mr. Carson would have wide latitude to shape or slow the rollout of the rule, along with broader enforcement of the Fair Housing Act.

Diane Yentel, the president of the National Low Income Housing Coalition, said Mr. Carson's interpretation of the rule as a social experiment "reveals a fundamental misunderstanding of obligations that have been around since 1968." The Fair Housing Act passed that year included two mandates: one banning discrimination in the housing market, and the other requiring local communities to "affirmatively further" the fair-housing goal of integration.

The latter language means that it's not enough to punish landlords or communities who intentionally deny minorities housing. Communities also have a responsibility to actively ensure open housing markets, which exist today neither in public housing clusters on Chicago's segregated South Side nor in exclusive New York City suburbs that use zoning laws to outlaw multifamily housing.

George Romney and Jack Kemp, past Republican HUD secretaries, acknowledged that second implication of the law. But for much of the time since the Fair Housing Act was passed, this "affirmative" mandate has been largely ignored by both local communities and HUD itself. The Obama administration rules were an

effort to address that half-century oversight. And some fair-housing advocates have spent just as long fighting for it.

Mr. Carson recently told Fox News that “we cannot have a strong nation if we have weak inner cities.”

“That is the very insight that motivated Senator Edward Brooke — another African-American Republican — to include a provision in the 1968 Fair Housing Act requiring cities, counties and states to ‘affirmatively further fair housing’ as a condition of receiving federal funding,” Michael Allen, a lawyer with the civil-rights law firm Relman, Dane & Colfax, wrote in an email.

The Obama administration rule “looks nothing like the partisan caricatures that have sprung up around it,” said Phil Tegeler of the Poverty and Race Research Action Council. Many advocates wanted the rule to be much tougher than what emerged from several years of debate with local communities.

In practice, the rule provides those communities with detailed data on factors like racial demographics, poverty rates, school quality and housing voucher use to help them determine whether lower-income and minority families are isolated from good schools or segregated from opportunity. The rule requires communities to use that information to draft plans to reduce segregation where it exists. Those that habitually defy the requirements risk lose funding from the agency.

The first round of communities scheduled to complete the process have been at work on assessments due over the coming year. Before they’re done, a new administration hostile to the idea could begin writing another rule that would reverse this one, or it could simply halt implementation. Or Congress could pass a law defunding it, even as it remains on the books. For all the years that went into shaping the rule, a new administration could relatively easily set it aside.

That about-face would also fundamentally change the conversation in Washington about how poor, segregated communities came to exist in their current incarnation. Mr. Carson and other critics call efforts to dismantle them “social engineering,” but these places were created through policies that can themselves be labeled social engineering: redlining that denied blacks mortgages; policies that

concentrated public housing in poor, minority communities; government decisions to locate highways that isolated them further. While many of these policies were first put into place decades ago, communities remain shaped by them today.

The “affirmatively furthering” mandate was based on the idea that this history of active government intervention requires an active government remedy, too.

A theme of Mr. Trump’s campaign was that structural forces hinder American workers in the Rust Belt and beyond (like the decline of manufacturing, the lack of educational opportunity, the opioid epidemic). At HUD, Mr. Carson would have ample opportunity to show whether he believes that structural forces undermine poor urban minorities (housing segregation, historic disinvestment, troubled schools) — and if government should take an active role in pursuing a remedy.

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From: CLPHA <clpha@clpha.org>
Sent: Monday, December 05, 2016 1:35 PM
To: Michael Mirra
Subject: CLPHA Statement on Dr. Ben Carson HUD Nomination



Strengthening Neighborhoods.
Improving Lives.

CLPHA Statement

December 5, 2016

For Immediate Release
Monday, December 5, 2016

Nation's Largest Public Housing Authorities Look to Dr. Ben Carson to be a Strong Advocate for Housing Stability

Statement From Council of Large Public Housing Authorities Executive Director Sunia Zatterman

Washington, D.C. – “The Council of Large Public Housing Authorities, which represents 70 of the nation’s largest public housing authorities (PHAs) in cities across the United States, congratulates Dr. Ben Carson on his nomination as Secretary of the United States Department of Housing and Urban Development (HUD).

“Housing stability is critical to breaking the cycle of poverty for families, and our nation’s PHAs have been on the front lines of this fight, helping to develop creative solutions to our housing crisis, and implementing these ideas in their communities.

"CLPHA looks to Dr. Carson to advocate for adequate funding for housing programs, to support implementation of innovative programs on the local level,

including the Rental Assistance Demonstration (RAD) and Moving to Work (MTW), and to provide PHAs with the tools to promote the cross-sector partnerships that connect housing to health, education and other sectors to lift families out of poverty.

“As someone who spent part of his upbringing in public housing, Dr. Carson represents the promise to create opportunity and lift people out of poverty. We look forward to working with him and HUD to provide safe, decent, and affordable rental housing to low-income families, the elderly, and persons with disabilities.”

The Council of Large Public Housing Authorities is a national non-profit organization that works to preserve and improve public and affordable housing through advocacy, research, policy analysis and public education. CLPHA's 70 members collectively manage 40 percent of the nation's public housing programs, administer 26 percent of the Housing Choice Voucher program, and represent virtually every major metropolitan area in the country.

Contact: Rich Bindell, Communications Manager, 202-638-1300,
Rbindell@clpha.org

clpha.org

455 Massachusetts Avenue NW, Suite 425, Washington, DC
20024 | 202-638-1300



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Robly

Innovation and the City

Cities are driving government innovation across the globe. This report highlights fifteen bold urban policies with a proven record of success.



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This report was written by Neil Kleiman and Tom Hillard. Additional writing by Adam Forman. Research teams led by Amanda Gold and Derek Weng. Additional research by Varun Adibhatla, Santiago Carillo, Adhler Coffy, Rachel Gichinga, Zoë Kleinfeld, Mamta Prakash, Sana Riaz, and Jonathan Sokolsky. Edited by Eli Dvorkin and Jonathan Bowles. Design by Gene Crofts.

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Cover image: Laurence Horton

Citi Foundation



The Citi Foundation works to promote economic progress and improve the lives of people in low-income communities around the world. We invest in efforts that increase financial inclusion, catalyze job opportunities for youth, and reimagine approaches to building economically vibrant cities. The Citi Foundation's "More than Philanthropy" approach leverages the enormous expertise of Citi and its people to fulfill our mission and drive thought leadership and innovation. For more information, visit www.citifoundation.com.

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Center for an Urban Future

The Center for an Urban Future (CUF) is a catalyst for smart and sustainable policies that reduce inequality, increase economic mobility, and grow the economy in New York City. An independent, nonpartisan policy organization, CUF uses fact-based research to elevate important and often overlooked issues onto the radar of policymakers and advance practical solutions that strengthen New York and help all New Yorkers participate in the city's rising prosperity.



NYU | WAGNER

The Wagner Innovation Labs are a part of the NYU Robert F. Wagner Graduate School of Public Service. Launched in 2011, the Wagner Innovation Labs are a new series of experiments that marry theory and practice to promote informed, evidence-based policy decision-making in a complex world. Each Lab has its own focus and approach, and operates independently, but all reflect NYU Wagner's broad commitment to bringing scholars, thinkers, and practitioners together, both figuratively and literally, to improve the way policy is made.

Innovation and the City

In recent years, cities have become the drivers of government innovation. As urban growth has exploded over the past half century—increasing from a third to nearly 60 percent of world population today—local officials have been forced to solve problems and generate new ideas, policies, and approaches. From New York to Medellín to Copenhagen, mayors and city managers are finding novel ways to address some of the biggest challenges facing society, whether combating entrenched poverty, financing new infrastructure projects, or protecting the environment.

Yet for all the innovative policies taking root in cities across the globe, there are few reliable mechanisms for sharing what is working.

This report aims to fill the gap. Drawing on well over 100 interviews with urban policy experts in the United States and around the world—including mayors, city commissioners, academic experts, corporate executives, labor officials, and philanthropic leaders—it profiles fifteen of the boldest and most innovative municipal policy reforms of the past decade.

The fifteen policies detailed in the pages that follow include San Francisco's Five Keys Charter School, the nation's only charter school embedded inside a city's correctional system; Seattle's innovative Race and Social Justice Initiative, which established a more inclusive process for municipal policymaking; Barcelona's Reempresa program, a rare economic development program focused on small business succession; Los Angeles' new model for integrating workforce and educational services for youth; São Paulo's innovative plan to capture value from new real estate development to help cover the cost of infrastructure improvements; and a path-breaking initiative from Malang, Indonesia, which uses revenue generated from garbage and recycling collection to fund comprehensive healthcare for low-income residents. Other ideas run the gamut from a crowd-sourced mapping project in the slums of Nairobi, Kenya, to a novel integration of the public

housing authority and school system in Tacoma, WA, demonstrating the broad range and scope of city initiatives explored in this report.

In publishing this catalogue of the best urban policy reforms that have been tried and proven effective, our hope is that city officials around the world won't have to reinvent the wheel when designing new programs and initiatives to solve some of their cities' biggest challenges. Instead, they'll be able to draw inspiration from successful programs and initiatives launched by their peers.

This effort is rooted in a unique partnership: the Center for an Urban Future, one of New York's leading think tanks, paired with NYU Wagner, a public service graduate school known for blending theory and practice. The entire project has been supported by Citi Foundation, a philanthropy anchored in New York with a strong tradition of promoting economic progress and municipal innovation throughout the world.

This report is an update to our 2013 *Innovation and the City* study. That two-part report highlighted a total of 30 municipal innovations from cities across the United States and around the globe. The first installment identified fifteen innovations that could work in New York City. Based on the extremely positive feedback we received from New York and many other cities around the country, we issued a second installment of fifteen additional policies that held great potential for replicability in cities outside New York.

This edition follows the same research approach as our 2013 report. But rather than focusing on policies with potential for replicability in New York, the ideas profiled here are broadly applicable to a range of municipalities throughout the United States and around the world.

We have also maintained the same rigorous vetting process. Our research methodology operates like a funnel: broadly identifying new ideas at first, systematically winnowing them down, and then carefully

editing the final slate of reforms into a readable format that pinpoints critical elements for officials interested in adopting them.

We applied three criteria to every idea we reviewed. The first is the notion of *success at scale*. The innovations we sought were not pilots or unproven reforms, but those that have been implemented citywide and could provide evidence to prove their value. We also sought policies that offered a *fresh approach* and were relatively unknown outside of the sponsoring locale. Finally, we looked for approaches that were *exportable* and could be replicated and adapted to other cities, avoiding reforms that were overly reliant on local conditions and unique circumstances. Fundamentally, we looked for ideas with the potential to significantly and dramatically improve city services and the quality of life for local residents.

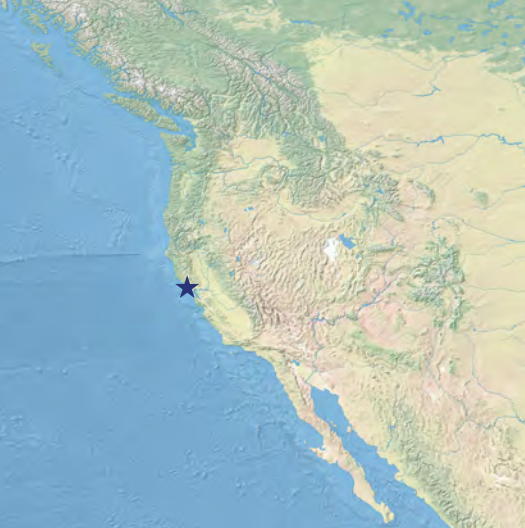
To find these ideas we cast a wide net at the outset. Over the past six months, researchers at the Center for an Urban Future and NYU Wagner interviewed nearly 150 policy experts in cities across the globe. We spoke to mayoral chiefs of staff, foundation program officers, officials at the World Bank and the United Nations, and other journalists and researchers who focus on urban reform. This phase yielded a first cut of 120 promising policies that deserved a closer look. We applied our criteria to gauge the viability of these ideas and found that just 30 made the cut. We then asked a group of international experts to review the innovations and provide critical feedback (see full list of participants at the end of the report). This resulted in the final fifteen ideas presented in this report.

This report is not an exhaustive survey of world-class ideas; there are numerous other innovative

municipal policies that have proven effective that did not make it onto our list. But our catalogue represents some of the world's very best reforms with a track record of success.

We did not focus on specific policy areas or geographic regions, and there is no comparative judgment made as to which innovations are superior. But we did find a few common themes that arose again and again. For one, gaining buy-in from administrators and traditional front-line government workers is critical. New approaches are often a shock to the system; where cities encountered resistance in the initial stages, it was frequently due to a lack of agency-level understanding of and support for the new approach. We also found that where service consumers can lead, they should. If a program is focused on community improvement, then the community should be involved or help lead the effort. And if a program is aimed at the private sector, then businesses should have a role in program design. Finally, we found that although high-capacity and relatively affluent cities tend to incubate more innovations, there are many economically challenged cities that are just as creative. In fact, economic or budgetary distress has sparked a number of the more impressive innovations we identified.

The fifteen policies profiled in this report may not work in every city, and each will need to customize these ideas to suit their particular locale. But taken together, the report presents the “art of the possible” for city leaders committed to wide-ranging and broad-reaching improvements.



Idea 1

Five Keys Charter School

San Francisco, CA

Bringing the charter school model to correctional education

Innovation in a Nutshell

By serving as the nation's only charter school operated by a sheriff's department, San Francisco's Five Keys Charter School helps correctional inmates and previously incarcerated people earn high school diplomas and a better chance at employability.

Program Elements

- Correctional charter school receives state educational funding.
- Educates inmates and the formerly incarcerated primarily for high school diplomas rather than GEDs.
- Provides wraparound services to continue educational instruction after release from correctional setting.

Benefits

- Provides stable funding stream for educational activities.
- Establishes route for students to obtain high school diploma, not just GED.
- Integrates correctional education with post-release educational services.

In 2014, almost seven million adults were under correctional supervision: 1 in every 36 Americans.¹ As policymakers explore strategies to reduce the nation's jail and prison population, they are turning increasingly to the role of educational opportunity. Educating inmates and previously incarcerated people improves their odds of getting a job after prison and dramatically reduces their odds of committing another crime. In fact, a study by the RAND Corporation found that

every dollar of public funding spent on prison education saved taxpayers four dollars within three years after release.

Yet correctional education programs mostly operate at a modest scale and on a shoestring budget. There is a public stigma attached to educating prisoners, one that correctional officials sometimes share. Correctional institutions will often hire an outside organization—in some cases paid through inmate fees—and pay them a modest amount to operate GED classes inside the institution.

One program that defies the marginal condition of correctional education is Five Keys Charter School, the main provider of correctional education in San Francisco County. Founded in 2003, Five Keys operates the only high school in the nation sponsored by a sheriff's department. In addition to providing comprehensive K-12 educational services to inmates of the San Francisco County Jail, Five Keys also has contracts to serve inmates in Los Angeles, Alameda, and Solano Counties. Although far from the only high-quality correctional education provider, Five Keys offers two unusual assets: integrated instruction that continues when inmates leave detention, and a charter school structure that provides financial stability and demands academic rigor.

In the correctional field, jails are quite different from prisons. Jails hold inmates awaiting trial or sentencing, which results in a constant flow of prisoners entering and leaving. Five Keys has responded by

1. Share of U.S. Adults Under Correctional Control Down 13 Percent Since 2007," Pew Charitable Trusts, January 25, 2016, <http://www.pewtrusts.org/en/research-and-analysis/analysis/2016/01/25/share-of-us-adults-under-correctional-control-down-13-percent-since-2007>.

Over 1,500 Five Keys students have earned high school diplomas. Their recidivism rate is 24 percent lower than the statewide average.

offering year-round classes in month-long sessions, and by providing wraparound services that continue after release. These services allow previously incarcerated people to continue their studies as they reintegrate into society.

Five Keys' academic offerings match those of traditional high schools, but with added emphasis on restorative justice and conflict resolution. "Because of their partnerships, Five Keys has an inside-out model that I think is particularly effective," says Michelle Tolbert, senior program director at RTI International and a leading expert on correctional education. "They not only provide services in the institution, but there's also a familiar face once the individual is released, so they can go to Five Keys on the outside and continue their work."

Five Keys' charter school statute ensures a stable funding stream. The correctional institution covers overhead expenses such as rent and food, as it does for all inmates, leaving charter school-financing dollars available to provide critically needed services like mental health counselling, English as a second language classes, and special education. Normally, charter schools can only operate in one county and serve students under the age of 21, but Five Keys falls under an exemption for schools that partner with Workforce Investment Boards, which strengthens the school's

financial position.

Since Five Keys' founding, over 1,500 students have graduated with high school diplomas, and nearly 60 percent of students in the most recent school year demonstrated learning gains. The state recidivism rate between 2003 and 2010 was 68 percent, but just 44 percent among Five Keys' students.

There is plenty of room for expansion of the Five Keys model, both within and outside of California. "Most of the inmates do nothing," says Steve Good, founder and executive director of Five Keys. "They're sitting on their bunks watching Oprah. That's the overwhelming experience for inmates in California." Yet Five Keys is in some ways the answer to a question that too few localities are asking: how to provide a more consistent and valuable educational experience for incarcerated people, so that they can reintegrate with society and step off the merry-go-round of release, reoffense, and further punishment. The San Francisco County Sheriff's Office had the commitment to seek substantive change and find funding for it. Other cities seeking to break the cycle of recidivism could adopt a similar approach, shifting correctional education financing and service provision from the margin to the core.



Idea 2

Garbage Clinical Insurance

Malang, Indonesia

Funding micro health insurance with recyclables

Innovation in a Nutshell

Low-income residents in Malang pool funds generated through garbage and recycling collection to afford comprehensive healthcare.

Program Elements

- In a country with low healthcare enrollments, residents contribute as little as \$1 per month for comprehensive care through recycling collection.
- Waste is converted to practical and remunerative use, including fertilizer, clothing, and paper.
- Using a cost-sharing model, the community provides healthcare to all its members at a lower cost.

Benefits

- Addresses two of the greatest ills facing Malang: poor healthcare and poor waste disposal.
- Pooled funds allow the entire community to receive health benefits; those with higher needs and costs are subsidized by the wider group of contributors.

All cities should provide for the basic needs of their citizens. In the developed world, this often means offering adequate healthcare coverage. But in many other places, comprehensive healthcare is a luxury that most governments can't afford to subsidize and most residents can't afford on their own. A new financial scheme is taking a radical approach to paying for healthcare for the poorest residents: individuals collect garbage and recyclables for fees that are converted into comprehensive healthcare.

In Indonesia, 60 percent of the population lacks any form of healthcare coverage and 50 percent lives on less

than \$2 per day. Poor wages, lack of affordable healthcare, and dangerous living conditions add up to one of the most precarious urban environments in the world. In addition, Indonesia is the second-largest generator of plastic waste in the world, discarding over 3.22 million metric tons of plastic every year in 2010, according to a *Wall Street Journal* report. As little as 50 percent of household garbage is actually collected by either government or private services. Many cities have virtually no trash collection infrastructure, leading to piles in the streets or dumped refuse in waterways. Taken together, Indonesia faces twin crises of poor healthcare coverage and terribly low rates of waste collection.

Dr. Gamal Albinsaid, an enterprising doctor from Malang, put the two negatives together to make one big positive for thousands without health insurance. He formed the Garbage Clinical Insurance (GCI) group, a service that provides holistic, preventative, and curative care to the most at-risk citizens for a monthly fee of \$1. Villagers pay this fee by collecting 11 pounds of cardboard or 4.5 pounds of various plastic products. This simple system appears to be working—and at scale.

Dr. Albinsaid described the inspiration for the program: an encounter with a villager who became ill and needed dialysis treatments to regulate his blood toxicity. Unable to pay for the treatments, the villager's teenage daughter collected plastic bottles that litter the shoreline next to their village. The teenager took these bottles to a recycling facility a few miles outside of her village and raised the \$3 per visit needed for dialysis.

The moving story led to the idea of using recyclable waste to finance primary healthcare services for citizens that were unable to pay the cost of private or national

healthcare. Seeing the despair of citizens without health services, Dr. Albinsaid decided to depart from his original field of neurosurgery to focus on promoting preventive approaches to healthcare. Dr. Albinsaid first developed his idea for recycling-fueled insurance with Rita Rosita, a local college professor, as part of a university competition in 2010. After a number of failed attempts to establish the program, he ultimately secured mentoring from the Cambridge Program for Sustainability Leadership—an intensive program dedicated to business and social entrepreneurship training. The time at Cambridge allowed Dr. Albinsaid to puzzle through the complicated financing model. Since then the innovation has received support from 16 Indonesian government agencies, 14 private companies, 23 universities, and 21 global NGOs.

With new funding and a sound business plan, he returned to Malang and formed the GCI group. This new public charity employs a model of cost sharing in which a large pool of individuals distributes and reduces the cost of healthcare for any one participant. This form of collectivization mobilizes the community to capitalize on unused resources (in this case recyclables) to improve general health access.

The communal model is predicated on the notion that 10 to 15 percent of the members use 85 percent of the services and account for a similar percentage in costs. By pooling funds, those individuals who need more frequent, direct, and intensive care have their costs subsidized by individuals who don't need as much.

The system is comprised of the following three components:

- *Waste collection.* Residents bring their waste to GCI instead of selling it themselves or using the government-provided waste collection service.
- *Waste processing.* GCI then sorts it into compost, recyclables, and upcycle products (items that can be repurposed). Compost is used as both solid and liquid

fertilizer. Upcycle or repurposed materials are used to make new items such as clothes, jewelry, or household goods and sold directly to others. Recyclables are sold to a processing plant.

- *Healthcare provision.* Using the cost-sharing model, the community can provide healthcare to all its members at a lower cost.

Normally the residents would have to pay the government a fee of \$1 per month to collect their garbage. With GCI, residents instead submit the \$1 worth of recyclables to the health insurance clinic to cover costs of providing basic health services.

The following example is used to illustrate the cost-sharing model: Assume that the clinic insures 1,000 people who each bring recyclables worth \$1 to the clinic, resulting in \$1,000 of income for GCI. Of those 1,000 participants, 15 percent require treatment in any given month, which costs approximately \$2.50 each for a total of \$375. Deducted from the \$1,000, this leaves roughly \$675 for the clinic to use to improve services, develop preventative programs, and increase outreach.

The cost framework outlined above provides members with a full range of health services including medical consultations by phone; access to ambulatory facilities; basic cholesterol, blood sugar, heart, and urine tests; family health mentoring; nutritional mentoring; child development; chronic disease care; and post-hospitalization rehabilitation and recovery services.

As comprehensive as the program is, the founders are absolutely convinced that it can be replicated. Having diligently tracked all of the finances and health results, Dr. Albinsaid plans to expand the program throughout Indonesia. The program also makes a convincing case that other regions can use a similar communal model that pools contributions—generated from waste or possibly another accessible revenue source—to fund high- and low-cost users alike.



Idea 3

Civic User Testing Group

Chicago, IL

Expanding the role of non-technical city residents in civic tech

Innovation in a Nutshell

A diverse group of more than a thousand Chicago residents tests the usability of city websites and mobile applications.

Program Elements

- Recruits residents with small payments to join pool of software usability testers.
- When a government agency or nonprofit contracts with CUTGroup to test a mobile app or website, they convene a group of 15 to 30 people of varying levels of technical literacy to try it out and provide feedback.

Benefits

- Engages community residents in strategies to improve the usability of applications and websites.
- Provides real-world digital learning opportunities.
- Offers critical feedback to city and nonprofit managers on their digital initiatives.

Over the past decade, city governments have turned to technology to streamline operations and engage their constituents. Savvy officials have found that continuous improvement in technology requires the infusion of certain private-sector values, such as entrepreneurialism and transparency, to achieve lasting results. The resulting cultural shift has given birth to a civic tech movement in government, which has yielded remarkable advances, from websites that tabulate and report complaints about city services to apps that detect and report potholes. Some cities are creating entire teams to develop and promote their innovative digital initiatives.

What most civic tech projects have lacked, however, is an active role for city residents. Dan O'Neil is one of the founders of the civic tech movement. As founder and executive director of Smart Chicago Collaborative, an innovation incubator sponsored through a public-private partnership, he has played an instrumental role in Chicago's tech endeavors. But at a certain point, O'Neil became disillusioned with the lack of public engagement in the ingenious parade of apps and special-purpose websites that have garnered so much attention and praise. He observed a lack of interest in meeting the needs of ordinary people, or even finding out what they considered their own needs to be.

Smart Chicago addressed the participation gap by shifting their focus from software development to software testing. Applications can be written by a small group of coders in a windowless room, but that's only the beginning. In the private sector, companies convene user-experience (UX) groups to try out applications or websites and report their experiences. UX groups are less common in the public sector, and O'Neil had the idea of creating one that would also empower and connect its participants.

In 2013, Smart Chicago launched the Civic User Testing Group, or CUTGroup, to test the usability of websites and mobile apps deployed by city and regional government agencies. Testers are recruited through advertisements, public meetings, and the organization's website. Each tester receives a \$5 gift card to sign up and fill out a survey. After participating in a CUTGroup session, the participant receives a \$20 gift card. CUTGroup's goals are to provide UX testing that delivers concrete and actionable direction to the developer;

The CUTGroup process builds digital skills among people of widely varying backgrounds, increases civic engagement through a voluntary approach, and benefits city agencies that previously lacked an effective way of soliciting public feedback.

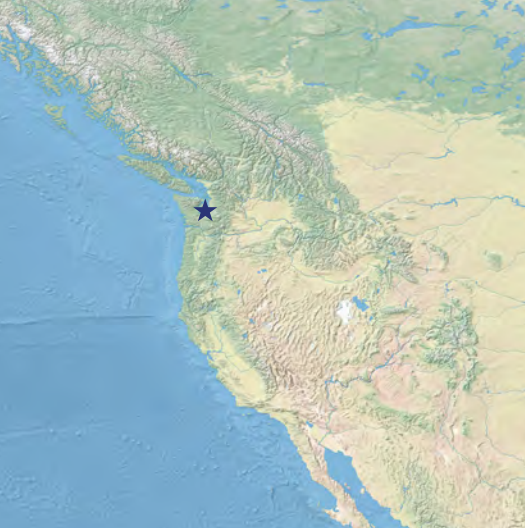
assist participants in learning digital skills as they go; and build community engagement by recruiting a large and diverse tester base and convening them in public spaces, typically libraries.

The CUTGroup has grown to over 1,200 participants and has consulted with more than twenty public-sector clients. In one project, participants tested Ventra, a new mobile application for the Chicago Transit Authority (CTA). Smart Chicago segmented a group of 27 testers by their mobile-device type, CTA vehicle choice, and commuter status, among other criteria, and then conducted both remote and in-person tests.

The group then provided detailed and penetrating critiques of Ventra, leading to a number of concrete changes, such as adding a “show password” button on the sign-in page, before CTA publicly rolled out the app. “Our work with the CUTGroup has proved to be an incredibly valuable experience as part of our test plan for the Ventra app,” enthused Tony Coppoletta,

manager of external electronic communication for the Chicago Transit Authority. The CUTGroup can also function without a client. When Smart Chicago wanted to explore how local residents learned about digital resources in their neighborhoods and prioritized gaining new technological skills, they convened a CUTGroup session.

Although CUTGroup’s outcomes are hard to quantify directly, its approach cracks several nuts that cities elsewhere have not. The CUTGroup process is simultaneously building digital skills among people of widely varying backgrounds, increasing civic engagement through a voluntary approach, and benefiting city agencies that previously lacked an effective way of getting public feedback. Cities interested in this approach may need to build public-private partnerships that are nimble enough to develop and road-test an initiative like that of the CUTGroup. If they do, however, they are likely to reap several mutually reinforcing benefits.



Idea 4

Race and Social Justice Initiative

Seattle, WA

Structuring input from communities of color into city policies and priorities

Innovation in a Nutshell

Seattle has implemented a citywide strategy to include communities of color in policy decision-making to ensure that their viewpoints are heard.

Program Elements

- Provides Racial Equity Toolkit to city agencies for use in identifying impacts of policies and programs on minority communities.
- Agency leader works through set of questions to determine possible impacts and steps needed to engage affected communities.
- Seattle mayor expects agencies to utilize Toolkit regularly in policymaking process.

Benefits

- Gives agency leaders a framework for considering impact of policies and programs on racial equity.
- Structures constructive engagement with communities of color on city policies that affect them.

City leaders frequently struggle to navigate volatile issues such as public safety, gentrification, and education finance, which have unequal effects on residents. Reaching broadly acceptable solutions is made harder by the disproportionate impact of these policies on residents of varying neighborhoods, income and education levels, and racial and ethnic backgrounds. Increasingly, cities are confronting the complex challenges of institutional racism, in both overt and subtle manifestations, and seeking more constructive and collaborative dialogue with communities of color.

In 2004, Seattle established the Racial and Social Justice Initiative (RSJI), staffed by the Seattle Office of Civil Rights (SOCR). RSJI began by surveying communities of color about their experiences with city government. Four years later, SOCR released the Racial Equity Toolkit, which has become the centerpiece of RSJI. The toolkit provides city agencies with a step-by-step blueprint for use in soliciting and applying the input of minority communities in departmental policymaking.

For example, the city shifted from a practice of repairing broken streetlights in response to citizen complaints to a scheduled maintenance plan, after a toolkit review found that certain communities were less likely to report outages. A plan to boost recycling by reducing the frequency of trash pickups was rejected after feedback showed that neighborhoods of color accumulate more non-recyclable trash due to heavier reliance on pre-packaged foods relative to fresh fruits and vegetables.

“The Toolkit creates a framework to measure equitable outcomes, rather than focusing on a department or politician’s intentions,” says Rebecca Saldana, executive director of Puget Sound Sage, a research and policy organization. Agency managers are prompted to consider such issues as whether the proposed policy or action will have any impact on racial equity or on specific communities; whether the agency has reached out to community leaders or stakeholders; and how the agency will hold itself accountable for impacts of the policy, including unintended effects.

“It’s just a piece of paper with some questions on it, but these are questions that never get asked,” says

The city shifted from a practice of repairing broken streetlights in response to citizen complaints to a scheduled maintenance plan, after a toolkit review found that certain communities were less likely to report outages.

Elliott Bronstein, SOCR's public information officer. "We assume that whatever we do will benefit the community at large." He compares the effect of the Racial Equity Toolkit to environmental impact statements, which government agencies initially resisted, but which have since become valued components of economic development initiatives, ensuring that environmental effects are considered in the planning process. This systematic approach has yielded important and concrete changes.

All Seattle city agencies are required to use the toolkit, and incoming Mayor Ed Murray stepped up the city's commitment upon taking office in 2014. As one of his first acts in office, Murray issued an executive order requiring agencies to report on how they have used the toolkit at least four times annually. Murray has also focused the city on other racial equity steps. For example, the city is now focusing on extending community engagement on three critical equity areas: education, criminal justice, and equitable development.

A vital question is how Seattle—or other cities interested in trying this strategy—will know whether RSJI is effective. Seattle has not developed a quantitative metric, instead focusing on qualitative feedback. "If communities of color feel they have access to city government and participate in ways they didn't used to, that's a mark of success," says Bronstein. "If they feel they are affecting policies, that's a mark of success." It should be noted that an initiative like RSJI builds trust with communities of color, but also to some degree relies on trust to be effective. Policymakers in other cities will need to consider what kind of resources and high-level support they are prepared to devote to incorporating the views of communities of color in city policies and programs. The tendency to stick with existing avenues of communication may be understandable, but Seattle's thoughtful, well-organized approach will yield greater long-term benefits.



Idea 5

Reempresa

Barcelona, Spain

Matching businesses in danger of closing with aspiring entrepreneurs

Innovation in a Nutshell

A rare economic development program aimed at succession planning, Reempresa pairs small companies looking to wind down with interested buyers through an online matching system and an intensive business education and assistance program.

Program Elements

- Small- and medium-sized companies that are in danger of closing down for non-economic reasons are evaluated for viability and matched with entrepreneurs vetted for their business acumen.
- Matches buyers and sellers virtually through an online system.
- Provides intensive in-person training and preparation to entrepreneurs through a network of one-stop business centers.
- Sellers also act as mentors to assure a better transition.

Benefits

- Saves existing jobs and allows companies to continue growing.
- Rigorous vetting and assessment of buyers and companies reduces risk of failure.
- Connects small businesses and aspiring entrepreneurs who would rarely find each other on the open market.

Many city officials will say that they have three priorities: jobs, jobs, and jobs. So it is deeply frustrating when existing jobs disappear, especially when they could be sustained as part of a viable business restructuring. This problem is particularly acute for small- and

medium-sized enterprises (SMEs), which are susceptible to poor transition planning; when a business owner retires, dies, or simply loses the will to keep the lights on, employees end up out of work. In fact, European countries lose approximately 150,000 SMEs annually, contributing to 600,000 lost jobs.

Business transition is a critical issue and most large metropolises have some type of program in place. Perhaps the most effective is a relatively new effort from the Catalonia region of Spain, home to Barcelona, which assists faltering businesses and matches them with aspiring entrepreneurs hungry to run their own enterprises without starting from scratch.

Unlike most business assistance programs, which are designed by public policymakers, Reempresa was initiated by business associations. Leaders from the Catalan Employers Association (Cecot) and the Private Foundation for Self-Employment Promotion (Autoocupacio) teamed up to survey their constituents and published several important findings. First, many SMEs, especially in Barcelona, are confused about how to transfer their enterprise to someone else. Running a small business can be a grueling daily battle with thin profit margins. These types of businesses, unlike larger corporations, rarely have funds to dedicate to succession planning or management. However, Cecot found that these small business owners did not want to close up shop; rather, they would take advantage of transition assistance if it were available. Similarly, Autoocupacio found hundreds of aspiring “re-entrepreneurs” who wanted to run a business, but lacked the financial know-how and certainly wouldn’t know where to look to find a business ripe for takeover.

This novel connection between small businesses in danger of folding and interested buyers is an idea worth exploring in other cities. Most succession assistance programs aim to help the existing business stay in operation by finding in-house employees or relatives, for example, who are willing and able to take over the business. With Reempresa, the idea is find a new owner to step in and take over in a situation where the alternative is to close. In effect, it replicates the natural merger-and-acquisition process that occurs more readily at a much larger scale.

In 2010, on the heels of a major economic downturn in Spain, the two employer groups submitted a formal petition to Catalonia's regional government to redirect European regional development funds to create Reempresa. The regional government was easily convinced, as unemployment stood at 25 percent with no sign of abating.

Rather than place Reempresa in the public sector, a standalone nongovernmental enterprise was established. The core work was divided into two areas. The first component is an online marketplace, where businesses looking to transition are put in touch with interested re-entrepreneurs. The second is a network of 60 one-stop business centers, providing professional advisement and business training to prospective entrepreneurs.

A fairly rigorous vetting process helps to ensure that both business owners and entrepreneurs are positioned to succeed. Owners must meet with Reempresa's financial advisers and fulfill requirements related to their companies' value, payroll, financial liabilities, and contractual specifications. A similar process has to be fulfilled by re-entrepreneurs. In this case, financial advisement includes an assessment of capacity and experience. It is only at the end of this evaluation process that information is uploaded to the online marketplace, and the Reempresa process begins in earnest.

At this stage, clients are able to browse the online platform for prospective matches and contact their financial advisers if a selling business fulfills their requirements. Users' preferences are automatically stored on Reempresa's customer relationship

management platform and an alert system is implemented as a business tracking mechanism for re-entrepreneurs. Once a match occurs, the average transition procedure lasts six months and principals on both sides of the transaction receive financial and project management training along the way.

The entire process has yielded significant economic benefits for the greater Catalonia region. In 2015, 325 small businesses were sold through Reempresa's marketplace. And already in 2016 another 200 businesses (as of June) were acquired. To date, more than 900 deals have been transacted for a total value of 45.5 million euros, saving more than 3,000 jobs.

The program's success stems, in part, from its public-private structure. The private associations build in trust from the business community. At the same time, government plays a crucial role in scaling up the program; SMEs would never connect with prospective buyers without the subsidized marketplace and assistance that government supports and sustains.

The other critical element is the intensive vetting process. Giving up a business or taking one over is riddled with unforeseen pitfalls; for those operating on a smaller scale, the vetting process that Reempresa provides greatly reduces risk. Adam Friedman, executive director of Pratt Center and a U.S. expert on small business programs, noted, "The vetting aspect of the programs seems like a great improvement over other transition efforts. Risks and unknowns are a huge issue for buyers."

Many policymakers in the European Union have also recognized the model's value. Marie Depelsse-maker, secretary-general of Transeo, the European association for SME transfer, sums up Reempresa by saying, "The approach is comprehensive: indeed, they make sure to cover all the important aspects of a business transfer process: awareness-raising, support and advice, matching with suitable counterparts, access to finance." Reempresa is an imminently replicable program and it shows that with the right public and private partners in place, businesses that are in danger of failing can be effectively transferred to a new generation of entrepreneurs.



Idea 6

Mandatory Inclusionary Housing

New York City

Requiring a share of new housing to be permanently affordable

Innovation in a Nutshell

New rules set aside up to 30 percent of apartments in new residential buildings for low-income residents.

Program Elements

- When a neighborhood is rezoned or a special permit is issued to increase development potential, all ensuing residential development must include a predetermined share of affordable housing units in perpetuity.
- Before an area is rezoned, the City Council decides the share of new residential units that must be allotted for low-income tenants.
- Developers can choose to build affordable housing units offsite in order to fulfill the mandate, but are then required to increase the share of affordable housing units by five percent.

Benefits

- Rezoning and “upzoning” is highly lucrative for property owners. Mandatory Inclusionary Housing (MIH) requires developers to bear some costs of building and maintaining housing for low-income residents, shifting the burden away from the city and taxpayers.
- MIH is projected to produce 12,000 below-market units within the next decade.
- As urban populations surge across the country and housing prices soar, MIH offers the dual benefits of increasing the housing supply through rezoning, while increasing the number of affordable units.

Cities around the globe are struggling to cope with swelling populations and are facing severe affordability crises. In the United States, over 25 percent of households are severely rent burdened, devoting more than 50 percent of their income to housing expenses. This has risen steadily in recent years, from 7 million households in 2000 to 11.8 million in 2015.¹

New York City is emblematic of this affordability crisis. In the last quarter century, the city’s population has grown by 1.2 million people, a 17 percent increase. With housing demand outpacing supply and with over 1.7 million New Yorkers currently living in poverty, households across the city are struggling to find affordable apartments. Nearly 55 percent of all renter households in New York City pay more than 30 percent of their income toward housing costs, an increase of 11 percent since 2000.

To counteract this crisis, Mayor Bill de Blasio has made a historic commitment to build 80,000 units of affordable housing in the next decade. A key component of this plan is the Mandatory Inclusionary Housing amendment, which was passed in March 2016 and is projected to produce 12,000 below-market units within the next decade.

MIH requires developers in upzoned areas—where a neighborhood is rezoned or a special permit is granted that increases the development potential of an area—to devote a fixed portion of all new apartment units for low-income residents in perpetuity. The plan

1. Allison Charette, Chris Herbert, et. al., Projecting Trends in Severely Cost-Burdened Renters: 2015–2025, Joint Center for Housing Studies, 2015, https://s3.amazonaws.com/KSPPProd/ERC_Uplod/0100886.pdf.

Cities are working to capture the value created through zoning changes, ensuring that a portion of the wealth created by a zoning amendment is directed toward the public good.

offers flexibility to members of the City Council, who determine the affordability requirements in the newly upzoned area by choosing from among the following four options:

- 20 percent of total housing units priced for tenants earning 40 percent of Area Median Income (AMI)
- 25 percent at an average of 60 percent of AMI
- 30 percent at an average of 80 percent of AMI
- 5 percent of total housing at an average of 70 percent of AMI, 5 percent at 90 percent of AMI, and 20 percent at 115 percent of AMI (in emerging or mid-market areas only)

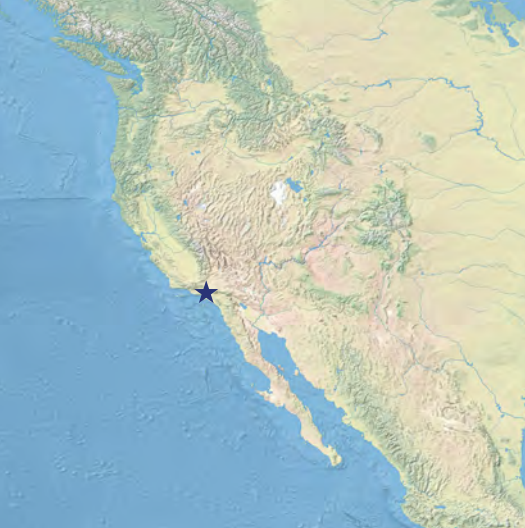
According to Moses Gates, director of community planning and design at the Regional Plan Association, “Most other places that have adopted inclusionary housing only have a 10 to 20 percent requirement for affordable housing. [New York’s] 20 to 30 percent, and at relatively low AMI levels, is a very significant affordable component, and the strongest requirements for a large city in the United States. And since developers usually want to upzone and build in higher-market areas, it also serves as an important tool to integrate neighborhoods economically.”

If developers choose to build their units offsite, rather than within a new building, they must designate an additional 5 percent of units for affordable housing. With this penalty, the city hopes to encourage more mixed-income housing, ensuring that New

Yorkers of all backgrounds enjoy equal access to quality schools, parks, public transit, and other amenities prevalent in those areas where developers are eager to build new apartments.

These 20 to 30 percent thresholds were calibrated to ensure that development would remain profitable and the law would not stymie new construction. This is part of the reason why MIH only applies to upzoned areas rather than all new construction, as is the case in other jurisdictions that have implemented inclusionary housing policies. The city also tied MIH to upzonings in hopes of avoiding legal challenges. Requiring affordable housing in areas that are not rezoned could potentially depreciate property values. This could open the city to charges that they are violating federal constitutional protections against the taking of private property. Several municipalities in California, in fact, were required to revoke their inclusionary housing plans because they were deemed unconstitutional. The New York City Department of City Planning carefully constructed the legislation in order to avoid similar challenges.

When a neighborhood is rezoned and additional development capacity is permitted, private property in the area becomes significantly more valuable. More than ever, cities are working to capture this value, ensuring that a portion of the wealth created by a zoning amendment is directed toward the public good. New York City’s MIH plan offers a model for channeling new growth toward the creation of affordable housing.



Idea 7

YouthSource Centers

Los Angeles, CA

Integrating workforce and educational services for youth

Innovation in a Nutshell

By stationing educational staff in youth workforce centers, Los Angeles is able to reach high school dropouts and get them back on track to an educational goal.

Program Elements

- Youth can walk in to center for help finding a job or obtaining occupational training.
- Public school staff are stationed on-site to help out-of-school youth develop education plans and get back on track for a high school diploma or equivalency.
- YouthSource staff also conduct outreach to out-of-school youth.

Benefits

- Integrates education and workforce services to disadvantaged and at-risk youth.
- Proactively seeks high school dropouts and gives them a path to a diploma.

In Los Angeles, 17 percent of high school students drop out without a diploma—more than 53,000 young people every year. These kids end their formal education without a high school degree, which has proven to be indispensable for stable adult careers. Los Angeles has tackled this problem by scaling up an aggressive strategy to pull some of those high school dropouts back into the educational system and prepare them for future opportunities and a chance at a career.

Much like other major cities, Los Angeles' workforce and youth development systems struggled for years to provide effective and streamlined services. In 2013, the city's Economic and Workforce Development

Department (EWDD) partnered with the Los Angeles Unified School District (LAUSD) to address this chronic program by offering the city's full range of services through thirteen YouthSource Centers.

Young people who walk into a YouthSource Center in one of the city's disadvantaged neighborhoods are primarily seeking jobs and career opportunities, such as work-readiness preparation, career navigation, job skills training, and computer classes. Any young person who has left school can access YouthSource's valuable employment and training resources to find job openings or pursue certifications. But the city has an agenda too: getting youth back on track for a high school diploma. "We designed YouthSource so that education and workforce would work in tandem," says EWDD Assistant General Manager Robert Sainz, a key YouthSource architect. "A job might put immediate dollars in their pocket. But [without a diploma] they'll be in a nothing job when they're 28 and probably when they're 38."

YouthSource staff members encourage their clients to start by meeting with a school counselor who can access that young person's school record and work collaboratively to develop a new educational plan. "The counselors don't try to put kids right back in the school situation where they failed," says Sainz. "We get them into a community center to help them find an educational path and a job." This individually tailored educational plan is made possible through the LAUSD partnership, since personnel outside the school system cannot legally access school records. "There is no longer a separation between our school district and the workforce system because of

“The counselors don’t try to put kids right back in the school situation where they failed. We get them into a community center to help them find an educational path and a job.”

YouthSource,” observes Alma Salazar, vice president of education and workforce at the Los Angeles Chamber of Commerce.

The YouthSource Centers serve many walk-in clients, but their most important strategy is reaching out to youth on LAUSD’s lists of school dropouts. Through proactive outreach and partnerships with the Los Angeles Area Chamber of Commerce, nonprofit organizations, and private employers, YouthSource staff can engage youth at greater scale and with a wider scope of services than similar agencies in most other cities. During the 2014–2015 school year, 15,873 young adults used a YouthSource Center, 6,414 met with an LAUSD counselor, and 527 high school dropouts were brought back into the school system. In addition, 2,377 young adults were enrolled into the city’s youth training program, which provides twelve months of intensive educational and job training assistance. “What’s special about YouthSource is that it’s comprehensive,”

says Kisha Bird, director of youth policy at the Center for Law and Social Policy.

Virtually all American cities, and many others around the world, are struggling to connect with young people who have dropped out of high school and bring them back on an educational and career track. The YouthSource Center model has much to offer, but it is not an easy model to properly implement. Establishing the network of brick-and-mortar walk-in centers required a substantial commitment of federal youth workforce dollars, in addition to city tax levy funding, grant support, and in-kind contributions from private employers. Other cities considering YouthSource may well find it a heavy lift. However, the success of Los Angeles’s program, which leverages a robust network of centers to deliver consistent, valued, and developmentally appropriate services to the youth who urgently need them, should provide insight and inspiration for other cities.



Idea 8

Map Kibera

Nairobi, Kenya

Mapping informal communities to empower citizens with data

Innovation in a Nutshell

New mapping technology and strategies are vastly increasing the understanding of informal settlement areas, building community leadership and leading to improved policy and service delivery interventions.

Program Elements

- Residents in slums and undocumented areas gather precise geospatial data that is uploaded to an open mapping program.
- The map is updated in real time by users who report service gaps and incidents, such as crimes or accidents.
- Community empowerment outlets complement the mapping function, including a YouTube news channel that reports on priority issues arising from the plotted data.

Benefits

- When undocumented areas are mapped it is far easier for government, NGOs, and charities to target interventions and assistance.
- Residents are able to keep one another informed of significant events, such as crimes, extreme weather conditions, and the location of needed services.
- Amplifies the voice of community residents with data and evidence.

According to a 2012 UN-Habitat study, one-third of city dwellers live in the developing world, with roughly 863 million people residing in slums. These informal communities are often completely inaccessible to outsiders, including government agencies. In part due to the lack of basic demographic statistics and geographic

knowledge about the slums, essential city services—such as water, sewer, security, and education—are woefully underprovided.

In Nairobi, Kenya, a breakthrough solution is filling the knowledge gap while building community leadership. Map Kibera, launched in 2009, enlists slum residents—especially young people—to map their community by using GPS devices to identify and locate formal and informal social service delivery points, as well as community risks and vulnerabilities. Map Kibera is a pioneer in a growing movement of community mapping initiatives throughout Africa. A closer look at the program reveals the critical elements needed for success.

Participants collect data on infrastructure (roads, paths, railway tracks), health (locations of medical facilities), education (locations of schools), water (locations of wells or spigots), and sanitation (locations of pit latrines, sewers). As the data constantly changes, the project makes use of the OpenStreetMap platform, which crowdsources updates and corrections to improve accuracy. Kibera went from a blank space to a fully mapped part of the larger Nairobi metropolis. The influx of data elevated Kibera's needs and alerted local government, NGOs, and other charities, who used that information to better target donations, infrastructure development, and other service improvements.

The project began with two enterprising mappers, Erica Hagen and Mikel Maron, who were part of a growing community of young geographers who recognized the power of maps to effect change. In 2008, Hagen and Maron learned about Kibera—the largest informal settlement in Kenya—which had virtually no geospatial data. In fact, there wasn't even clear knowledge of

the slum's population, with estimates varying between 200,000 and a million.

One local Kenyan mapper noted, "You have no idea the difference in sense of place in the Western world and in Africa. In Nairobi, you wouldn't give directions by saying 'turn right at 53rd and 5th Ave,' you say, 'go down the road and when you see the red bump turn around until you drive past two small hills and then take a left.'" Hagen and Maron saw a challenge and received a small grant from the Jumpstart foundation to move to Kenya and 'make the invisible, visible.'

More than simply making unmapped areas visible, it is Map Kibera's ethos of open source development and community empowerment that makes the project so effective. Hagen and Maron partnered with local groups including Carolina for Kibera (CfK), an international NGO with deep roots in the community, to reach out to local residents. The team recruited a dozen local volunteers between the ages of 18 and 25, with a focus on residents who had demonstrated a commitment to their communities. They were trained on how to use simple GPS devices, asked to list Kibera's important landmarks, and then sent out into the community to map those landmarks and other relevant sites. The process took three weeks: the volunteers gathered the data, uploaded it, edited it, and created a map. Few of the volunteers were computer literate, so the bulk of the work involved uploading and editing the data. Maps were posted online, distributed as printed flyers, and eventually painted on walls in central locations.

The basic map turned out to be just the beginning, as Map Kibera quickly evolved into an organization with a number of associated community development components—all linked to geospatial data. The three interconnected projects consisted of Thematic Mapping (data about specific service areas such as schools or roads); Voice of Kibera (collection and mapping of local news and incidents such as flash floods or violent crimes); and Kibera News Network (citizen journalism via YouTube reporting on the themes and incidents reported).

The combination of mapping and community voices allowed residents and community organizers to take data and use it to advocate for better services. One mapper in Nairobi noted, "Maps were no longer just

red dots on a computer screen, they now had a human dimension." Maps were used to point out service gaps (e.g., the absence of a public hospital or of streetlights in an area with high incidents of rape). And through outlets such as Kibera News Network, residents could tell stories that the mainstream media was ignoring.

The benefits of Map Kibera were tangible throughout the community, as service interventions were targeted where they were needed most. In one notable example, officials were able to see the exact location of more than 350 informal schools and respond by improving existing government schools and making a case for additional student resources. In the general elections of 2013, citizen mapping pinpointed major issues—such as crime hot spots—that demanded action, leading to the election of a member of parliament who committed to addressing those specific issues. During the elections, Map Kibera positioned citizen reporters at polling stations throughout the slum to monitor for any irregularities and distributed maps to security officials to help target new police outposts and improve security.

Although Map Kibera has led to service improvements and amplified the voices of residents, it has also faced growing pains. Creating a democratic and self-funded venture in an urban slum presents many challenges, including fundraising for services that many believe should be free; hiring and retaining a tech-savvy workforce; and building trust among community members and external government agencies. These issues have demanded patience and continual course adjustments at every turn.

Taken together, Map Kibera is a bold and successful approach to community mapping that is highly transferrable. What is needed is a clear understanding of the political terrain, the right private support, and an organizational and governance structure that builds in local residents. With those elements in mind and the availability of even more sophisticated mapping programs, a similar project could go a long way toward making the undocumented visible and providing historically marginalized residents with a data-backed voice for improvement.



Idea 9

Tacoma Education Project

Tacoma, WA

Leveraging public housing resources to support education

Innovation in a Nutshell

The Tacoma Housing Authority has leveraged its residential access to low-income families to boost student success at local schools and colleges.

Program Elements

- Provides focused set of supports to elementary school near public housing development, including rental assistance to homeless families and funding for in-school caseworkers who provide supportive services to students and families.
- Includes sign-up for college scholarship program into standard housing application.
- Houses homeless students and dependents attending local community college.

Benefits

- Leverages assets of public housing authority to support educational institutions.
- Broadens mission of public housing authority beyond passive landlord role to a more effective multi-generational approach.

Education has become synonymous with economic opportunity for low-income children and youth. Yet schools can only influence their students for a third of each day. After class, students scatter to their homes, far from the guidance of teachers and social workers. For students whose housing situation is precarious, succeeding in school can become an even greater challenge. In Tacoma, WA, the local housing authority is at the forefront of an urban movement to integrate home with school, addressing several critical issues in the

process. They are embracing a two-generation strategy that supports and empowers parents and their children simultaneously.

Public housing authorities typically perform a narrow role for their residents: collecting rent and performing maintenance. Yet the Tacoma Housing Authority (THA), which houses almost one in four of its city's low-income students, is determined to leverage its influence among residents and prospective residents to support Tacoma's schools and colleges in ways that only a large-scale residential provider can. THA launched the Education Project in partnership with Tacoma Public Schools, Tacoma Community College, and other service providers, with funding from the Bill and Melinda Gates Foundation. "This project is an effort to help students we serve to succeed in school and to also help schools that serve low-income students succeed," says Education Project Director Andrea Cobb.

The Education Project's foundational partner is the Tacoma public school system, and their laboratory is an elementary school in downtown Tacoma. The McCa-rver Elementary School Housing Assistance Program provides a set of powerful supports for a school with more homeless students than any other elementary school in Washington State. THA provides rental assistance to 50 homeless families with children enrolled in kindergarten through second grade, and funds two caseworkers with offices in the school to provide supportive services to students and their families. McCa-rver families who are homeless or facing homelessness go to the front of the line for housing assistance and supportive services. The housing authority also helps

In the first year, 21 out of 22 participating students remained in school, compared to only 35 out of 146 eligible applicants (24 percent) that the program could not serve.

with modest measures, such as adding informal lending libraries to all of their buildings.

The McCarver program is small, but its outcomes are promising. Reading scores have risen at almost triple the rate of similar children, and the rate at which these students change schools has dropped by almost one-third. THA is preparing to expand the program to other schools in Tacoma with large populations of homeless students.

THA is also building partnerships to strengthen college access and success among its residents and homeless students. In 2013, the Education Project integrated sign-up for a statewide college scholarship program into the standard housing application completed by each family. Before the Education Project, nearly half of Tacoma's students eligible for this program missed their chance. THA, however, reached a 100 percent sign-up rate, and later incorporated its initiative into a citywide enrollment program. The following year, THA began a collaboration with Tacoma Community College to house 22 homeless students

and their dependents during enrollment. The assistance lasts for three years, or until graduation. In the first year, 21 out of 22 participating students remained in school, compared to only 35 out of 146 eligible applicants (24 percent) that the program could not serve.

The potential for urban public housing authorities to expand their mission from landlord to steward of a two-generation strategy is an exciting opportunity. Almost 1.2 million households live in public housing across the United States, and many have school-age children. Yet Tacoma also shows how difficult this enterprise may be. "The programs have touched smaller numbers of children than we would like," reports Cobb. There is no dedicated funding stream, so almost all of THA's innovative work has been funded by foundations. Efforts to establish funding for housing authority partnerships with schools have repeatedly died in the Washington State legislature. Yet the Education Project continues to serve as a powerful proof of concept for other cities seeking to build supportive networks around their most vulnerable children.



Idea 10

Certificates for Additional Construction Potential

São Paulo, Brazil

Capturing value from new development to fund public projects

Innovation in a Nutshell

In this new form of value capture, municipal governments issue bonds that real estate developers bid on for the right to construct new and taller buildings.

Program Elements

- Large areas are rezoned for significant growth and new development.
- Developers gain the right to build by buying bonds that are traded on a public exchange.
- All revenue must be used within the designated area, funding investments in sewer upgrades, transit improvements, and other core infrastructure needs in low-income neighborhoods.

Benefits

- Rather than government paying for needed infrastructure improvements by issuing debt, funding is received upfront from the private sector.
- The process is transparent, allowing developers to avoid red tape or potentially corrupt officials.
- Revenue is maximized via a competitive bidding system. If an area has high demand for development, then more funds will be raised to pay for upgrades.
- Funds are dedicated to social housing, including slum improvements and new developments.

As urban population increases and strains capacity, construction is booming to meet the demand, with real estate developers reaping substantial profits. City governments are struggling to benefit from this expansion and secure sufficient capital to pay for the infrastructure and services that new development

requires, while protecting the many residents that may be displaced by rapid growth.

São Paulo, Brazil, has developed an answer in the form of a simple yet sophisticated, bond-like mechanism that captures the increased value of real estate development in large metropolitan areas.

The value-capture tool is called Certificates for Additional Construction Potential (CEPAC) and it converts construction and upzoning rights into transferable, bond-like instruments that are publicly auctioned and traded, allowing the market to determine the increase in land value generated by a new development. The certificate grants the developer the right to build bigger and denser buildings, superseding the restrictions imposed by an existing master plan or zoning ordinances.

The benefits of the CEPAC tool are multifold. The system creates coherence in the area of large-scale development, which is often shrouded in mystery and guesswork. Estimating the current and future value of property when new zoning and government interventions are applied is often determined by the public sector with little solid evidence. And developers operate with little clear information or guidance when faced with the daunting process of gaining zoning approvals from dense, even corrupt, bureaucracies and recalcitrant community boards. The CEPAC process provides clear accountability and protection for all parties by making transactions open and transparent through the public auction of development rights.

Another crucial benefit is the procurement of development funds before construction begins. Government entities usually face significant upfront costs

for sewers, transit connections, and housing improvements to support and incentivize new development. CEPACs provide government with virtually all of the capital needed in advance. Selling building rights at auction creates an optimized public investment opportunity: as the perceived benefit of government-led investment increases, the value of the CEPAC rises, and the corresponding revenues are then sufficient to achieve the necessary improvements.

Local communities also benefit, as CEPAC funds are required to be used within the designated area for social purposes. Such funds are employed in São Paulo to improve slums by paying for new or vastly improved housing and essential services.

In the 1960s, São Paulo was the leading industrial center in Latin America and migrants poured in from across the globe in search of stable employment. The strains on the city were immense, as traffic became unbearable and teeming slums expanded throughout the periphery. Calls for reform reached a fever pitch in the mid-1980s, as the military dictatorship came to an end and a democratically elected local government scrambled to address citizen demands for improved services.

A group of university professors and city officials began experimenting with a number of new approaches, animated by the principle that government-supported developers should share the profits. Paulo Sandroni, one of the architects and operators of the program of value capture when he was a housing official for the city in the 1990s, explains that “the key was separating the right to simply own property and the right to build on it.”

São Paulo codified the approach in the 2001 *Estatuto da Cidade* or City Bill, leading to the implementation of CEPACs. The right to alter zoning restrictions or increase FAR was converted into bonds issued by City Hall and traded through public electronic auctions regulated by *Comissao de Valores Mobiliarios*, the Brazilian equivalent of the U.S. Securities and Exchange Commission.

Since going into effect, thousands of bonds have been sold (ranging from \$500 to \$2,000 U.S. dollars per bond), generating billions in revenue for local government. The results on the ground have been impressive. City officials

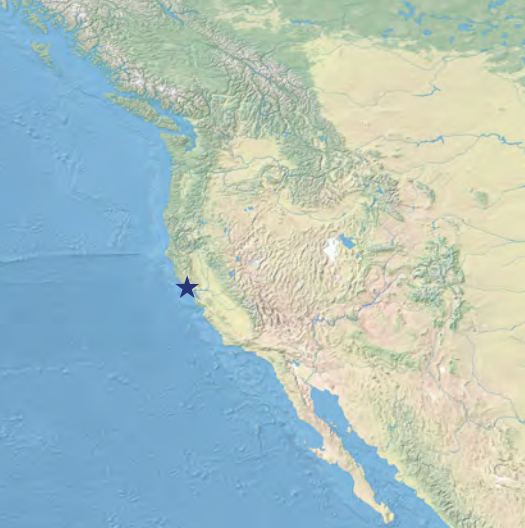
have used CEPAC funds to defray costs of improvements in slums such as Jardim Edith, located in one of the most expensive areas of São Paulo, as well as the construction of bridges and new rapid transit bus lines.

Although the CEPACs program was born from the fast-growth, high-need environment in São Paulo, it is a vehicle that can be adopted by other locales to address similar challenges.

Eric Rothman, president of HR&A Advisors, a leading U.S.-based economic development firm, says, “On its surface, CEPACs seems to be a mechanism that translates future development value into hard dollars that can be invested immediately for public good. Unlike other vehicles, like tax increment financing, that capture a fraction of future value for infrastructure investment, this actually monetizes the true incremental land value.”

But CEPACs are not right for every city. CEPAC requires a relatively sophisticated and stable local government to coordinate and execute the complex financial transactions, as well as a high-growth local climate where developers have confidence that more building and greater density will yield increased profits. Therefore, the Hong Kong or New York markets may be good candidates; Cleveland and Detroit, less so. In the United States, tax increment financing allows cities to leverage the estimated increase in property tax revenues resulting from new development. This is a more abstract approach than a CEPAC auction, but it can be more readily applied to virtually any market.

CEPACs do not automatically lead to improvements in surrounding slums or policies that address the inequality and gentrification issues that often accompany development. The Lincoln Institute of Land Policy in Cambridge, MA, notes that CEPACs are “themselves neutral so they can be used to create a more equitable city, or do the opposite.” São Paulo used generated revenue to ameliorate the impact of development and even improve housing conditions, which should serve as a model for other cities interested in the CEPAC approach. For the right urban market, CEPACs are a powerful tool to vastly improve the planning process and ensure that development dollars directly benefit the communities they affect.



Idea 11

Enforcing Wage Standards in Ethnic Communities

San Francisco, CA

Enlisting community organizations to stop wage theft

Innovation in a Nutshell

Ensuring minimum-wage compliance in ethnic enclaves is difficult, but San Francisco has made progress by contracting with community-based organizations that low-wage immigrants trust.

Program Elements

- City Office of Labor Standards Enforcement (OLSE) contracts with nonprofit organizations in ethnic communities to educate community members about wage-and-hour protections.
- When the organization identifies a possible case of wage theft, it refers to OLSE for investigation.

Benefits

- Strengthens wage-and-hour enforcement in immigrant communities where wage theft is common.
- Builds civil society role for community-based organizations in protecting local residents from exploitation.

Raising the minimum wage has become a powerful issue for low-income communities, especially in high-cost urban areas. But enacting a livable minimum wage is one thing; enforcing it is quite another. The city of San Francisco has much experience in this arena. Even before enacting a \$15 per hour minimum wage in 2015—the nation's second such statute after Seattle—San Francisco struggled with rampant wage-and-hour violations. A 2008 Ford Foundation study estimated that up to 39,000 workers might be earning less than the minimum wage, about one-quarter of the low-wage labor market.

The city Office of Labor Standards Enforcement (OLSE) is one of the few city-level agencies responding

to complaints about wage violations, as well as overtime pay, paid sick leave, health coverage, and prevailing wage. Like other wage enforcement agencies, OLSE has found that wage theft is not evenly distributed. About half of wage theft complaints emanate from the food service industry, which is the fastest growing industry in the city. It is also the employer of necessity for many recent immigrants, many of whom fear employer retaliation or even deportation if their name appears on a complaint. OLSE lacks the trust of workers in San Francisco's immigrant enclaves to address these fears. "A lot of workers fear that they will lose their jobs by speaking up about violations," observes Ellen Love, senior analyst at OLSE.

In 2007, San Francisco adopted a unique approach to ferreting out labor exploitation: it funded organizations in local communities to identify exploited workers, educate residents of ethnic enclaves about their rights, and refer cases of exploitation to OLSE for investigation. In 2015, \$380,000 went to three organizations—the Chinese Progressive Association, the Filipino Community Center, and La Raza Centro Legal. "We made the argument that these are precarious workers who would be afraid of city employees," says Alex Tom, executive director of the Chinese Progressive Association. "You should leverage local organizations instead." The three groups have strong reputations in their communities, language and cultural bonds to low-wage workers, and passionate commitment to their work.

Staff members of the three groups advocate among workers in their communities, organize workshops, and host regular meetings. Every two weeks, for example, the Filipino Community Center welcomes workers

at group homes for the disabled to a meeting at their office, serving Filipino food to those who attend. Staff members explain the city's labor standards to attendees and probe for possible violations.

In 2011, a woman came forward in a workshop hosted by the Chinese Progressive Association to say that her husband was not being paid minimum wage for his work in a high-end restaurant. Staff contacted her husband, and then subsequently reached out to 100 other workers inadequately compensated for their work. In 2014 the restaurant owners settled for \$4.2 million—one of the largest wage-and-hour settlements in California history. “It’s been an extremely

valuable partnership in terms of bringing forth allegations of wage theft,” says Love. “They can build trust in communities and with employees that wouldn’t usually come forward.”

San Francisco has certain advantages that not all cities can match. It has a robust tax base to finance creative wage enforcement initiatives, for example, as well as a sophisticated network of ethnic organizations with deep credibility in their communities. The program should be adaptable to multiple configurations, at varying levels of funding, with expectations that may include fewer elements, such as education or outreach, as long as the city is prepared to act on wage-theft referrals.



Idea 12

Financial Empowerment Centers for Reentry

Lansing, MI

Helping formerly incarcerated people gain financial literacy

Innovation in a Nutshell

Formerly incarcerated people urgently need financial counseling, and the city of Lansing has taken the lead to provide it through an innovative adaptation of the financial empowerment center model.

Program Elements

- Former inmates living in transitional housing receive free financial counseling and one-on-one support to achieve financial goals, such as establishing checking accounts, prioritizing debt repayment, and cleaning up credit ratings.

- Clients meet with financial counselors at the same time and place as their monthly meetings with their parole officers.

Benefits

- Assists formerly incarcerated people in coping with post-release debt and financial stress.
- Offers a potential model for reducing recidivism by boosting post-release financial stability.

The outcomes for participants are impressive: they have reduced over \$432,000 in debt, opened fourteen bank accounts, and increased savings by \$3,500.

Making financial decisions is complicated, difficult, and stressful in the best of times. But those who most need to avoid mistakes—low-income and disadvantaged adults—suffer the greatest risks and have the fewest supports. They are more likely to have low educational attainment and less likely to have a checking account at a bank. As a result, they tend to rely on payday lenders, and may put off paying a fine or bill, which results in penalties and interest charges that compound the debt.

Several cities have responded by seeking to develop robust financial counseling supports, turning in particular to the financial empowerment center (FEC) model developed in New York City. FECs provide professional, one-on-one financial counseling that is free of charge, preferably in settings that integrate financial counseling with other social services. One city, Lansing, Michigan, has taken the model a step further to help clients who need financial counseling more than most: formerly incarcerated people released into transitional housing. Inmates often finish their prison sentences owing considerable debts—legal fees, fines, child support, and more—which they cannot begin to pay off until finding a new job, which is no easy task. “People let bills go delinquent, and their credit is a mess,” says Douglas Clark, parole supervisor for the Lansing regional office of the Michigan Department of Parole.

The Lansing Office of Financial Empowerment, established in March 2013, provides general services using the FEC model to low-income and disadvantaged Lansing residents. To serve former inmates, the Office of Financial Empowerment partners with the county

parole office to counsel parolees living in state-funded housing, usually because they are barred from residing in a public shelter. The meetings take place at the county parole office as part of a monthly housing review, thereby ensuring attendance. In the first two sessions, the counselor gauges the client’s financial situation, and then begins developing a roadmap for financial literacy and empowerment. After that, they work together to develop a plan to address timely issues, such as foreclosure, wage garnishment, or opening a bank account, so that financial behaviors and financial stability improve in tandem.

The program is still in the pilot stage. Only 40 of the 1,700 clients served by the Lansing FEC are re-entry citizens. But the outcomes for those participants are impressive: they have reduced over \$432,000 in debt, opened fourteen bank accounts, and increased savings by \$3,500.

The program launched with a \$1.5 million grant from the Cities for Financial Empowerment Fund and now receives general fund dollars from the city of Lansing. Other cities considering replication should consider funding issues from the beginning.

“The FEC helps offenders avoid predatory lending,” says Clark. “Through the FEC, we’ve partnered with a bank and some credit unions to safely bank them.” The longer-term goal of stabilizing personal finances, of course, is to make it easier for formerly incarcerated people to work legitimately, manage their money, and resist the pull of illicit activities. Lansing’s program suggests that these initial steps can lead to significant benefits for both clients and cities, given a sufficient level of support for these programs over the long term.



Idea 13

Smart Water Management

Valencia, Spain

Providing utilities and residents with data to cut water usage

Innovation in a Nutshell

A major city is using smart metering technology to repair leaks, catch fraud, and influence residents to reduce their water consumption.

Program Elements

- Smart water meters send daily or hourly information on water usage to the utility.
- The utility uses this granular data to identify water leaks and fraud, as well as providing information to water users about their consumption.
- Utility employees no longer need to visit homes to read the water meter and are therefore reassigned to more valuable tasks.

Benefits

- Enables the utility to spot and repair leaks that previously went unidentified.
- Enables the utility to identify fraudulent water usage that previously went under the radar.
- Empowers homeowners to understand and minimize their own water usage.
- Reduces billing complaints and low value-added utility employee work tasks.

The converging forces of global climate change, population increase, rapid urbanization, and decaying infrastructure are squeezing the world's water resources. Between 2010 and 2050, the number of people requiring access to urban drinking water and wastewater management services is expected to rise by three billion, requiring 50 percent more freshwater availability. As cities seek new ways to change ingrained habits of

excessive water usage, they are exploring the potential that better data can change behaviors. One city in particular has developed a technology-led strategy that may point the way for its peers.

Valencia is Spain's third largest metropolitan area, with a population of more than two million people. Given Valencia's hot, semi-arid climate, management of scarce water resources is a high priority. Beginning in 2009, the regional water utility, Grupo Aguas de Valencia (AdV), began encouraging municipal authorities to install smart water meters, which can communicate water usage on a daily or even hourly basis to the utility. By the end of 2015, more than half of all meters in Valencia were smart meters. AdV has contracted with multiple smart-metering vendors to avoid getting locked in to one contract.

Although the technology is new, initial results are impressive. AdV employees no longer need to access homes in order to read water meters. As a result, billing complaints dropped by 60 percent and staff could be reassigned to more proactive tasks, such as leak repair, fraud surveillance, and installing or maintaining infrastructure. Customers receive detailed water consumption information, which creates a platform for innovative strategies to influence consumer behavior. Smart metering technology is highly effective in detecting leaks, and AdV reports detecting and repairing an average of 100 major leaks each month. Finally, smart metering has also supported fraud detection. Regular and detailed water consumption information reportedly prevents some users from illicit water usage or meter tampering.

According to AdV, smart metering saved more than 5.2 million cubic meters of water in 2015—about 5

percent of the city's total supply. As the Valencia region tips further toward smart metering, and as behavioral strategies for reducing water usage grow in sophistication, savings are likely to rise.

Smart water meters are emerging as a crucial technology for water management. They avoid the blunt instrument of cost increases (which may have perverse effects on water usage), empower homeowners to reduce their own use with clear data, and develop the water utility's capacity to spot leaks in real time.

Furthermore, they establish a precedent for smart metering other utilities, such as electricity and gas. However, smart water metering requires municipalities to choose between competing proprietary technologies, and it creates a vast river of data to be compiled, analyzed, and interpreted for the end users. Smart metering offers huge benefits to cities around the world, if they can meet the challenge of implementing efficiently, managing the data flows, and making it useful enough to justify transitional costs.



Idea 14 Talent ABQ

Albuquerque, NM

Enabling jobseekers to document their relevant skills

Innovation in a Nutshell

In Albuquerque, public and private employers are piloting a skills-based hiring model. Applicants are assessed and hired on the basis of their skills rather than solely on educational attainment, and they have the opportunity to build skills relevant to the workplace.

Program Elements

- City has network of Skill Up Centers located in public libraries and community centers.
- Residents can take a test to demonstrate workplace skills needed by employers.
- Residents can train to develop skills, either at the Skill Up Center or at a home computer.
- Employers agree to include needed skill levels in job

postings so that validated skills can be used in job application.

Benefits

- Enables city residents to obtain jobs based on their documented skills rather than being screened out because they lack an educational credential.
- Provides employers with a rigorous method for identifying suitable employees.

It has become a cliché of the labor market: employers screen out candidates without the right educational credentials, overlooking talented people in the process. Most entry-level jobs require a high school diploma, and positions that high school graduates could once obtain

now require an associate or bachelor's degree. Over 95 percent of jobs added since the recession have gone to Americans with more than a high school degree, leading many cities to focus on boosting postsecondary access and completion rates among their residents.¹ Yet it is not clear that employers are always responding to their economic needs in the best way. One company reviewing labor market information, for example, found "a broad range of occupations where employers are seeking a bachelor's degree for jobs that formerly required less education, even when the actual skills required haven't changed or when this makes the position harder to fill."²

The city of Albuquerque is trying something different. Policymakers there are seeking to shift their labor market to skills-based hiring, in which employers hire applicants based on skills that have been independently validated. In 2012, a workforce consultant named Jamai Blivin conducted a study in New Mexico that arrived at some surprising findings. Notably, she found hiring based on validated skills to be five times more predictive of job success than hiring based on educational credentials. Although employers may believe they need to pay extra to recruit workers with college degrees, many would be more satisfied with the performance of workers who have the necessary skills, regardless of degree. But employers also view the risk as too great, unless workers could actually be proven to have those skills.

The city of Albuquerque hired Blivin to build a comprehensive system to test jobseekers for work-relevant skills and build those skills. With funding from the city and the Kellogg Foundation, Blivin and her team designed the Talent ABQ program and launched it in 2014.

Through Talent ABQ, Albuquerque residents take a nationally validated WorkKeys exam at one of 33 Skill Up Centers located around the city in public libraries, community centers, and community college student support centers. The exam assesses job readiness in core skills, such as literacy, math, listening and observation; professional skills, such as teamwork

and critical thinking; and job-specific skills. Jobseekers who pass receive certificates that they can add to resumes and job applications.

Participating employers integrate skill-based hiring into their hiring practices by adding skills scores to their job postings and submitting postings to Talent ABQ, which sends the company applicants who meet the appropriate skill profile. As of June 2016, there were more than 6,000 job postings on the Talent ABQ website, each one bearing a set of WorkKeys scores. Workers can build their workplace skills by using a related program called KeyTrain at a Skill Up Center, or by logging in remotely.

With funding received from a competitive federal grant, Albuquerque is using Talent ABQ to map technology courses and curricula onto specific industry jobs. The goal is to fill at least five percent of IT jobs in Albuquerque based on skills and competencies, thereby opening up job opportunities for many disadvantaged city residents.

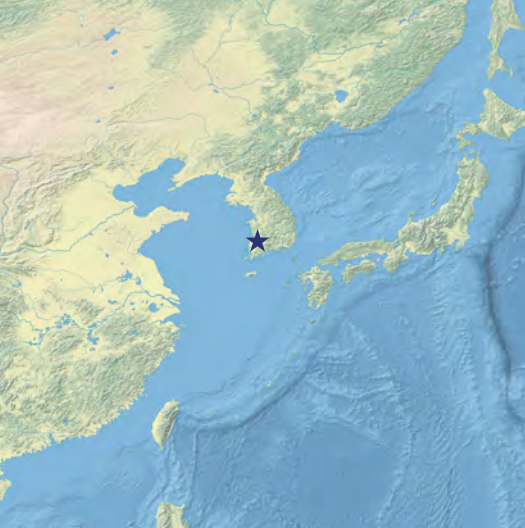
To date, about 12,000 Albuquerque residents have been assessed for job readiness, and a quarter of those have qualified for WorkKeys certificates. Over 150 employers have agreed to participate in skills-based hiring, and the city has tracked more than 800 candidates into employment.

An important limitation of the Talent ABQ initiative is that workforce outcomes have not yet been documented. Other cities interested in launching their own skills-based hiring initiatives may want to know how much WorkKeys certification helped jobseekers to get the jobs they wanted; what jobs they obtained; whether the skills-based hires stayed at their jobs, satisfied their employers, and received promotions; and whether some occupational sectors proved more hospitable to skills-based hiring than others. That information should emerge within the next few months, thanks to an agreement recently signed with the New Mexico Department of Workforce Solutions to provide Blivin's firm with aggregated data for tracking purposes.

In many cities, skills-based hiring could open a number of entry-level positions to young people who lack the formal educational credentials to get hired, but who could succeed in the job.

1. Anthony Carnevale, Tamara Jayasundera, and Artem Gulish, *America's Divided Recovery: College Haves and Have-Nots* 2016, Georgetown Center for Education and the Workforce, July 2016.

2. *Moving the Goalposts: How Demand for a Bachelor's Degree is Reshaping the Workforce*, Burning Glass Technologies, September 2014.



Idea 15

Carbon Green Card

Gwangju, South Korea
Carbon-banking program goes citywide

Innovation in a Nutshell

Citizens' energy use is tracked through state-of-the-art technology; when energy use declines, "carbon green cards" can be redeemed for rewards.

Program Elements

- Residents are issued carbon green cards from a local bank.
- Energy use is tracked through sophisticated sensor technology. Data is fed back to utilities and local government, who update residents in turn.
- The program is predicated on behavioral economics: using financial incentives to nudge residents to make different personal choices.

Benefits

- The carbon bank card creates a common vehicle to unite government, utilities, and private sector actors around the same goal.
- Citizens are able to clearly track progress and feel part of a larger citywide effort to combat climate change.

The city of Gwangju, South Korea, is making a push to drastically lower carbon emissions by motivating citizens to conserve energy, natural gas, and drinking water in their daily lives. The city has enrolled more than 280,000 residents (about 60 percent of participating households) in a newly created carbon-banking system that encourages and rewards reductions in energy consumption, far more than other such efforts. The approach of working closely with utilities, banks, and government at the local and national level provides a possible blueprint for other cities

and countries looking to make a meaningful dent in carbon emissions.

The aggressive effort took root in South Korea because of a national focus on climate change. In the 1990s, then President Lee Myung-bak initiated a number of national environmental policies to incentivize cities to develop local carbon-reduction strategies. The idea was that national-level policy is only one piece of the puzzle, and local leaders had to take the lead on climate change.

The mayor of Gwangju jumped at the opportunity to position his city as a world leader on carbon reduction. He personally reached out to national government leaders asking for assistance in putting together a large-scale effort. In 2008, he was referred to Dr. Kwi-gon Kim, then secretary-general of Urban Environmental Accords and one of the architects of the national policy. Kim, who had spent years studying new mechanisms to reduce the effects of climate change, thought that this medium-sized, eco-conscious city was an ideal place to implement a scaled-up program. Most attractive was the urban design of the city, which is dominated by multifamily high-rise apartment buildings. Rather than having to monitor scores of detached suburban homes, the program began by targeting a manageable number of towers in the urban core.

The effort centers on a "carbon green card" issued by the Gwangju Bank to participating households. Individuals and family members earn carbon points by achieving a reduction of five percent or more in the average consumption of electricity, natural gas, and water over the past six months, when compared to the

average of the previous two years. Local utility providers cooperate by evaluating energy usage and setting baselines. A household also receives points when they buy registered environmentally friendly products or take public transportation. Accumulated points can be used to purchase green household goods or for discounts at national parks and other attractions in the region.

The effort has caught on quickly. Since launching in 2008, 54 percent of participating households reduced consumption of electricity, gas, and water. Greenhouse gas reduction has improved every year, as 60 percent of participating households achieved at least some decrease. Cumulative emission reductions totaled 84.2 kilotons of CO₂. One of the city's five districts has obtained over 80 percent participation, with a goal of 100 percent enrollment of the targeted urban population by 2020.

Residents are encouraged to participate through what behavioral economists call “nudges”: small but critically important incentives, such as financial rewards, that provide positive reinforcement for preferred choices and behaviors. The green card points and discounts may not seem substantial enough to drive strong participation, but there are a few factors beyond the nudge alone that have made it successful in Gwangju. First, Korean culture places a premium on community participation. As Kwi-gon Kim noted in an interview for this report, “There is a real spirit of living together in Gwangju and other Korean cities. It is not just about the financial rewards; once residents get that it is the right thing to do, they really get with the program and it catches on.”

Another critical feature of the program is its state-of-the-art data collection. Kim and his colleagues have tapped a number of private companies to purchase or customize sensor technology, providing precise

and real-time measures of household energy use. For example, Shinhan Precision, a South Korean company, developed a gas meter that measures milliliters of gas used per hour. The detailed data feeds have become the backbone of the program, as local officials are able to easily see energy reductions and share each successful reduction with residents and the bank managing the green card program.

The effort is still relatively new, but it has been gaining recognition around the world for its promising start. Ashok Gupta, a leading expert on carbon reduction strategies at the Natural Resources Defense Council, remarked, “It is a good example of how behavioral change can lead to structural change.”

As successful as the model has been, Kim and others caution that cities in other countries looking to replicate the effort need to have a number of the same elements in place including strong national and local leadership, reliable data tracking, and a partnership between public officials and the private sector. Additionally, Gwangju is a solidly middle-income city, and low-income residents in other locales may have less wiggle room to shift their energy patterns and consumption. Finally, Gupta notes that while the model is certainly effective, it shouldn't be implemented in a vacuum; other smart planning decisions and emissions-reduction strategies need to be pursued that residents can't control, such as improved mass transit.

Gwangju's initiative demonstrates that cities can reduce emissions by targeting the energy use habits of individual citizens. Through a careful plan, reliable data tracking, and support from business, utilities, and all levels of government, the city is well on its way to achieving its mission of reduced carbon emissions with the participation of every citizen.

Expert Participants

In preparation for this report, the authors convened a group of business, philanthropic, and nonprofit leaders to critique and refine our policy proposals. We would like to thank all those who participated for their invaluable contributions. Their feedback was extraordinarily helpful in improving *Innovation and the City* and their input is greatly appreciated. This report does not necessarily represent the views of these individuals or their organizations and should not be interpreted as an endorsement.

Amy Armstrong, Rockefeller Foundation, 100 Resilient Cities

Eugenie L. Birch, University of Pennsylvania

Steven Bosacker, Living Cities

Jennifer Bradley, Aspen Institute

Naureen Collings, New Cities Foundation

Marco Daglio, Organisation for Economic Co-operation and Development

David Eichenthal, Public Financial Management

Stephen Goldsmith, Harvard University

Alaina J. Harkness, Brookings Institution

Sascha Haselmayer, Citymart

Eduardo Staszowski, New School University

Christopher Swope, Citiscope

Nicholas You, Guangzhou Institute for Urban Innovation

Center *for an*
Urban
Future



NYU | WAGNER

Citi Foundation





TACOMA HOUSING AUTHORITY

**ADMINISTRATION
REPORTS**



TACOMA HOUSING AUTHORITY

FINANCE



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$8,694,441 for the month of November, 2016.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

TACOMA HOUSING AUTHORITY
Cash Disbursements for the month of November 2016

	Check Numbers		Amount	Totals
	From	To		
A/P Checking Account				
Low Rent Module Checks	Check #'s	- - -	-	
Accounts Payable Checks	Check #'s	88,581 - 88,785		
Business Support Center			388,129	Program Support
Moving To Work Support Center			166,057	
Tax Credit Program Support Center			120,955	
Section 8 Programs			196,472	Section 8 Operations
Outrigger			396	Local Funds
Salishan 7			42,528	
Hillsdale Heights			2,642	Development
Salishan Developer Fee			3,232	
Development Activity			40,543	
Salishan Area 2B-Dev			1,555	
Salishan Area 4			4,471	
Bay Terrace II			49,832	
Hillside Terrace 1800 Court G Development			106	
New Look-Development			40,364	
KeyBank Building			2,628	
Bay Terrace II			2,095,477	
Renew Tacoma Housing Development			2,035,981	
CS General Business Activities			4,009	Community Service
Community Services MTW Fund			9,285	
Salishan Sound Family			300	
Gates Tacoma Pub Schools Grant			505	
ROSS Svc Coord			971	
WA Families Fund			440	
COT-McCarver Grant			110	Public Housing
AMP 1 - No K, So M, No G - Subsidy			62,684	
AMP 2 - Fawcett, Wright, 6th Ave - Subsidy			57,030	
AMP 3 - Lawrence, Orchard, Stevens - Subsidy			58,955	
AMP 6 - Scattered Sites			7,665	
AMP 7 - HT 1 - Subsidy			3	
AMP 8 - HT 2 - Subsidy			1	
AMP 9 - HT 1500 - Subsidy			1	
AMP 10 - SAL 1 - Subsidy			10,671	
AMP 11 - SAL 2 - Subsidy			11,878	
AMP 12 - SAL 3 - Subsidy			9,671	
AMP 13 - SAL 4 - Subsidy			10,747	
AMP 14 - SAL 5 - Subsidy			12,596	
AMP 15 - SAL 6 - Subsidy			12,567	
AMP 16 - Bay Terrace - Subsidy			7,371	
Allocation Fund			59,681	Allocations-All Programs
THA SUBTOTAL			5,528,509	
Hillside Terrace 1 through 1500			3,438	Tax Credit Projects - billable
Bay Terrace 1			682	
Renew Tacoma Housing Operations			16,808	
Salishan I - through Salishan 6			32,752	
Salishan Association - Operations			-	
TAX CREDIT SUBTOTAL (Operations - billable)			53,680	5,582,189
Section 8 Checking Account (HAP Payments)				
SRO/HCV/VASH/FUP/NED	Check #'s	481,833 - 481,859	14,782	
	ACH	101,274 - 103,787	2,500,107	\$ 2,514,889
Payroll & Payroll Fees - ADP				\$ 597,363
Other Wire Transfers				
				\$ -
TOTAL DISBURSEMENTS				\$ 8,694,441



TACOMA HOUSING AUTHORITY

CLIENT SERVICES



TACOMA HOUSING AUTHORITY

DATE: December 14, 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

Due to the short turnaround for December's BOC report, there is no Director's comment this month.

In January, we anticipate reporting on THA's plans to address challenges to voucher utilization in this section.

3. COMMUNITY SERVICES: Caroline Cabellon, Community Services Division

3.1 NUMBER OF PEOPLE AND HOUSEHOLDS SERVED

Program Entries, Exits, and Unduplicated Number of Households Served

November 2016	Program/ Caseload Entries this Month	Program/ Caseload Exits this Month	Unduplicated Number Served (Month)	Unduplicated Number Served (YTD)
Case Staffing	4	3	56	93
Families in Transition (FIT)	0	2	11	23
Family Self Sufficiency (FSS)	5	5	138	162
General Services	5	1	47	123
Hardship	0	1	2	7
Housing Opportunity Program (HOP) Case Management	5	0	10	26
Children's Savings Account (CSA) K-5th Grade	1	0	34	35
Children's Savings Account (CSA) 6th - 12th Grade	1	2	31	33
McCarver	0	2	34	45
Senior & Disabled	9	9	53	261
DEPARTMENT TOTAL	30	25	416	808

3.2 PROGRAM UPDATES

3.2.1 Education Project Update

The McCarver Elementary Housing Assistance Program began receiving applications on November 7th. The program currently has 34 families enrolled. As of November 30th, fifteen applications have been received. Eight of the families are homeless and seven families are doubled up; there are 22 primary school aged children in the 12 families who have applied. Caseworkers conducted preliminary interviews with eight families and have passed their files to Rental Assistance for further screening. A briefing is scheduled for December 19th to issue vouchers to fully qualified families.

3.2.2 General Services Program Update

November was a busy month for the Senior and Disabled properties.

Residents at Wright and Fawcett Avenue began a new WSU Extension Food \$ense course and learning many things about food nutrition. Seniors enjoyed the Lobster Shop Thanksgiving meal, sponsored by the City of Tacoma.

Mercy Housing is always a gracious community partner and invited all of our senior and disabled residents to their Thanksgiving dinner. THA case worker NaToyia Duncan assisted with food distribution as well as transportation (via THA vans). Carl Mastberg and NaToyia transported residents in need to the local food bank the day before Thanksgiving. SAFE has new ideas regarding changing the name to appeal to all senior and disabled residents. With the holiday season arriving, residents and THA are advertising holiday assistance for those in need.

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

Housing Choice Voucher utilization is reported at 96.1% for the month of November, 2016. We continue to make extraordinary efforts to improve the rate by year's end. In November, the inspectors completed nearly 100 initial inspections, which may yield December lease-ups.

Rental Assistance has now attempted contact to all applicants on the current Housing Opportunity Program (HOP) waiting list and is preparing to open a new waiting list in early 2017. The last group we pulled consisted of 291 applicants. To work with these clients quickly, we set up a mass intake at the Family Investment Center (FIC) on

November 16th. The entire department participated in the project. Community Services Case Workers and a Sound Outreach Financial Empowerment Specialist on hand will begin working immediately with applicants who identified barriers to renting. 88 applicants came to the FIC, and we are processing subsequent applicants. The outcomes from the 88 initial responders are as follows:

- 291 applicants contacted
- 88 responded at our 11/16/16 intake meeting
- 36 vouchers were issued
- 39 other applications in process
- 1 decided they were not interested
- 11 over income
- 1 denied due to owing money to a PHA

As of December 1, 2016, we received 2 RFTA's (request for tenancy approval) from this group. The remaining 39 are waiting for various items to be completed.

Our records show we have nearly 350 people shopping from all of our programs. We know not all will be successful but feel that we have to get a large number of people in the market to ensure that clients able to lease up will have the opportunity. Community Services is also providing assistance to this group to ensure all of their barriers are addressed.

Client Services and Policy are collaborating to identify which barriers are most impacting our customers as they attempt to secure housing in a difficult market. With this analysis in mind, we anticipate taking additional steps to address voucher utilization. These will be outlined by the Department Director in the January Client Services BOC Report.

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	168	95%
NED (Non Elderly Disabled) Vouchers	100	99	99%
FUP (Family Unification Program)	50	49	98%
CHOP (Child Welfare Housing Opportunity Program)	20	20	100%
McCarver Program	50	34	68%
CHAP (College Housing Assistance Program)	25	27*	108%
TOTAL	422	397	94%

** The CHAP program is currently over-issuing vouchers in an attempt to increase utilization. Should this program become over utilized we will discontinue this process.*

Project-Based Properties	Units Allocated	Units Leased	Percentage Leased
Bay Terrace	20	18	90%
Eliza McCabe Townhomes	10	9	90%
Flett Meadows	14	12	86%
Guadalupe Vista	40	38	95%
Harborview Manor	125	123	98%
Hillside Gardens	8	6	75%
Hillside Terrace	9	7	78%
Nativity House	50	49	98%
New Look Apts.	42	40	95%
Pacific Courtyards	23	22	96%
New Tacoma Phase II	8	7	88%
Salishan 1-7	340	334	98%
Tyler Square	15	11	73%
TOTAL	704	676	96%



TACOMA HOUSING AUTHORITY

PROPERTY MANAGEMENT



TACOMA HOUSING AUTHORITY

Date: December 14, 2016

To: THA Board of Commissioners

From: Pat Patterson
Director of Property Management

Re: Property Management Monthly Board Report

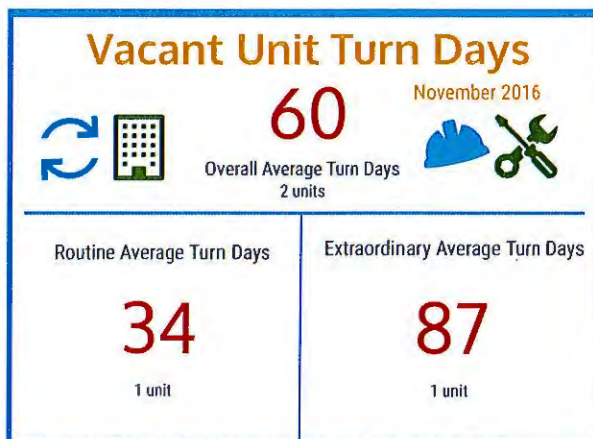
1. OCCUPANCY OVERVIEW

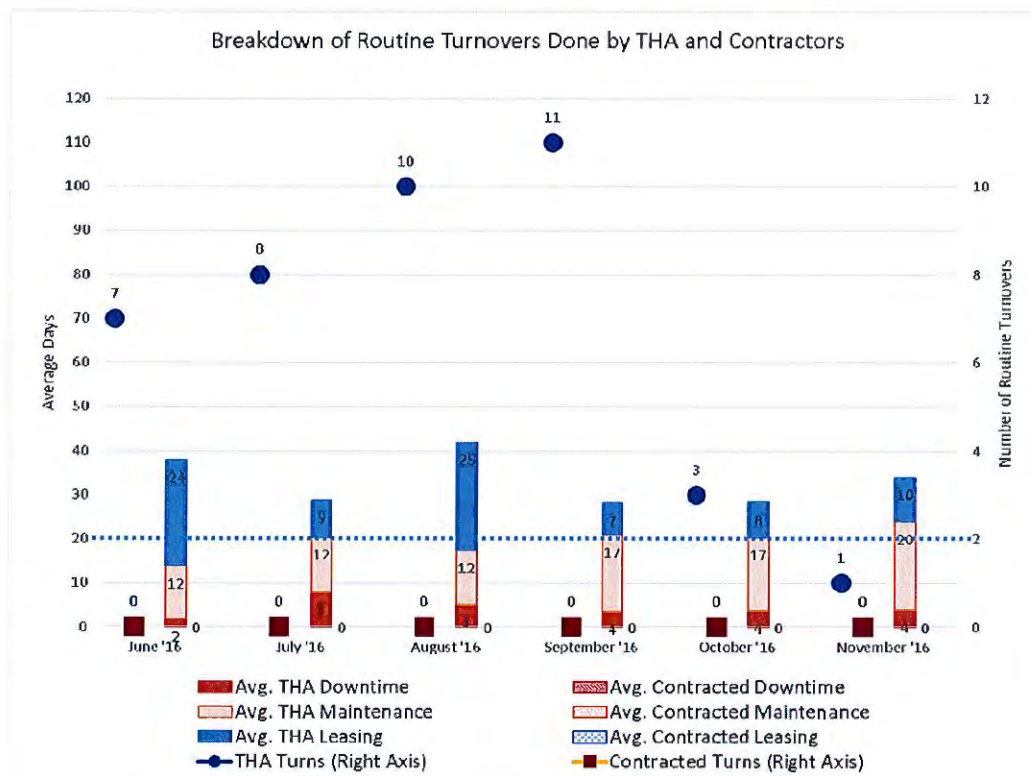
1.1 Occupancy

PROPERTY	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MONTH OCCUPIED	% YTD OCCUPIED
All Hillside/Bay Terrace	132	2	0	130	98.48%	97.38%
Family Properties	118	12	1	106	89.83%	88.76%
Salishan	631	8	0	623	98.73%	99.06%
Senior/Disabled	353	35	0	318	90.08%	94.59%
All Total	1,234	57	1	1,177	95.38%	95.46%

Unit occupancy is reported for the first day of the month. This data is for the month of November. The high vacancy rate in the Senior/Disabled and Family properties are 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 Turns - Performed by THA and Contractors

Today's Date 12/2/2016

Ending Month: November 2016

Beginning Month: June 2016

		Routine THA Turnover Information				
Year	Month	Total Number of Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2016	November	1	34.0	4.0	20.0	10.0
2016	October	3	28.3	3.7	16.7	8.0
2016	September	11	28.1	3.5	17.5	7.1
2016	August	10	41.9	5.1	12.3	24.5
2016	July	8	27.3	7.9	12.4	8.5
2016	June	7	37.6	1.9	12.0	24.0
		Routine Contracted Turnover Information				
Year	Month	Total Number of Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2016	November	0	0.0	0.0	0.0	0.0
2016	October	0	0.0	0.0	0.0	0.0
2016	September	0	0.0	0.0	0.0	0.0
2016	August	0	0.0	0.0	0.0	0.0
2016	July	0	0.0	0.0	0.0	0.0
2016	June	0	0.0	0.0	0.0	0.0

The average unit turn time for the month of November was **60** days for two (2) units turned by Tacoma Housing Authority (THA) staff. Below is a list of units that exceeded THA's 20- day expectation. These units will be categorized as Routine and Extraordinary turns.

Routine means units that receive normal wear and tear that can be repaired in 5-20 days. **Extraordinary** means that the units have heavy damage as a result of the tenancy including meth and casualty loss that cannot be repaired within 20 days.

Routine +20 explanation

2520 Court G #2 34 days: Unit was in downtime for 4 days. Maintenance work was completed in 20 days. 10 days were attributed to leasing efforts.

Extraordinary

2302 6th Avenue #114 87 days: Unit was originally being held for RAD turn. Program requirement required this unit to be made rent ready for qualifying tenant. Unit was in downtime for 30 days. Maintenance work was completed in 57 days and was rented the same day. Unit was left with heavy damage from exiting tenant.

Proposed Changes for Improvement in Unit Turn Times:

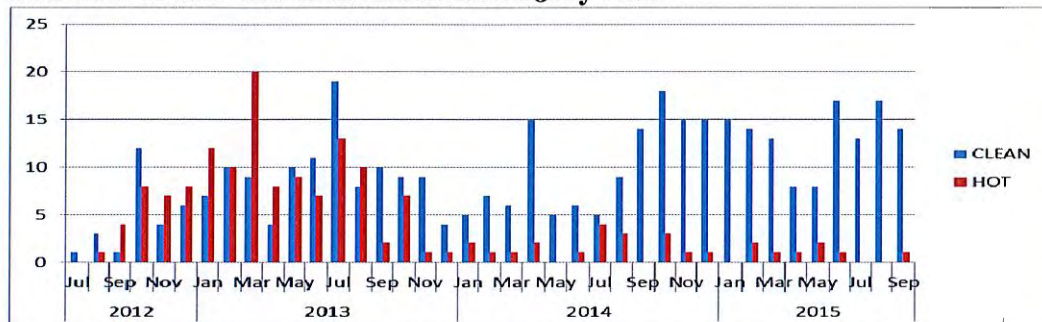
- **Downtime** - Start the unit turn process within 1 day of vacancy. Reduce downtime to 1 day.
- **Repair make ready**
 - ✓ Identify appropriate staffing levels needed to complete maintenance work during the move-out inspection.
 - ✓ Procure contractors who will respond to request for service if needed that have the appropriate staff to assign multiple units.
 - ✓ Increase inspections to deter heavy damage at move out.
 - ✓ Unit work every working day. Unit is the sole priority by assigned staff.
 - ✓ Use of tracking charts to monitor projected progress.
- **Leasing**
 - ✓ Prescreen to identify ready applicants.
 - ✓ Site-based leasing. Concentrated efforts on units. Each property staff will be responsible for the leasing efforts to fill their units.
 - ✓ THA staff will undergo training to better lease our units that are not subsidized. THA is competing with the open market in some cases and having better tools and tactics will be helpful for us to attract applicants that will accept the units in a timelier manner.

Proposed

Downtime	Repair Make ready	Vacant	Total days
1	17	2	20

1.3 THA Meth Data Trends

Hot Rate Trend- 533 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- 3 units tested, 3 hot 100% Hot Rate

As of June 1, 2016, 158 of the 533 units that have been tested for contamination have tested positive for methamphetamine. The hot rate for 2016 is 100%. This rate is based on only testing the unit when suspicious activity was discovered. The overall hot rate from 2012 is 30%.

1.4 Work Orders

Work Order Summary by Portfolio For the Month of November, 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)
THA 6TH AVE	0	0.0%	0	0.0%	0					
	0	0.0%	0	100.0%	0					
All Hillside										
BAY TERRACE	0	0.0%	2	100.0%	1		9	6.78	169	3.78
HILLSIDE TERRACE 1500 Block	0	0.0%	1	100.0%	0		0		44	4.25
HILLSIDE TERRACE PH I	0	0.0%	0	0.0%	0		1	18.00	65	3.80
HILLSIDE TERRACE PH II	0	0.0%	1	100.0%	0		2	0.00	40	4.58
	0	0.0%	4	100.0%	1	0.00	12	6.58	318	3.91
Family Properties										
BERGERSON TERRACE	0	0.0%	27	100.0%	4	0.25	15	14.00	277	5.33
DIXON VILLAGE	3	100.0%	14	100.0%	3		3	17.33	98	4.48
SCATTERED SITES	0	0.0%	7	100.0%	1	1.00	0		69	3.74
	3	100.0%	48	100.0%	8	0.25	18	14.56	444	4.90
Salishan										
SALISHAN I	0	0.0%	3	100.0%	0		43	8.21	372	8.71
SALISHAN II	0	0.0%	5	100.0%	3	0.33	48	14.77	381	9.59
SALISHAN III	0	0.0%	1	100.0%	2	2.00	31	10.19	339	9.07
SALISHAN IV	0	0.0%	4	100.0%	4	0.75	60	8.23	315	9.19
SALISHAN V	0	0.0%	4	100.0%	5	4.20	36	10.89	341	10.06
SALISHAN VI	0	0.0%	2	100.0%	2	2.00	36	6.81	284	8.81
SALISHAN VII	0	0.0%	5	100.0%	2	2.00	45	5.89	254	10.17
	0	0.0%	24	100.0%	18	2.06	299	9.28	2,286	9.35
Senior / Disabled Properties										
6TH AVE	0	0.0%	9	100.0%	0		1	0.00	153	8.25
E.B. WILSON	1	100.0%	9	88.9%	2	3.00	7	6.88	268	33.07
FAWCETT APARTMENTS	0	0.0%	5	100.0%	0		5	6.40	60	2.82
LUDWIG APARTMENTS	0	0.0%	11	100.0%	2	1.50	9	3.67	96	3.14
NORTH G ST	0	0.0%	12	100.0%	0		8	5.25	97	14.41
NORTH K ST	0	0.0%	11	100.0%	1	1.00	6	4.00	123	11.02
WRIGHT AVE	1	100.0%	3	100.0%	0		11	3.73	110	2.99
	2	100.0%	60	98.3%	5	2.00	47	4.68	905	14.89
Agency Totals:	5	100.0%	136	99.3%	32	1.53	376	8.87	3,953	9.64

In the month of November, 100% of emergency work orders were completed within 24 hours. In November maintenance staff completed 376 non-emergency work orders with a total of 3,953 for the calendar year. The year-to-date average number of days to complete a non-emergency work order is 9.64.

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

Portfolio		Emergency		Urgent		Non Emergency		
		Opened Emergency WO	Days Open	Open Urgent WO	Days Open	Open Non- Emergency WO	< 25 Days	>25 Days
W14	THA 6TH AVE	0	0	0	0	1	0	1
		0	0	0	0	1	0	1
All Hillside								
BT	BAY TERRACE (PH)	0	0	0	0	1	1	0
HT150	HILLSIDE TERRACE 1500 Block	0	0	0	0	0	0	0
HT2	HILLSIDE TERRACE PH II	0	0	0	0	4	4	0
		0	0	0	0	5	5	0
Family Properties								
020	BERGERSON TERRACE	0	0	0	0	7	6	1
022	LOW RENT SCATTERED SITES (19)	0	0	0	0	0	0	0
023	DIXON VILLAGE	3	0	0	0	6	5	1
		3	0	0	0	13	11	2
Salishan								
SAL1	SALISHAN ONE LLC (PH)	0	0	0	0	13	13	0
SAL2	SALISHAN TWO LLC (PH)	1	2	0	0	45	44	1
SAL3	SALISHAN THREE LLC (S8)	0	0	0	0	17	17	0
SAL4	SALISHAN FOUR LLC (PH)	0	0	0	0	47	46	1
SAL5	SALISHAN V LLC (S8)	0	0	1	9	52	49	3
SAL6	SALISHAN SIX LLC (S8)	0	0	0	0	34	34	0
SAL7	SALISHAN SEVEN	0	0	0	0	26	25	1
		1	2	1	9	234	228	6
Senior / Disabled Properties								
006	NORTH K ST	0	0	0	0	3	3	0
008	E.B. WILSON	1	0	0	0	5	4	1
009	FAWCETT APARTMENTS	0	0	0	0	1	0	1
010	WRIGHT AVE	1	0	0	0	1	0	1
012	LUDWIG APARTMENTS	0	0	0	0	5	5	0
013	NORTH G ST	0	0	0	0	4	2	2
014	6TH AVE	0	0	0	0	8	6	2
		2	0	0	0	27	20	7
Agency Totals:		6	2	1	9	280	264	16

The open work orders that are greater than 25 days is 16 in November, 2016. These repairs are scheduled to be completed in the next 30 days.

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.



TACOMA HOUSING AUTHORITY

REAL ESTATE DEVELOPMENT



TACOMA HOUSING AUTHORITY

DATE: December 14, 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. Discussions are underway with Bates Technical College and Community Health Services regarding the Salishan Core. Staff also showed space at the Family Investment Center (FIC) to a local child care operator who expressed some interest in providing day care or before/after school programs at this location. These discussions are all in the very early stages.

1.1.2 Area 2B Property Sale to Metro Parks

Housing and Urban Development (HUD) approved the disposition of the two lots. HUD legal counsel is reviewing the Deed of Partial Release and closing is targeted by the end of December.

2. NEW DEVELOPMENT

2.1 Bay Terrace – Phase II

Construction is approximately 54.2% complete. The contractor has made significant framing progress. The contractor is installing roofing and siding on the exterior while supplying main utility services to the buildings. Building J - All floors of framing are complete on the mid-rise building. Roof insulation and roofing material is being installed. Scaffolding has been erected and safety tagged. Progress is beginning for siding material applications. Crews are also roughing in mechanical, electrical, fire and plumbing. Building G & H – Crews are installing interior drywall and finishes. Exterior painting is complete. Overall the project is on budget and schedule with no major issues to report.



Building J



Building G & H Townhomes

NOTE:

The following information is based on Draw 8 dated 11/8/2016. BTII has not encountered any unusual problems or issues.

Construction % complete 43.7%

Budget	Total budget	Expended	Percentage	Balance
Soft Costs incl. reserves	4,861,258	2,419,448	49.8%	2,441,810
Construction	16,100,410	6,778,168	42.1%	9,322,242
Owners contingency	880,000	210,239	23.9%	669,761

Absher Construction's Total Resident Employment, and
M/WBE and Apprenticeship goal commitment and monthly utilization:

	GOAL	PREVIOUS ACTUAL	ACTUAL AS OF 11/30/2016
MBE	10%	13%	13%
WBE	8%	12%	12%
Section 3 Business	10%	14%	14%
Section 3 New Hires	30%	14.29%	14.29%
Apprenticeship	15%	8%	9.72%

3. OTHER PROJECTS

3.1 Public Housing Scattered Sites

Former Public Housing Scattered site homes are being rehabilitated and sold at market value. To achieve affordability for households earning 50% to 80% of the Area Median Income (AMI), THA will place a restriction for the difference between market value and the effective sales price on the property. The effective sales price is what a buyer earning 50% to 80% of the AMI can afford. The value of the difference between the market value and effective sales price will be captured in the restrictive covenant. This value takes the form of a forgivable loan. 20% of the loan value will be forgiven every year.

HUD approved the use of one of the scattered site houses for housing youth experiencing homelessness. Rehabilitation work will be complete by mid-November and Community Youth Services (CYS) will manage the facility.

Two homes are being purchased by residents of public housing. These are priority 2 buyers.

Units Sold	Market Value	Sold Price	Rehab Costs	Sales Costs	Net Proceeds
3	\$609,002	\$609,002	\$80,005.00	\$111,492	\$417,505
Units Listed	Market Value	List Price	Rehab Costs	Sales Costs	Projected Proceeds
6	\$1,193,000	\$1,193,000	\$135,638	\$119,300	\$938,062
Units in Construction	Scope Preparation	Occupied	Vacant		
5	5	15	11		



1444 S Verde-SOLD

Rehabilitation Work on Scattered Site Units and Sold

14 of the remaining 15 occupied homes will be remodeled as residents are relocated in 2017.

CYS is occupying 120 E Bismark to temporarily house homeless youth.

The price of 1320 NE Norpoint has been reduced from \$214,000 to \$209,995 due to a listing for more than 90 days as well as several offers from over-income ineligible buyers.

3.2 Consulting and Community Engagement

Real Estate Development (RED) continues to work with the Salvation Army (SA) on a proposal to redevelop SA's Sixth Avenue property. Conceptually, this project will offer 69 rental units for families and individuals experiencing homelessness. A food bank and space for entities providing supportive services is also planned.

Meetings with the local Salvation Army representatives have been positive. The next step is to meet with the representatives from Seattle and finalize an agreed upon scope of work. Ideally, this project will be ready for a 9% tax credit submission in 2018.

3.3 New Look Capital Planning and Resyndication

THA selected Buffalo Design to plan the capital work for the New Look Apartments. The planned work will be completed as part of a tax credit resyndication. National Equity Fund (NEF) represents the limited partners in the current New Look LLC. NEF will exit the partnership at the end of 2016. A new partnership, to be called the Alberta J. Canada LLLP, will be formed. THA will be the general managing partner. Solicitation for tax credit investors has been delayed, on advice from Brawner and Associates.

3.4 Community Youth Services (CYS): Arlington Drive Property

Staff began negotiating with the City of Tacoma on the predevelopment, development and operations agreements for a Crisis Residential Center to be managed by Community Youth Services (CYS). The preliminary meeting with the City went well; however, the City has requested additional time to finalize this agreement. At this time we are uncertain as to when an agreement will be finalized with the City. In the meantime, SMR Architects will undertake some preliminary work for the master plan of the Arlington property. This work will be reimbursed as part of the City of Tacoma Agreement and will also benefit THA as we complete a full development plan. The costs will not exceed \$25,000.

CYS is a well-regarded organization that provides emergency and longer-term housing for youth experiencing homelessness. The organization is located in Olympia. This group has been providing overnight shelter services in Tacoma, under a contract with the City of Tacoma.

For several years, the City committed funding for a Crisis Residential Center (CRC) and a Shelter/Youth Drop-In Center. The challenge has been identifying a site that could accommodate a 5,000 square foot building; zoning and location have been a roadblock. To facilitate the development of this project, THA offered the 3.5 acre Arlington Property. This property is on Portland Avenue and is part of the original Salishan development. The board adopted Resolution 2016-06-22(5).

4. DEVELOPMENT PIPELINE PROJECTS

4.1 1800 Hillside Terrace Redevelopment

The 1800 block of Hillside Terrace was demolished during the Bay Terrace Phase I redevelopment. Staff is preparing for a January, 2018 9% tax credit submission.

Staff expect that the new units will be affordable to households with incomes between 30% and 60% of area median income. As proposed, the project will offer one and two bedroom units located in a single mid-rise elevator building. A 20% set-aside for both disabled and homeless individuals and small families is proposed. THA expects to lease the land and improvements to the LLLP for up to 99 years.

The financing structure is expected to include, but not limited to, the following sources of funding: tax credit equity, City of Tacoma/TCRA funding, private debt, bonds and THA funds.

On October 5, 2016, staff submitted a funding application to the Tacoma Community Redevelopment Authority (TCRA) requesting \$1 million in HOME fund to support the development of 79 units for the 1800 Block project. On November 17, 2016, THA provided an oral presentation to the TCRA funding

committee and were advised that we have been awarded \$300,000 of the \$1M THA request. We are on-track in preparing a submission for a 9% tax credit allocation request for 2017. Staff is continuing negotiations to purchase two vacant single family homes adjacent to the site. Both homes are estate sales. The single family home foot prints will allow for eight additional affordable units.

4.2 Intergenerational Housing at Hillsdale Heights

The Many Lights Foundation (MLF) may partner with Hope Sparks, a local non-profit that comprises five core behavioral health programs that serves children and families in Pierce County who face trauma, abuse and overwhelming life challenges. These services include behavioral health, early intervention, kinship care, home visiting, eating recovery and parent education during 2014. Staff have met with Hope Sparks to share information about our respective organizations and to describe the development and financing process and partnership consideration. Hope Sparks will decide if a partnership with Many Lights is feasible by the end of this year. After that time, THA will renew discussions on the development of the inter-generational housing.

4.3 Hilltop Lofts and THA Owned Properties Master Development Plan

THA and the City extended the timeline by two years for THA to develop the Hilltop Lofts project. Council approved the extension request at its November 3, 2015, meeting. Work needs to begin by the end of 2017. We are evaluating an option for the lofts to be included as a 9% tax credit.

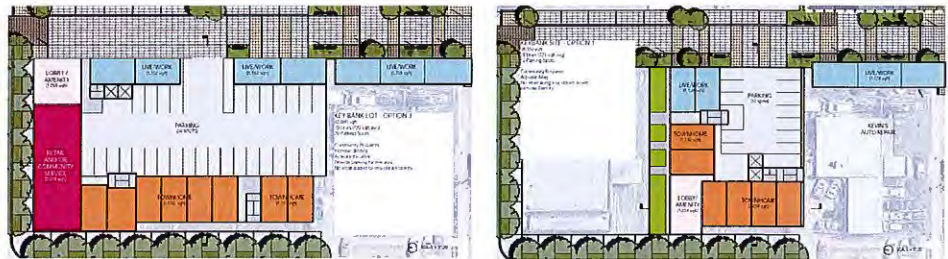
4.3.1 All five of the scheduled community planning meetings have been completed. As part of this work and through the efforts of Chris and Kenji, LLC., (local Hilltop Artists) a **Community Artifact** will be completed. This is an interactive piece that will give community members a continuous opportunity to provide feedback and engage with the ongoing conversation around affordable housing in the Hilltop. Responses will be documented for the next 12 months during non THA projects that are opening and breaking ground in the area.

4.3.2 GGLO completed several development scenarios. These are designed to evaluate the number of units, target market, potential development partnerships and financial feasibility.

4.3.3 Hilltop Lofts: One development scenario:
Four stories to achieve the most development within reasonable development cost parameters.

4.3.4 Key Bank: Three development scenarios:

- Keep Key Bank and do not build on top, build four story building in Key Bank parking lot, south of existing building.
- Remove Key Bank and build new four story building on whole lot.

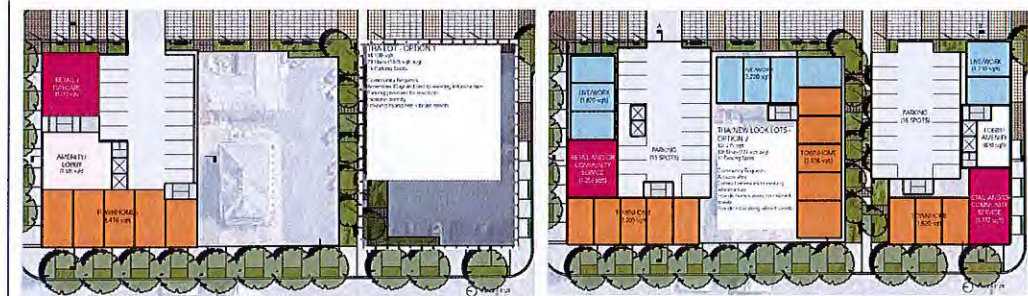


Example of Key Bank Removal

Example of Key Bank parking lot development

4.3.5 New Look & THA Parking Lots: Three Development Scenarios:

- New four story building on New Look Parking Lot Site
- New four story building on THA Parking Lot Site
- New four story building connected and wrapping around existing house between these two sites. Utilize parking lot adjacent to house and shed space behind house into the development



Example of THA parking lot development

Example of wrap around development

4.3.6 Development Design Renderings

GGLO provided a variety of renderings to spark discussion about design for the potential development noted above. Modern looking buildings that acknowledged the historic use of materials were preferred by the community because they give the neighborhood a new and updated look. Additional comments have included more color and features to promote active and attractive streetscapes and alleys. Following are two examples of this design.



4.3.7 Discovery Report

GGLO has completed the initial draft of a discovery report. This includes summaries of the information obtained through the outreach activities that were conducted this summer, statistics about the Hilltop neighborhood and an analysis of the comments received by the community regarding the future of the neighborhood.

4.3.8 City of Tacoma 311 Mobilization

RED in partnership with the Hilltop Action Coalition will facilitate the outreach and mobilization for the City's 311 customer service line. Through a series of workshops, events, canvassing and literature creation beginning in January 2017.

4.3.9 Hilltop Community Engagement Group

Two RED Staff will be presenting outreach methods and outcomes from the summer 2016 Housing Hilltop activities to the Hilltop Engagement Group. The group will be releasing an RFP to solicit outreach services from local nonprofit and community-based groups to enhance awareness among residents regarding financial education and planning resources, as well as workforce training and apprenticeship opportunities under a Project Labor Agreement.

4.3.10 Tiny Doors Tacoma

A physical and interactive resource map and guide. 8 miniature doors have been installed throughout the Hilltop to connect residents to partner resources, as well as to service a cost free scavenger hunt. Doors are installed at locations such as; 2nd cycle, the Tacoma Urban League, Centro Latino, etc.

4.3.11 Action Items

Next steps recommended by the Home Work Group attendees included:

- Condensing fragmented neighborhood resources;
- Facilitating more affordable home ownership opportunities; and,
- Encouraging expanded pedestrian infrastructure.

THA is working with City of Tacoma staff to identify and prioritize locations for crosswalks and other sites that can ease the use of pedestrian pathways. This is an important step in demonstrating to the neighborhood that their concerns are important and that THA is capable of facilitating action to address these concerns. Staff are also exploring affordable home ownership resources and opportunities to help people who live in the neighborhood to stay in the neighborhood if they choose.

As a result of THA's work in the Hilltop neighborhood, two RED staff were invited by the Tacoma City Manager's office to participate in a research trip to Cleveland, Ohio to observe the relationships and successes of Anchor

Institutions and neighborhood groups in the Upper University Circle neighborhood in working together to strengthen the neighborhoods of Cleveland.

5. Renew Tacoma Housing, LLLP

5.1 Construction

Property	Construction start	Construction schedule complete	Units complete	Units underway	Units remaining
Bergerson	5/4/2016	12/31/2016	72	0	0
E.B. Wilson aka M Street	5/4/2016	12/31/2016	77	0	0
Dixon Village	9/16/2016	12/31/2016	24	7	0
Ludwig	10/4/2016	2/23/2017	22	4	15
K Street	10/10/2016	3/20/2017	13	3	27

Roofing and siding work is in process and scheduled on a separate track to retain the subcontractor, be mindful of weather conditions and accelerate schedules where possible. The subcontractor has been authorized to expand daily work hours (in accordance with regulatory restrictions) in order to expedite completion of the exterior work. Walsh will have oversight during these expanded hours.

Elevator modernization work started at E.B. Wilson October 3, 2016. Similar to the approach with roofing, the elevator modernization work has an independent schedule to retain the subcontractor and accelerate completion.

Playground work at Dixon and Bergerson is in process.

Wright Street is scheduled to start construction March 28, 2017; however, in order to get a jump-start at that site, Walsh will start work in advance on the replacement of the water lines starting January 9, 2017. This will reduce the overall activity at the site in March and also allow us to get into the building early to see if we have hazmat issues.

By mid-January, 2017, all nine projects will have had their 60 day walks performed. This means that all units at these sites will be inspected and interior unit work scopes confirmed. This progression significantly reduces the exposure to variances between internal unit cost estimates and actual cost.

5.2 Relocation

All units are complete at E.B. Wilson. Residents who were relocated over-night were provided a meal stipend based on the number of days they were out of their units along with a lodging stipend if they choose not to stay at a hotel that had been located for the RAD relocation. Some residents chose to stay at a hotel, with either family or friends or to locate temporary housing on their own.

All units are complete at Bergerson Terrace. The relocation process for Bergerson Terrace included day moves and some overnight moves.

Dixon Village started relocation activity on August 26, 2016. Intake appointments and day relocation has begun. The majority of the residents' household items are in storage due to the amount of work anticipated. Dixon Village residents are all day relocates. There have been twenty-one households who have been relocated to date and are back in their newly renovated units. Three families are left to complete their relocation activities. Seven of the units were either vacant or priority units. The remaining families to complete relocation will end on December 21, 2016. Ludwig relocation activity has already begun with intake appointments and a relocation RAD informational meeting held on September 13, 2016. The meeting was successful and the residents are looking forward to the renovation. There have been twenty-two households who have been relocated to date and are back in their newly renovated units. Some have had to be housed over-night due to their special circumstances.

North K Street's RAD informational meeting for residents was held on September 15, 2016. Intake appointments are being conducted. There have been sixteen households who have been relocated to date and are back in their newly renovated units. Some have had to be housed over-night in hotels due to special circumstances.

Fawcett's RAD informational meeting for residents is scheduled on November 30, 2016.

Due to construction schedule changes, the remaining sites have not been scheduled an informational meetings or intake appointments.

5.3 Watch list

Environmental – The Department of Ecology (DOE) will issue a *No Further Action* letter for 6th Street. DOE is requiring additional work at K and Wright Streets. THA's environmental consultant developed work plans and presented them to DOE for comments. Fortunately, DOE is in support of the lower cost option for clean-up at Wright Street.

Update as of 10/27/16 Meeting with EPA: K Street:

We were informed that the K Street plan looks good. We just need to add a vapor test to the elevator pit to assure that there are no toxic emissions. It is a simple air monitoring done over a 24 hour period.

Update as of 10/27/16 Meeting with EPA: Wright Street:

The most significant issue is the house across the alley in which we were unable to gain permission to test. As the contaminated dirt is right next to the neighboring property, Environmental Protection Agency (EPA) informs us that we need to delineate just where the contaminated dirt ends and verify if it is indeed on the neighboring property. EPA consultant is going to discuss a strategy with his team and get back to us shortly. They have the enforcement necessary to get cooperation from the neighboring property owner to allow testing.

THA is working with legal counsel to ensure THA is as sheltered as possible against any future claims. The “*No Further Action Letter*” will include the neighboring site in its directive because the home is suspected to have contamination that originated from THA’s property. If necessary, an option available to THA would be to purchase the neighboring property and turn it into a parking lot. At this point, THA will wait for EPA.

THA and its consultant contacted legal counsel to provide this update. Legal Counsel sent a letter to Superior Linen informing them that a formal complaint will be filed against them for restitution for environmental expenses. Legal counsel for Superior Linen responded respectfully requesting for more time to respond to the formal complaint.

The balance of the proposed work plan looked acceptable to EPA with just a few revisions to test hole locations. If all goes well with the testing, EPA will determine what the long-term monitoring will look like.

5.4 Problems Encountered

5.4.1 Description

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

Resolution (considered resolved)

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), limited crews and balancing relocation costs against shutting down both elevators. We will be able to draw down on materials in 2016. After consulting with a CPA, it now appears it may be the case that the costs associated with the labor performed in 2017, may be included in tax credit eligible basis.

5.4.2 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 increase cost.

Resolution

Walsh's Guaranteed Maximum Price (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.

5.4.3 Description

Ludwig Abatement.

Resolution

Due to the abatement associated with flooring at Ludwig, Ludwig's construction end date was revised from December 14, 2016 to February 23, 2017. The multi-site construction schedule has been revised to accommodate Ludwig's schedule revision and Walsh construction superintendents re-assigned, as necessary. This does not affect tax credit delivery or equity.

5.4.4 Budget

Budget	Total budget	Expended	Outstanding
Soft Costs*	\$24,023,498	\$6,062,163	\$17,961,335
Construction	\$29,812,529	\$8,663,727	\$21,148,802
Owner's contingency	\$ 3,343,026	\$1,047,829	\$ 2,295,197
Environmental Escrow	\$3,500,000	\$600,000**	\$2,900,000

NOTE: The above reflects the budget status through Draw #5. Draw #6 will be submitted approximately Dec. 23rd; past the date by which Board reports are due.

*Excludes \$30,640,000 Site/Building Acquisition Expended at Closing Draw

**Reallocated to construction due to 6th Avenue "No Further Action Letter" issued by DOE.

5.5 Walsh Construction - MWBE and Section 3 Reporting

	GOAL	ACTUAL AS OF 11/30/2016
MBE	14%	8.78%
WBE	8%	.29%
Section 3 Business	---	7.41%
Section 3 New Hires	30%	12 new hires ¹

¹ Walsh is computing the % of new hires that meet the Section 3 guidelines under RAD. At this time, they have only kept track of new hires who are Section 3 and not total new hires.

Walsh provided some context for why meeting the Minority and Women Business Enterprise (MWBE) goals are a challenge:

- The small work scope is such that it is difficult to package scopes into smaller packages to achieve MWBE results. This is easier to do on larger, single purpose projects;
- The RAD project is complex and maintaining the aggressive schedule is critical. There are significant consequences to any delays in the work. For example, the investor is expecting delivery of 3 projects by the end of 2016. If any one of the projects are not delivered, there is a serious financial and reputational risk. Also, if there are delays in the work, the project will face increased relocation costs. Working with MWBE can involve more hand holding;
- AVA siding is a Section 3 business, however, due to market conditions and their work load, RDF Builders has had to step in and take over some of the siding scope simply to finish the project on time;
- Cerna Landscaping, WCC's go-to MBE landscape subcontractor failed on the Bergerson project, again due to an excessive amount of work that they could not complete.
- There has been difficulty identifying MWBE subs, unfortunately Walsh's outreach results were not what they had hoped; and,
- Walsh's outreach efforts, such as town hall meetings, advertising, speaking at NAMC meetings, and phone calls were outstanding. We simply had trouble finding MWBE subcontractors. It is possible that this can be attributed to the significant amount of work underway in the South Sound.



TACOMA HOUSING AUTHORITY

NEW BUSINESS

Resolution 1



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (1)

Date: December 14, 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 \$21,266.61.

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 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

Authorize THA to write off tenant accounts totaling \$21,266.61.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (1) (Approval of Tenant Account Receivable Write-Offs)

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

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:

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

Collection Status	M-O Project #	Client #	Balance
W-O Collect			
	6th Ave		
		00011984	\$1,657.82
		00139772	\$1,442.84
		Subtotal	\$3,100.66
	Bergerson Terrace		
		00005947	\$2,659.97
		00006365	\$300.59
		Subtotal	\$2,960.56
	S M Str (EB Wilson)		
		00000626	\$2,716.52
		00009721	\$1,341.76
		00012014	\$3,876.39
		00131599	\$816.23
		Subtotal	\$8,750.90

Collection Status	M-O Project #	Client #	Balance
	S Fawcett		
		00010076	\$443.27
		00013933	\$504.93
		00144715	\$255.00
		Subtotal	\$1,203.20
	S Wright Str		
		00007424	\$81.77
	S Lawrence Str (Ludwig)		
		00013506	\$1,680.17
		00139772	\$478.35
		Subtotal	\$2,158.52
	Section 8		
		00014932	\$781.00
		00133220	\$839.00
		713738	\$737.00
		714727	\$654.00
		Subtotal	\$3,011.00
	Write off Total		\$21,266.61

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Resolution 2



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (2)

Date: December 14, 2016

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Extension of Project Based Voucher Contract: Tyler Square

This resolution would extend the project based voucher housing assistance payments contract (PBV HAP) for Tacoma Rescue Mission's Tyler Square for ten (10) years.

Background

Tacoma Housing Authority (THA) has been subsidizing Tacoma Rescue Mission's (TRM) Tyler Square through project based voucher (PBV) assistance since February, 2005. The project currently provides 24-month transitional housing to fifteen (15) formerly homeless families. The original PBV contract expired in 2015 and was extended for two years to allow THA, TRM, Pierce County and other Tyler Square funders' plan to transition the property from transitional housing to another model.

Through this process, we have been operating with the understanding that THA will continue the PBV contract for up to 15 more years if certain conditions are met. THA provided these conditions to TRM in May 2015. They are as follows:

- *Provide permanent supportive housing or some version of it that we can recognize as including meaningful supportive services for special needs populations that THA does not provide; AND*
- *Provide some preference for THA households whose need for those services causes them to fail in our housing program, such as the high need families in the McCarver program; OR*
- *We would consider extending the project based voucher contract for other low-income families only if by doing so we (i) promote their economic integration into market rate housing or neighborhoods or (ii) promote the construction of affordable housing or (iii) preserve affordability that would otherwise be lost.*

We believe we have a proposal for Tyler Square that meets both conditions—special needs population and preserving affordability that would otherwise be lost. The proposal includes the following:

- Extend the contract for ten (10) years;
- Upon execution of the extension, the property would be designated as permanent, clean and sober housing;
- Allow all families currently in Tyler Square and in good standing to remain in place if they agree to the clean and sober requirements of the property;
- TRM will continue to provide supportive services to the families living in Tyler Square;
- Allow TRM to develop a tenant selection policy that may be less restrictive than THA's criteria for tenant based vouchers but still in compliance with THA's Moving to Work contract and Fair Housing Laws.
- As units become vacant, Tyler Square will make the units available to families:
 - With incomes at or below 30% AMI;
 - That meet the category 1 definition of homelessness;
 - That have at least one child under the age of 18;
 - With at least one adult in the households who is a recovering alcoholic or drug addict and is participating in a program of recovery (using RCW 59.18.550 as a guide).

The proposed requirements are allowed under the Project Based Voucher regulations in 24 CFR 983.56.

Recommendation

Authorize THA to negotiate, and if those negotiations are successful to execute, a ten (10) year extension to the Tacoma Rescue Mission's Tyler Square Project Based Voucher Housing Assistance Payment Contract, with the conditions set forth.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (2) **(Extension of Project Based Voucher Contract: Tyler Square)**

WHEREAS, THA has been providing project based voucher assistance to Tacoma Rescue Mission's Tyler Square property since 2005; and

WHEREAS, Tyler Square houses formerly homeless families; and

WHEREAS, Failure to extend this contract would lead to a loss of affordable housing units; now, therefore, be it

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

The Board authorizes THA's Executive Director to negotiate, and if those negotiations are successful to execute, a ten (10) year extension to the Tacoma Rescue Mission's Tyler Square Project Based Voucher Housing Assistance Payment Contract. The contract will have the conditions set forth in the cover memo to this resolution.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Resolution 3



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (3)

Date: December 14, 2016

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Architectural and Engineering (A&E) Services for THA Administrative Offices Space Study and Design - FIC Tenant Improvement and Salishan Maintenance Shop Upgrades

This Resolution would authorize Tacoma Housing Authority's (THA) Executive Director to increase the amount of the contract with Buffalo Design for Architectural and Engineering (A&E) Services needed for the Family Investment Center (FIC) Tenant Improvement and Salishan Maintenance Shop to Buffalo Design.

Background

On March 23, 2011, the Board of Commissioners authorized THA's Executive Director to award Buffalo Design the contracts for Architectural and Engineering Services for THA's administrative spaces, including the 902 South L Street Building, and the FIC and the Salishan Maintenance shop, Key Bank, and any administrative sites at THA's various remote locations. The 902 South L Street work is done.

At this time, THA would like to proceed with improvements to FIC and the Salishan Maintenance Shop. Buffalo Design has completed the existing conditions study, interviewed staff and has produced a conceptual design that staff has approved for the FIC and the Salishan Maintenance Shop. The current contract for the work for the FIC and the Maintenance Shop is \$17,420. The fee for design services through Construction Administration is \$109,894 putting the total contract at \$127,314. The fee for design services through Construction Administration is broken out as \$39,684 for the Maintenance Shop, \$64,810 for the FIC, and \$5,400 for the Heritage Bank addition.

Recommendation

Authorize THA's Executive Director to increase the contract amount for the A&E Services for the FIC Tenant Improvement and Salishan Maintenance Shop improvement in an amount not-to-exceed \$109,894 for a total not-to exceed contract of \$127,314 with Buffalo Design.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (3)

(Architectural and Engineering (A&E) Services for THA Administrative Offices Space Study and Design - FIC Tenant Improvement and Salishan Maintenance Shop upgrades)

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

WHEREAS, On March 23, 2011, the Board of Commissioners authorized the Executive Director to award a contract to Buffalo Design for Architectural and Engineering Services for THA's administrative buildings; and

WHEREAS, The FIC Tenant Improvement/Salishan Maintenance Shop project improvements are needed to create more functional and useable space; and

WHEREAS, The conceptual design is complete and cost \$17,420; and

WHEREAS, The remaining work which includes Design Development through Construction Administration for the FIC and Salishan Maintenance Shop improvements will cost \$109,894; now, therefore, be it

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

Authorize THA's Executive Director to increase the contract amount with Buffalo Design by \$109,894 for a total not to exceed of \$127,314.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Resolution 4



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (4)

Date: December 14, 2016

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Architectural and Engineering (A&E) Services for Key Bank Tenant/Center for Strong Families Improvement Project – Buffalo Design Contract

This Resolution would authorize Tacoma Housing Authority's (THA) Executive Director to increase the amount of the contract with Buffalo Design for Architectural and Engineering (A&E) Services for the Key Bank/Center for Strong Families (CSF) Tenant Improvement Project from \$20,636 to \$102,470..

Background

On March 23, 2011, the Board of Commissioners authorized THA's Executive Director to award a contract to Buffalo Design for Architectural and Engineering Services for THA's administrative buildings.

KeyBank is THA's newly acquired property. THA staff and agency partners will be occupying the KeyBank space for a Center for Strong Families (CSF). Buffalo has completed the existing conditions study, interviewed THA staff and CSF agency partners and has produced a conceptual design that have been approved by the THA staff and the CSF team. The current contract for this work is \$20,636. The fee for design services through Construction Administration would be \$81,834 for a new total contract amount of \$102,470.

Recommendation

Authorize THA's Executive Director to increase the contract amount for the KeyBank/CSF Tenant Improvement Project by \$81,834 for a total not-to exceed contract of \$102,470 with Buffalo Design.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (4) (Architectural and Engineering (A&E) Services for Key Bank Tenant Improvement Project)

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

WHEREAS, On March 23, 2011, the Board of Commissioners authorized THA's Executive Director to award a contract to Buffalo Design for Architectural and Engineering Services for THA's administrative space; and

WHEREAS, THA staff and partners will occupy the newly acquired Key Bank property as a Center for Strong Families; and

WHEREAS, The current contract for the conceptual design, is complete and cost \$20,636; and

WHEREAS, The next portion of work is the Design Development through Construction Administration in the amount of \$81,834; now, therefore, be it

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

Authorize THA's Executive Director to increase the contract amount by \$81,834 for a total not to exceed of \$102,470.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Resolution 5



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (5)

Date: December 14, 2016

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Authorization to Award Contract to Robinson Noble for Supplemental Remedial Investigation and Feasibility Studies at 602 South Wright Street and 911 North K Street (Work Plan)

This resolution authorizes the noncompetitive procurement of Robinson Noble to perform Supplemental Remedial Investigation and Feasibility Study's as delineated in a Work Plan presented to Department of Ecology (DOE) in October, 2016. This work is related to the environmental work it has performed as part of the Rental Assistance Demonstration (RAD) redevelopment at two of Tacoma Housing Authority's (THA) properties.

Background

On October 28, 2015, the Board of Commissioners approved Resolution 2015-10-28 (1) authorizing THA's Executive Direct to award the contract for Subsurface Investigation at 602 South Wright Street and 2302 6th Avenue properties to Robinson Noble. Robinson Noble completed the subsurface investigation and the draft cleanup action plans for both sites. It then submitted the cleanup action plan to the Washington State Department of Ecology (DOE) for approval into the state's Voluntary Cleanup Program. DOE was comfortable with the cleanup action plans for 6th Avenue but requested additional testing at 602 South Wright Street.

On December 16, 2015, the Board of Commissioners approved Resolution 2015-12-15 (5) authorizing the award of a contract for additional subsurface investigation at 602 South Wright Street and the Environmental Cleanup at 2302 6th Avenue.

The Environmental Cleanup was completed at 2302 6th Avenue and on July 13, 2016 and the DOE issued a No Further Action for that property.

The additional subsurface investigation performed at 602 South Wright Street resulted in a Remedial Investigation and Feasibility Study that was presented to DOE in February, 2016. On July 25, 2016, DOE responded with a Further Remedial Action request. In October, 2016 Robinson Noble prepared and presented a Sampling and Analysis Plan (Work Plan) for the property to DOE. The work plan covered the preparation of a supplemental remedial

investigation and feasibility study to address identified areas of impact on the property and to achieve a No Further Action (NFA) status for the property with an environmental covenant from DOE.

In December, 2015 Robinson Noble prepared a Voluntary Cleanup Program application with a Request for an Opinion on the previously performed independent cleanup on THA's 911 North K Street Property. In July, 2016 DOE issued a Further Action letter. In September, 2016 Robinson Noble prepared a supplemental Remedial Investigation and Feasibility Study plan for the environmental issues at the property.

In October, 2016 Staff and Robinson Noble met with the DOE and discussed the work plans for both properties with them and DOE indicated that the scope of work addressed their prior comments, which were the need to collect additional data on the extent and nature of impacts in of the contamination on both sites. Based on DOE's response, THA staff requested Robison Noble to prepare pricing for the work needed to address DOE's requests. Robinson Noble provided the following:

602 South Wright Street	\$ 82,430.00
911 North K Street	<u>\$ 60,422.00</u>
	\$142,872.00

The work will be funded through the RAD project.

This is a noncompetitive procurement in accordance with Section 8.12 of THA PCI-01 Procurement Policy for the following reasons:

1. Robinson Noble's technical expertise was integral to the investor and lender's support of the environmental cleanup approach and cleanup action plans. They will be able to complete this work in a timely manner due to their familiarity with the sites, conditions and the DOE requirements.
2. Robinson Noble devised the initial plan. The remainder of their work will finalize the clean-up and/or monitoring action needed for Wright Street and K Street. This will include further exploratory work.
3. We do not have time for a new contractor to become familiar with the property and the record. We must meet important financing deadlines.

Staff is requesting the award of the contract for the Work Plan at 602 South Wright Street and the Remedial Investigation and Feasibility study for 911 North K Street in the amount of \$142,872 to Robinson Noble. Section 8.12.3 allows THA to accept this noncompetitive proposal if THA determines the amount is reasonable under the analysis of section 8.13. Staff performed this analysis as follows: reviewed consultants breakdown of cost proposal which included the sub-contractor proposals including overhead and profit and prevailing wage (where applicable) and found them to be reasonable and within market standards.

Recommendation

Authorize THA's Executive Director to execute the contract for the Work Plan at 602 South Wright Street and the Remedial Investigation and Feasibility study for 911 North K Street in the amount of \$142,872 to Robinson Noble.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (5)

(Authorization to Award Contract to Robinson Noble for Supplemental Remedial Investigation and Feasibility Study at 602 South Wright Street and 911 North K Street)

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

WHEREAS, On December 16, 2015, the Board of Commissioners approved Resolution 2015-12-16 (5) authorizing THA's Executive Director to award a contract to Robinson Noble for additional environmental investigation at 602 South Wright Street and environmental cleanup at 2302 6th Avenue Apartments; and

WHEREAS, Robinson Noble completed the work on both properties and submitted to Department of Ecology reports describing the results of that work; and

WHEREAS, On July 13, 2016, the Department of Ecology issued a No Further Action letter for the environmental cleanup at 2302 6th Avenue; and

WHEREAS, On July 25, 2016, the Department of Ecology issued a Further Action required letter for the environmental issues at 602 South Wright Street; and

WHEREAS, In December, 2015 Robinson Noble submitted to Department of Ecology a Request for an Opinion letter on THA's 911 North K Street Property; and

WHEREAS, In June, 2016 DOE issued a Further Action letter for THA's 911 North K Street property; and

WHEREAS, In October, 2016 Robinson Noble prepared a supplemental Remedial Investigation and Feasibility Study plan for the environmental issues at THA's 911 North K Street property, and a Work Plan for 602 South Wright Street property; and

WHEREAS, DOE has indicated the proposed scope of work to remediate environmental concerns at both properties addressed DOE's prior comments; and

WHEREAS, Robinson Noble is familiar with both properties and the remedial work needed to address the DOE concerns; and

WHEREAS, THA's procurement policy PCI-01 allows the noncompetitive procurement under circumstances that are present in this case and THA has received a proposal to perform the work from Robinson Noble in the amount of \$142,872 that THA has determined is reasonable; and

WHEREAS, The work will be funded through the RAD project; now, therefore be it

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

Authorize THA's Executive Director to execute a contract for the Work Plan at 602 South Wright Street and the Remedial Investigation and Feasibility study for 911 North K Street in the amount of \$142,872 to Robinson Noble.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Resolution 6



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (6)

Date: December 14, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Saravida Property Acquisition in Hilltop -1011 S. L Street

This resolution would authorize Tacoma Housing Authority's (THA) Executive Director to negotiate and acquire the property located at 1011 S.L. Street, Tacoma, WA.

Background

THA staff contracted with architectural and planning consultants to engage the community in predevelopment activities for its Hilltop Master Planning project. The A&E team provided professional architectural, engineering and planning services for this planning effort over the summer of 2016. Part of these services included an evaluation of development options in the context of properties surrounding the parcels THA currently owns.

One of the parcels is located at 1011 S. L Street. THA made a bid to purchase this property in 2015. THA was not successful in its bid. The property was acquired by a local business owner who purchases buildings around Tacoma and the Seattle area. The owner acquired the property and leased it to tenants who offer health and wellness services. He has a similar property on 21st and Alder. His plan was to have the same tenant base as the 21st street property at 1011 S. L Street. He fixed up the property and successfully recruited tenants; however, they all moved out during the summer and spring of 2016 due to a perception of fear and low client demand. New tenants, who are more familiar with the neighborhood, now occupy the house.

The owner participated in the Hilltop Planning process. During the planning process it became clear that if THA owned the property it would result in a more cohesive and integrated development pattern. Staff talked with the owner of 1011 S. L Street about his willingness to sell the property to THA and he indicated a willingness to consider an offer.

He has a third-party appraisal that valued the property for \$385,000.

Development Potential (based on planning consultant analysis):

The A&E team of GGLO determined that the land surrounding the house could be developed with approximately four (4) live/work spaces as well as five (5), two- bedroom town homes. The plan would support a four-story building creating a net increase of 36 residential units on the property. The original house would remain in place. Real Estate Development (RED) believes it should be used as a community amenity. It could provide affordable office space, library/study and/or new business incubation. Following are the square footage calculations:

- 1) Land, including the parking lot and area where current garage sits and abuts the alley has 5,200 SF;
- 2) Land with the house is 6,500 SF; and,
- 3) The house is 3,200 SF.

Recommendation

Authorize THA's Executive Director to negotiate and acquire the property located at 1011 S. L Street, Tacoma, WA consistent with board direction provided in the Executive Session.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (6) (Saravida Property Acquisition in Hilltop-1011 South L. Street)

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

WHEREAS, Tacoma Housing Authority (THA) completed a community planning process to develop THA owned properties in the Hilltop neighborhood; and

WHEREAS, Development options identified the property located at 1011 S. L Street as an important site for creating a cohesive plan and activating the alley; and

WHEREAS, Acquisition of this parcel will result in an up to 36 additional affordable rental units; and

WHEREAS, The existing home offers affordable office and small business space that provide neighborhood services; now, therefore be it

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

Authorize THA's Executive Director to negotiate and acquire the property located at 1011 S. L Street.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Resolution 7



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (7)

Date: December 14, 2016

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Architectural and Engineering (A&E) Services for New Look Property.

This Resolution would authorize Tacoma Housing Authority's (THA) Executive Director to negotiate, and if those negotiations are successful, to execute an amendment to the contract with Buffalo Design for Architectural and Engineering services for New Look.

Background

On March 23, 2016, the Board of Commissioners authorized THA's Executive Director to award a contract to Buffalo Design for Architectural and Engineering Services for New Look property. As proposed, improvements will be made to New Look as part of a Low Income Housing Tax Credit (LIHTC) re-syndication. This is in keeping with the plan for when New Look was acquired.

At this time, THA would like to complete improvements to New Look. Buffalo Design has completed the existing conditions study, and has produced a conceptual design for the New Look property. They received input from residents and staff. The current contract for this work is \$144,311.00. The fee for design services through Construction Administration is \$237,404.00. This would raise the total contract amount to \$381,715.

Recommendation

Authorize THA's Executive Director to negotiate, and if those negotiations are successful, execute an amendment to the contract with Buffalo Design for the A&E Services for the New Look Building in a new contract amount not-to-exceed \$381,715.00.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (7) (Architectural and Engineering (A&E) Services for - New Look Property)

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

WHEREAS, THA acquired the managing member interest in the MLK New Look Partnership in October, 2015 with the intention of maintaining affordable housing and making needed property improvements; and

WHEREAS, On May 1, 2016, the Board of Commissioners authorized THA's Executive Director to award a contract to Buffalo Design for Architectural and Engineering Services for New Look Property, with a cost not to exceed \$150,000.00; and

WHEREAS, THA is committed to developing the hilltop neighborhood and this property; and

WHEREAS, Upgrades to New Look would benefit not only the residents, but increase the value of the property and act as a stepping stone for the hilltop sub area plan, and revitalization of the neighborhood; and

WHEREAS, The conceptual design is complete and cost \$144,311.00; and

WHEREAS, Design Development through Construction Administration will cost \$237,404.00; and

WHEREAS, The work will be funded through THA revenues and reimbursed as part of the Low Income Housing Tax Credit project financing; now, therefore be it

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

Authorize THA's Executive Director to negotiate, and if those negotiations are successful, execute an amendment to the contract with Buffalo Design for the A&E Services for the New Look Building in a new contract amount not-to-exceed \$381,715.00.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Resolution 8



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (8)

Date: December 14, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Fiscal Year 2017 Agency Budget

This resolution would adopt Tacoma Housing Authority's THA's budget for 2017. The details are set forth in the attachments.

BACKGROUND

By this resolution, the Board would adopt a THA budget for FY 2017. 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.

The Board provided direction for writing this budget through discussions with the liaison from the Finance Committee, the current chair, and other board members. I have provided additional direction to the staff based on discussions, and the Finance Director facilitated multiple meetings with the other Directors to come up with a budget to present to both me, and now the Board. At its December 7th budget study session, the Board indicated approval of the budget that staff now submits. Here are some of its notable features:

- The budget is based on current year federal funding.
- The 2017 budget accounts for our strategic objectives.
- The 2017 budget fits recurring and non-projected oriented expenses within recurring income.
- The budget provides funding for ongoing Community Service support of our tenants. It focuses on properties we manage; assisting families in asset building and preparing for successful exits of our Housing Opportunity Program (HOP) participants at the end of their assistance. Funding from the Gates Foundation has provided us with the ability to continue and grow our education program, along with our administering our Youth asset activities.

- We have community partners that will provide funding for youth asset building activities for the foreseeable future.
- The budget invests in THA's financial future, and promotes redevelopment of additional affordable housing in the community by providing due diligence funds for existing and future opportunities.
- It takes into account the Rental Assistance Demonstration (RAD) conversion, and the funds needed to complete the property upgrades, and the Moving to Work (MTW) supplement needed for the properties with a return in cash flow in 2018.
- Like past budgets, this one is based on conservative estimates. THA's past prudence has allowed us to weather the continuing budget challenges. As we remain in an unsettled environment for predicting future Housing and Urban Development (HUD) funding, this approach should continue to serve the agency well.
- The 2017 Budget proposal leaves THA with adequate reserves of both MTW and non-MTW funds. There are also substantial reserves accumulated by the sale of ACC property (Salishan lots and AMP 6 Single Family homes), which are designated by HUD under the terms of the demo/diso application for rehab or existing and developing of new affordable housing in the community.

I am pleased to present this budget proposal to the Board. It reflects discussions throughout the year by both the Board and staff. The proposed budget leaves THA in relatively good shape considering continuing Congressional budget uncertainties, especially as we try to anticipate what a Trump Administration will mean for our work. It allows THA to continue core programs. It also allows THA to continue its special programs that continue to distinguish THA nationally for its innovation, such as the Education program, Children's match savings accounts, community services to help families prosper, rapid rehousing, and assistance to TCC students who are homeless.

Even though we write this budget by presuming on funding in 2017 at 2016 levels, we must note that Congress is not scheduled to pass a 2017 until March. When it does, it may impose some cuts that will require THA to adjust. We will watch Congress carefully between now and then to try and anticipate what it will do in March,

PRINCIPLES GUIDING THE BUDGET CHOICES

The following principles have long guided THA's budgeting. We followed them in devising the present proposal.

- **THA's Strategic Directives**

THA's statement of vision, mission and values, and our strategic objectives remain our primary principles that guide our work, including budget choices. Each department considered the priority of programs and projects serving each strategic objective when proposing its own budget. The budget proposal allows us to proceed with our most important initiatives.

As in the past, this budget seeks to retain what is distinctive about THA: we do not confine our mission to being a landlord and disbursing monthly rental

assistance checks. We also are real estate and community developers. We seek ways to spend our housing dollar to leverage other outcomes: increased earned income of our families, improved educational outcomes; improved asset building. Our efforts to do this have become signature attributes of THA. This has distinguished THA from its counterparts. We would rather retain a meaningful measure of these functions even on a reduced scale rather than derail the significant movement forward on important initiatives due to fear of reduced funding. If we retain at least a minimal presence in these areas it allows us to later pick these initiatives back up and move them forward easier than if we had to start from scratch.

- **Conservative Assumption About Congressional Appropriations**

Congress is supposed to adopt a federal budget by October 1st. If it did that, we would know our federal allocation in time to adopt our own budget by January 1st. Unfortunately, Congress is usually late. It is late again this year. This forces us to place some bets on what Congress will later do. To do that we budget to the worst of the plausible appropriation levels.

This year presents some additional new uncertainties about Congress will do. A new President will take office in January. Congress has deferred to his wish that Congress not pass a budget until March, giving him a chance to influence it. Until then we will operate under a Continuing Resolution.

This budget proposal presumes upon the levels of HUD appropriations set forth in the version of the budget approved earlier this year by the House Appropriation Committee. This is essentially a flat line budget. Our advisors on such questions judge that these levels will likely govern what the new Congress does in March.

- **Recurring Income and Expenses**

We seek a budget where our recurring income pays for our recurring, and non-project oriented expenses. Using reserves to cover recurring expenses is unwise. Our proposed budget will show a minimal aggregate surplus of recurring income over recurring expenses.

- **Reserves and Reserve Spending**

We continue to identify minimum and optimal levels of reserves overall and for each type of reserve. This budget would keep reserves at approximately optimal levels for overall reserves without restrictions. It would keep us above minimum levels for non-MTW reserves.

We do so pursuant to the principles that govern our use of reserves. It is better to spend reserves on nonrecurring rather than recurring expenses. The best use of reserves is to fund activities that have a plausible prospect of: (i) saving us money; (ii) making us money; (iii) making us more effective. Most of the spending of non-MTW reserves is on development projects that we expect will earn us a developer fee in 2017 and beyond, as well as increase the number of

affordable housing units for the community. For the MTW portion of the budget, reserves will be used for supplementing the RAD rents for the Renew Tacoma Housing RAD portfolio; finalizing the IT conversion; and remodel of the Family Investment Center, and the Salishan maintenance building. We will also continue to support our families with services.

NOTABLE BUDGET ASSUMPTIONS

All budgets rely on assumptions. These are the notable ones for this budget:

- **Budgeting at 2016 Funding Levels**
As noted above, we are budgeting at the FY 2016 federal funding levels.
- **Public Housing Occupancy Fund**
We are budgeting at 86% of authorized amount, which is relatively equivalent to what we received in 2016. As our traditional Public Housing portfolio transitioned to RAD in 2016, this applies only to our Salishan and Hillside Terrace portfolios.
- **HAP Savings**
THA has saved over \$6.5 million since 2013 because of programmatic changes, including changes to our occupancy standards to 2 individuals per bedroom; discontinuing utility allowance payments and instituting minimum rents at \$75 per unit. We also transitioned new rental assistance clients to the HOP program. The rate of savings will diminish as Tacoma's rental market continues to rise.
- **Section 8 Admin Fee**
We assume that Congress will fund only 80% of the Section 8 Admin Fees. That is what it did in 2016.
- **Wages and Salaries**
For 2017, we are budgeting to include a 3% increase for OPEIU and non-represented staff, along with an extra 2.0% for variable pay based on performance. Our trades personnel is being budgeted for a 2.5% salary increase with a 2.0% variable pay amount. Scheduled increases are budgeted for July 1.
- **Employee benefits**
We calculated the costs of employee benefits on the following assumptions:

Health Care benefits
We plan for a 5% increase in the Laborers trust for our maintenance staff, effective July 1st. For our OPEIU and non-represented staff, the increase for 2017 will be 13% over 2016. We are maintaining the same employee % contribution amount as in 2016.

Dental

There is a 5% increase over 2016's costs.

Retirement

Washington State employer portion of retirement plan is budgeted at the 11.31% that we incurred in 2016.

Short and Long Term Disability/Life Insurance

The costs for these benefits remain at 2016 levels.

Unemployment Insurance

THA self-insures its unemployment claims. We are maintaining the accrual at 1.5% in 2017. THA pays for all of the claims from this accrual.

Benefits, on average, remain approximately 42.5% of salary dollars.

SOME BUDGET DETAIL

- **HAP Utilization:**

The intent is to serve as many families as possible under THA's rental assistance programs. The budget assumes housing tenants at 97% of our Section 8 ACC authorization, which is our current utilization. The households served under Special Program initiatives are not included in this %.

- **Special Program Initiatives**

The budget provides approximately \$1.3 million for special program initiatives that the Board will recognize from past discussions:

- DSHS-PHA child welfare collaboration
- Rapid rehousing for homeless families
- Housing for unaccompanied youth
- TCC homeless students program
- Scholars incentive programs

The funding for special programs represents housing an equivalent of approximately 140 families per year.

- **HAP Expenditures**

Due to increasing upward pressure in the area's housing market, our HAP average has been increasing by approximately \$2 per month in 2016. We are budgeting for our 2017 HAP anticipating this trend will continue. Thus, we are anticipating HAP for our traditional and HOP families will increase by approximately \$625K over 2016 amounts.

- **IT Improvements**

We will be transitioning over to our new IT platform (OpenDoor and Intacct) on January 1. Even though we will have expended the bulk of the funds for

programming, \$150K will be budgeted in 2017 for programming for enhancements and changes that might be needed to existing programming.

- **Community Service Grants**

THA continues to move forward with both the Education and Children Savings Accounts Programs. We have received funding from a variety of grantees.

- **Bay Terrace Redevelopment**

Bay Terrace 2 (74 units) will be completed and substantially leased in the first half of 2017. We will be turning our focus to redevelopment of the final phase (1800 block) in 2017.

- **Hilltop**

The redevelopment of the Hilltop area will be a priority in 2017. The New Look Apts. (Alberta Canada) will be re-syndicated as a new 4% tax credit deal in 2017, and the Key Bank building will undergo rehab to house community partners (Sound families consortium) that will be working primarily with our families.

We will continue outreach into the community and finalize plans for development in the area in anticipation of redevelopment of hard units in 2018 and beyond.

We will also be on the lookout for opportunities to purchase land for our redevelopment efforts in this part of the community.

- **Renovation of the Family Investment Center**

The renovation of the Family Investment Center and the Maintenance Shop has been on the schedule since 2012. The renovation is scheduled to commence the latter part of 2017, with the bulk of the construction costs expended in 2018.

- **Reserve Appropriations/Operating Transfers**

In the budget, we specify certain areas where we will either make transfers from certain areas, or pull from reserves rather than operations for expenditures. For the FY-2015 we made the following choices:

- Fund the FIC renovation in the amount of \$110,000 from reserves. The remaining amount of the rehab will be funded in 2018 (\$569K).
- Fund the Salishan Maintenance shop renovation in the amount of \$68,000 from reserves. The remaining amount of the rehab (218K) will be funded in 2018.
- Fund the purchase of \$80K of replacement of maintenance vehicles and equipment from reserves. \$25K is budgeted for replacement of a Community Services vehicle to come from reserves.
- \$100K is budgeted to upgrade the Security Cameras and other safety upgrades in 902 for 2017.
- \$162K is budgeted for finalization and additional enhancements to the new IT platform, as well as upgrade of IT equipment.

- Approximately \$1.9 million will be used from the ACC sales proceeds reserve category for Bay Terrace 3 pre-development costs to be reimbursed upon closing. It is anticipated some of those funds may be need to fill a funding gap for permanent financing.
 - \$675K budgeted for remodel of Key Bank building to house the Sound Family consortium.
 - \$750K for possible land/property purchases in the Hilltop neighborhood.
 - \$1.5 million is budgeted for potential new acquisitions.
 - \$75K is budgeted for Outrigger improvements. \$450K was set aside upon purchase in 2015. This would be for upgrades to units upon turn.
 - We are also shopping to purchase additional apartment complexes.
- **Use of MTW Flexibility**
Due to our MTW flexibilities, we combine our Public Housing Operating subsidies, Public Housing Capital Funds and Section 8 Housing Choice Voucher Program assistance into a single authority-wide funding source. We use this single funding source to fund Public Housing operations, the Public Housing Capital Fund and the Housing Choice Voucher programs to carry out the mission of the MTW Demonstration program through activities that would otherwise be eligible under sections 8 and 9 of the 1937 act. In 2017, the utilization of this flexibility will change somewhat, as Public Housing Operating Subsidies will be for Public Housing units in existing tax credit properties, and will flow to those properties directly. These funds will not be used for any other purpose, other than 5% that THA is able to keep.
- **Reserves**
The budget will leave us with the following reserves as indicated in Attachment A:

○ MTW Reserves	\$ 154,973
○ Business Activities (Non-MTW) reserves	\$ 5,767,128
○ PH Owned Property reserves	\$ 61,700
○ Reserves with Restrictions	<u>\$ 4,739,300</u>
	\$ 11,423,100

Recommendation

I recommend that the Board adopt Resolution 2016-12-14 (2) to formally approve THA's Fiscal Year 2017 Annual Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (8) (FISCAL YEAR 2017 ANNUAL BUDGET)

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

WHEREAS, The Housing Authority of the City of Tacoma ("Authority") intends to incur expenses and other cash outflows for Fiscal Year 2017; and

WHEREAS, Authority staff has prepared and the Board of Commissioners of the Housing Authority of the City of Tacoma as reviewed and provided input to the proposed Fiscal Year 2017 annual budget; now, therefore be it

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

1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the attached FY 2017 Agency wide budget. Expenses and other cash outflows are projected as follows:

<u>Expenses</u>	
Executive	\$ 1,040,784
Human Resources	600,306
Finance	1,247,856
Administration	1,836,968
Community Services	2,262,024
Real Estate Development	2,589,550
Policy, Innovation and Evaluation	1,055,421
Property Management Overhead	808,452
Rental Assistance	39,626,808
Property Management	<u>2,310,729</u>
Subtotal	53,379,898

<u>Additional Cash Outflows</u>	
Capital Expenditures	7,458,370
Debt Service	<u>67,581</u>
Subtotal	7,525,951

TOTAL APPROVED BUDGET	<u>\$60,905,849</u>
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Approved: December 14, 2016

Dr. Arthur C. Banks, Chair



Attachment A

BOARD OF COMMISSIONER DECISION POINTS: 2017 Budget December, 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 01/01/17	-	Minimum	Optimal or Maximum	Amount to Reserve	=	Amount of reserves available to use in FY017
a. MTW Reserves	\$1,500,000		\$ 500,000	\$ 4,100,000	\$500,000		\$1,000,000
b. Business Activities (Non-MTW) reserves	\$8,000,000		\$4,000,000	\$5,750,000	\$5,750,000		\$2,250,000
c. PH Owned Property Reserves	\$763,700		\$400,000	\$750,000	\$750,000		\$13,700
d. Reserves with Restrictions (ACC sale proceeds)	\$3,415,000		\$0	\$0	\$0		\$3,415,000
e. Section 8 Reserves held at HUD.	\$400,000		\$0	\$0	\$0		\$400,000
Totals	\$14,078,700		\$4,900,000	\$10,600,000	\$7,000,000		\$7,078,700

MTW Reserves

MTW Expenses Non-HAP

Annual Amount	Minimum		Maximum	
	Period	Amount	Period	Amount
\$12,297,024	1/2 month	\$ 500,000	4 months	\$ 4,100,000
	Total	\$ 500,000	Total	\$ 4,100,000

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2017

	Recurring Income	-	Cost of Recurring operations (with proposed savings)	=	Surplus or (Shortfall) in recurring operations ¹
MTW	\$43,355,600		\$42,827,100		\$528,500
Non-MTW	\$6,301,600		\$6,820,800		(\$519,200)
Total	\$49,657,200		\$49,647,900		\$9,300

3. BUDGET IMPACT - RESERVES - FY-2017

	MTW	Non - MTW				Total
		Business Activities	PH Owned Property Reserves	Reserves with Restrictions (ACC sale proceeds)	Section 8 Reserves held at HUD.	
Estimated Reserves - 01/01/17	\$1,500,000	\$8,000,000	\$763,700	\$3,415,000	\$400,000	\$14,078,700
a. Recurring Surplus/(Shortfall) ¹	\$528,500	(\$1,017,200)	\$498,000			\$9,300
Non-Recurring Income/(Expense)						Amount
b. Non Recurring Income - Operational ²	\$0	\$2,150,000				\$2,150,000
c. Non Recurring Income - Capital ³	\$257,600	\$1,375,000		\$3,200,000		\$4,832,600
d. Operations & Support Department Expenses - Operational ⁴	(\$2,047,828)	(\$365,473)				(\$2,413,300)
e. Operations & Support Departments Expenses- Capital ⁵	(\$895,300)	(\$119,300)				(\$1,014,600)
f. Development Department - Operational ⁶	(\$680,400)	(\$705,900)				(\$1,386,300)
g. Development Department - Capital ⁷	(\$257,600)	(\$4,300,000)		(\$1,875,700)		(\$6,433,300)
h. Operating Transfers	\$1,750,000	(\$850,000)	(\$500,000)		(\$400,000)	\$0
i. Lease sale of New Look upon resyndication		\$1,600,000				\$1,600,000
						\$0
j. Projected Reserves - 12/31/17	\$154,973	\$5,767,128	\$761,700	\$4,739,300	\$0	\$11,423,100

4. **FY-2017 PROJECTED END OF YEAR RESERVE LEVELS**

Type/Purpose of Reserves *	Projected Reserves 12/31/17	Minimum	Optimal	Excess/(Deficit) Reserves Over Optimal
a. MTW Reserves	\$154,973	\$500,000	\$4,100,000	(\$3,945,028)
b. Business Activities (Non-MTW) reserves	\$5,767,128	\$4,000,000	\$5,750,000	\$17,128
c. PH Owned Property Reserves	\$ 761,700	\$400,000	\$750,000	\$11,700
d. Reserves with Restrictions (ACC sale proceeds)	\$ 4,739,300	\$0	\$0	\$4,739,300
e. Section 8 Reserves held at HUD.	\$ -	\$0	\$0	\$0
f. Totals	\$11,423,100	\$4,900,000	\$10,600,000	\$823,100

Amount to Reserve	Excess/(Deficit) Reserves Over Amount to Reserve
\$500,000	(\$345,028)
\$5,750,000	\$17,128
\$750,000	\$11,700
\$0	\$4,739,300
\$0	\$0
\$7,000,000	\$4,423,100

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)	\$1,500,000
c.		HAP expenditures due to increasing rents	\$625,000
5.2	Recurring FY018 Income	Recurring FY018 Expense	Amount
a.	Cash Flow - Tax Credit Properties		TBD
b.		HAP expenditures due to increasing rents	TBD
5.3	Non-Recurring FY018 Income	Non-Recurring FY018 Expense	Amount
a.	Developer Fee - Bay Terrace - Phase 2		\$165,500
b.	Developer Fee - Bay Terrace - Phase 3		\$200,000
c.	Developer Fee - RAD		\$7,000,000
d.	Capitalized Loan Payment - RAD		\$3,325,000
e.	Bond Issuance Fee - RAD		\$675,000
f.	Sale of Scattered Site Homes (6)		\$960,000
5.4	Non-Recurring FY019 Income	Non-Recurring FY019 Expense	Amount
a.	Developer Fee - Bay Terrace - Phase 3		\$1,000,000
5.5	Projected Cash Flow to THA- TC properties		Amount
a.	2017 - Renew Tacoma Housing deferred until after rehab completion		\$0
b.	2018 - Renew Tacoma Housing deferred until after rehab completion, will include 2017 & 2018		TBD
c.	2019 Salishan/Hillside Renew Tacoma Housing - recurring amount thereafter		TBD

6. MTW Commitments passed by Board - 2016	Current Commitment	Projected Balance at end of 2016	Included in 2017 Budget	Revised Commitment Amount	
a. Renovation/Remodel of Family Investment Center Building	\$579,500	\$579,500	\$110,100	\$669,100	MTW- Still pending
b. Renovation of Salishan Maintenance Shop	\$286,500	\$286,500	\$68,200	\$286,500	MTW-Still pending
c. Software Conversion of Yardi/VisualHOME Platform (Open Door/Intacct)	\$750,000	\$25,000	\$25,000	\$150,000	MTW- Remaining Balance from 2016
d. Education Projects - McCarver and Others	\$310,000	\$310,000	\$0	\$310,000	MTW
e. Childrens Savings Account Cohort payments	\$300,000	\$270,000	\$36,000	\$270,000	MTW
f. Development Projects (Hilltop)	\$2,000,000	\$2,500,000	\$0	\$2,500,000	MTW , BA, or demo/dispo funds
g.	\$4,226,000	\$3,971,000	\$239,300	\$4,185,600	

Back-up Detail

7. Non-Recurring Income: FY-2017

Sources of Non-Recurring Income	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
Operational²						
a. 2016 HAP income carryover to 2017	\$0					
b. Developer Fee Income						
1. RAD		\$1,000,000				
2. Bay Terrace - Phase 2		\$500,000				
3. New Look Resyndication		\$650,000				
c. Operations Subtotal ²	\$0	\$2,150,000	\$0	\$0	\$0	\$0
Capital³	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
d. Bay Terrace - Phase 3						
1. CBDG funds						
2. TCRA funds		\$1,000,000				
e. RAD						
1. Relocation Staff Costs (Capitalized)	\$257,600					
f. Sale of 20 Single Family Scattered Site Homes (Prog Inc)		\$3,200,000				
g. Crisis Residential Center - City payment		\$375,000				
h. Capital Subtotal ³	\$257,600	\$4,575,000	\$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 10.1 e - i.	\$326,948	\$69,353				
2. New project oriented positions - 10.1- r.	\$0	\$0				
3. Existing project oriented Positions - 10.2 c.-f.	\$184,400	\$156,100				
4. Overtime/Interns	\$220,780	\$45,220				
b. Office Supplies (Line 21)						
1. Replace tenant files	\$5,000					
c. Office Equipment Expensed (Line 26)						
1. Community Services staff IT equipment	\$13,500					
d. Administrative Contracts (Line 30)						
1. Leadership Team Development (HR)	\$24,900	\$5,100				
3. New Performance Evaluation System (HR)	\$8,300	\$1,700				
4. MTW Consultant- 2016/2017 planning (PIE)	\$50,000					
5. Marketing Material Evaluation (PIE)	\$5,000					
6. HOP Analysis (PIE)	\$75,000					
7. Fundraising Consultant (PIE)		\$10,000				
8. RDA Analyst (PIE)	\$25,000					
9. Community Health Advocate focus groups (PIE)	\$15,000					
e. Tenant Services - Relocation (Line 36)						
1. Relocation - Scattered Site Home Sales	\$80,000					
f. General Expenses (Line 48)						
1. Buyout incentives/ separation agreements (HR)		\$50,000				
g. Extraordinary Maintenance (Line 52)						
1. Elevator Maintenance - 902	\$40,000					
h. Section 8 Payments						
1. MTW supplement for RAD will be for full year in 2017. Cash flow will return portion of it commencing 2018. This represents amount projected returning to agency.	\$950,000					
i. Contingency	\$24,000	\$28,000				
j. Operational Subtotal⁴	\$2,047,828	\$365,473	\$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		\$44,300				
b. FIC Building Renovations	\$110,100					
c. Salishan Maintenance shop renovations	\$68,200					
d. Maintenance vehicle replacement with outfitting	\$80,000					
e. Community Services Vehicle	\$25,000					
f. Security Cameras - 902	\$100,000					
g. Transition IT Platform to new system	\$150,000					
h. IT Hardware upgrades	\$12,000					
i. Funds set aside for Outrigger repairs		\$75,000				
j. PH Scattered Site homes - Prepare units for sale	\$350,000					
k. Capital Subtotal ⁵	\$895,300	\$119,300	\$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 10.1 j.-m.	\$293,100	\$193,800				
2. Existing project oriented Positions - 10.2 a.-b.	\$374,800	\$232,100				
b. Legal (Line 27)						
1. Hilltop Master Plan		\$10,000				
2. New Look Apts.		\$10,000				
3. Other Acquisitions		\$15,000				
3. Miscellaneous		\$15,000				
c. Administrative Contracts (Line 30)						
1. Miscellaneous		\$20,000				
d. Due Diligence - Development Opportunities						
1. Hilltop Master Plan		\$50,000				
2. Potential land/building acquisitions		\$100,000				
3. Many Lights		\$25,000				
4. New Look		\$0				
5. New Tax Credit Project		\$0				
6. Other Opportunities		\$25,000				
7. Salishan Core Master Planning		\$10,000				
e. Relocation Costs (Line						
1. Relocation needs for FIC remodel	\$12,500					
f. Contingency (Line 33)		\$0				
g. Development Activity - Operational - Subtotal ⁶	\$680,400	\$705,900	\$0	\$0	\$0	\$0

8.4 Development Department - Capital⁷

	Original		Mid-Year Revision		Change	
	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Bay Terrace - Phase 3						
1. THA - MTW funds	\$0	\$1,875,700				
2. TCRA loan		\$1,000,000				
b. RAD						
1. Relocation Staff Costs (Capitalized)	\$257,600					
c. Key Bank upgrade in order to lease		\$675,000				
d. Land/Property purchases - MLK corridor		\$750,000				
e. New Acquisitions		\$1,500,000				
f. Crisis Residential Architecture and Construction		\$375,000				
g. Purchase Hillside 1500 - Year 15 exit (early)						
h. Development Activity - Capital - Subtotal ⁷	\$257,600	\$6,175,700	\$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		\$0				
b. Operations Subtotal	\$0	\$0	\$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	\$110,000					
b. Salishan Maintenance shop renovations	\$68,000					
c. Maintenance vehicle replacement with outfitting	\$80,000					
d. Community Services Vehicle	\$25,000					
e. Security Cameras - 902	\$100,000					
f. Transition IT Platform to new system	\$150,000					
g. IT Hardware upgrades	\$12,000					
h. Bay Terrace 3 Redevelopment		\$1,875,000				
i. Key Bank upgrade in order to lease		\$675,000				
j. Land/Property purchases - MLK corridor		\$750,000				
k. New Acquisitions		\$1,500,000				
l. Outrigger Turn improvements		\$75,000				
m. Capital Subtotal	\$545,000	\$4,875,000	\$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-2017					
<i>Currently Occupied</i>					
a. Technical Business Analyst	(1.0)	(1.0)			With switchover to Salesforce Platform, the types of duties assigned to this position will be handled by Salesforce Administrator
b. <i>Subtotal</i>	(1.00)	(1.00)			
<i>New Positions - Recurring</i>					
c.					
d. <i>Subtotal</i>	0.00	\$0			
<i>Sunset Positions</i>					
e. Accounting Specialist (Fin)	0.0	\$65,100			Assist staff during RAD and IT software conversions
f. Project Manager Asset Mgt/RAD (Admin)	0.0	\$81,000			RAD
g. Business Process Improvement Specialist (Exec)	0.5	\$105,400			To assist with Process Improvement
h. Inspector (RA)	1.0	\$72,400			To assist with additional inspections needed for RAD
i. Landlord Liasion (RA)	1.0	\$72,400			To work with landlords to assist in increasing client leasing rate
j. Senior Project Manager (RED)	0.0	\$118,100			RAD
k. Construction Site Manager (RED) (2)	0.0	\$223,900			RAD
l. Senior Office Assistant (RED)	0.0	\$69,200			RAD
m. Program Specialist (RED)	1.0	\$75,700			Hilltop Redevelopment
n. Program Manager - Relocation	0.0				Capital Budget - RAD
o. Relocation Specialist (2)	0.0				Capital Budget - RAD
p. <i>Subtotal</i>	3.50	\$883,200			
<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)		\$418,100			BA
b. Project Manager 1 (RED) (2)		\$188,800			BA
c. After School Coordinator (2 PT) (CS)		\$16,300			MTW
d. Community Resource Planner (PIE)		\$121,400			BA
e. Project Manager 1 (PIE) (2)		\$202,800			MTW/BA
f. <i>Subtotal</i>	0.00	\$947,400			

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
Income						
a. Section 8 Admin Fee Increase for RAD	\$328,500					
a. Special Program Assistance Payments						
1. Rapid Rehousing for Homeless Families	\$1,000,000					
2. Unaccompanied Youth Vouchers	\$288,000					
3. RAD Supplemental Rents	\$1,500,000					
b. FSS paypoints - Replaces HAP FSS escrow amounts (Included with HAP)	\$75,000					
c. Increase in MTW due to escalating rents in community	\$625,000					
d. MTW Security Deposit Program	\$20,000					
e. Totals	\$3,508,000	\$0				

PHA Board Resolution
Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 07/31/2019)

Public reporting burden for this collection of information is estimated to average **10 minutes per response**, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority City of Tacoma

PHA Code: WA-005

PHA Fiscal Year Beginning: January 1, 2017

Board Resolution Number: 2016-12-14(8)

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☒ Operating Budget approved by Board resolution on: 12/14/2016
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Arthur C. Banks	Signature:	Date: 12/14/2016
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Resolution 9



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (9)

Date: December 14, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: MTW Reserve Commitment

This resolution would update the Board's commitment of Tacoma Housing Authority's (THA) Moving 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 rules. At the moment, any eligible Housing Assistance Payment (HAP) funds not reported on the agency's month report 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 Voucher Management System (VMS) report annually.

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 on accomplishing its goals.

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

Resolution 2016-06-22 (2) provided the latest approved list of commitments for 2016. This resolution will update the agency commitments based on the 2017 Budget.

Recommendation

Approve committing THA MTW reserves as identified in the attached Schedule of MTW Reserve Commitments.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-12-14 (9) (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 2016-06-22 (2), and reflects the Authority's current plans for such capital and operational expenditures of MTW reserves; and

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

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

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

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

Schedule of MTW Reserve Commitments

Planned Expenditure	Current Commitment	Revised Commitment	Planned Expenditure Date
Renovation/Remodel of Salishan Family Investment Center	\$ 579,500	\$ 669,100	9/30/2018
Renovation of Salishan Maintenance Shop	\$ 286,500	\$ 286,500	9/30/2018
Software Conversion for Unsupported/Obsolete ERP Software (Visual Homes)	\$ 750,000	\$ 150,000	6/30/2017
Education Projects - McCarver & Others	\$ 310,000	\$ 310,000	12/31/2018
Children Savings Account Cohort	\$ 300,000	\$ 270,000	12/31/2020
Affordable Housing (Re)/Development (Hilltop/RAD)	\$ 2,000,000	\$ 2,500,000	12/31/2018
Total Committed Funds	\$ 4,226,000	\$ 4,185,600	



TACOMA HOUSING AUTHORITY

WALK-ON RESOLUTION
THA BOC Resolution 2016-12-14 (10)
Revised Procurement Policy



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (10)

DATE: December 14, 2016

TO: THA Board of Commissioners

FROM: Michael Mirra
Executive Director

RE: Authorization to Amend Procurement Policy

Purpose

This resolution will amend Tacoma Housing Authority's Policy PCI-01 governing procurement to comply with some new federal rules. The changes show in the attached redlined version of the policy.

Background

The Department of Housing and Urban Development ("HUD") requires all public housing authorities to update their procurement policies to comply with the federal procurement requirements of 2 CFR §200.317 through §200.326. HUD is required that we do this by December 26, 2016.

HUD is requiring this at the direction of the Office of Management and Budget (OMB). On December 26, 2013, OMB published (at 78 Federal Register 78590) final guidance on Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which is codified at 2 CFR part 200. HUD restated its requirements at HUD Notice SD-2015-01. The purpose of 2 CFR part 200 is to streamline the Federal government's guidance on administrative requirements, cost principles, and audit requirements to more effectively focus Federal resources on improving performance and outcomes, while ensuring the financial integrity of taxpayer dollars in partnership with non-Federal stakeholders. The guidance includes requirements for procurements conducted by recipients of Federal funding. HUD adopted 2 CFR 200, including the procurement requirements, at 2 CFR part 2400.

These new rules supersede 24 CFR Part 85, which previously governed housing authority procurements. The old rules will govern federal awards made prior to December 26, 2014. Federal awards after December 26, 2014 must comply with the new rules. There are some (but not many) substantive differences between the old rules and the new rules. These are the main substantive changes:

- Ethics in Contracting, inserting language about Conflicts of Interest, Gratuities, Prohibition against Contingent Fees (Section 7.2);
- Procurement Authority Levels, increasing the Board's approval level from \$100,000 to \$150,000 (Section 7.4);

- Types of Contracts and requirements to justify the use of Cost Plus and Time and Materials contracts (Section 7.7);
- Required clauses to be used in all contracts using federal funds (Section 7.7.3 and Attachment A);
- Procurement of Recovered Materials as identified in EPA guidelines (Section 7.8)
- HUD review of procurements upon request of a federal funding awarding agency (Section 7.9);
- Documentation requirements including record retention according to the schedule established by the Washington State Archives Office (Section 7.12). Attached is a redlined version of the present policy showing the changes needed to conform to the new rules.

Please note that staff and THA's procurement attorney at Foster Pepper will be proposing further changes to this policy sometime in the next several months. We were hoping to do all these changes at the same time in time for the HUD deadline of December 26th for the legally required changes. We will need for time for the changes that HUD is not requiring.

Recommendation

Amend THA Policy PCI-01 in substantively the form set forth in the attached redlined version.



TACOMA HOUSING AUTHORITY

Tacoma Housing Authority 2016-12-14 (10) Amendment of Procurement Policy

A **RESOLUTION** approving amendments to the Tacoma Housing Authority's Procurement Policy

WHEREAS, The Housing Authority of the City of Tacoma (the "Authority") is the recipient of Federal funding through various instruments issued by the Department of Housing and Urban Development ("HUD"); and

WHEREAS, HUD has adopted 2 CFR 200, which includes certain administrative requirements, cost principles, audit requirements, and requirements for procurements conducted by recipients of Federal funding; and

WHEREAS, Public housing authorities, including the Authority, are required to amend their procurement policies to comply with the requirements of 2 CFR 200 by December 26, 2016; and

WHEREAS, Federal awards made prior to December 26, 2014, may continue to be governed by Part 85 as codified in the 2013 edition of the Code of Federal Regulations (CFR) or as provided under the terms of the Federal award, Federal awards after December 26, 2014 must comply with 2 CFR §200.317 through §200.326 in procurement matters; and

WHEREAS, Proposed amendments to the Procurement Policy that satisfy the requirements of 2 CFR 200 are attached as Attachment A; now, therefore be it

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

1. The THA Policy PCI-01 is amended in substantially the form set forth in the attached redlined version of the policy.
2. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
3. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair

CERTIFICATE

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

1. That the attached Resolution No. 2016-12-14 (10) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on December 14, 2016, and duly recorded in the minute books of the Authority.

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

IN WITNESS WHEREOF, I have hereunto set my hand on December 14, 2016.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

By: _____
Michael Mirra, Executive Director



TACOMA HOUSING AUTHORITY

Policy No.	PCI-01
Policy	PROCUREMENT POLICY
Date	December 16, 2016 09

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DRAFT

1. Purpose

The purposes of this Procurement Policy are to:

1. Promote efficient, competitive, and cost-effective procurement practices. Situations considered to be restrictive of competition include but are not limited to:
 - (a) Placing unreasonable requirements on firms in order for them to qualify to do business;
 - (b) Requiring unnecessary experience and excessive bonding;
 - (c) Noncompetitive pricing practices between firms or between affiliated companies;
 - (d) Noncompetitive contracts to consultants that are on retainer contracts;
 - (e) Organizational conflicts of interest;
 - (f) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement;
2. Ensure the legality and integrity of THA’s contracting decisions;
3. Provide for the fair and equitable treatment of all persons or firms involved in procurements with THA;
4. To use THA’s procurement to promote the hiring and economic advancement of low-income persons, especially those living in THA’s public housing communities, to support qualified local small businesses, to ensure full and equitable access by firms certified to be owned by minorities and women, and generally to further the economic development of its communities.

2. Sources for Policy

- ▶ THA Board of Commissioners Resolution No.0506-1 (May 24, 2006)
- ▶ Chap. 35.82 RCW
- ▶ Title 39 RCW
- ▶ 24 C.F.R. Part 85-2 CFR. §200.317 through §200.326.
- ▶ 24 C.F.R. Part 135
- ▶ HUD Handbook 7460.8

- ▶ HUD Annual Contributions Contract
- ▶ Chap. 49.60 RCW

3. Scope of Policy

This Policy applies to all THA contracts and its direct procurement of supplies and services after the Policy's effective date. It shall apply to every expenditure of funds by THA for public purchasing, irrespective of the source of funds, including contracts which do not involve an obligation of funds (such as concession contracts); however, nothing in this Policy shall prevent the THA from complying with the terms and conditions of any grant, contract, gift, or bequest that is otherwise consistent with law.

DRAFT

4. Who is Responsible for Implementing Policy

Who	Responsibilities
Executive Director	The Executive Director is THA's Contracting Officer. The Contracting Officer, or his or her designee, signs all contracts or procurement documents.
Department Directors	Department Directors are responsible, in compliance with this policy, for initiating and managing procurement for their departments. They or their designee are also responsible for management of the contracts resulting from their department's procurement.
Finance Director	The Finance Director, or his or her designee, is responsible for procurement compliance and coordination. This means that he or she will ensure compliance by all departments with this policy and related procedures.

5. Definitions

CERTIFIED MINORITY-OWNED BUSINESS	A certified-minority-owned business or minority business enterprise is defined as a business that either the State of Washington or the North West Minority Business Council certifies to be at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to African Americans, Hispanic Americans, Native Americans, and Asian/Pacific Islander Americans
CERTIFIED WOMEN-OWNED BUSINESS	A certified-women-owned business or a women's business enterprise is defined as a business that either the State of Washington or the Women's Business Enterprise National Council certifies to be least 51% owned by a woman or women and who also control or operate the business.
CONTRACTING OFFICER	THA's Executive Director, or any person he or she may designate in writing, shall be the Contracting Officer.
DESIGN/BUILD	Design/Build means a construction project procurement where the contractor agrees to both design and build the facility, a portion of the facility, or other item specified in the contract.

ESTIMATED USEFUL LIFE	The estimated useful life of an item means the estimated time from the date of acquisition to the date of replacement or disposal, determined in any reasonable manner.
GENERAL CONTRACTOR/ CONSTRUCTION MANAGER	General Contractor/Construction Manager means a firm selected to provide services during the design phase that may include life-cycle cost design considerations, value engineering, scheduling, cost estimating, constructability, alternative construction options for cost savings, and sequencing of work, and to act as the construction manager and general contractor during the construction phase. Such services are contracted for using a maximum allowable construction cost to be guaranteed by the firm.
LABOR SURPLUS AREA BUSINESS	A labor surplus area business is defined as a business located within a jurisdiction that has been classified by the Assistant Secretary for Employment and Training, U.S. Department of Labor, as a labor surplus area in accordance with 20 CFR 654. Designated labor surplus areas are published by the Employment and Training Administration.
LIFE CYCLE COST	Life cycle cost means total cost of an item to THA over its estimated useful life, including costs of selection, acquisition, operation, maintenance, and where applicable, disposal, as far as these costs can reasonably be determined, minus the salvage value at the end of its estimated useful life.
PROCUREMENT	The term procurement as used in this Policy includes both contracts and modifications (including change orders) for construction or services, as well as purchase, lease, or rental of supplies and equipment.
SMALL BUSINESS	A small business means a business concern, including its affiliates, that is independently owned and operated, not an affiliate or subsidiary of a business dominant in its field of operation, and qualified as a small business under the criteria and size standards in 13 C.F.R. 121. Furthermore, a small business means a business concern that is considered small according to the Small Business Administration's established guidelines provided to such businesses.

6. Forms Associated with this Policy

[to be drafted]	Invitation to Bid Template
[to be drafted]	Request for Qualifications Template
[to be drafted]	Request for Proposals Template
[to be drafted]	Request for Quotes (Small Procurement) Template
[to be drafted]	Construction/Public Works Contract Template
[to be drafted]	Professional Services Contract Template
[to be drafted]	Request for Purchase Order Template
[to be drafted]	Material Request Template
[to be drafted]	Request for Payment Template
[to be drafted]	Request for Petty Cash Reimbursement Template
[to be drafted]	Legal Services Protocol Addendum

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7. Policy

7.1 ~~Public Access To Procurement Information~~

Procurement information shall be a matter of public record to the extent provided in the Washington Public Disclosure Act, Chapter 42.17 RCW, and shall be available to the public as provided in that statute.

7.2 ~~Ethics in Contracting~~

7.2.1 General

THA hereby establishes this code of conduct regarding procurement issues and actions and shall implement a system of sanctions for violations. This code of conduct, etc., is consistent with applicable Federal, State, and local laws. THA employees found in willful non-compliance with this policy are subject to disciplinary action under the Employee Handbook up to and including dismissal.

7.2.2 Conflicts of Interest

No employee, officer, Board member, or agent of THA shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, would be involved. This type of conflict would be when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

- (a) An employee, officer, Board member, or agent involved in making the award;
- (b) His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister);
- (c) His/her partner; or
- (d) An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

7.2.3 Gratuities, Kickbacks, and Use of Confidential Information

No officer, employee, Board member, or agent of THA shall ask for or accept gratuities, favors, or items of more than nominal value (i.e. inexpensive hat with logo) from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain.

7.2.4 Prohibition against Contingent Fees

—Contractors wanting to do business with THA must not hire a person to solicit or secure a contract for a commission, percentage, brokerage, or contingent fee, except for bona fide established commercial selling agencies.

7.2.5 Organizational Conflict of Interest

—If THA has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, THA must avoid organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, THA is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. To that end, in the event of any dealing with a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the following must occur:

- (a) The person responsible for the procurement consults with the Executive Director prior to commencing the procurement;
- (b) The Executive Director and the person conducting the procurement examine any potential organizational conflicts of interest; and

——Make written findings concerning whether such conflicts exist or not, and record such findings in the procurement file.

(c) _____

In the event there is no potential conflict, the procurement may proceed without any further screening. In the event of a potential conflict of interest, the Board must be made aware of the potential conflict before THA may proceed with the procurement. The Board must decide whether the procurement may proceed and, if so, what measures (if any) must be taken to mitigate the potential for organizational conflicts of interest.

7.27.3 Procurement Authority And Administration

7.2.27.3.1 Procurement Authority

The Board delegates procurement authority to the Executive Director.

7.2.27.3.2 Contracting Officer

All procurement transactions shall be administered by the Contracting Officer. The Executive Director may issue operational procedures to implement this Policy to supplement Section 8 below.

7.2.37.3.3 *General Procurement Administration*

- (a) Procurement requirements are subject to an annual planning process to assure efficient and economical purchasing.
- (b) Contracts and modifications shall be in writing, clearly specify the desired supplies, services, or construction, and shall be supported by sufficient documentation regarding the history of the procurement, including at a minimum the method of procurement chosen, the selection of the contract type, the rationale for selecting or rejecting offers, and the basis for the contract price.
- (c) Notice of contract awards shall be made available to the public;
- (d) For procurement activities subject to federal and/or state statutes and regulations, solicitation procedures shall comply with Federal standards stated in 2 CFR. §200.317 through §200.326~~24 C.F.R. § 85.36~~, or state and local laws that are more stringent, provided they are consistent with 2 CFR §200.317 through §200.326~~24 C.F.R. § 85.36~~.
- (e) THA shall prepare or arrange the preparation of an independent cost estimate before issuing a solicitation above the small procurement limitation. THA shall analyze the cost or price of responses it receives for all procurements.

- (f) THA shall award contracts award to the offeror whose proposal, in THA's sole determination, offers the greatest value to THA, considering price, technical, and other factors as specified in the solicitation, and the purposes of this policy.
- (g) THA shall ensure that it has sufficient unencumbered funds available to cover the anticipated cost of each procurement before contract award or modification (including change orders).
- (h) THA shall inspect work before payment.
- (i) THA shall promptly pay for work performed and accepted.
- (j) THA shall comply with applicable HUD review requirements set forth in the procedures below.

7.37.4 — Procurement Authority Levels

7.3.17.4.1 Procurements Not Exceeding \$5,000

Department Directors are authorized to sign all procurement documents up to a maximum amount of \$5,000 for each order or contract.

7.3.27.4.2 Procurements Not Exceeding \$25,000

The Executive Director is authorized to sign all procurement documents up to a maximum amount of \$25,000 for each order or contract.

7.3.37.4.3 Procurements Exceeding \$25,000 But Not Exceeding \$1~~500~~,000

The Executive Director is authorized to sign procurement documents for orders or contracts exceeding \$25,000 but not exceeding \$1~~500~~,000, provided such orders or contracts are included in a budget previously approved by the Board of Commissioners of the THA.

7.3.47.4.4 Procurements Exceeding \$1~~0500~~,000

All procurements in an amount greater than \$1~~500~~,000 must be approved by the THA Board of Commissioners. The Board's approval can be given as part of an approved budget or as a specific item approval. After receiving Board approval for any such procurement, the Chair or Vice Chair of the Board or the Executive Director may sign the related procurement documents.

7.47.5 — Costs

All bidders, offerors, respondents or others participating in THA's procurement processes shall bear all costs of their participation in the selection process.

~~7.5.17.6~~ Contractor Qualifications And Duties

~~7.5.17.6.1~~ Contractor Responsibility

Procurements shall be conducted only with responsible contractors, i.e., those who, in THA's sole discretion, have the technical and financial competence and other capacities to perform and who have a satisfactory record of integrity. Before awarding a contract, THA shall review the proposed contractor's ability to perform the contract successfully, considering factors such as the contractor's integrity (including a review of the List of Parties Excluded from Federal Procurement and Nonprocurement Programs published by the U.S. General Services Administration), compliance with public policy, record of past performance (including contacting previous clients of the contractor, such as other public housing authorities), and financial and technical resources. If THA finds a prospective contractor to be nonresponsible, THA shall prepare a written determination of nonresponsibility and include it in the contract file. THA shall inform the prospective contractor of the determination and the reasons for it.

~~7.6.2~~ Ineligibility of Design Contractors.

Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

~~7.5.27.6.3~~ Suspension And Debarment

THA shall not award contracts to entities or individuals that are debarred, suspended, or otherwise ineligible for public contracting as determined by any federal, state, or local government agency. As a precondition of any contract award, every contractor shall provide a written certification attesting that the contractor is not debarred, suspended, or otherwise ineligible for public contracting.

~~7.5.37.6.4~~ Qualified Bidder Lists

In its sole discretion, THA may maintain lists of businesses that have established themselves as qualified to perform certain procurements. Interested businesses shall be given an opportunity to be included on qualified bidder lists. Any prequalified lists of persons, firms, or products that are used in the procurement of supplies and services shall be kept current and shall include enough qualified sources to ensure competition. Firms shall not be precluded from qualifying during the solicitation period. Solicitation mailing lists of potential contractors shall include, but not be limited to, such prequalified suppliers. Inclusion on a qualified bidder list shall in no way eliminate or reduce the obligation of the listed entities to maintain their eligibility and responsibility for a given project as set forth in the project's solicitation documents and this Policy. THA shall maintain, amend or eliminate any such lists at its sole discretion.

7.67.7 — Types Of Contracts, Clauses, And Contract Administration

7.6.17.7.1 Contract Types

- (a) Cost Plus a Percentage of Cost Contract. For all cost reimbursement contracts, THA must include a written determination as to why no other contract type is suitable. Further, the contract must include a ceiling price that the contractor exceeds at its own risk.
- (b) Time and Materials Contracts. THA may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to THA is the sum of:
 - (i) The actual cost of materials; and
 - (ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. THA must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls. HA may use any type of contract that it determines, in its sole discretion, to be appropriate to the procurement and to promote THA's best interests.

- ~~(a)~~(c) All procurements shall include the clauses and provisions necessary to define the rights and responsibilities of the parties. THA shall not use a cost reimbursement contract unless it is likely to be less costly or it is impracticable to satisfy THA's needs otherwise, and the proposed contractor's accounting system is adequate to allocate costs in accordance with applicable cost principles (for commercial firms, Subpart 31.2 of the Federal Acquisition Regulation (FAR), found in 48 CFR Chapter 1). THA shall ensure that each contract executed by THA that is funded in whole or in part by federal funds contains the required contract clauses detailed within 2 CFR §200.326 and Appendix II. THA may use a time and material contract only if the contract includes a guaranteed maximum price that the contractor exceeds at its own risk.

7.6.27.7.2 Options

With the exception of contracts awarded as a result of a sealed invitation to bid, contracts may contain options for additional quantities or performance periods, provided that: (i) the solicitation mentions the possibility of the option, (ii) the option is a unilateral and totally discretionary right of THA; (iii) the contract states a limit on the additional quantities and the overall term of the contract; (iv) THA considers the availability of options as part of its evaluation of the initial competition; (v) the contract states the period within which THA may exercise the option ; (vi) THA may exercise the option only at the price specified in or reasonably determinable from the contract; and (vii) THA shall have the sole discretion to determine if exercising the option is more advantageous to THA than conducting a new procurement.

7.6.37.7.3 Contract Clauses for Federally Funded Contracts

(a) Contract Pricing Arrangements. All contracts shall identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by THA.

(b) Required Forms. Additionally, the forms HUD-5369; 5369-A; 5369-B; 5369; 5370; 5370-C (Sections I and II); 51915; and 51915-A, which contain all HUD-required clauses and certifications for contracts of more than the Simplified Acquisition Threshold, as well as any forms/clauses as required by HUD for small purchases, shall be used, as applicable, in all corresponding solicitations and contracts issued by THA.

(c) Required Contract Clauses. THA shall ensure that each contract executed by THA that is funded in whole or in part by federal funds contains the required contract clauses detailed within 2 CFR §200.326 and Appendix II, which are identified in Attachment A.

~~_____All contracts paid in whole or in part with Federal funds shall include any clauses required by Federal statutes, executive orders, and their implementing regulations, as provided in 24 CFR 85.36(i), such as clauses pertaining to the following:~~

- ~~(1) Termination for convenience,~~
- ~~(2) Termination for default,~~
- ~~(3) Equal Employment Opportunity,~~
- ~~(4) Anti-Kickback Act,~~
- ~~(5) Davis-Bacon provisions of the United States Housing Act of 1937,~~

- ~~(6) — Contract Work Hours and Safety Standards Act, reporting requirements,~~
- ~~(7) — Patent rights,~~
- ~~(8) — Rights in data,~~
- ~~(9) — Examination of records by Comptroller General, retention of records for three years after closeout,~~
- ~~(10) — Clean air and water requirements,~~
- ~~(11) — Energy efficiency standards,~~
- ~~(12) — Bid protests and contract claims,~~
- ~~(13) — Value engineering, and~~
- ~~(14) — Prohibition of payment of funds to influence certain Federal transactions.~~

~~The operational procedures issued by the Executive Director shall contain the text of all clauses and required certifications (such as required non-collusive affidavits) used by the THA.~~

7.8 Procurement of Recovered Materials:

~~—THA and its contractors must comply with Ssection 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.~~

7.9 HUD Review

~~—THA must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if THA desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.~~

7.9.1 THA must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents,

such as requests for proposals or invitations for bids, or independent cost estimates, when:

- (i) THA's procurement procedures or operation fails to comply with federal procurement standards;
- (ii) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
- (iii) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
- (iv) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
- (v) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

7.7.10 Contract Administration

THA shall maintain a contract administration system designed to ensure that contractors perform in accordance with their contracts. The operational procedures set forth by the Executive Director shall contain guidelines for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on construction contracts, and similar matters.

7.8.7.11 Specifications

THA shall draft all specifications so as to promote overall economy for the purposes intended, to encourage competition in satisfying the THA's needs, and to promote the purposes of this policy and THA's best interest, all as THA, in its sole discretion, determines them to be. Functional or performance specifications are preferred. Detailed product specifications should be avoided unless deemed necessary or appropriate by the THA. THA shall consider consolidating or breaking out procurements (without violating the unbundling requirements) to obtain a more economical purchase or to further the purposes of this policy. For equipment purchases, THA should analyze whether a lease or purchase is preferable.

~~7.11.1~~ ~~make this 7.11.1~~ Limitation.

-The following types of specifications shall be avoided:

- (a) Geographic restrictions not mandated or encouraged by applicable federal law (except for A/E contracts, which may include

geographic location as a selection factor if adequate competition is available);

- (b) Brand name specifications (unless the specifications list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use).

Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be reviewed to ensure that organizational conflicts of interest do not occur.

7.12 Documentation

7.12.1 Required Records

—THA must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to, the following:

- (a) Rationale for the method of procurement (if not self-evident);
- (b) Rationale of contract pricing arrangement (also if not self-evident);
- (c) Reason for accepting or rejecting the bids or offers;
- (d) Basis for the contract price (as prescribed in this policy);
- (e) A copy of the contract documents awarded or issued and signed by the Contracting Officer;
- (f) Basis for contract modifications; and
- (g) Related contract administration actions.

7.12.2 Level of Documentation

—The level of documentation should be commensurate with the value of the procurement.

7.12.3 Record Retention and Format

—Records are to be retained pursuant to the appropriate records retention schedule established by the Washington State Archives Office. THA may maintain procurement records in the format that provides the most efficiency in the creation, maintenance, retrieval and storage so long as the complete record is available for access and retention without undue burden according to THA's Records Officer. This may include paper, ~~or in~~ digital format, or a combination thereof. Hardcopy originals may not be replaced with scanned images unless they are Non-Archival AND have been reviewed and approved for destruction by THA's Records Officer AND are replaced by images managed according to the State Archives requirements.

7.9.13 **Disputes and Claims**

All disputes and claims must comply strictly with the procedures and timelines set forth in the solicitation, bidding documents, contracts, any legal requirement, and this section. No discussion or negotiation of claims by the THA or any representation or communication, whether verbal or in written, shall in any way constitute a waiver of these procedures or timelines or of THA's legal rights or defenses.

7.9.17.13.1 *Resolution Policy and Exhaustion Requirement*

- (a) It is the policy of the THA to resolve all contractual issues informally at the THA level, without litigation if possible and beneficial to the interests of THA.
- (b) Neither THA nor its contracting or bidding parties shall refer a dispute to any outside authority or arbiter, including but not limited to HUD.

~~, or file any suit or administrative complaint until and unless all administrative remedies under this policy and procedures have been exhausted.~~

- ~~(b)~~(c) When appropriate, THA may consider the use of informal discussions between the parties by individuals who did not participate substantially in the matter in dispute, to help resolve the differences. HUD will only review protests in cases of violations of Federal law or regulations and failure of the THA to review a complaint or protest.

7.9.27.13.2 *Bid or Award Protests*

- (a) Any protest concerning a solicitation must be in writing and received by THA's Contracting Officer before the due date for receipt of bids or proposals.
- (b) Any protest against the award of a contract must be in writing and received by THA's Contracting Officer within two business days after the bid opening PROVIDED THAT, the THA's Contracting Officer must receive the protest before THA signs a contract with the successful bidder, even if that occurs within two business days of the bid opening.
- (c) All bid or award protests shall include at a minimum: (1) a detailed and clear statement of facts that the protesting party believes supports its position, (2) an identification of the terms from the procurement solicitation and/or the legal authority that supports the protest, and (3) copies of pertinent documents or other materials pertaining to the protest.

- (d) The Contracting Officer or his or her designee may, at his or her discretion, suspend the procurement pending resolution of the protest, if warranted by the facts presented.
- (e) The contractor or THA's Contracting Officer may request that the parties confer to discuss the claim. Upon the receipt of such a request, the parties shall convene for that purpose within a reasonable period of time.
- (f) The Contracting Officer shall issue a written decision on the matter to all concerned parties. His or her decision shall be final. State law shall govern any court action concerning a protest.

7.9.37.13.3 *Contract Claims*

Unless otherwise provided for in a specific contract, the following claims process shall govern:

- (a) A contractor must submit its claim in writing to THA's Contracting Officer within ten (10) calendar days from the date it knew of or, in the exercise of reasonable diligence, should have known of the facts that support its claim.
- (b) All contract claims shall include at a minimum: (1) a detailed and clear statement of facts that the contracting party believes supports its position, (2) an identification of the terms from the contract and the legal authority that supports the claim, and (3) copies of pertinent documents or other materials pertaining to the claim.
- (c) The contractor or THA's Contracting Officer may request that the parties confer to discuss the claim. Upon the receipt of such a request, the parties shall convene for that purpose within a reasonable period of time.
- (d) THA's Contracting Officer shall issue a written decision to the concerned parties. His or her decision shall be final.

7.107.14 — **Assistance To Small And Other Businesses; Hiring of Low-Income Persons**

7.10.17.14.1 *Required Efforts*

~~This section complies with 24 C.F.R. § 85.36(e)~~

- (a) THA shall take all necessary affirmative steps to assure that, when possible and when in THA's sole discretion doing so would best advance THA's interests, it uses small and minority-owned

businesses, women's business enterprises, labor surplus area businesses, and individuals or firms located in or owned in substantial part by persons residing in the area of a THA project. Such efforts shall include, but shall not be limited to the following:

- (1) Including such firms, when qualified, on solicitation mailing lists;
- (2) Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- (5) Using the services and assistance of the Washington State Office of Minority and Women's Business Enterprises, the William M. Factory Small Business Incubator, the Northwest Minority Business Council, the Women's Business Enterprise National Council, Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- (6) Including in contracts a clause requiring contractors, to the greatest extent feasible, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns that are located in, or owned in substantial part by persons residing in the area of the project, as described in 24 CFR 135;
- (7) Requiring prime contractors and subcontractors, when subcontracting is anticipated, to take the positive steps listed in this section;

- |
- (b) In addition to the efforts stated in Section 7.149.1(a) above, THA may use the resources of the City of Tacoma to ensure that small businesses, minority-owned businesses, women's business enterprises, labor surplus area businesses, and individuals or firms located in or owned in substantial part by persons residing in the area of a THA project are used when possible. To the extent the City of Tacoma's Historically Under-Utilized Business Opportunity Program (the "HUB Program") and the City's HUB

Program Regulations (Chapter 10.26 Tacoma Municipal Code, and the implementing regulations adopted pursuant thereto) are consistent with this Policy, the THA may utilize the HUB Program and may follow the standards set forth in the HUB Program Regulations to further the goals in this Policy.

- (c) THA may establish goals for participation by small businesses, certified-minority-owned businesses, certified-women-owned businesses, and labor surplus area businesses in the THA's prime contracts and subcontracting opportunities. Promotion and implementation of these goals shall be conducted in accordance with and subject to the limitations of RCW 49.60.400 and other applicable federal and state statutes and regulations.
- (d) If explicitly permitted in the procurement and in the contract documents, a contractor may contract with a firm that is in the process of receiving its certification as a MWBE. However, the contractor will only be able to count the final contract value as MWBE when the firm has successfully received the appropriate MWBE certification.

7.10.27.14.2 *HUD Section 3 Program Policy*

This section shall comply with Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. § 1701u, and 24 C.F.R. Part 135.

- (a) THA shall to the greatest extent feasible, use individuals or firms located in or owned in substantial part by persons residing in the area of a THA project. Such efforts should include, but not be limited to:
 - (1) directing small procurement that do not require competition to qualified Section 3 residents; or,
 - (2) including in contracts a clause requiring contractors, to the greatest extent feasible, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which are located in, or owned in substantial part by persons residing in the area of the project, as described in 24 CFR 135.
- (b) A business concern owned in substantial part by persons residing in the area of the project is one that is 51% or more owned by persons residing within the Section 3 covered project, owned by persons considered by the U.S. Small Business Administration (the "SBA") to be socially or economically disadvantaged, listed on

HUD's registry of eligible business concerns, and meet the definition of an SBA's small business.

- (c) THA may establish goals for participation of business concerns that are located in or owned in substantial part by persons residing in the area of the project.

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7.11.17.15 Federal Capital Fund Stimulus Grant Procurement Policy

Procurement activities for all THA projects funded by the federal government pursuant to the American Recovery and Reinvestment Act of 2009, Public Law 111-5 (“Recovery Act”) or other federal stimulus grants shall be governed by this section.

7.11.17.15.1 Recovery Act Policy

All THA procurement activities for projects funded with federal stimulus grants shall be conducted in accordance and compliance with the procedures and requirements of 24 CFR 85 (“Part 85”), the Recovery Act, and any subsequent federal statutes and regulations applicable to federal stimulus grants. The procurement provisions of Part 85 shall be the sole governmental regulations utilized for THA’s procurement activities on federal stimulus grant projects; state and local procurement laws and regulations shall not apply to those projects.

Any existing THA procurement standards or procedures that are contrary to the provisions or requirements of Part 85 or the Recovery Act shall not be utilized in federal stimulus grant projects.

Where permitted by Part 85, THA procurement standards and procedures set forth in this Procurement Policy may be utilized to facilitate the contract administration process for federal stimulus grant projects, so long as the procedures are not contrary to the provisions of Part 85 or the Recovery Act.

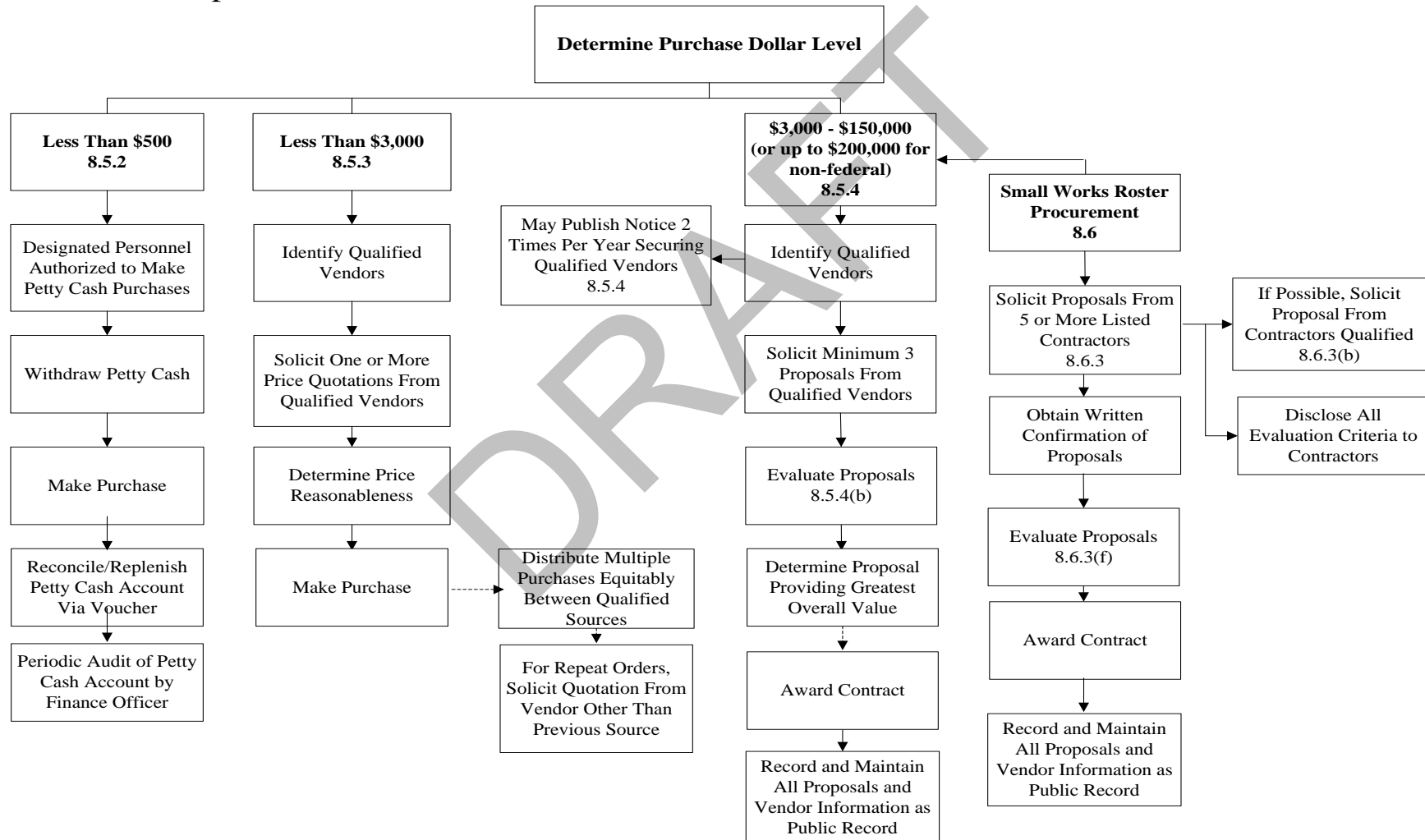
THA procurement officers shall consult the HUD Procurement Handbook for Public Housing Agencies (7460.8 rev-2) for guidance on federal stimulus grant project procurements.

8. Procedures

8.1 Flow Charts

Small Procurement Procedures

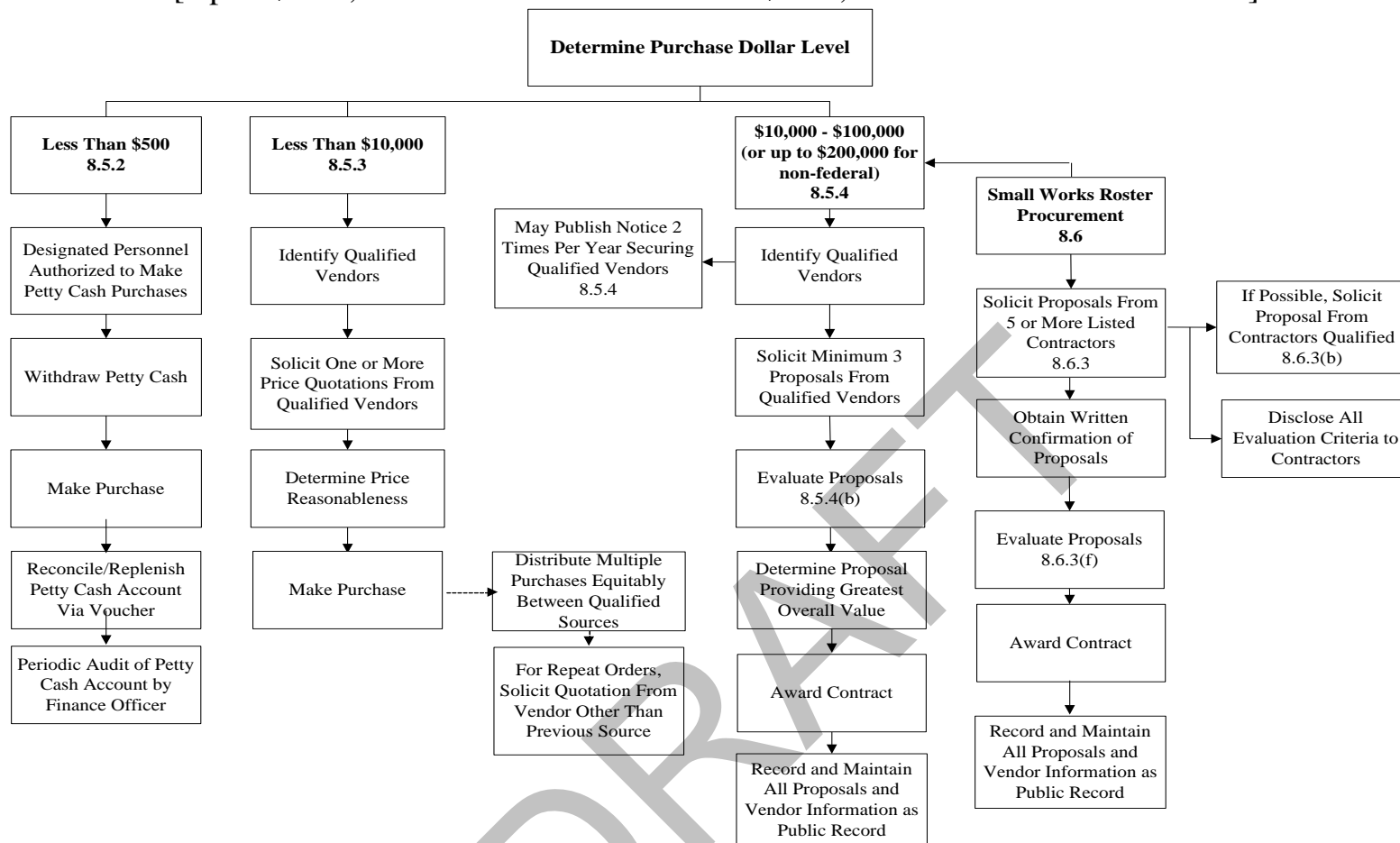
[Up to \$ 150,000 for federal contracts and \$ 200,000 for non-federal contracts]



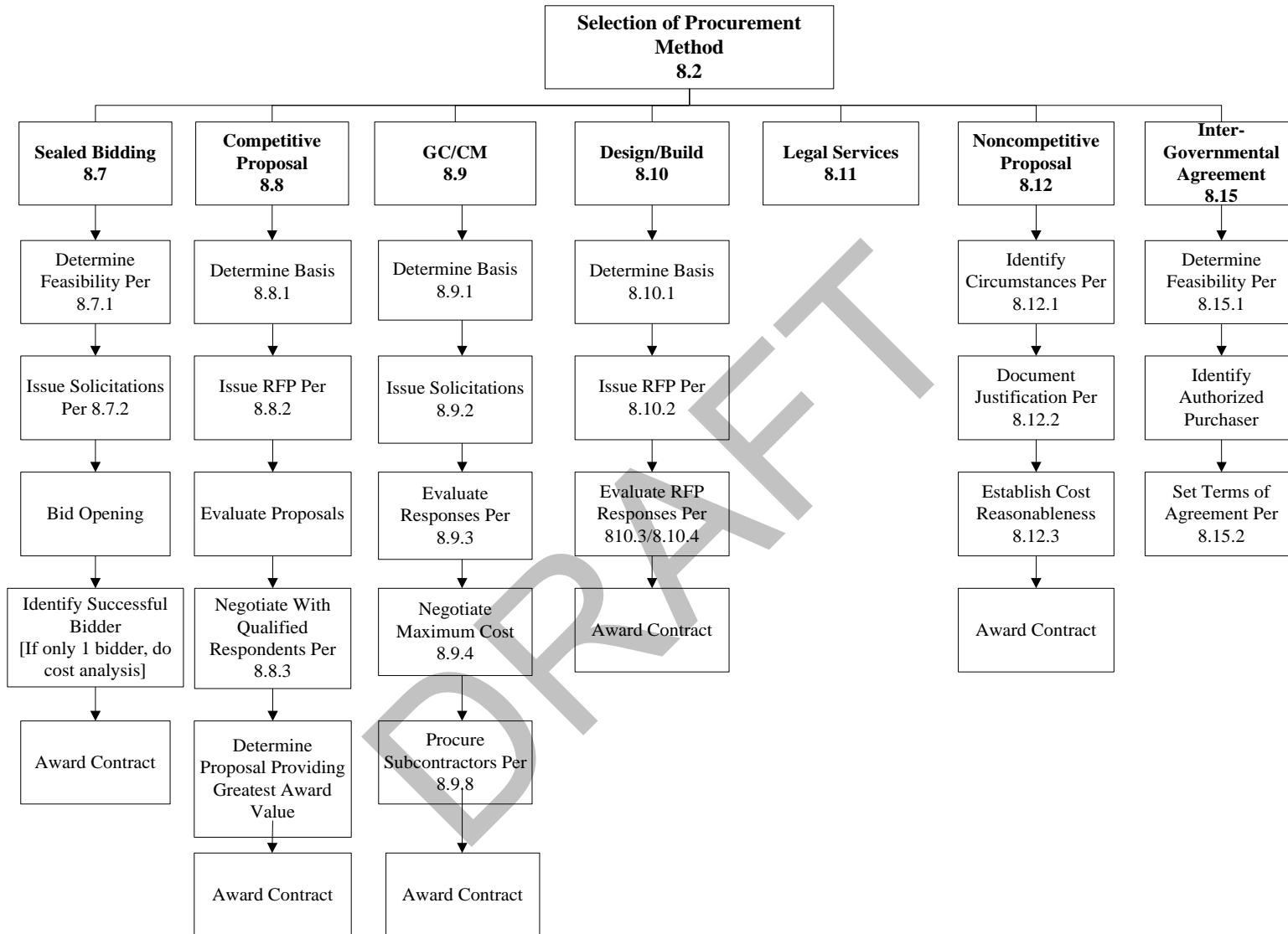
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Small Procurement Procedures

[Up to \$ 100,000 for federal contracts and \$ 200,000 for non-federal contracts]



General Procurement Procedures



8.2 Selection Of Procurement Method

For each procurement, the Contracting Officer shall determine the method of procurement likely to produce the greatest value to THA, consistent with the requirements of federal and/or state law and the purposes of this policy. If THA elects to directly purchase, it shall choose one of the procurement methods listed in this section that it determines in its sole discretion to be most applicable based on the nature and anticipated dollar value of the total requirement and of most benefit to THA.

8.3 [Reserved]

8.4 Public Notice of Upcoming Procurements; Dates of Bid Opening or Proposal Due Date

Except for small procurements made under Sections 8.5 and 8.6 of this Policy, solicitations for architect-engineer services made under Section 8.8 of this Policy and solicitations for legal services under Section 8.11, THA shall give public notice in a newspaper of general circulation in THA's area of operation for each upcoming procurement. When appropriate, THA shall also provide notice to Plan Centers, including the William M. Factory Small Business Incubator.

The notice shall state, at a minimum, the place, date, and time of the bid opening or proposal due date; the solicitation number; a point of contact for questions or requests for solicitations; and a brief description of the needed item(s). In general, THA shall publish the notice ten (10) days before the date the solicitation is issued, or such other time as THA deems reasonable for the particular solicitation.

8.5 Small Procurement Procedures

8.5.1 Applicability:

(a) Non-Federal Funds

Any contract for the procurement of services, supplies, or other property not exceeding \$200,000 that does not involve the use of any federal funds may be made in accordance with the small procurement procedures authorized in this section. Contracts for architect-engineering services, including contracts for those professional activities regulated under Chapters 18.08, 18.43, and 18.96 RCW (i.e., architects, engineers, land surveyors, and landscape architects), shall be made in accordance with the provisions of Section 8.8.5 of this Policy even if the amount is less than \$200,000.

(b) Federal Funds

Any contract for the procurement of services, supplies, or other property not exceeding \$150,000 may be made in accordance

with the small procurement procedures authorized in this section. Contracts for architect-engineering services, including contracts for those professional activities regulated under Chapters 18.08, 18.43, and 18.96 RCW (i.e., architects, engineers, land surveyors, and landscape architects), shall be made in accordance with the provisions of Section 8.8.5 of this Policy even if the amount is less than \$ ~~150~~0,000.

8.5.2 Petty Cash Purchases: Up to \$ 500

Subject to the Contracting Officer's approval, small procurements under \$500 that can be satisfied by local sources may be processed through the use of a petty cash account. The Contracting Officer shall ensure that: the account is established in an amount sufficient to cover small procurements made during a reasonable period (e.g., one week); security is maintained and only authorized individuals have access to the account; the account is periodically reconciled and replenished by submission of a voucher to THA's finance officer; and, the account is periodically audited by the finance officer or designee to validate proper use and to verify that the account total equals cash on hand plus the total of accumulated vouchers.

8.5.3 Purchases Of \$~~340~~,000 Or Less

For purchases in the amount of \$~~403~~,000 or less, only one quotation need be solicited if the price received is considered reasonable. Such purchases must be distributed equitably among qualified sources. If practicable, a quotation shall be solicited from other than the previous source before placing a repeat order.

8.5.4 Purchases Over \$~~403~~,000 But Less Than \$~~1500~~,000 for Federal Funds and Less Than \$ 200,000 for Non-Federal Funds

For purchases of materials, equipment, supplies, or services in excess of \$~~340~~,000, but not exceeding \$~~15000~~,000 (for use of federal funds) and \$200,000 (for use of non-federal funds), the THA may use the following procurement method:

(a) List of Qualified Vendors

THA may maintain a list of qualified vendors for specific types of purchases or services. If it does this, it shall, at least twice per year, publish in a newspaper of general circulation within the THA's jurisdiction a notice of the existence of such vendor lists and solicit the names of vendors for the lists. THA may select from the respondents those it adds to the list. It shall make its selection based upon factors set forth in the solicitation and the purposes of this policy. THA may also add or remove vendors to or from the list at other times of the year.

(b) Solicitation

Whenever possible, the THA shall solicit at least three vendors to submit price quotations and other information related to qualifications. THA may obtain these submissions orally, by telephone, in writing, or by any combination thereof. THA may solicit vendors from the List of Qualified Vendors that THA may maintain pursuant to this section. The THA, however, may also solicit quotations from qualified vendors that are not listed on any such vendor list in order to assure price competition or an adequate array of qualifications or to further the purposes of this policy.

(c) Award of Contract

THA shall award the contract to the vendor that THA determines, in its sole discretion, will provide the greatest overall value to THA. If THA uses non-price factors to determine the greatest overall value, it shall disclose such factors to all those solicited. The THA shall consider any preferences provided by law to Washington products and vendors and may take into consideration the quality of the articles proposed to be supplied, their conformity with specifications, the purposes for which required, and the times of delivery. Further, in addition to price, THA shall consider the following factors:-

- (1) the ability, capacity, and skill of the bidder to perform the contract or provide the service required;
- (2) the character, integrity, reputation, judgment, experience, and efficiency of the bidder;
- (3) whether the bidder can perform the contract within the time specified;
- (4) the quality of performance of previous contracts or services;
- (5) the previous and existing compliance by the bidder with laws relating to the contract or services;
- (6) which bid will best further the purposes of this policy; and,
- (7) such other information or factors as THA may deem to have a bearing on the decision to award the contract: provided, that in considering bids for purchase, manufacture, or lease, and in determining the greatest overall value, whenever there is reason to believe that applying the “life cycle costing” technique to bid

evaluation would result in lowest total cost to the THA, THA shall give first consideration to the bid with the lowest life cycle cost which complies with the specifications. Nothing in this section shall prohibit the THA from allowing for preferential purchase of products made from recycled materials or products that may be recycled or reused.

(d) Record Keeping

THA shall record and maintain the names, addresses, and/or telephone numbers of the vendors and persons contacted, and the date and amount of each quotation.

This information shall be open to public inspection, and available by telephone inquiry.

8.6 Small Works Roster: Contracts for Public Works Over ~~\$103,000~~ But Less Than ~~\$15000,000~~ for Federal Funds and Less Than \$ 200,000 for Non-Federal Funds

This section shall apply to contracts for public works over ~~\$3-10,000~~ but less than ~~\$-1500,000~~ for use of federal funds and less than \$ 200,000 for use of non-federal funds.

8.6.1 Definition of Public Works

Public works include all construction, alteration, repair, or improvement (other than ordinary maintenance) to property, executed at the cost of the state or federal government or an agency thereof.

8.6.2 Establishment of Small Works Roster

Pursuant to RCW 39.04.155, THA may establish a general small works roster or multiple small works rosters for different specialties or categories of anticipated work (the "Small Works Roster"), consisting of qualified contractors who have requested to be included on the Small Works Roster and are properly licensed or registered to perform such work in the State of Washington. The following shall apply to such a roster:

- (a) The Small Works Roster may distinguish between contractors based on the nature of the work the contractor is qualified to perform.
- (b) THA may require eligible contractors desiring to be placed on the Small Works Roster to keep current records of any applicable licenses, certifications, registrations, bonding, insurance, or other appropriate matters on file with THA as a condition of being placed on the Small Works Roster.

- (c) At least once every year, THA shall advertise in a newspaper of general circulation in THA's area of operation the existence of the Small Works Roster and may add to the roster(s) those contractors who request to be included on the roster(s). In addition, eligible contractors may be added to an appropriate roster(s) at any time they submit a written request and necessary records.
- (d) THA shall use the following procedures to prequalify contractors for inclusion on the small works roster and for securing telephone or written quotations from contractors on the Small Works Roster to assure establishment of a competitive price and for awarding contracts to the lowest responsible bidder:
 - (1) The background of each contractor requesting to be included on the roster shall be checked to verify that all license, bonding, and other applicable legal qualifications for conducting business with THA are current and unimpaired.
 - (2) Contractors shall provide a current financial statement demonstrating the solvency of the business, and certify that the statement is accurate and complete.
 - (3) Contractors shall provide references for previous contracts similar to the contracts to be sought from THA; these references shall be verified by THA.
 - (4) Contractors who demonstrate legal compliance, fiscal solvency, and performance capability will be included in the Small Works Roster.

8.6.3 *Selection Process*

THA may use the Small Works Roster set forth above or it may use contractors listed on an existing state roster. In either case, THA shall use the following selection process:

- (a) Whenever possible, the THA shall solicit at least five quotations, confirmed in writing, from contractors in a manner that will equitably distribute opportunities among contractors on the small works roster for the category of job type involved. In the event that there are not at least five contractors on the applicable roster, the THA shall solicit quotations from each contractor on the applicable small works roster.
- (b) Whenever possible, the THA shall invite at least one proposal from qualified contractor(s) that covers each of the following categories.
 - (1) a certified-minority or a certified-woman contractor;
 - (2) a contractor that employs, or commits to employ, residents of housing owned or managed by THA;

- (3) a contractor that is participating in and in good standing with the William F. Factory Small Business Incubator of Tacoma, Washington.
- (c) Solicitation of quotations may be made by telephone, in writing, or by electronic means.
- (d) Such solicitations shall include an estimate of the scope and nature of the work to be performed, and materials and equipment to be furnished.
- (e) All quotes shall be confirmed in writing.
- (f) Award shall be made to the lowest responsible bidder. If non-price factors are used, they shall be disclosed to all those solicited.
- (g) THA shall record and maintain the names, addresses, and/or telephone numbers of the offerors and persons contacted, the date and amount of each quotation, and the bid selected.. This information shall be public record and available by telephone request.

8.7 Competitive Sealed Bid Process

8.7.1 Conditions for Use

At the sole discretion of the THA or as required by the funding terms of a particular procurement, THA may award contracts based on competitive sealed bidding if the following conditions are present:

- (a) a complete, adequate, and realistic specification or purchase description is available;
- (b) two or more responsible bidders are willing and able to compete effectively for the work;
- (c) the procurement lends itself to a firm fixed price contract; and,
- (d) the selection of the successful bidder can be made principally on the basis of price.

For procurements under the Capital Grant Program, whichever is applicable, sealed bidding may be used for construction and equipment contracts only if the amount exceeds the small procurement limitations. For professional services contracts, sealed bidding should not be used.

8.7.2 Invitation to Bid

THA shall issue an invitation to bid. *See* THA Form PCI XXX. It shall include specifications and contractual terms and conditions applicable to the procurement, including a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the

requirements of the invitation to bid. The invitation to bid shall state the time and place for both the receipt of bids and the public bid opening.

8.7.3 *Receipt of Bids*

THA shall time-stamp all bids received but leave them unopened and stored in a secure place until bid opening. A bidder may withdraw its bid at any time prior to bid opening.

8.7.4 *Bid Opening and Award*

THA shall open bids publicly and in the presence of at least one witness. THA shall record an abstract of bids and the bids shall be available for public inspection. THA shall award the contract as provided in the invitation to bid by written notice to the successful bidder. If equal low bids are received from responsible bidders, award shall be made by drawing lots or similar random method, unless otherwise provided in state or local law and stated in the invitation for bids. If only one responsive bid is received from a responsible bidder, THA shall not award the contract unless a cost or price analysis verifies the reasonableness of the price.

8.7.5 *Irregularities in Bidding*

THA, in its sole discretion, may waive irregularities in bids or the bidding process so long as to do so will not confer upon a bidder a substantial advantage or benefit not enjoyed by other bidders.

8.7.6 *Mistakes in Bids*

- (a) THA may, in its sole discretion, permit a bidder to correct or withdraw an inadvertently erroneous bid before bid opening by written or electronic notice received in the office designated in the invitation for bids prior to the time set for bid opening.
- (b) THA may, in its sole discretion, permit a bidder to correct a bid after bid opening only if the bidder can show by clear and convincing evidence that (i) a mistake of clerical character was made, (ii) what the nature of the mistake was; and (iii) the bid price actually intended.
- (c) A low bidder alleging a clerical mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made.
- (d) All decisions to allow correction or withdrawal of bid mistakes shall be supported by a written determination signed by the Contracting Officer. After bid opening, no changes in bid prices or

other provisions of bids prejudicial to the interest of the THA or fair competition shall be permitted.

8.7.7 Bonds

In addition to the other requirements of this Policy, the following requirements apply:

- (a) For construction contracts exceeding \$1~~50~~0,000, other than those specified in paragraphs (b) and (c) below, contractors shall be required to submit the following, unless otherwise required by state or local laws or regulations:
 - (1) a bid guarantee from each bidder equivalent to 5% of the bid price; and,
 - (2) a performance bond for 100% of the contract price; and,
 - (3) a payment bond for 100% of the contract price.
- (b) In the case of construction of conventional development projects funded pursuant to the U.S. Housing Act of 1937, the contractor shall be required to submit the following:
 - (1) a bid guarantee from each bidder equivalent to 5% of the bid price; and,
 - (2) one of the following:
 - (i) a performance and payment bond for 100% of the contract price; or
 - (ii) a 20% cash escrow; or
 - (iii) -A 10% irrevocable letter of credit with terms acceptable to HUD; or
 - (iv) -Any other payment method acceptable to HUD.
 - ~~(iii) -25% irrevocable letter of credit.~~
- (c) In the case of construction under the Capital Grant Program, whichever is applicable, funded pursuant to the U.S. Housing Act of 1937, for any contract over \$25,000, the contractor shall be required to submit the following:
 - (1) a bid guarantee from each bidder equivalent to 5% of the bid price; and
 - (2) one of the following:
 - (i) a performance and payment bond for 100% of the contract price; or
 - (ii) separate performance and payment bonds, each for 50% or more of the contract price; or
 - (iii) 20% cash escrow; or
 - (iv) a 25% irrevocable letter of credit.

8.8 Competitive Proposal Process

8.8.1 *Conditions for Use*

Competitive proposals (including but not limited to General Contractor/Construction Manager proposals, Design/Build proposals, and turnkey proposals for development) may be used where THA determines, in its sole discretion, that this method is likely to produce the greatest overall value for the THA.

In using competitive proposals, THA must solicit a number of qualified sources that it determines to be adequate for purposes of competition.

8.8.2 *Solicitation*

THA shall issue a Request for Proposals (RFP). *See* THA Form PPCI XXX. It shall clearly identify the relative importance of price and other evaluation factors and subfactors, including the weight given to each technical factor and subfactor. THA shall establish a mechanism for fairly and thoroughly evaluating the technical and price proposals before issuing the solicitation. THA shall handle proposals so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals. THA shall evaluate the proposals only on the criteria stated in the request for proposals.

8.8.3 *Negotiations*

Unless there is no need for negotiations with any of the offerors, THA shall negotiate with offerors who submit proposals and whom THA determines to have a reasonable chance of being selected for award, based on evaluation against the technical and price factors as specified in the RFP. THA shall accord such offerors fair and equal treatment with respect to any opportunity for negotiation and revision of proposals. The purpose of negotiations shall be to seek clarification with regard to and advise offerors of the deficiencies in both the technical and price aspects of their proposals, to assure full understanding of and conformance to the solicitation requirements, and to ensure that proposals provide maximum utility and value for THA. A common deadline shall be established for receipt of proposal revisions based on negotiations.

8.8.4 *Award*

After THA's evaluates proposal revisions, if any, it shall award the contract to the responsible firm whose qualifications, price, and other factors, in THA's sole discretion, are the most advantageous to THA.

8.8.5 *Qualification-Based Selection Process: Architect/Engineer Services*

Contracts for architect-engineer services, including contracts for those professional activities regulated under Chapters 18.08, 18.43, and 18.96 RCW (i.e., architects, engineers, land surveyors, and landscape architects), shall be made in accordance with the provisions of Chapter 39.80 RCW as set forth in this section. Qualifications-Based Selection procedures shall not be used to purchase other types of services even though architect-engineer firms are potential sources. THA shall use the following procurement method in soliciting and negotiating any contract for architect-engineer services:

- (a) THA shall contract for architect-engineer services by negotiating a contract for such services under the Qualifications-Based Selection method as specified in Chapter 39.80 RCW.
- (b) THA shall publish in advance the requirement for such services. The announcement shall state concisely the general scope and nature of the project or work for which the services are required and the address of a representative of THA who can provide further details. THA may comply with this publication requirement by: publishing an announcement on each occasion when architect-engineer services are required; or announcing generally to the public its projected requirements for any category or type of architect-engineer services.
- (c) THA shall encourage architect-engineer contractors to submit annually a statement of qualifications and performance data. THA shall evaluate current statements of qualifications and performance data on file, together with those that may be submitted by other architect-engineer contractors regarding a proposed project, and shall conduct discussions with one or more firms regarding anticipated concepts and the relative utility of alternative methods of approach for furnishing the required services.
- (d) Under the Qualifications-Based Selection method, THA shall request technical qualifications statements from prospective architect-engineer contractors. THA shall evaluate the contractors' qualifications and, in its sole discretion, rank the contractors technically. THA will then negotiate with the top-rated contractor to reach agreement on a fair and reasonable price for the solicited services. If agreement cannot be reached with the top-rated contractor, THA will negotiate with the next highest rated contractor, and so on until a fair and reasonable price is obtained or the process is terminated. At its sole discretion, THA may elect to contract with more than one architect-engineer contractor.

- (e) If there are fewer than three architect-engineer contractors to be evaluated for a proposed project, the THA shall analyze and document the reasons for the limited number of contractors. Depending on the results of the analysis, the THA may either issue a revised solicitation or proceed to evaluate the eligible architect-engineer contractor(s)
- (f) THA will use the following evaluation factors in ranking architect-engineer contractors under the Qualifications-Based Selection method:
 - (1) evidence of the architect-engineer contractors' ability to perform the work, as indicated by profiles of the principals' and staff's professional and technical competence and experience and their facilities;
 - (2) capability to provide professional services in a timely manner;
 - (3) evidence that, where design work is involved, the architect-engineer contractor is currently registered in the State of Washington and carries Errors and Omissions insurance (if a architect-engineer contractor does not carry Errors and Omissions insurance, then any such contractor is disqualified from competition for the contract);
 - (4) past performance in terms of cost control, quality of work, and compliance with performance schedule;
 - (5) demonstrated knowledge of local building codes;
 - (6) projected ability to further the purposes of this policy, including the purposes related to hiring of low-income persons, use of small businesses, business owned by low-income persons and MWBE firms, and
 - (7) other factors determined to be appropriate by the THA.

8.8.6 *Procurement of Electronic Data Processing and Telecommunications Equipment: Competitive Negotiation Process*

Pursuant to RCW 39.04.270, the THA may acquire electronic data processing or telecommunications equipment, software, or services through competitive negotiation rather than through competitive bidding. “Competitive Negotiation” shall include, as a minimum, the following requirements:

- (a) THA shall prepare a Request for Proposal. See THA Form PCI XXX. It shall submit it to an adequate number of qualified sources, as THA may, in its sole discretion, determine to permit reasonable competition consistent with the requirements of the procurement. THA shall publish the notice of the request for the proposal in a newspaper of general circulation in THA’s area of operation at least thirteen days before the last date upon which proposals will be received. The request for proposal shall identify significant evaluation factors, including price, and their relative importance.
- (b) The THA shall provide reasonable procedures for technical evaluation of the proposals received, identification of qualified sources, and selection for awarding the contract.
- (c) The award shall be made to the qualified bidder whose proposal, in THA’s sole determination, is most advantageous to THA with price and other factors considered. THA may in its sole discretion reject any and/or all proposals and request new proposals.

8.9 General Contractor/Construction Manager (GC/CM) Procurements

8.9.1 Use of GC/CM

The THA may use the general contractor/construction manager procedure of contracting for construction projects when it, in its sole discretion, determines that:

- (a) Implementation of the project involves complex scheduling requirements; or
- (b) The project involves construction at an existing facility which must continue to operate during construction; or
- (c) The involvement of the general contractor/construction manager during the design stage is critical to the success of the project.

8.9.2 Process

- (a) THA shall award contracts for the services of a general contractor/construction manager under this section through a competitive process, initiated by a public solicitation of proposals for general contractor/construction manager services.
- (b) The public solicitation of proposals shall include:
 - (1) A description of the project, including programmatic, performance, and technical requirements and specifications when available;
 - (2) the reasons for using the general contractor/construction manager procedure;
 - (3) a description of the qualifications to be required of the offeror;
 - (4) a description of the evaluation and selection process, including evaluation factors and the relative weight of factors;
 - (5) the form of the contract to be awarded;
 - (6) the estimated maximum allowable construction cost; and,
 - (7) the bid instructions to be used by the general contractor/construction manager finalists.

8.9.3 *Factors in the Evaluation of Proposals*

THA shall evaluate proposals for GC/CM based upon its determination of which proposal best serves the interests of THA. In making this evaluation, THA shall use factors that include, but shall not be limited to, the following:

- (a) Proposal Price;
- (b) Qualifications of professional personnel;
- (c) Past performance in negotiated and complex projects,
- (d) Ability to meet time and budget requirements;
- (e) Scope of work the general contractor/construction manager proposes to self-perform and its ability to perform it;
- (f) Location and availability of the firm;
- (g) Current and projected work loads of the firm; and
- (h) Projected ability to further the purposes of this policy, including the purposes related to hiring of low-income persons, use of small businesses, business owned by low-income persons and MWBE firms.
- (i) The nature, scope, and quality of the proposal.

After evaluating the proposals, the Contracting Officer shall select the finalists he or she determines to be the most qualified finalists and request from them submission of final proposals, to include final cost and fee. The Contracting Officer shall select the firm submitting the highest scored final proposal using the evaluation factors and the relative weight of factors published in the public solicitation of proposals.

8.9.4 *Guaranteed Maximum Price Negotiation*

The Contracting Officer may negotiate with the selected firm for the guaranteed maximum price for the project after the scope of the project is adequately determined to establish a guaranteed contract cost for which the general contractor/construction manager will provide a performance and payment bond for 100% of the contracted amount. The guaranteed maximum price contract includes the fixed amount for the detailed specified general conditions work, the negotiated maximum allowable construction cost, the percent fee on the negotiated maximum allowable construction cost, and sales tax.

If the Contracting Officer is unable to negotiate a satisfactory guaranteed maximum price with the firm selected, negotiations with that firm may be terminated and the Contracting Officer may negotiate with the next highest scored firm and continue until an agreement is reached or the process is terminated.

8.9.5 *Subcontract Work*

The GC/CM shall procure subcontract work through the method deemed by the Contracting Officer to provide the greatest overall value to the

THA. The Contracting Officer may consult with the general contractor/construction manager to determine subcontractor bidding eligibility for the project.

8.10 Design/Build Procurements

8.10.1 Use of Design/Build

The THA may use the Design/Build procedure for construction projects when it, in its sole discretion, determines that:

- (a) The construction activities or technologies to be used are highly specialized and a design-build approach is critical in developing the construction methodology or implementing the proposed technology; or
- (b) The project design is repetitive in nature and is an incidental part of the installation or construction; or
- (c) The utilization of the design-build procedure will provide the greatest overall value to the THA for the project at issue.

8.10.2 Request for Proposal

THA shall award contracts for Design/Build services through a competitive process utilizing public solicitation of proposals for design-build services. The request for proposal documents shall include but not be limited to:

- (a) A detailed description of the project including programmatic, performance, and technical requirements and specifications, functional and operational elements, minimum and maximum net and gross areas of any building, and, at the discretion of the THA, preliminary engineering and architectural drawings;
- (b) The maximum allowable construction cost;
- (c) The reasons for using the design-build procedure;
- (d) A description of the qualifications to be required of the offeror;
- (e) A description of the process used to evaluate qualifications and proposals, including evaluation factors and the relative weight of factors.
- (f) The form of the contract to be awarded; and
- (g) Other information relevant to the project.

8.10.3 Evaluation factors shall include but not be limited to:

- (a) Proposal price;
- (b) Qualifications of professional personnel;
- (c) Past performance in negotiated and complex projects;
- (d) Ability to meet time and budget requirements;
- (e) Scope of work the general contractor/construction manager proposes to self-perform and its ability to perform it;
- (f) Location and availability of the firm;
- (g) Current and projected work loads of the firm;
- (h) Projected ability to further the purposes of this policy, including the purposes related to hiring of low-income persons, use of small businesses, business owned by low-income persons and MWBE firms, and
- (i) The nature, scope, and quality of the proposal.

8.10.4 Evaluation Process

THA shall award the Design/Build contracts using the following procedures:

- (a) Best and final proposals shall be evaluated and scored based on the factors, weighting, and process identified in the initial request for proposals.
- (b) The Contracting Officer may score the proposals using a system that measures the quality and technical merits of the proposal on a unit price basis.
- (c) The Contracting Officer shall initiate negotiations with the firm submitting the highest scored best and final proposal.
- (d) If the Contracting Officer is unable to execute a contract with the firm submitting the highest scored best and final proposal, negotiations with that firm may be suspended or terminated and the Contracting Officer may proceed to negotiate with the next highest scored firm, and continue with this procedure until a contract agreement is reached or the selection process is terminated.
- (e) If the Contracting Officer determines that all finalists are capable of fulfilling project requirements, the contract shall be awarded to the firm that submits the responsive best and final proposal that, in THA's sole discretion, provides the greatest overall value to the THA.

- (f) The THA may, in its sole discretion, reject all proposals.

8.10.5 Performance and Payment Bond

The firm awarded the contract shall provide a performance and payment bond for the contracted amount.

8.11 Legal Services

All THA procurements of legal services that are funded in whole, or in part, with HUD grant funds subject to 2 CFR §200.317 through §200.326 ~~24 CFR part 85 (e.g., Operating Fund subsidies and Capital Fund)~~ shall be made in accordance with the provisions of this section. In its discretion, THA may also use this process for procurements of legal services on other occasions.

NOTE: This section does not pertain to the procurement of counsel for legal services paid for by insurance carriers or similar arrangements.

8.11.1 Standards for Legal Services Procurements

- (a) Procurement of legal services that will be paid for with HUD funds are subject to the requirements set forth in 2 CFR §200.317 through §200.326 ~~24 CFR Part 85, “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,” in particular, 24 CFR § 85.36.~~
- (b) ~~The In accordance with 24 CFR § 85.22, the~~ costs of legal services incurred under HUD grants (including those obtained under contract) must be reasonable and necessary. ~~Section 85.22(b) incorporates the Office of Management and Budget (OMB) Circular A-87, which contains a set of cost principles that must be used for determining the allowability of legal costs incurred under Federal grants and provides guidance in their use.~~
- (c) Contracts for litigation services must also meet the requirements of the HUD Litigation Handbook 1530.1 REV-5 dated May 18, 2004 (the “Litigation Handbook”).

8.11.2 Methods of Procurement

~~24 CFR Section 85.36(d) permits THA to use all of the following contracting methods for procuring legal services and~~ THA shall choose the method of procurement which, in its sole discretion, is most reasonable and advantageous based on the particular legal services need.

- (a) Small procurement procedures, for services that do not cost more than \$150,000.

- (b) Sealed bids. This method is normally not appropriate for securing legal services, and may only be used when it is possible to quantify the costs of the required services (e.g., number of hours) to permit the submission of firm bids and award a firm fixed-price contract to the lowest responsive and responsible bidder considering only price and price-related factors.
- (c) Competitive proposals. This method is generally preferred when procuring professional services. If this method is used, the conditions in 2 CFR §200.317 through §200.326 ~~24 CFR § 85.36(d)(3)~~ must be followed.
- (d) Noncompetitive proposals. This method may only be used when the other methods of procurement are not feasible. 2 CFR §200.320. ~~and the circumstances described in 24 CFR § 85.36(d)(4) are applicable~~ (e.g., legal services are available from only a single source; public exigency or emergency for the requirements will not permit a delay resulting from competitive solicitation; after solicitation of a number of sources, competition is determined inadequate; or HUD authorizes the use of noncompetitive proposals.)
- (e) Time and Materials Contracts. Legal services can be procured on an hourly basis using time-and- materials (or “labor- hour”) contracts. This type of contract should only be used after it is determined that no other contract is suitable; and, if the contract includes a ceiling price that the contractor exceeds at its own risk.

8.11.3 *Contracts for Litigation Services*

- (a) Except when involved in litigation where THA is acting as a section 8 private developer, THA must submit to HUD Regional Counsel for prior written concurrence any litigation service contract where the fee is expected to exceed \$~~150~~1,000 with a private attorney involving a THA program, project, or activity receiving loan, grant or other subsidy assistance from HUD.
- (b) Such contracts shall make provision for reasonable fees and reimbursement of necessary expenses. If additional funding or budget revision will be required to cover the cost of litigation services, THA shall consult HUD Field and Regional Offices staff.
- (c) THA shall ensure that the dollar amount of the legal services contract does not exceed the rates prevailing in the same or similar localities for the same or similar services, unless special

circumstances that require payment of a higher amount are demonstrated.

8.11.4 Contract Addendum – Legal Services Protocol

Legal services procurement contracts shall incorporate the Legal Services Protocol Addendum referenced in this Policy, unless no federal funds are involved in the contract.

8.12 Noncompetitive Proposals

8.12.1 Conditions for use

Procurements shall be conducted competitively to the maximum extent possible. THA may use noncompetitive procurement only when, in THA's sole discretion, the award of a contract is not feasible using small procurement procedures, sealed bids, or competitive proposals, and one of the following applies:

- (a) The item is available only from a single source, based on a good faith review of available sources;
- (b) An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to the THA, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any other procurement methods, and the emergency procurement shall be limited to those supplies, services, or construction necessary to meet the emergency;
- (c) HUD authorizes the use of noncompetitive proposals;
- (d) Purchases involving special facilities or market conditions as provided under RCW 39.04.280(1)(b);
- (e) Purchases of insurance or bonds as provided under RCW 39.04.280(1)(d); or
- (f) After solicitation of a number of sources, competition is determined inadequate.

8.12.2 Justification

Each procurement based on noncompetitive proposals shall be supported by a written justification for using such procedures. The justification shall be approved in writing by the Contracting Officer.

8.12.3 *Price reasonableness*

The reasonableness of the price for all procurements based on noncompetitive proposals shall be determined by performing a cost analysis, as described in Section 8.13 of this Policy.

8.13 **Cost And Price Analysis**

8.13.1 *General*

THA shall analyze the cost or price of all procurement actions, including contract modifications. The various methods of analysis are set forth below. THA, in its sole discretion, shall determine the degree of analysis by considering the facts surrounding each procurement.

8.13.2 *Submission of Cost or Pricing Information*

If the procurement is based on noncompetitive proposals, or when only one offer is received, or for other procurements as deemed necessary by the THA (e.g., when contracting for professional, consulting, or architect/engineer services) THA shall require the offeror to submit the following:

- (a) a cost breakdown showing projected costs and profit;
- (b) commercial pricing and sales information, sufficient to enable the THA to verify the reasonableness of the proposed price as a catalog or market price of a commercial product sold in substantial quantities to the general public; or
- (c) documentation showing that the offered price is set by law or regulation.

8.13.3 *Cost Analysis*

THA shall analyze costs if an offeror/contractor is required to submit a cost breakdown as part of its proposal. When a cost breakdown is submitted: THA shall analyze the individual cost elements. THA shall have a right to audit the contractor's books and records pertinent to such costs; and profit shall be analyzed separately. Costs shall be allowable only to the extent that they are consistent with applicable federal cost principles under 2 CFR §200, Subpart E—Cost Principles. ~~(for commercial firms, Subpart 31.2 of the Federal Acquisition Regulation, 48 CFR Chapter 1).~~ In establishing profit, THA shall consider factors such as the complexity and risk of the work involved, the contractor's investment and productivity, the amount of subcontracting, the quality of past performance, and industry profit rates in the area for similar work.

8.13.4 Price Analysis

THA shall compare prices in all cases other than those described in paragraph 8.13.3 above.

8.13.5 Project Cost Savings

- (a) After the award of contracts for construction and throughout the term thereof, THA shall encourage close cooperation between the project owners, contractors, architect, and other project participants to identify and implement cost savings opportunities (such as, without limitation, purchase versus rental of equipment, resale of temporary materials or surplus or recyclable consumables, value analysis of and selection of building systems and materials and equipment and component systems and construction means and methods, scheduling, energy conservation, operation and maintenance, first cost, life cycle cost, quality, constructability, and product availability).
- (b) As part of their contractual responsibilities, contractors may be requested to provide such value engineering services on an ongoing basis, including without limitation conducting formal value engineering workshops at regularly-scheduled times with appropriate members of the project team (e.g. Owners, architect, and other project participants). Contractors may further be requested to involve their subcontractors in this value engineering process as appropriate to achieve maximum cost-effectiveness and progress efficiencies during the course of construction.

8.14 Cancellation Of Solicitations

8.14.1 Prior To or After Deadline For Bids

THA may cancel an invitation for bids, request for proposals, or other solicitation before offers are due if, in THA's sole discretion, it determines that it no longer requires the supplies, services or construction, it can no longer reasonably expect to fund the procurement, proposed amendments to the solicitation would be of such magnitude that a new solicitation would be desirable; or the best interest of the THA requires cancellation (based on a sound documented reason).

8.14.2 Bids In Excess Of Budget

If all otherwise acceptable bids received in response to an invitation for bids are at unreasonable prices, or only one bid is received and the price is unreasonable, THA shall cancel the solicitation and either:

- (a) resolicit using a request for proposals; or
- (b) complete the procurement by using the competitive proposals method, following the procedures set forth in Section 8.8 above

(when more than one otherwise acceptable bid has been received), or by using the noncompetitive proposals method set forth in Section 8.12 above (when only one bid is received at an unreasonable price); provided, that the Contracting Officer determines in writing that such action is appropriate, all bidders are informed of the THA's intent to negotiate, and each responsible bidder is given a reasonable opportunity to negotiate.

8.14.3 Notice of Cancellation

A notice of cancellation shall be sent to all offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any resolicitation or future procurement of similar items.

8.14.4 Nothing in this section shall impair the absolute right and discretion of the THA to cancel a procurement entirely or in part if cancellation is deemed to be in the best interest of the THA.

8.15 Intergovernmental Agreements For Cooperative Purchasing

8.15.1 Use of Intergovernmental Agreements

The THA may enter into state and local intergovernmental agreements to purchase or use common goods and services. The decision to use an intergovernmental agreement or conduct a direct procurement shall be based on economy, efficiency, and the needs and best interests of the THA.

8.15.2 Contents of Cooperative Purchasing Agreements

If used, the intergovernmental agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment, and other relevant terms and conditions. Any cooperative purchasing agreement should address following areas

- (a) identification of parties;
- (b) effective date;
- (c) any prohibition on displacement of public employees;
- (d) basic purpose of the agreement;
- (e) procedures for providing lists of needed items;
- (f) description of items to be purchased;
- (g) identification of lead party for procurement;
- (h) rules to be followed in procurement (e.g., State procurement regulations as set forth under Chapter 43.19 RCW);
- (i) delivery terms;
- (j) type of contract (e.g., definite or indefinite quantity);
- (k) warranty terms;

- (l) any fees to be paid to lead party;
- (m) procedures for resolving disputes with contractors;
- (n) any provisions for meetings on specification issues;
- (o) non-exclusivity clause (i.e., right to conduct separate procurements, notwithstanding the existence of a cooperative purchasing agreement); and
- (p) authorized signatures and titles.

8.15.3 Federal and State Excess and Surplus Property

THA may use federal or state excess and surplus property instead of purchasing new equipment and property whenever such use is feasible and reduces project costs.

8.16 Authority to Sign Procurement Documents and Contracts

Only the Contract Officer, or his or her designate, has the authority to sign procurement documents and contracts.

8.17 Contract Management

THA shall administer each contract to ensure maximum value and efficiency for THA. As part of the ongoing commitment to process improvement and quality within the organization, THA personnel responsible for contracting shall manage and monitor contracts utilizing best practices for a given procurement and incorporating the procedures set forth in this section

8.17.1 Procurement Coordinator [Reserved]

8.17.2 Contract Management Roles & Responsibilities

- (a) For each contract, the Executive Director or authorized delegate shall designate a specific individual as its Contract Manager.
- (b) The Contract Manager shall be responsible for implementation of this policy and for all contract management activities, either directly or by overseeing the work of others, including the development and maintenance of contract files and records.

8.17.3 Contract Management Tools

- (a) The Contract Manager shall document key contract data and contractual requirements in the THA contracts database.
- (b) Key contract data that shall be tracked includes:
 - (1) Contract Start and End Dates

- (2) Contract deadlines, including those for performance, renewal, and termination;
 - (3) Contract Amount and Expenditures
 - (4) Contractor Personnel
 - (5) Contract Deficiencies
 - (6) Contract Deliverables and Services, including:
 - (i) Deliverable Due Date/Required Milestones
 - (ii) Deliverable Submittal Date
 - (iii) Acceptance or Rejection Date
 - (iv) Rationale for Rejection, if applicable
 - (7) Potential and actual withholds, claims, and/or liquidated damages, if applicable.
- (c) For contracts involving construction, the Contract Manager shall maintain a project file composed of the following sections:
- (1) Index/fact sheets/checklist/schedules
 - (2) Predesign/planning correspondence
 - (3) Consultant selection/award
 - (4) Consultant selection/award
 - (5) Consultant payment/agreements
 - (6) Design correspondence
 - (7) Right of way/legal descriptions/easements
 - (8) Environmental review and permits
 - (9) Special studies
 - (10) Bonding/financing
 - (11) Estimates, calculations and sketches
 - (12) Grant and loan correspondence/payments receipts
 - (13) Specifications, project manual
 - (14) Bids
 - (15) Contracts and Modifications/Addenda
 - (16) Insurance certificates
 - (17) Notice to proceed
 - (18) Construction correspondence
 - (19) Contractor payments
 - (20) Change orders
 - (21) Force account records
 - (22) Certified payroll//affidavit of wages
 - (23) Weekly statement of working days
 - (24) Material sources/approvals/material testing
 - (25) Material quantities ledger/delivery tickets/scaleman's reports

- (26) Operation and maintenance manuals
- (27) Punchlists
- (28) Final project close out/acceptance/warranties

Contract Managers may supplement this list with additional sections as appropriate for a given project.

8.17.4 Contractor Orientation

- (a) Prior to the beginning of the contract period, the Contract Manager shall inform contractors of the specific administrative procedures the contractor is to follow in dealing with THA, including invoicing, deliverable submission, status reporting, and administrative requirements.
- (b) The Contract Manager shall provide the contractor an orientation to the most efficient means of coordinating with THA for contract requirements, including the processes to be followed for communication, meeting scheduling, and document management.

8.17.5 Contract Tracking and Oversight

- (a) The Contract Manager shall oversee the execution of the contract and shall monitor the contract requirements for compliance and completion.
- (b) The contractor's project plan and the contract shall be used as the basis for overseeing the progress of the contract.

8.17.6 Deliverable Management

- (a) The Contract Manager shall track all planned and actual contractor deliverables and services, including their due dates and actual submission dates.
- (b) Where appropriate, evaluations shall be performed on in-progress work and provided to the contractor.
- (c) The Contract Manager shall facilitate the review and evaluation of all contractor deliverables and services to ensure the appropriate requirements have been met (as documented in the solicitation document and/or contract.) Actual review and evaluation of contractor deliverables and services may be conducted by other project staff, who will recommend to the Contract Manager whether the specific deliverable/service should be approved or rejected.

- (d) The decision to accept or reject a deliverable shall be made based on the results of the evaluation and compliance with the specified requirements.

8.17.7 Invoice Management

- (a) The Contract Manager shall coordinate with the appropriate project team members (e.g. architects, inspectors, finance officers) to ensure contractor invoices are only paid if the deliverable(s) and/service(s) for the invoiced period have been received and approved.
- (b) The Contract Manager shall track all expenditures and financial penalties associated with the contract.
- (c) The Contract Manager shall retain all supporting documentation associated with the invoices for historical and auditing purposes.

8.17.8 Performance Management

- (a) The Contract Manager shall meet periodically (or as set forth in the contract) with the contractor to discuss performance and expectations to date on the contract.
- (b) The Contract Manager shall track the actual cost and schedule values against the budgeted cost and schedule from the contractor's plan.
- (c) If it is determined during the course of the contract that the actual values for cost or schedule vary from the budget by more than 10 percent, the Contract Manager shall discuss with the contractor the reason for the variance and determine if corrective actions are warranted.
- (d) If the products or services are not approved or if contractor performance is not meeting expectations, the Contract Manager shall discuss with the contractor the corrective actions required to address the issue.
- (e) The Contract Manager shall monitor and track the results of contractor corrective actions and report monthly to the Project Manager if the actions are achieving the desired results.

8.17.9 Contract Change Control

- (a) Changes to the contract (including but not limited to changes to the scope of work, contract dates, contract cost, or contract terms) require a contract amendment.

- (b) Amendments shall be made in writing and processed through the appropriate procedures dictated by the contract.
- (c) Changes to contractor personnel shall be handled via the process described in the contract.
- (d) Clarifications to tasks and work products already described in the solicitation document shall be documented in a Work Order, in accordance with the procedures included in the solicitation document.

8.17.10 *Contract Closeout*

- (a) When a contract is complete or is terminated, the Contract Manager shall complete a written evaluation of the contractor's performance.
- (b) The Contract Manager shall audit the contract files to ensure all deliverables and services have been received and that all work has been approved prior to authorizing payment for the final invoice.

9. THA's Intent to Comply

9.1 General

THA has established this Procurement Policy, maintains a procurement system, supporting policies and procedures with the intent to comply with all applicable federal regulations and, as such, THA is exempt from prior HUD review and approval of individual procurement action, subject to 2 CFR §324.

END OF PROCUREMENT POLICY

Attachment A – Federal Clauses

- Contracts for more than the Simplified Acquisition Threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- All contracts in excess of \$10,000 must address termination for cause and for convenience by THA, including the manner by which it will be effected and the basis for settlement.
- Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
- Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded THA must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. THA must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. THA must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. THA must report all suspected or reported violations to the Federal awarding agency.
- Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by THA in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR

Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

- Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
- (G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires THA to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not, and has not, used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

DRAFT



TACOMA HOUSING AUTHORITY

WALK-ON RESOLUTION

**THA BOC Resolution 2016-12-14 (11)
Hilltop Lofts Authorizing LIHTC Application**



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (11)

Date: December 14, 2016
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Development of 1120/1124 MLK Jr Way (Hilltop Lofts)

Purpose

The purpose of this resolution is to authorize Tacoma Housing Authority's (THA) Executive Director to:

1. Form a limited liability limited partnership (Hilltop Lofts LLLP);
2. Prepare, execute and submit to the Washington State Housing Finance Commission any agreements and other documents necessary to secure the proper approval of the LLLP's use of low income housing tax credits for the project;
3. Execute, deliver and/or file, on behalf of the Authority in its own behalf and in its capacity as the LLLP's general partner, as applicable, any other affidavits, certificates, letters, government forms, documents, agreements and instruments that the Executive Director determines to be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein and/or in connection with the application for low income housing tax credits or other financing for the project; and
4. Expend such funds as may be necessary to be paid by the Authority in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

Background

THA is in the process of developing a new financing and redevelopment plan for 1120 and 1124 MLK Jr Way known as Hilltop Lofts. Financial options are being considered to develop new affordable units. These parcels are under a joint development agreement with the City of Tacoma. Staff expects that the new units will be affordable to households with incomes between 30% and 60% of area median income. The unit breakdown is proposed to be one and two bedroom units

located in a single mid-rise elevator building. Approximately 3600 square feet is being planned for commercial retail.

THA expects to lease the land and improvements to the LLLP for up to 99 years.

The financing structure is expected to include, but not limited to, the following sources of funding: tax credit equity, City of Tacoma funds, private debt, bonds and THA funds.

Recommendation

Authorize THA's Executive Director to approve, execute and deliver all documents necessary to assume the role of the LLLP's general partner.



TACOMA HOUSING AUTHORITY

RESOLUTION 2016-12-14 (11) **(Development of 1120/1124 MLK Jr Way (Hilltop Lofts))**

A **RESOLUTION** of the Housing Authority of the City of Tacoma authorizing (i) the formation of a limited liability limited partnership of which the Authority will be the sole general partner in connection with the acquisition, construction and operation of an affordable multifamily rental housing project located at 1120 and 1124 MLK Jr Way in the City of Tacoma, Washington; (ii) the submission of applications for funding and credit enhancement for such housing project; and (iii) the disposition by sale or lease of all or portions of the project site to the partnership; and providing for other matters properly related thereto.

WHEREAS, The Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the "City"); and

WHEREAS, The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) "prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof" (RCW 35.82.070(2)); (ii) "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project" (RCW 35.82.070(5)); (iii) "make and execute contracts and other instruments, including but not limited to partnership agreements" (RCW 35.82.070(1)); (iv) "delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper" (RCW 35.82.040); and (v) "make . . . loans for the . . . acquisition, construction, reconstruction, rehabilitation, improvement, leasing, or refinancing of land, buildings, or developments for housing persons of low income" (RCW 35.82.070(18)); and

WHEREAS, The phrase "housing project" is defined by RCW 35.82.020 to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income"; and

WHEREAS, The Authority expects to develop an affordable multifamily rental housing project consisting new dwelling units, to be located at 1120 and 1124 MLK Jr Way in the City of Tacoma (the "Project"). The total financing for the project will require the use of various funding sources, which may include low-income housing tax credits, the issuance of tax-exempt bonds, loans from public and private lenders, and/or grants. Certain of those sources will require the creation of a limited liability limited partnership or limited liability company to maximize the benefits and minimize the risks to the Authority; and

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

WHEREAS, Based on its consideration of the funding sources available for the Project, the need for affordable housing in the City, and other matters, the Authority's Board of Commissioners (the "Board") has deemed it necessary to proceed with the transactions described in this resolution; now, therefore, be it

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

1. The Authority is authorized to: (i) participate in the formation of, and become the sole general partner in, a Washington limited liability limited partnership (the "Partnership"), which Partnership shall have an initial limited partnership agreement (the "Partnership Agreement") and a certificate of limited partnership (the "Certificate of Limited Partnership") substantially in the forms on file with the Authority's Executive Director (the "Executive Director"), with such changes as the Executive Director may deem necessary or advisable (and not inconsistent with the terms of this resolution). The Board intends that the Partnership will develop the Project and receive low income housing tax credits in connection therewith.
2. The Executive Director and his designee (each, an "Authorized Officer" and, together, the "Authorized Officers"), and each of them acting alone, are authorized on behalf of the Authority to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, and cause the Authority to perform its duties under, the Partnership Agreement, the Certificate of Limited Partnership, all such forms, certificates, applications and other documents that are necessary to form the Partnership; (ii) approve any changes to the Partnership Agreement and the Certificate of Limited Partnership, including any material changes, that any Authorized Officer may deem necessary or advisable (and not inconsistent with the terms of this resolution); (iii) determine the name of the Partnership (it being understood that the words "Court F" should appear in the name to the greatest extent feasible); and (iv) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein. The Authority's Executive Director is delegated the authority to cause, in his discretion, the Partnership to be created as a Washington limited liability company, in which case all references in this resolution to limited liability limited partnership, partnership agreement, general partner, limited partner, and certificate of limited partnership shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, and certificate of formation, respectively.
3. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership's general partner) to: (i) apply for, and enter into contracts relating to, such funding for the Project as they deem necessary or desirable, including without limitation public and/or private sector financing, an allocation of private activity bond volume cap from the Washington State Department of Commerce (if it is determined that tax-exempt bonds should be issued to finance the Project), Washington State Housing Trust Fund grant(s) and/or loans(s), and other federal, state and local funds; (ii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development in connection with such funding; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply to the Washington State Housing Finance

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

4. The Authorized Officers, and each of them acting alone, are hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in their discretion to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, a development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.
5. The Authority is authorized to expend such funds as may be necessary to be paid by the Authority in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. To the extent any fees or predevelopment costs are incurred and payable by the Partnership prior to the time the

Authority enters into a formal loan agreement, the Authority may lend up to \$1.5 million to the Partnership to pay such costs, with the loan bearing interest at such rate that the Executive Director determines, in his discretion (which may be 0% *per annum*).

6. Any action required by this resolution to be taken by the Executive Director of the Authority may, in his absence, be taken by the duly authorized acting Executive Director of the Authority.
7. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
8. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: December 14, 2016

Dr. Arthur C. Banks, Chair