



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

November 15, 2017



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

BOARD OF COMMISSIONERS

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

REGULAR MEETING Board of Commissioners

WEDNESDAY, November 15, 2017

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold its Regular Meeting on **Wednesday, November 15, 2017, at 4:45 pm.**

The meeting will take place at:

**2302 6th Avenue
Tacoma, WA 98403**

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

I, Sha Peterson, certify that on or before November 15, 2017, I faxed / EMAILED, PUBLIC MEETING NOTICE before:

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

and other individuals and organizations with residents reporting applications on file.

Sha Peterson
Executive Assistant



TACOMA HOUSING AUTHORITY

AGENDA

REGULAR BOARD OF COMMISSIONERS MEETING

November 15, 2017 4:45 PM

2302 6th Avenue, Tacoma, WA 98403

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
 - 3.1 Minutes of October 25, 2017—Regular Meeting
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	2017-11-15 (1)	Proposed Revisions to THA Administrative Plan and ACOP
9.2	2017-11-15 (2)	Alberta J Canada, Lender Selection and Negotiations
9.3	2017-11-15 (3)	Alberta J Canada, Investor Selection and Negotiations
9.4	2017-11-22 (4)	Crisis Residential Center Development on Arlington Property
9.5	2017-11-15 (5)	Alberta J Canada, General Contractor Contract
9.6	2017-11-15 (6)	Alberta J Canada, Closing With Investor Limited Partner
9.7	2017-11-15 (7)	Alberta J Canada, Bond Issuance Resolution
9.8	2017-11-15 (8)	Authorization for Acquiring New Insurance Coverage from Philadelphia Insurance Companies
9.9	2017-11-15 (9)	Addition of 20 PBVs to the Harborview Manor HAP Contract
9.10	2017-11-15 (10)	Salishan FIC & Maintenance Shop Renovations
10. **COMMENTS FROM THE COMMISSIONERS**
11. **EXECUTIVE SESSION**
 - 11.1 Potential Real Estate Purchase
12. **ADJOURNMENT**



TACOMA HOUSING AUTHORITY

MINUTES



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, October 25, 2017

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at Bergerson Terrace, 5303 S. Orchard Street, Tacoma, WA 98467 at 4:45 PM on Wednesday, October 25, 2017.

1. CALL TO ORDER

Chair Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:49 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
Chair Janis Flauding	
Vice Chair Minh-Anh Hodge	
	Commissioner Arthur Banks
Commissioner Stanley Rumbaugh (arrived late at 5:09 pm)	
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
Frankie Johnson, Property Management Director	
Kathy McCormick, Real Estate Development Director	
	Greg Claycamp, Client Services Director (Associate Director Julie LaRocque represented Client Services)
Sandy Burgess, Interim Director for AD & Asset Management Director	

Chair Flauding declared there was a quorum present @ 4:50 pm and proceeded.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Flauding asked for any corrections to or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, September 27, 2017. Vice Chair Hodge moved to adopt the minutes, Commissioner Young seconded.

Upon roll call, the vote was as follows:

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

Motion approved.

4. GUEST COMMENTS

There were no guest comments.

5. COMMITTEE REPORTS

Real Estate Development Committee—Commissioner Rumbaugh

Nothing to report.

Finance Committee—Vice Chair Hodge and Commissioner Young

Nothing to report.

Education Committee—Vice Chair Hodge

Nothing to report.

Citizen Oversight Committee—Commissioner Banks

Nothing to report.

6. COMMENTS FROM THE EXECUTIVE DIRECTOR

Executive Director (ED) Michael Mirra reported that the Housing and Urban Development (HUD) Office of the Inspector General will be visiting Tacoma Housing Authority (THA) to review the Rental Assistance Demonstration (RAD) project. This is a nationwide audit of randomly chosen RAD agencies.

He reviewed the continuing discussions with HUD about its interpretation of the statutory requirement that MTW agencies plan to serve “substantially the same” number of families that we would serve if we did not have MTW status. HUD assigns each MTW agency a baseline number of families. He recounted how HUD has defined this requirement to plan to serve “substantially the same” as that baseline to mean that we must serve 100% of that baseline. THA had been at 100% utilization until 2016. Then the local rental market took off. THA vouchers are now costing \$600,000 more every year as we try to keep up with the rising market. We do not see an end to this climb. As a result, in 2017, THA will probably come in at a 95% utilization rate.

The problem is that we have been at essentially flat Congressional funding for the past 5 years or so. The brutal arithmetic tells us that THA cannot serve the same number of households at increasing costs with flat funding.

We face four choices as we devise our 2018 budget:

- (1) THA can further lower the value of its vouchers (more ‘soup thinning’). THE did this in 2012 when the funding went flat in order to serve more families. Michael said he would not likely propose that we do any more soup thinning. Our vouchers are already having trouble keeping up with the market.
- (2) THA can give a preference on who gets its vouchers to favor higher-income families. Higher income families cost less to serve since they pay more of the rent out of their own pocket. Michael said that he was not likely to recommend this either. THA’s mission statement says we serve the neediest.
- (3) THA presently allocates about 10% of its MTW dollars to pay for support services, building and buying housing, the Education Project, administrative support like IT and backfilling Congress’s underfunding of the Voucher administrative fee. We could redirect that money to pay for rental assistance and serve more families. Michael said that we must always be mindful that when we spend money for these purposes other than rental assistance, while we serve families in other important ways, we leave other families on the voucher waiting list unserved. Michael said that his budget proposal will examine what shifts of money might be prudent for this pupose. However, he noted that he will not propose to redirect funds from the two main uses this coming year: building and buying property and the IT conversion. Both are essential and both face urgent time constraints. He also noted that cannabalizing THA’s other services and functions in this way would not be sustainable in a market that is costing us \$600,000 more each year to serve with vouchers. At some point, we would lose the ability to manage THA in a reasonable way.
- (4) We can face the arithmetic and acknowledge that THA cannot serve the same number of families at increasing costs with flat funding. So we should not try. Michael recounted his recent discussions in Washington, D.C. to find out whether THA risked a HUD “doghouse” if it planned to serve less than 100% of the HUD baseline. He conveyed the reassuring discussions with HUD officials and the Congressional delegation. It appears that there is no “doghouse” as long as THA explained its choices adequately.

Michael spoke about the 2018 budget process that will result in a proposal to the Board in December. Finance Director Shalik will be presenting budget choices to Commisisoners Hodge and Young and the board at various levels of utlization: 100%, 95% and 90%. For each, the proposal would outline the number of families each would have THA serve and what other services THA would cut.

Vice Chair Hodge and Commissioner Young noted that the risk from HUD seemed remote and that if there was a risk it would entail a long process before we get into trouble. Chair Flauding is comfortable in seeing what happens and feels that THA has such a high amount of community support that it will be okay. Finance Director Shalik noted that the situation would be different if congressional funding had kept up with the market, but it has been flat for the last five years. He also thinks that if THA stays at 90% utilization it will be okay. Commissioner Rumbaugh stated that it is impossible to keep utilization at 100%—the rents being charged in the market place are not going to go down so bringing down the value of vouchers is not going to help.

7. ADMINISTRATIVE REPORTS

Finance

Finance Department (FD) Director Ken Shalik directed the board to the Cash Position and Expense reports. He will provide the next detailed quarterly report at the November meeting. Finance is still working through the software conversion. Director Shalik does not see any challenges with the budget at this time and feels THA is in good cash position. Overall things are going well. THA will receive more money from the RAD development. It has already received \$1 million in developer fee for RAD, and will receive another \$500,000 for Bay Terrace 2.

Commissioner Rumbaugh moved to ratify the payment of cash disbursements totaling \$4,819,840 for the month of September 2017. Commissioner Young seconded.

Upon roll call, the vote was as follows:

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

Motion Approved.

Client Services

Client Services (CS) Director Greg Claycamp was not in attendance. Associate Director Julie LaRocque addressed the board on his behalf. Rental Assistance (RA) worked through the findings from the recent HUD audit for the Section 8 program. Director Claycamp will present the audit response to the board soon.

Property Management

Property Management (PM) Director Frankie Johnson reported that although PM's occupancy rate is at 97%, the average time it takes to turn a unit has doubled. She reviewed the numbers and explained the reasons for the increase. Chair Flauding and

Commissioner Rumbaugh are concerned with an apparently flawed process and that the waiting list seems to be the main problem: the time it takes to find and screen families and the high number of instances when a family declines a unit. Commissioner Young inquired about the characteristics of the units to find out why they were being turned down. Director Johnson responded that it depends on the individuals and their particular limitations. She added that there are now consequences in place for turning down units.

According to ED Mirra, one of the long-contemplated solution to this problem is getting rid of the waiting list. Commissioner Rumbaugh also stressed that in the market, people have unit availabilities and postings and interested parties apply. THA does this for its market units, according to Director Johnson. Chair Flauding and Commissioner Rumbaugh suggested posting the units on THA's website with the necessary qualifications. Michael said that staff will present its proposed waiting list solution to the Board shortly.

At a previous board meeting, a K Street tenant had concerns and questions regarding her building. Director Johnson reported that she met with that tenant and addressed all her concerns. Vice Chair Hodge appreciated the update regarding tenant concerns.

Real Estate Development

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

THA issued a Request for Proposal (RFP) to complete the work at New Look Apartments. Director McCormick said that bids came back a lot higher than budgeted. RED is in the process of doing value engineering and moving funds. She will present the final proposal to the Board at the November 15 meeting.

She recounted the issues with the roof on the mid-rise building of Bay Terrace Phase 2. Absher is replacing the roof.

THA closed on its purchase of Highland Crest on October 10. There were no problems. The Board discussed the rents we will charge and the balance between charging below market rents in some units to serve low-income households and to subsidize them and other THA services by charging market rents in other units.

Director McCormick reported that earlier in the day THA closed on its purchase of James Center North. She recounted the innovative financing for this purchase from the Enterprise Community Foundation and the Washington State Housing Finance Commission. THA hired a third party to manage the property. Director McCormick thinks THA will be able to fill the building.

Commissioner Rumbaugh inquired about the progress at Key Bank. According to Director McCormick, THA is finalizing the lease with Space Works. RED will start to redevelop Key Bank. THA must repay the state loan upon redevelopment.

8. OLD BUSINESS

None.

9. NEW BUSINESS

9.1 RESOLUTION 2017-10-25 (1) (Amend Foster Pepper PLLC Legal Services Contract)

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

WHEREAS, On March 14, 2017, THA entered into a Contract for Legal Services with Foster Pepper PLLC. The contract stipulates that each engagement under the contract will require a Letter of Engagement (LOE) detailing the Scope of Work and associated fees for services. Section 2.1 of the Contract also indicates that the contract amount “shall not exceed \$150,000 unless approved by the Board of Commissioners”; and

WHEREAS, The current LOE’s equal \$147,850.00; and

WHEREAS, THA has estimated an additional \$168,500 will be needed for the Legal Services contract; 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 Foster Pepper LLLP by \$168,500 for a total not-to-exceed of \$316,350.

Commissioner Rumbaugh motioned to approve the resolution. Vice Chair Hodge seconded the motion.

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

Motion Approved: October 25, 2017

Janis Flauding, Chair

9.2 RESOLUTION 2017-10-25 (2) (Authorization to Adopt New Procurement Policy)

A **RESOLUTION** concerning procurements conducted by tax credit and other legal business entities of which the Tacoma Housing Authority is either a member or partner

WHEREAS, The Housing Authority is a member and partner of several tax credit and other business entities that design, construct, and maintain affordable housing projects (“Separate Entities”); and

WHEREAS, The Housing Authority intends to confirm when Separate Entities are not required to follow the Housing Authority’s procurement policy; and

WHEREAS, even if not legally required to do so, the Housing Authority desires to provide some protections to employees of contractors of Separate Entities against substandard wages if feasible; now, therefore, be it

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

1. When Separate Entities develop affordable housing projects, and such projects are not designed, constructed, or maintained at the cost of Washington State, any municipality of Washington State (including the Housing Authority) or the federal government, the Separate Entity is not required to follow the Housing Authority’s existing procurement policy.
2. Even if not required by law, Separate Entities will endeavor to pay no less than the residential prevailing wage rate to laborers, workers, and mechanics, as published by the Department of Labor & Industries, on new construction projects, when in the Housing Authority’s sole and absolute discretion, the payment of such wages is feasible. The foregoing does not relieve Separate Entities of any obligation to pay any prevailing rate of wage required by law.
3. 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.
4. This resolution shall be in full force and effect from and after its adoption and approval.

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. 2017-10-25 (2) (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 October 25, 2017, 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 October 25, 2017.
HOUSING AUTHORITY OF THE CITY OF TACOMA

By: _____
Michael Mirra, Executive Director

Commissioner Young motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: October 25, 2017

Janis Flauding, Chair

10. COMMENTS FROM COMMISSIONERS

THA was awarded the 2017 AMOCAT Arts Patron Award for art projects at Bay Terrace. The AMOCAT Arts Awards honor the people and organizations that contribute to the community with a passion, innovation and commitment to the arts. Commissioner Young attended the event and received the award on behalf of THA. The event was well attended.

11. EXECUTIVE SESSION

The board went into executive session at 6:10 pm for nine minutes to discuss procurement. The board came back to regular session at 6:19 pm.

12. ADJOURNMENT

There being no further business to conduct the meeting ended at 6:20 PM.

APPROVED AS CORRECT

Adopted: November 15, 2017

Janis Flauding, 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: November 6, 2017
Re: Executive Director's Monthly Report

This is my monthly report for November 2017. It supplements the departments' reports.

1. **THA's 2018 BUDGET AND FURTHER SIGNS FROM HUD**

I write with updates on the 2018 THA budget proposal that I expect to present to the Board in December. Before then we will have a Board study session at Noon on Wednesday, November 29th. We will have more detail then. For now I recount the updates I reported in my November 5th email to the Board. I review them again below, with some further detail. The updates are good news.

Last Wednesday, Minh-Anh and Derek as the Board's Finance Committee met with Ken, April and me. We discussed the budget issue arising from HUD's expectation that THA will serve 100% of the HUD assigned baseline number of households. The Board's decision on what to do about this expectation is probably the most important budget direction staff needs from the Board. Minh-Anh and Derek gave us the direction we needed in order to present the matter to the full board.

Up to recently, THA has been able to serve 100% of the HUD baseline. Yet in recent years, Tacoma's rental market has risen sharply. In an effort to keep up, THA has increased the value of its vouchers. In 2016, THA's aggregate voucher costs increased by \$600,000 over 2015, just one year earlier. In 2017, costs have increased by *another* \$600,000. Even with this increase our utilization rates have lowered from 100% to about 95%, and we had to redirect dollars from other parts of our activities. We do not see an end to this accumulating increase as Tacoma's rental market continues to rise.

Here is a way to understand what various utilization rates means in 2018 in terms of budget and number of families served or unserved at *present* costs of vouchers plus the additional \$600,000:

Utilization Rate	Households Served	Cost of Vouchers	Reduction in Households Served/Costs Below 100%
100% of Baseline	4,300	\$34,461,465	-
95% of Baseline	4,085	\$33,132,765	215/\$1,328,700
90% of Baseline	3,870	\$31,804,065	430/\$2,657,400

In our discussions last Wednesday with Minh-Anh and Derek, we reviewed the four options available to us that the Board reviewed in October. These are the four options. Minh-Anh

and Derek directed us to focus on the fourth one:

(1) **Thin the Soup More**

THA can further lower the value of its vouchers (more 'soup thinning'). THE did this in 2012 when the congressional funding went flat. We did that in order to serve more families. Doing more soup thinning would cause its own problems. Our vouchers are already having trouble keeping up with the market. Even at present levels, 40% of families who get our vouchers, after waiting years for them, turn them back to us unused because they cannot find a landlord to rent to them. Reducing the voucher's value will make this problem worse.

(2) **Favor Higher Income Families**

THA can give a preference on who gets its vouchers to favor higher-income families. Higher income families cost less to serve since they pay more of the rent out of their own pocket allowing THA to pay less. This option, however, would clash with THA's mission statement says we serve the "neediest".

(3) **Redirect Money to Vouchers From Supportive Services, Development and Administration**

We could redirect to vouchers money that we spend on other needs. THA presently allocates about 10% of its MTW dollars to pay for supportive services, building and buying properties, the Education Project, administrative support like IT and backfilling Congress's underfunding of the Voucher administrative fee. I attach an updated chart showing these other uses and the families they leave unserved.

We could redirect that money to pay for rental assistance and serve more families. If we redirected all of this money to rent we could theoretically serve another 433 households. For this reason, we must always be mindful when we spend money for purposes other than rent. While doing that allows us to serve families in other important ways, we leave other families on the voucher waiting list unserved.

I will not propose that we redirect a significant amount of money from the three main uses this coming year. All of them are essential and directly pertinent to the success of the rental assistance program and the families who do get our rental assistance:

- *Building and Buying Property with reserves*

The imperative to build and buy new property has strengthened as Tacoma's rental market rises. It seems clear that the only housing in growing parts of Tacoma that will take our vouchers will be housing

that we own. We judge that we have a five-year window to build and buy as much as we can before the properties become unaffordable to THA. We judge that in that time the only affordable housing in these neighborhoods and their only notable measure of racial and economic integration will be what we and our partners now own or buy.

- *IT Conversion and other Administrative Functions*

We are deep into our software conversion. It has been challenging. We need to get this right. Getting it right is necessary to an efficient administration of the voucher program so it works for landlords and elicits their willingness to take our voucher. Getting it right will cost money.

We also spend money on other administrative functions that are important. For example, Congress gives us only 80% of what HUD calculates to be necessary to run the voucher program and the portfolio. We spend money to backfill this underfunding. Doing that maintains our standards of stewardship. This also helps us attract landlords to take our vouchers. It keeps our portfolio as nice places to live and keeps them as assets to their neighborhoods. This helps us build the community support we need for our work.

- *Supportive Services and the Education Project*

We spend money on supportive services and on THA's Education Project. These uses help our voucher holders find landlords and help them and are residents succeed as tenants. These services also help all our clients, as our mission statement directs, succeed as "parents, students, wage earners and builders of assets."

I believe these services are what makes THA more than a real estate developer, more than a landlord and more than a provider of rental assistance. These services are how THA shows the broader understanding of its job – not only to house people but also to help them and their communities succeed.

The challenge with funding these services is to understand what we get for a dollar's worth. Perhaps by nature, this value is hard to quantify. We have been trying to do that.

In general, we will examine the worth of all these expenditures. However, I do not see cutting them as a long-term solution to the rising rental costs of our voucher program. If we cannibalized ourselves to keep up with an additional \$600,000 each year in rental costs, at some point we would lose the ability to manage THA in a reasonable way.

(4) Lower Utilization Targets

Min-Anh and Derek directed staff to a fourth option: that we can face the arithmetic and acknowledge that THA cannot serve the same number of families at increasing costs with flat funding. They directed that in fashioning the 2018 budget, we aim for a 95% utilization rate.

On the next day cabinet meeting, Ken reported that this 95% utilization target will allow us to propose a budget to the Board that meets the Board's three main budget principles without notable cuts in services, initiatives, or staff:

(1) Recurring expenses must fit inside recurring income.

Recurring expenses must fit inside recurring income. We do not spend reserves on recurring expenses. (The characterization of whether an expense or income is recurring or non-recurring is imprecise. We will continue to rely on Ken's conservative judgement, which has served us very well.)

(2) We spend reserves on uses that save us money, make us money or make us stronger.

We spend reserves on uses that save us money, make us money, or make us stronger. As with last year, this year we will have two main uses of reserves:

- *Building and Buying Property*
We will continue to spend on building or buying properties. As the Board has discussed, we feel an urgency to do this in Tacoma's hot real estate market before land and properties become unaffordable.
- *Software Conversion*
We are still wrestling with the challenges of our software conversion. We need to get this right. Getting it right will require more money in additional, but temporary, staff and consultant support.

(3) Enough But Not Too Much in Reserves

Our reserves must meet the minimum levels that the Board has set. At the same time, those reserves should not exceed those levels by too much. The Board has designated optimal levels of reserves: enough but not too much.

Our proposed budget will leave us in December 2018 with reserves well above the Board's minimum levels. However, we will fall short of the Board's optimal reserve levels. Yet, I will ask the Board to judge this to be acceptable for two reasons. **First**, this year and the few years we are living through are unusual because of the urgency to buy property and to finish the software conversion. **Second**, in January 2019, we will receive a \$5 million payment from our RAD development. That will help to replenish our reserves. Because this \$ 5million will arrive in January 2019, it does not

feature in our 2018 budget. But we know it is coming the next month following the end of the budget year so it provides a reassurance that is hard to ignore.

Minh-Anh and Derek's decision to budget to a 95% utilization rate poses the question we have been asking ourselves: do we risk getting into HUD's doghouse for failure to meet HUD's requirement that we serve 100% of its baseline number. We judge that this risk is low for the following reasons:

(1) HUD Reassurance

HUD officials have told us that they understand our difficulty: that flat funding does not allow us to serve the same number of households at increasing costs. They said that they will accept a utilization rate lower than 100% if we explain it adequately. We will do that in a MTW plan amendment.

This reassurance comes from my informal talks with HUD officials in Washington, D.C. in October. Since then staff of our congressional offices informally inquired with HUD staff about what we risk from an underutilization. Len Simon's office conveyed their report from HUD officials of the same reassurance that we do not risk a penalty.

Also, all five our congressional offices are on call should we nevertheless need help to stay out of the doghouse or get out of it.

(2) Long Driveway to the Doghouse

As Derek notes, that even if there is a HUD doghouse, the driveway up to it is likely to be long, with no immediate or even mid-term consequences.

(3) Legal Challenges If Necessary

We have strong legal claims should they be necessary to challenge HUD's methodology. I recount them in my February 21, 2017 letter to HUD commenting on its proposed rulemaking on the matter. Here are the main points such a legal claim would make:

- The statute refers to "substantially the same" number of households we would serve were we not MTW. Courts have interpreted similar formulations to allow deviations from 100% by as much as 30%. Yet HUD interprets "substantially the same" to mean 100%.
- Even if we had to serve the same number of households that we would serve if we were not MTW, HUD does not assign that number as it should from what we would serve now in the present market and with present funding levels. Instead, and irrationally, it assigns the

number we served when we became MTW in 2010 in a very different rental market and different relative funding.

- The MTW statute does not allow HUD to impose a quota. Instead, it only requires a MTW agency “to plan” to serve the substantially the same number of families.

In summary, with Minh-And and Derek's direction, we will have a reasonable budget to present to the Board in December that serves 95% of our baseline, continues our property purchases, our Education Project, our supportive services and adequately funds our administration, including IT. We will lose some positions that have been scheduled to sunset anyway. We will gain other sunset positions, mostly related to the IT conversion.

2. CONGRESSIONAL TAX PROPOSAL AND AFFORDABLE HOUSING

I can pass along two different pieces of congressional budget news. Both are troubling.

2.1 Federal Operational Budget

Congress missed its October 1st deadline for passing a 2018 budget. This has become normal. The federal government is funded on a Continuing Resolution (CR) through December 8th. The government will shut down on December 9th if Congress does not either pass a real budget or extend the CR. To predict what will happen next, we rely on Len Simon and the staff of our congressional offices. While in D.C. we also got a chance to hear a presentation from the senior staff of the House and Senate Appropriation Committees.

Taking all this together forms a picture that is pretty fuzzy and constantly changing. I can report the following from our various advisors:

- a government shut-down is very unlikely;
- another CR is likely. Its duration is hard to judge. The main problem seems disputes not about the budget appropriation levels, versions of which have already passed the Committees of both houses. Instead, the main uncertainty appears to arise from the present battle over tax reform and immigration issues. See the next section below.
- if we budget to flat funding again we should be pretty safe.

2.2 Tax Reform

The House Republican Leadership has published its proposed tax reform. Among its many provisions are changes that will be very harmful to the mainline sources of capital dollars to build or buy affordable housing. I attach some analysis from a variety of sources. I also attach my recent email to our congressional delegation conveying THA's concerns. I will have more to report on this at the Board meeting.

3. **THA PROPERTY PURCHASING**

The Board knows of our recent successful purchases of Highland Crest and James Center North. Along with Outrigger, they move THA into Tacoma's West End. We are also purchasing property on the Hilltop. At the Board meeting, we will report on another purchase we hope to make. We make these purchases for a variety of reasons. These reasons are worth emphasizing, especially because of their pertinence to the two preoccupying challenges we face: voucher utilizations in Tacoma's rising rental market; unreliable Congressional appropriations and tax policy.

We would buy property for one or more of four reasons:

- **To preserve its affordability to low-income households**
We will buy a property that will otherwise lose its affordability for low-income households. A property may lose its affordability for one of two main reasons. **First**, it may have an expiring affordability contract or obligation. If we buy it we can renew that contract or obligation. That is one reason we bought New Look Apartments. **Second**, the main way a property will become unaffordable is from the rising market around it. That is what was happening to Highland Crest and Outrigger and the area around James Center North. By buying the property, THA can moderate that increase.

We are especially interested in these sorts of purchases in the increasing sections of Tacoma whose only notable measure of affordability and racial and economic integration, in the next five years or so, will arise from what THA and its partners buy or build now.

Purchases for this reason are particularly urgent because more and more properties in a few years will be unaffordable for THA to purchase.
- **To Better Maintain the Property and Help a Neighborhood**
We can help a neighborhood by buying a property that is poorly managed or whose owner cannot invest in its upkeep. That is a reason why we bought New Look Apartments.
- **To Strengthen Our Partnerships**
We will buy properties to strengthen our partnership with other organizations, especially schools. That is why James Center North, Highland Crest and Outrigger are interesting to us. They are all within an easy walk of TCC and an easy bus ride to UWT and Bates.
- **To Make Money**
We would buy property to make money either on their rental stream or their investment value. The West End purchases especially serve this purpose. Their

value in this way will increase further once the light rail line gets to TCC as part of SoundTransit 3.

All these purchases are spending down THA's reserves. Doing that poses some hazards for THA that we must all bear in mind. I judge that we must assess these hazards over a prolonged period to account for our real estate market. I am grateful to the Board for its prudent mix of caution and risk taking. I think it will serve THA very well in the long term.

4. AN EXAMPLE OF THA AT WORK

I close with a description of how THA responded to the broken elevator at the mid-rise in Bay Terrace Phase 2. I think it displayed some of THA's best qualities.

On Halloween, the elevator broke at night. It trapped someone inside. That person used the alarm to call the fire department. The fire department came right away and got the person out. In the process they broke a piece of the elevator equipment. THA's Lead Maintenance Specialist Brian McFadden was on the spot right away. He alerted Frankie or alerted Kathy. The elevator is the only one in this three story building.

The elevator was still under warranty. Steve Clair of Kathy's staff has been the project manager for Bay Terrace's construction. He leaned heavily on the manufacturer to let them know of the emergency. The replacement part had to come from the East Coast. The elevator was back in service by 7:30 PM on November 3rd.

In the meantime, Frankie's staff went door to door and spoke with every resident. The staff made sure that residents were safe and supplied with food, medicines and other necessities. Staff judged that two residents would have trouble getting out of the building without the elevator. We arranged and paid to move one to a hotel and the other to family in town.

I count the episode shows why THA is a very good landlord for its residents.



ACTION Campaign Statement on the House Tax Cuts and Jobs Act

Stop Tax Reform from Devastating Affordable Housing Production

The ACTION (A Call to Invest in Our Neighborhoods) Campaign represents more than 2,150 businesses and organizations across the nation that support the Low Income Housing Tax Credit (Housing Credit) and tax-exempt private activity multifamily Housing Bonds. ACTION appreciates that the Tax Cuts and Jobs Act, H.R. 1, preserves the Housing Credit. We are deeply concerned, however, that the bill eliminates private activity bonds, including multifamily Housing Bonds, which are responsible for approximately half of Housing Credit production annually. **ACTION calls on the House Ways and Means Committee to restore multifamily Housing Bonds** when it acts on tax reform legislation next week.

Working together, the Housing Credit and multifamily Housing Bonds are our nation's most powerful response to the affordable housing crisis. These programs are public-private partnerships central to the production and preservation of affordable housing for families, seniors, people with special needs, veterans, and other needy populations.

While the Tax Cuts and Jobs Act retains the Housing Credit program itself, it would devastate production under the program by eliminating private activity bonds. Multifamily Housing Bonds significantly increase Housing Credit production because their use triggers the so-called 4 percent Credit, which is not limited by the Housing Credit volume cap. Without bonds, this housing simply will not be built.

The Tax Cuts and Jobs Act further impedes Housing Credit production by not making programmatic changes to the Housing Credit to offset the negative impact the 20 percent corporate tax rate envisioned under the bill would have on pricing for the Credit.

The loss of tax-exempt multifamily Housing Bonds coupled with the 20 percent corporate tax rate will reduce Housing Credit production by as much as two-thirds. A large majority of this loss can be attributed to the elimination of multifamily Housing Bonds.

Further, the Tax Cuts and Jobs Act misses an opportunity to strengthen the Housing Credit by not including the program modifications contained in the Affordable Housing Credit Improvement Act, H.R. 1661, sponsored by Ways and Means Committee member Pat Tiberi (R-OH) and Ways and Means Ranking Member Richard Neal (D-MA). This bipartisan legislation has the support of over one-quarter of the House of Representatives and two-thirds of the Ways and Means Committee.

The Ways and Means Committee, at a minimum, must restore private activity multifamily Housing Bonds. We also urge you to take steps to ensure that the Housing Credit is not damaged by other tax reforms.



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November 3, 2017

Federal Tax Reform: House Bill Rewrites Municipal Bond Rules

by the Public Finance Group

The proposed Tax Cuts and Jobs Act released yesterday would eliminate the federal tax exemption for interest earned on all private activity bonds—including 501(c)(3) bonds and exempt facility bonds—and advance refunding bonds issued after December 31, 2017. These provisions would have a devastating effect on job creation and the cost of capital projects for tax-exempt entities, developers, hospitals, colleges, universities, and other research institutions and state and local governments for reasons described more fully below.

In addition, Chairman Kevin Brady of the House Ways & Means Committee unveiled the House bill along with a proposed timeline to pass tax reform through the House and into the Senate before Thanksgiving. Last week, House Republicans passed a budget resolution that paves the way for budget reconciliation—a process that would allow passage of the reform package without the threat of Democratic filibuster in the Senate.

Repeal of Tax Exemption for Private Activity Bonds

Historically, Congress has sanctioned public financing of certain privately-run projects on a tax-exempt basis through municipal bonds called industrial development bonds and later private activity bonds under the 1954 and 1986 Internal Revenue Codes, respectively. Since the late 1960s, private activity bonds have become an increasingly-significant part of the municipal bond market, which Republicans in Congress now propose eliminating on less than two months' notice.

The House bill would tax interest on private activity bonds issued on or after January 1, 2018. This sweeping change would strike from the Internal Revenue Code sections 142 (Exempt Facility Bonds), 143 (Qualified Mortgage Bonds and Qualified Veterans' Mortgage Bonds), 144 (Qualified Small Issue Bonds, Qualified Student Loan Bonds and Qualified Redevelopment Bonds), and 145 (501(c)(3) Bonds), as well as 146 and 147, which set forth operating rules for interest on private activity bonds, including 501(c)(3) bonds, to qualify for the exemption from federal income tax under section 103 of the code.

Section 103 encourages investment in state and local governments and non-governmental entities carrying out public projects such as charter schools and low-income housing projects by making it less costly for them to borrow funds. Bondholders will accept a lower interest rate from borrowers when that interest is tax-exempt because after-tax earnings on tax-exempt bonds will be higher by an amount equal to the forgone tax on interest income (currently 35% for public companies).

Taxing interest on qualified private activity bonds, as House Republicans propose, will increase the cost of borrowing for charitable, scientific, literary, educational, and other nonprofit organizations to fund public projects and may prevent many important projects from being funded. The repeal of private activity bonds will negatively affect the financing of colleges and universities, museums, charter schools, charities, independent living facilities, multifamily housing

developers, hospitals, other nonprofit health care providers, research institutions, and other nonprofit organizations, as well as public-private partnerships used to finance public education, government utilities, and rehabilitation of blighted areas.

In short, the bill makes it more expensive for nonprofit organizations and private entities undertaking public projects to finance capital projects.

Repeal of Advance Refunding Bonds

The House bill also proposes to prohibit advance refunding of tax-exempt governmental and 501(c)(3) bonds. Advance refunding bonds are issued to refund a prior issue of the obligor more than 90 days before the refunded bonds are redeemed. Sale proceeds from the advance refunding bonds are typically deposited in a defeasance escrow and used to purchase government securities so that principal and interest on the securities can be used to pay debt service on the refunded bonds. Advance refunding allows the issuer to obtain the benefit of lower interest rates when the outstanding bonds are not currently callable.

Low-Income Housing Projects Financed by Tax-Exempt

Although the House bill preserves the Low-Income Housing Tax Credit (LIHTC), its repeal of the private activity bond rules will eliminate the availability of credits for projects where at least 50% is financed by tax-exempt private activity bonds.

In general, each state and the District of Columbia receive an allocation of LIHTCs based on population, which may be allocated on a competitive basis to affordable housing projects in the jurisdiction. Project owners recognize an annual LIHTC allocated through designated housing agencies in an amount equal to 9% of the project's eligible basis over 10 years (9% LIHTC). But for the District of Columbia and other jurisdictions where the annual housing credit ceiling on 9% LIHTCs is insufficient to finance necessary affordable-housing projects, tax-exempt private activity bonds have provided an alternative source of LIHTCs to attract developers—which the House bill would eliminate.

Low-income housing projects automatically qualify for a 4% LIHTC allocation over 10 years without regard to the state housing credit ceiling if at least 50% of the project's aggregate basis is financed by tax-exempt qualified 501(c)(3) bonds under section 145, exempt facility bonds under section 142(d), or qualified redevelopment bonds under section 144(c). The House bill eliminates those provisions without increasing the state housing credit ceiling, which will result in a net decrease in LIHTCs available for affordable housing projects nationwide.

Infrastructure

The proposal to eliminate issuance of private activity bonds after December 31, 2017, would likely have a devastating effect on many aspects of governmental, business, and nonprofit entities. It seems to run contrary to the Trump administration's stated goal of improving American infrastructure. The administration's proposals thus far have focused on increasing funding for the nation's decaying airports, docks and wharves, water facilities, and other categories now being built with tax-exempt bonds. It is unclear how Republicans plan to address the gaps in infrastructure financing likely to result if the House repeals tax-exempt bond rules under section 142 available for infrastructure projects.

No Transition Rule for State and Local Bonds Issued after 2017

Nearly as onerous as the House bill's bond provisions is their effective date of January 1, 2018, which, unlike the 1986 Act, applies with full force to not only new issues of tax-exempt bonds on or after that date, but any refund of bonds that are currently tax exempt. Thus, assuming enactment of the House bill, state and local governments and conduit borrowers must refund eligible tax-exempt bonds before the end of next month or forego potential debt service savings from refunding bonds.

As in the case of advance refunding bonds, tax-exempt private activity bonds issued and outstanding under current law before the end of 2017 would nonetheless lose their tax-exempt status upon a reissuance or deemed reissuance occurring on or after January 1, 2018. Tax-exempt

private activity bond issuers will be limited in, if not prevented from, modifying terms of outstanding private activity bonds to reflect economic changes after the effective date because any "significant modification" of the terms of a tax-exempt private activity bond issued before 2018 will lose its tax exemption upon such modification.

Under general tax principals, a modification of a bond is considered significant if there is a change in the yield on the debt instrument of more than 0.25%, a deferral of one or more scheduled payments for a period of more than five years (or, if lesser, 50% of the original term of the instrument), or a change of obligor on the tax-exempt bond if the new obligor is not a related entity of the original obligor.

Under technical tax regulations and guidance, the lack of a refunding transition rule could also take away tax-exempt financing for draw-down loans with respect to any draws after 2017 and for any "reissuance" after 2017 of a pre-2018 tax-exempt private activity bond. This means that for certain private activity draw-down loans that were issued as tax-exempt with the expectation that all of the draws would be tax-exempt, any draws occurring after 2017 would not be tax-exempt if the House bill is enacted.

If enacted, these new rules will impose substantial diligence costs on already-strapped municipalities and, in the interim, may increase the impetus for obligors on tax-exempt bonds to advance refund bonds at current interest rates before the end of 2017. Given House Republicans' interest in stimulating commerce, the disruptive force of their tax-exempt bond proposals (including the lack of transition rules) is surprising and should deeply trouble issuers, investors, underwriters and other parties involved in the municipal bond market.

Attorneys in Ballard Spahr's Public Finance Group have participated in every kind of tax-exempt bond financing. These financings include bond issues for governments, hospitals and health care institutions, universities, colleges, student housing, single- and multifamily housing, airports and other exempt facilities, and public-private partnerships.

This is the latest in an ongoing series of Ballard Spahr advisories on the federal tax reform effort and its potential impact on organizations and people across the American economy. An alert on how the tax plan would affect employee benefits and compensation is available [here](#).

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Michael Mirra

From: Michael Mirra
Sent: Sunday, November 05, 2017 4:46 PM
To: (Kierra_Phiher@murray.senate.gov); Ariel Evans (ariel_evans@murray.senate.gov); Eli Zupnick (eli_zupnick@murray.senate.gov); Jason Smith - Senator Murray's Office (Business Fax); Lauren Overman (lauren_overman@murray.senate.gov); Meaghan L. McCarthy (meaghanlmccarthy@hotmail.com); Michael Spahn (mike_spahn@murray.senate.gov); Mindi Lindquist - Office of Senator Patty Murray (Business Fax); Samara Ressler (samara_ressler@murray.senate.gov); Sarah Bolton - Office of Senator Patty Murray (Sarah_Bolton@murray.senate.gov); Shawn Bills (shawn_bills@murray.senate.gov); Amit Ronen (Amit_Ronen@cantwell.senate.gov); Bauer, Tommy (Cantwell); Jennifer Griffith (jennifer_Griffith@cantwell.senate.gov); Michael English (mike_english@cantwell.senate.gov); Michael Meehen (michael_meehen@cantwell.senate.gov); Pete Modaff (pete_modaff@cantwell.senate.gov); Rosa McLeod (rosa_mcleod@cantwell.senate.gov); Shakti Hawkins (shakti_hawkins@cantwell.senate.gov); Brendan Woodbury (brendan.woodbury@mail.house.gov); Erik Ashida (erik.ashida@mail.house.gov); Gardner, Phil; jami.burgess@mail.house.gov; Jennifer Cash (jennifer.cash@mail.house.gov); Lauren Adler (lauren.adler@mail.house.gov); Office of Rep. Denny Heck (Roel.Vanderlugt@mail.house.gov); Priscilla Min (Priscilla.Min@mail.house.gov); Rebecca Snyder (Rebecca.Snyder@mail.house.gov); Roberts, Dallas; Seth Dawson (seth.dawson@mail.house.gov); Tina Johnson - Office of Congressman Denny Heck (tina.johnson@mail.house.gov); Derek Kilmer (kevin.warnke@mail.house.gov); Friedhoff, Andrea; Joe Dacca (joe.dacca@mail.house.gov); Jonathan Smith (jonathan.smith@mail.house.gov); Julie Zelnick (julie.zelnick@mail.house.gov); Katie Rose Allen (katie.r.allen@mail.house.gov); Katie Rose Allen (katie.rallen@mail.house.gov); Meadow Johnson (meadow.johnson@mail.house.gov); Roper, Andrea (Andrea.Roper@mail.house.gov); Stephen Carter (stephen.carter@mail.house.gov); Debra Entenman (debra.entenman@mail.house.gov); Fernando Ruiz (fernando.ruiz@mail.house.gov); John Mulligan (John.Mulligan@mail.house.gov); Kelsey E. Knowles (Kelsey.Knowles@mail.house.gov); Linda Danforth (linda.danforth@mail.house.gov); Thai, Linh (Linh.Thai@mail.house.gov)
Cc: Bruce Dammeier - Pierce County Executive (bdammei@co.pierce.wa.us); Ricardo Noguera (rnoguera@cityoftacoma.org); Peter Ansara (pansara@co.pierce.wa.us); THA Cabinet; Sunia Zaterman (SZaterman@clpha.org); Lewis, Randy (Gov't Relations) (RLEWIS@ci.tacoma.wa.us); len.simon@simoncompany.com; Kim Herman (Kim.Herman@wshfc.org); stephenn@kcha.org; Andrea Levere - Prosperity Now (alevere@prosperitynow.org); Andrew Lofton (E-mail); Anders Ibsen (anders.ibsen@ci.tacoma.wa.us); Conor McCarthy - City Of Tacoma (conoremerymccarthy@hotmail.com); Duane Strom (dstrom@tacomahousing.org); Joe Lonergan (Joe.Lonergan@cityoftacoma.org); Keith Blocker - City of Tacoma (keith.blocker@cityoftacoma.org); Lauren Walker Lee; Marilyn Strickland (marilyn.strickland@cityoftacoma.org); Marty Campbell (Marty.Campbell@cityoftacoma.org); Robert S. Thoms (robert.thoms@cityoftacoma.org); Ryan Mello (ryan.mello@cityoftacoma.org); (MHODGE@Tacoma.K12.Wa.US); Derek Young (derek@idreamrobots.com); drart6651@aol.com; Janis Flauding; Stan Rumbaugh
Subject: Congressional Tax Reform Proposal and Affordable Housing in Tacoma and Pierce County
Attachments: ACTION+Campaign+Statement+on+the+Tax+Cuts+and+Jobs+Act+-+Website.pdf

Dear Senators Murray and Cantwell and Representatives Heck, Kilmer and Smith:

I write to convey Tacoma Housing Authority's deep concern about the tax reform proposal that the House leadership released this last week. I understand from reliable people who have studied the proposal that it will greatly weaken our efforts to finance and build more affordable housing in Tacoma and Pierce County. I attach a statement about the proposal from ACTION (A Call to Invest in Our Neighborhoods) Campaign, a nation-wide coalition that represents more than 2,150 businesses and organizations that support the Low Income Housing Tax Credit and tax-exempt private activity multifamily Housing Bonds.

From our previous work and how we financed it, we can see how this proposal will affect Tacoma and Pierce County. It will weaken or eliminate financing that THA used for our recent purchases of Highland Crest Apartments (74 units) and Outrigger Apartments (45 units) and our pending redevelopment of New Look Apartments for seniors (45 units). The lowered tax rates will imperil the value of tax credits we use to finance most of our work, including Salishan, Hillside Terrace, our current fix up of our entire portfolio, and the recent construction of our newest property, Bay Terrace (148 units). You helped us cut the ribbon on Bay Terrace this summer. We now must also face the risk this proposal poses to our financing of our ambitious Arlington Drive Campus for homeless youth and young adults in Pierce County.

I am certainly not a tax policy expert. Perhaps that prevents my full and empathetic understanding or appreciation for the undoubtedly complex and nuanced reasons for what I understand to be the proposal's advantages for rich people. I know enough, however, to hope that Congress will have the chance to consider whether those undoubtedly worthy advantages for rich people can warrant the harm I do understand and appreciate this proposal will inflict on poor families and their communities who need more and not less housing.

THA gets hundreds of requests for housing that we struggle to fulfill. I have shared a sampling of them with you before. They keep coming. Here are two requests from mothers that arrived in the last few days:

Hello,

I am in dire need of assistance. I am a single mother of 2 in need of housing. I can't afford any place that I find that is suitable for my children and I. I make about \$325 a week at my almost full time job plus tips which vary greatly week to week. I do get some child support, but even with that, I just don't qualify to rent a place due to income requirements and affordability.

Any assistance in pointing me in the right direction would be greatly appreciated.

Thank you,

Txxx Bxxxxxx

2xx-xxx-xxxx

To whom it may concern

My name is Jxxxx and I am currently homeless and looking for a place to live. I have a daughter who is 14 years old and I really need to find a place for us. I have been all over looking for something and I've had no luck. Please tell me there's something you can do for me soon. It's almost been a year and I really need a place to live and a place for my daughter to call home. I feel like I'm losing her. Please help me.

Kind Regards

Jxxx Bxxx

2xx-xxx-xxxx

As Congress considers this tax business and its many complexities, I hope Congress will find a way to keep these mothers, and their children, firmly mind in a way that they will be able to recognize in the final result.

Thank you for all the hard work we know all of you do every day for mothers and children just like these.

Michael

Michael Mirra

Executive Director

Tacoma Housing Authority

902 South L Street, Tacoma, WA 98405

(253) 207-4429

mmirra@tacomahousing.org

www.tacomahousing.org



"Housing Tacoma Forward"

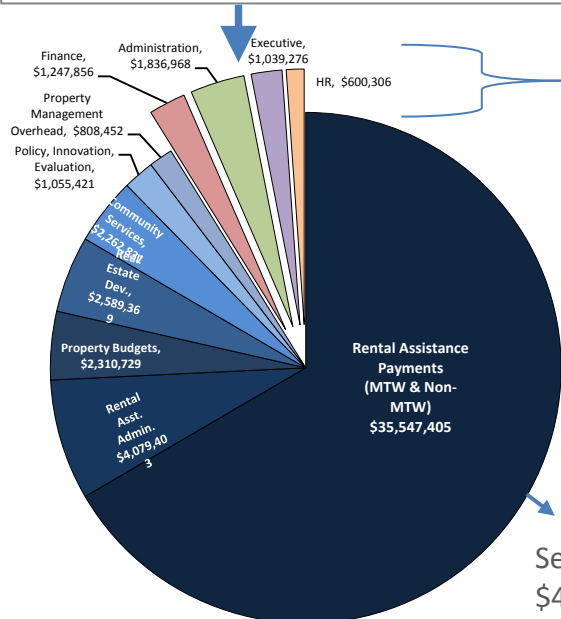
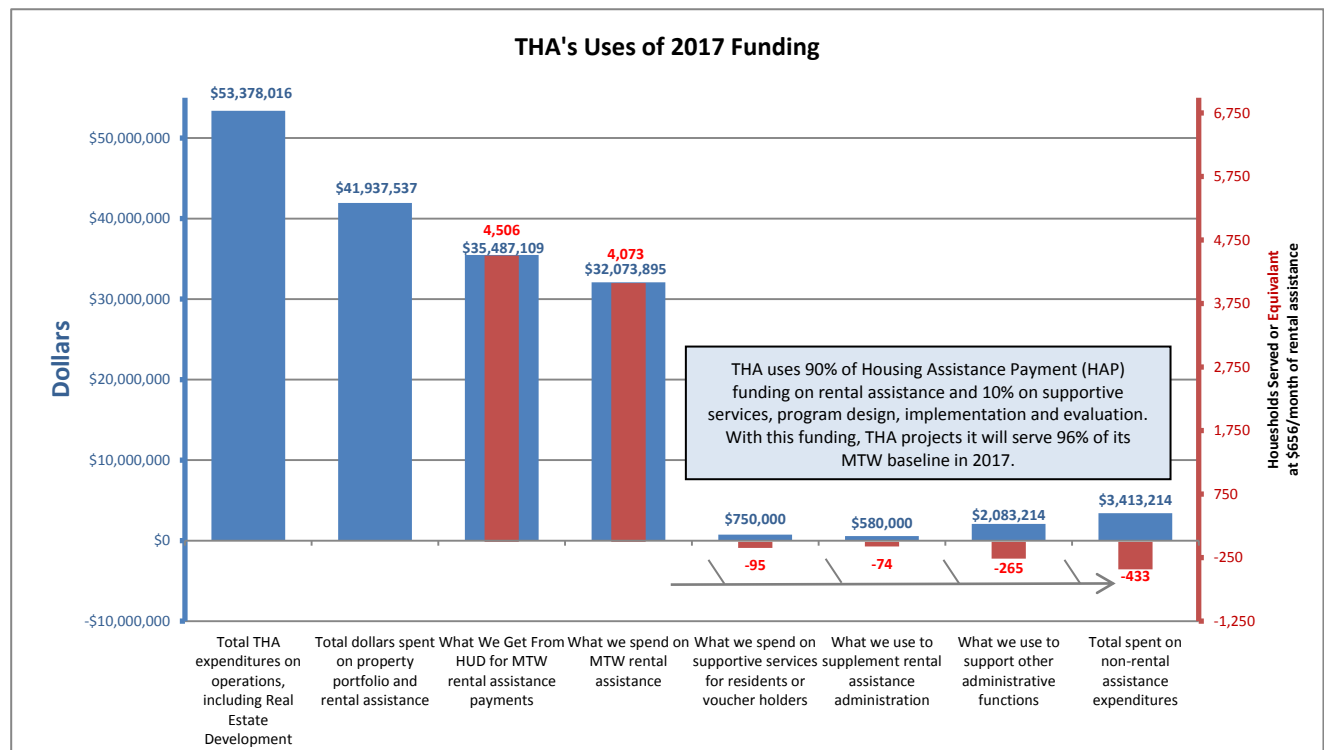


TACOMA HOUSING AUTHORITY

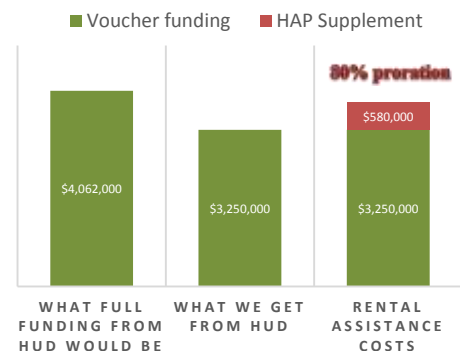
THA USES OF FUNDING

October 13, 2017

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



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





TACOMA HOUSING AUTHORITY

**ADMINISTRATION
REPORTS**



TACOMA HOUSING AUTHORITY

FINANCE



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$7,369,419 for the month of October, 2017.

Approved: November 15, 2017

Janis Flauding, Chair

TACOMA HOUSING AUTHORITY
Cash Disbursements for the month of October 2017

		Check Numbers			
		From	To	Amount	Totals
A/P Checking Account					
Accounts Payable Checks	Check #'s	90,728	-	90,879	
Business Support Center				704,628	Program Support
Moving To Work Support Center				53,125	
Moving To Work Buildings (used by Support Center)				29,082	
Tax Credit Program Support Center				20,822	
Section 8 Programs				124,835	Section 8 Operations
Hillsdale Heights				1,792	Properties
Highland Crest Apts				3,138,742	
KeyBank Building				126	
Salishan 7				44,749	
Salishan Common Areas				802	
Hillside Terrace 1800 Court G Development				60	Development
Highland Crest Apts				2,632	
James Center				2,396	
New Look-Development				25,182	
Salishan Area 4 - Arlington				32,913	
Salishan Developer Fee				6,541	
Bus Development Activity				19,991	
MTW Development Activity				421	
CS General Business Activities				371	Community Service
Community Services MTW Fund				14,407	
Education Private Grants (Gates, etc.)				1,230	
HUD-ROSS Svc Coord				40	
AMP 6 - Scattered Sites				2,147	Public Housing
AMP 7 - HT 1 - Subsidy				31	
AMP 8 - HT 2 - Subsidy				17	
AMP 9 - HT 1500 - Subsidy				7	
AMP 10 - SAL 1 - Subsidy				74	
AMP 11 - SAL 2 - Subsidy				79	
AMP 12 - SAL 3 - Subsidy				65	
AMP 13 - SAL 4 - Subsidy				69	
AMP 14 - SAL 5 - Subsidy				106	
AMP 15 - SAL 6 - Subsidy				106	
AMP 16 - Bay Terrace - Subsidy				44	
THA SUBTOTAL				4,227,632	
Hillside Terrace 1 through 1500				3,434	Tax Credit Projects - Reimbursable
Bay Terrace 1 & Community Facility				2,273	
Bay Terrace 2				262,186	
Renew Tacoma Housing				8,393	
Salishan I - through Salishan 6				14,824	
TAX CREDIT SUBTOTAL (Operations & Development - billable)				291,110	4,518,741
Section 8 Checking Account (HAP Payments)					
SRO/HCV/VASH/FUP/NED	Check #'s	482,120	-	482,160	34,757
	ACH				2,815,920
					\$ 2,850,677
Other Wire Transfers					
					\$ -
TOTAL DISBURSEMENTS					\$ 7,369,419



TACOMA HOUSING AUTHORITY

Date: November 15, 2017

To: THA Board of Commissioners

From: Ken Shalik
Director of Finance

Re: Finance Department Board Report

1. FINANCIAL STATEMENT COMMENTS

I present the October, 2017 disbursement report for your approval.

The Finance Department is submitting the financial statement for the period through September 30, 2017.

There are some anomalies for 2017, but overall we remain in good financial shape. We currently have approximately \$1 million in Housing Choice Voucher (HCV) funds stored at Housing and Urban Development (HUD), but will draw it down before the end of the year once we have our financial reporting for reimbursement finalized from the IT conversion.

For the period ending September 30, line 68 shows a Year to Date (YTD) operating deficit of \$1,191,521 (line 66). With the sales proceeds from the AMP 6 Single Family homes, the overall YTD surplus is \$2,175,088 (line 72). I have attempted to project out to what the financials will look like at year end based on current information and understandings. At this point in time, using the most educated assumptions, if our trajectory does not change significantly, I am estimating a \$2.733 million surplus at the end of 2017 (line 72) as compared to a budgeted \$1.155 million.

I do not see any real areas of concern, but will comment on a few areas that contain anomalies that we need to monitor as we head towards the end of the year. An additional note to point out is that in certain areas that are affected by Property Management costs, New Look Apartments is included in our 2017 income and expenses, as it exited the Tax Credit portfolio the end of 2016, and is part of THA's portfolio in 2017 awaiting resyndication. It was not in our 2017 budget, as we had anticipated that we would be able to resyndicate early in 2017. Currently we are looking at a December, 2017 closing for that project.

- *Line 1 & 2 – Tenant Revenue* – This increased amount is due to New Look being part of THA's portfolio in 2017 and not included in the budget.
- *Line 5 – Public Housing Operating Subsidy* – The subsidy pro-ration for 2017 ended up at 93.1% of calculations, while we budgeted at 86%.

- *Line 12 – Other Revenue-Developer Fee Income* – The funds for Bay Terrace 2 and Rental Assistance Demonstration (RAD) redevelopment will come in the last quarter of the year. The Projected Actual is under budget, as the timing for developer fee distribution for the New Look resyndication changed, with most of the distribution after renovations are completed.
- *Lines 15 – 34 – Administrative Expenses* – There are variances both ways in this category, yet we end up with a variance of approximately 7.49% under budget. Line 26- Leased equipment is over budget due to changeover in equipment during IT conversion. Line 31 – Administrative Services is significantly under budget. The majority relates to contract services for the Policy Innovation and Evaluation (PIE) department. Most of them have not been executed. Other tasks have been accomplished within Departmental personnel.
- *Lines 36 – 40 –Tenant Services* - The Tenant Services line items are under budget for 2017 to date. Timing of grant expenditures has the biggest impact on the budget.
- *Lines 41 – 45 – Project Utilities* – This category is higher than budgeted due mainly to costs associated with New Look, which were not included in the budget.
- *Lines 46- 47 – Maintenance Salaries and Benefits* - This is another category where year to date expenditures are greater than budgeted due to New Look expenditures.
- *Line 61 – Section 8 HAP* - YTD expenditures are approximately 2.7% under budget. Average Housing Assistance Program (HAP) has been increasing as expected, yet utilization has been less than budgeted. There have been delays in Rapid Rehousing/Homeless Youth payments, and I am projecting a bit of an increase in expenditures by year end.
- *Lines 70-71 – Capitalized Line items* – There is much fluctuation between what was budgeted and what will be accomplished in 2017. All changes have been passed through the board. The big changes are that we will not be moving forward on Bay Terrace- Phase 3. We will also not be renovating Key Bank at the level anticipated level. The 902 building's elevator repair in the amount of \$500K was not anticipated or budgeted. We purchased the Highland Crest Apartments using \$3.1 million of agency funds. Lastly, sale of our Single Family Homes (AMP 6) has been tracking as scheduled.

2. INVESTMENTS

Surplus funds are invested in Heritage checking and the Washington State Investment Pool. Rates with Heritage Bank currently remain at .33%. The Washington State Local Government Investment Pool currently provides a return rate of .87%.

3. AUDIT

The Washington State auditors have completed the 2016 audit with an exit conference on November 1st with the Finance Committee. It was a clean audit in all three areas (Financial, Compliance, and Accountability) with no findings or management letters. The documents provided at the exit conference are included in this board packet.

4. BUDGETS

We are in the midst of finalizing the 2018 budget. We have met with the Board's finance committee; Michael has had discussions with all Board members. THA staff have been meeting to present a thoughtful budget for 2018 utilizing the basic budget principles that have served the agency well throughout the years. We are in the process of scheduling the Board Study session for the budget (tentatively November 29th) in anticipation of presenting the Budget for approval at the December board meeting.

5. YEAR END UPDATE

There is no update at this time.

**TACOMA HOUSING AUTHORITY
AGENCY WIDE**

	September-17				Thru 12/31/2017		
	CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED YTD	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
OPERATING RECEIPTS							
1 Tenant Revenue - Dwelling rent	103,022	1,584,472	1,321,560	19.89%	2,112,630	1,762,080	19.89%
2 Tenant Revenue - Other	856	46,847	49,583	-5.52%	62,462	66,110	-5.52%
3 HUD grant - Section 8 HAP reimbursemer	2,970,287	27,626,170	28,634,435	-3.52%	37,800,000	38,179,246	-0.99%
4 HUD grant - Section 8 Admin fee earned	261,199	2,581,034	2,456,171	5.08%	3,441,378	3,274,894	5.08%
5 HUD grant - Public Housing subsidy	114,203	1,010,670	834,188	21.16%	1,347,560	1,112,250	21.16%
6 HUD grant - Community Services	22,949	208,821	207,540	0.62%	278,428	276,720	0.62%
7 HUD grant - Capital Fund Operating Reve	0	400,000	410,877	-2.65%	547,836	547,836	0.00%
8 Management Fee Income	239,346	2,256,034	2,246,186	0.44%	3,008,045	2,994,914	0.44%
9 Other Government grants	17,895	114,861	169,122	-32.08%	153,148	225,496	-32.08%
10 Investment income	4,639	27,584	26,085	5.75%	36,779	34,780	5.75%
11 Fraud Recovery Income - Sec 8	1,602	7,885	15,000	-47.43%	10,513	20,000	-47.43%
12 Other Revenue- Developer Fee Income	0	0	1,654,425	-100.00%	1,705,000	2,205,900	-22.71%
13 Other Revenue	14,972	931,037	830,250	12.14%	1,241,383	1,107,000	12.14%
14 TOTAL OPERATING RECEIPTS	3,750,969	36,795,414	38,855,420	-5.30%	51,745,162	51,807,226	-0.12%
OPERATING EXPENDITURES							
Administrative Expenses							
15 Administrative Salaries	432,550	4,251,047	4,635,418	-8.29%	5,818,063	6,180,557	-5.87%
16 Administrative Personnel - Benefits	182,541	1,657,407	1,961,493	-15.50%	2,259,876	2,615,324	-13.59%
17 Audit Fees	27,148	46,885	58,682	-20.10%	78,240	78,243	0.00%
18 Management Fees	176,005	1,677,101	1,713,762	-2.14%	2,236,135	2,285,016	-2.14%
19 Rent	0	0	0	0.00%	0	0	0.00%
20 Advertising	1	17,626	12,075	45.97%	23,501	16,100	45.97%
21 Information Technology Expenses	24,769	226,812	292,441	-22.44%	362,416	389,921	-7.05%
22 Office Supplies	(0)	52,718	57,825	-8.83%	70,291	77,100	-8.83%
23 Publications & Memberships	(0)	33,483	42,615	-21.43%	52,144	56,820	-8.23%
24 Telephone	5,257	58,510	69,083	-15.30%	78,013	92,110	-15.30%
25 Postage	2,435	26,959	33,795	-20.23%	35,946	45,060	-20.23%
26 Leased Equipment & Repairs	2,763	102,735	72,675	41.36%	136,980	96,900	41.36%
27 Office Equipment Expensed	(0)	57,796	48,000	20.41%	77,061	64,000	20.41%
28 Legal	5,937	165,196	115,050	43.59%	220,261	153,400	43.59%
29 Local Mileage	468	6,170	11,550	-46.58%	8,227	15,400	-46.58%
30 Staff Training/Out of Town travel	4,498	140,747	214,436	-34.36%	237,663	285,914	-16.88%
31 Administrative Contracts	6,283	142,532	439,067	-67.54%	340,042	585,423	-41.92%
32 Other administrative expenses	1,827	95,598	75,825	26.08%	127,465	101,100	26.08%
33 Due diligence - Perspective Development	23,167	176,344	157,500	11.96%	235,125	210,000	11.96%
34 Contingency	0		39,375	-100.00%	0	52,500	-100.00%
35 Total Administrative Expenses	895,649	8,935,666	10,050,666	-11.09%	12,397,448	13,400,888	-7.49%

		September-17				Thru 12/31/2017		
		CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
	Tenant Service							
36	Tenant Service - Salaries	58,431	591,515	697,601	-15.21%	828,686	930,135	-10.91%
37	Tenant Service Personnel - Benefits	29,753	278,959	291,716	-4.37%	381,946	388,955	-1.80%
38	Tenant Relocation Costs	(0)	10,370	71,625	-85.52%	13,827	95,500	-85.52%
39	Tenant Service - Other	871	199,323	395,087	-49.55%	365,764	526,782	-30.57%
40	Total Tenant Services	89,054	1,080,167	1,456,029	-25.81%	1,590,222	1,941,372	-18.09%
	Project Utilities							
41	Water	1,485	44,691	47,213	-5.34%	59,588	62,950	-5.34%
42	Electricity	2,764	53,052	43,275	22.59%	70,736	57,700	22.59%
43	Gas	117	2,550	3,638	-29.89%	3,400	4,850	-29.89%
44	Sewer	4,969	123,569	87,750	40.82%	164,759	117,000	40.82%
45	Total Project Utilities	9,335	223,862	181,875	23.09%	298,483	242,500	23.09%
	Ordinary Maintenance & Operations							
46	Maintenance Salaries	8,183	123,226	122,648	0.47%	164,301	163,531	0.47%
47	Maintenance Personnel - Benefits	5,955	33,248	35,211	-5.58%	44,330	46,948	-5.58%
48	Maintenance Materials	566	85,660	43,313	97.77%	114,214	57,750	97.77%
49	Contract Maintenance	8,356	281,676	227,644	23.74%	375,568	303,525	23.74%
50	Total Routine Maintenance	23,060	523,809	428,816	22.15%	698,413	571,754	22.15%
	General Expenses							
51	Protective Services	1,493	27,167	9,375	189.79%	36,223	12,500	189.79%
52	Insurance	12,073	139,323	130,165	7.04%	185,764	173,553	7.04%
53	Other General Expense	7,785	984,073	971,846	1.26%	1,312,097	1,295,794	1.26%
54	Payment in Lieu of Taxes	1,199	10,789	9,704	11.17%	14,385	12,939	11.17%
55	Collection Loss	(235)	(235)	33,392	-100.70%	45,000	44,522	1.07%
56	Interest Expense	596	52,811	68,753	-23.19%	91,671	91,671	0.00%
57	Total General Expenses	22,911	1,213,928	1,223,234	-0.76%	1,685,140	1,630,979	3.32%
58	TOTAL OPERATING EXPENSES	\$ 1,040,010	\$ 11,977,432	\$ 13,340,620		\$ 16,669,706	\$ 17,787,493	
	Nonroutine Expenditures							
59	Ext. Maint/Fac Imp/Gain/Loss Prop Sale	0	57,095	30,000	90.32%	226,127	40,000	465.32%
60	Casualty Losses	179	2,180	3,750	-41.86%	2,907	5,000	-41.86%
61	Sec 8 HAP Payments	2,974,799	25,941,092	26,660,554	-2.70%	35,088,123	35,547,405	-1.29%
62	Total Nonroutine Expenditures	2,974,978	26,000,367	26,694,304	-2.60%	35,317,156	35,592,405	-0.77%
63	TOTAL EXPENDITURES	4,014,987	37,977,800	40,034,924	-5.14%	51,986,862	53,379,898	-2.61%
64	OPERATING SURPLUS/(DEFICIT)	(264,018)	(1,182,386)	(1,179,504)	0.24%	(241,701)	(1,572,672)	-84.63%
65	Debt Service Principal Payments	0	(9,135)	(50,686)	-81.98%	(67,581)	(67,581)	0.00%
66	Surplus/Deficit Before Reserve Appropriations	(264,018)	(1,191,521)	(1,230,190)	-3.14%	(309,282)	(1,640,253)	
67	Reserve Appropriations - Operations			0	0.00%	0	0	0.00%
68	Surplus/Deficit Before Capital Expenditures	(264,018)	(1,191,521)	(1,230,190)		(309,282)	(1,640,253)	
69	Capitalized Items/Development Projects	(48,666)	(1,017,341)	(5,593,778)	-81.81%	(5,686,250)	(7,458,370)	-23.76%
70	Revenue - Capital Grants	673,286	2,447,736	3,624,487	-32.47%	3,447,736	4,832,649	-28.66%
71	Reserve Appropriations - Capital	44,666	744,692	4,065,728	-81.68%	5,281,500	5,420,971	-2.57%
72	THA SURPLUS/(DEFICIT)	669,287	2,175,088	2,096,438		2,733,704	1,154,997	

TACOMA HOUSING AUTHORITY

CASH POSITION - Aug 2017

Account Name	Current Balance	Interest
HERITAGE BANK		
Accounts Payable	1,664,088	0.33%
Section 8 Checking	3,728,548	0.33%
THA Affordable Housing Proceeds-Salishan	3,426,224	0.33%
Scattered Sites Proceeds	2,272,466	0.33%
Note Fund Account	101	0.33%
Credit Card Receipts	113	0.33%
THA Investment Pool	291	0.33%
THA LIPH Security Deposits	4,212	0.33%
THDG - Tacoma Housing Development Group	421,026	0.33%
Salishan 7	1,638,097	0.33%
Salishan 7 Security Deposit	26,779	0.33%
Salishan 7 Replacement Reserve	223,350	0.33%
Salishan 7 Operating Reserve	200,298	0.33%
Outrigger Operations	68,696	0.33%
Outrigger Security Deposit	26,189	0.33%
Outrigger Replacement Reserve	58,251	0.33%
Prairie Oaks Operations	62,512	0.33%
Prairie Oaks Security Deposit	3,558	0.33%
Prairie Oaks Replacement Reserve	13,225	0.33%
Payroll Account	8,865	0.33%
WASHINGTON STATE		
Investment Pool	\$ 1,645,532	0.87%
1. TOTAL THA CASH BALANCE	\$ 15,492,421	
Less:		
2. Total MTW Cash Balance	\$ 1,195,221	
<i>Less Minimum Operating Reserves</i>		
2.01 Public Housing AMP Reserves (4 months Operating Exp.)	65,000	
2.02 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.10 Total Minimum Operating Reserves	\$ 791,000	
3. MTW Cash Available (Lines 2-2.10)	\$ 404,221	
3. MTW Cash Held By HUD		
3.11 Undisbursed HAP Reserves Held by HUD	\$ 180,083	
3.20 Total MTW Cash Held By HUD	\$ 180,083	

TACOMA HOUSING AUTHORITY

CASH POSITION - Aug 2017

4. Non MTW Cash Restrictions				
<i>Other Restrictions:</i>				
4.01 FSS Escrows		\$	142,539	
4.02 VASH, FUP & NED HAP Reserves			154,396	
4.03 Mod Rehab Operating Reserves			100,823	
4.04 Security Deposit Accounts			60,738	
4.05 Gates Foundation			294,625	
4.06 Outrigger Reserves			58,251	
4.07 Salishan 7 Reserves			1,273,648	
4.08 Prairie Oaks Reserves			13,225	
4.09 THDG - 048			421,026	
4.10 Area 2B Sales Proceeds (Afford Hsg)			3,426,224	
4.11 Scattered Sites Proceeds (Afford Hsg)			2,272,466	
4.20 Total - Other Restrictions			\$	8,217,961
5. Agency Liabilities:				
5.10 Total - Agency Liabilities			\$	-
5.20 Development Draw Receipts for Pending Vendor Payments			\$	-
5.30 Development Advances/Due Diligence Commitments ¹			\$	-
6. Total Non MTW Cash Restrictions (Lines 4.20+5.10+5.20+5.30)			\$	8,217,961
7. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-6)			\$	6,079,238
8. MTW Reserve Commitments				
8.01 Renovation/Remodel of Salishan FIC Building			\$	669,100
8.02 Renovation of Salishan Maintenance Shop				286,500
8.03 Software Conversion for Operational Platform (VH)				(254,396)
8.04 Education Projects - McCarver & Others				310,000
8.10 Total Reserve Commitments (Lines 8.01 through 8.04)			\$	1,011,204
9. Agency Current Commitments:		Board Approval	Expended	Obligation Balance
¹ Total Current Commitments outstanding				\$ -
Agency Advances for Current Development Projects				
			\$	-
			\$	-
Total Agency Advances			\$	-



Office of the Washington State Auditor

Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

**Housing Authority of the City of
Tacoma**

Pierce County

For the period January 1, 2016 through December 31, 2016

Published September 28, 2017

Report No. 1019952





**Office of the Washington State Auditor
Pat McCarthy**

September 28, 2017

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Housing Authority of the City of Tacoma's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Schedule Of Findings And Questioned Costs.....	4
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	6
Independent Auditor's Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance	9
Independent Auditor's Report On Financial Statements	12
Financial Section.....	16
About The State Auditor's Office.....	99

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of the City of Tacoma Pierce County January 1, 2016 through December 31, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Housing Authority of the City of Tacoma are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.881	Moving to Work Demonstration Program
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.258	TCAP – Tax Credit Assistance Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,916,760.

The Housing Authority qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2016 through December 31, 2016**

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 19, 2017.

Our report includes a reference to other auditors who audited the financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and Renew Tacoma LLLP (the partnerships), as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the partnerships were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these partnerships.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

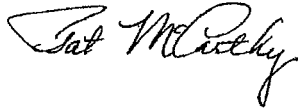
As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an

audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA

September 19, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2016 through December 31, 2016**

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Housing Authority of the City of Tacoma, Pierce County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2016. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of

compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

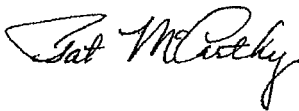
Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA

September 19, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Tacoma Pierce County January 1, 2016 through December 31, 2016

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and Renew Tacoma LLLP (the partnerships) which represent 92.8%, of the assets and net position, and 100 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the partnerships, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the partnerships were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 2, in 2016 the Tax Credit Partnership MLK New Look, LLC, previously a discreetly presented component unit, was dissolved and in accordance with GASB 69 its assets, liabilities and operations were transferred to the Authority, as if the event was effective January 1, 2016. This resulted in the restatement of certain accounts in the Statement of Net Position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26 and pension plan information on pages 77 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

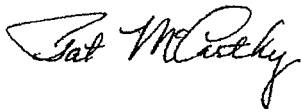
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

September 19, 2017

FINANCIAL SECTION

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2016 through December 31, 2016**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2016

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2016

Statement of Revenues, Expenses and Changes in Net Position – 2016

Statement of Cash Flows – 2016

Notes to Financial Statements – 2016

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 1 – 2016

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 2/3 – 2016

Schedule of Employer Contributions – PERS Plan 1 – 2016

Schedule of Employer Contributions – PERS Plan 2/3 - 2016

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2016

Notes to the Schedule of Expenditures of Federal Awards – 2016

Financial Data Schedule – 2016

Actual Modernization Cost Certificate WA19P00550112

Actual Modernization Cost Certificate WA19P00550113

Actual Modernization Cost Certificate WA19P00550114

Actual Modernization Cost Certificate WA19R00550114

Actual Modernization Cost Certificate WA19R00550214

Actual Modernization Cost Certificate WA19P00550115

Actual Modernization Cost Certificate WA19R00550215



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Housing Authority of the City of
Tacoma

Pierce County

For the period January 1, 2016 through December 31, 2016

Published

Report No. 1020140





Office of the Washington State Auditor
Pat McCarthy

Issue Date – (Issued by OS)

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Housing Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Housing Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Audit Summary 4

Related Reports 5

Information About The Housing Authority 6

About The State Auditor’s Office 7

AUDIT SUMMARY

Results in brief

In the areas we audited, Housing Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Housing Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Housing Authority of the City of Tacoma from January 1, 2016 through December 31, 2016.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Housing Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Children's savings accounts
- Open public meeting minutes
- Employee purchase cards
- Financial condition

RELATED REPORTS

Financial

Our opinion on the Housing Authority's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Housing Authority's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Housing Authority's major federal programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE HOUSING AUTHORITY

The Housing Authority of the City of Tacoma was created in 1940 to provide safe, sanitary, decent and affordable housing to families and individuals with low-income, are disabled, or are senior citizens. The Housing Authority owns 1,437 housing units, of which 358 are public housing. In addition, the Housing Authority manages rental assistance with U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Choice Vouchers to about 4,000 households. In addition, the Housing Authority is the managing partner in twelve limited partnerships.

A five-member Board of Commissioners, appointed by the Tacoma Mayor, governs the Housing Authority. The Board appoints an Executive Director to oversee the Housing Authority's daily operations as well as its approximately 138 employees. Most of the Housing Authority's funds come from tenant rent, administrative program fees, federal subsidies, developer fees, and public and private donations. For fiscal year 2016, the Housing Authority operated on a budget of \$67.2 million.

Contact information related to this report	
Address:	Housing Authority of the City of Tacoma 902 S. L Street Tacoma, WA 98405
Contact:	Ken Shalik, Finance Director
Telephone:	(253) 207-4425
Website:	www.tacomahousing.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Housing Authority of the City of Tacoma at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov



Office of the Washington State Auditor

Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

**Housing Authority of the City of
Tacoma**

Pierce County

For the period January 1, 2016 through December 31, 2016

Published September 28, 2017

Report No. 1019952





**Office of the Washington State Auditor
Pat McCarthy**

September 28, 2017

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Housing Authority of the City of Tacoma's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Schedule Of Findings And Questioned Costs.....	4
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	6
Independent Auditor's Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance	9
Independent Auditor's Report On Financial Statements	12
Financial Section.....	16
About The State Auditor's Office.....	99

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of the City of Tacoma Pierce County January 1, 2016 through December 31, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Housing Authority of the City of Tacoma are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the business-type activities and the aggregate discretely presented component units in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.881	Moving to Work Demonstration Program
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.258	TCAP – Tax Credit Assistance Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,916,760.

The Housing Authority qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2016 through December 31, 2016**

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 19, 2017.

Our report includes a reference to other auditors who audited the financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and Renew Tacoma LLLP (the partnerships), as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the partnerships were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these partnerships.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an

audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

September 19, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2016 through December 31, 2016**

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Housing Authority of the City of Tacoma, Pierce County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2016. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of

compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

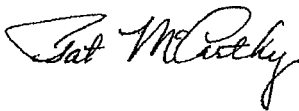
Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA

September 19, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Tacoma Pierce County January 1, 2016 through December 31, 2016

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and Renew Tacoma LLLP (the partnerships) which represent 92.8%, of the assets and net position, and 100 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the partnerships, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the partnerships were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 2, in 2016 the Tax Credit Partnership MLK New Look, LLC, previously a discreetly presented component unit, was dissolved and in accordance with GASB 69 its assets, liabilities and operations were transferred to the Authority, as if the event was effective January 1, 2016. This resulted in the restatement of certain accounts in the Statement of Net Position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26 and pension plan information on pages 77 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

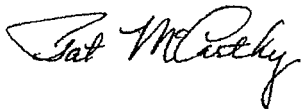
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

September 19, 2017

FINANCIAL SECTION

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2016 through December 31, 2016**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2016

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2016

Statement of Revenues, Expenses and Changes in Net Position – 2016

Statement of Cash Flows – 2016

Notes to Financial Statements – 2016

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 1 – 2016

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 2/3 – 2016

Schedule of Employer Contributions – PERS Plan 1 – 2016

Schedule of Employer Contributions – PERS Plan 2/3 - 2016

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2016

Notes to the Schedule of Expenditures of Federal Awards – 2016

Financial Data Schedule – 2016

Actual Modernization Cost Certificate WA19P00550112

Actual Modernization Cost Certificate WA19P00550113

Actual Modernization Cost Certificate WA19P00550114

Actual Modernization Cost Certificate WA19R00550114

Actual Modernization Cost Certificate WA19R00550214

Actual Modernization Cost Certificate WA19P00550115

Actual Modernization Cost Certificate WA19R00550215



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Housing Authority of the City of
Tacoma

Pierce County

For the period January 1, 2016 through December 31, 2016

Published

Report No. 1020140





Office of the Washington State Auditor
Pat McCarthy

Issue Date – (Issued by OS)

Board of Commissioners
Housing Authority of the City of Tacoma
Tacoma, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Housing Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Housing Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Audit Summary 4

Related Reports 5

Information About The Housing Authority 6

About The State Auditor’s Office 7

AUDIT SUMMARY

Results in brief

In the areas we audited, Housing Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Housing Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Housing Authority of the City of Tacoma from January 1, 2016 through December 31, 2016.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Housing Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Children's savings accounts
- Open public meeting minutes
- Employee purchase cards
- Financial condition

RELATED REPORTS

Financial

Our opinion on the Housing Authority's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Housing Authority's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Housing Authority's major federal programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE HOUSING AUTHORITY

The Housing Authority of the City of Tacoma was created in 1940 to provide safe, sanitary, decent and affordable housing to families and individuals with low-income, are disabled, or are senior citizens. The Housing Authority owns 1,437 housing units, of which 358 are public housing. In addition, the Housing Authority manages rental assistance with U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Choice Vouchers to about 4,000 households. In addition, the Housing Authority is the managing partner in twelve limited partnerships.

A five-member Board of Commissioners, appointed by the Tacoma Mayor, governs the Housing Authority. The Board appoints an Executive Director to oversee the Housing Authority's daily operations as well as its approximately 138 employees. Most of the Housing Authority's funds come from tenant rent, administrative program fees, federal subsidies, developer fees, and public and private donations. For fiscal year 2016, the Housing Authority operated on a budget of \$67.2 million.

Contact information related to this report	
Address:	Housing Authority of the City of Tacoma 902 S. L Street Tacoma, WA 98405
Contact:	Ken Shalik, Finance Director
Telephone:	(253) 207-4425
Website:	www.tacomahousing.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Housing Authority of the City of Tacoma at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov



TACOMA HOUSING AUTHORITY

CLIENT SERVICES



TACOMA HOUSING AUTHORITY

DATE: November 15, 2017

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

Client Services plan to consolidate our site-based waitlists and offer Housing Opportunity Program (HOP) vouchers to applicants posted for public comment on November 2, and will close on December 2. The notice includes an invitation to provide comment at a public session at 6 pm on November 14 at the Bay Terrace Community Center.

We anticipate presenting a resolution authorizing the waitlist consolidation to the Board at its December meeting.

In addition to creating an opportunity to offer vouchers to households with demonstrated need, consolidation of the site-based lists may serve as a first step toward eliminating those lists altogether, in favor of direct marketing when portfolio vacancies occur. At the Board's direction, Client Services Associate Director Julie LaRocque is reviving an interdepartmental workgroup that will structure a proposal to transition to direct marketing.

3. COMMUNITY SERVICES: Caroline Cabellon & Stacey Johnson, Community Services Division

3.1 NUMBER OF PEOPLE AND HOUSEHOLDS SERVED

Program Entries, Exits, and Unduplicated Number of Households Served

October 2017	Program/ Caseload Entries this Month	Program/ Caseload Exits this Month	Unduplicated Number Served (Month)	Unduplicated Number Served (YTD)
Case Staffing (Eviction Prevention Services)	1	1	20	61
Families in Transition (FIT)	0	0	0	8
Family Self Sufficiency (FSS)	8	1	187	203
General Services	14	16	34	194
Hardship	0	0	4	4
Housing Opportunity Program (HOP) Case Management	5	4	23	82
Children's Savings Account (CSA) K-5th Grade	3	0	59	59
Children's Savings Account (CSA) 6th - 12th Grade	2	0	50	50
McCarver	1	0	44	62
Senior & Disabled	3	6	51	220
DEPARTMENT TOTAL	37	28	472	943

3.2 PROGRAM UPDATES

3.2.1 Staffing Update

Community Services is happy to announce that Robert Lewis has joined the Property Management Collaboration Team as the team's newest Case Worker! Robert comes to THA most recently from Catholic Community Services. He has a background in law, human services, sociology, and supportive housing. Prior to joining the THA team, Robert worked as a shelter Case Manager for Catholic Community Services, Case Manager for The Rescue Mission, and a Healthcare for the Homeless Case Manager for MDC. His assignment for THA is working with our residents at Bergerson Terrace, Dixon Village, Bay Terrace, and temporarily at Hillside Terrace. His experience and skills will be well utilized in his new position. Welcome aboard, Robert!

3.2.2 Elementary School Housing Assistance Program Success Story

Amber Harrell is an ESHAP participant who enrolled in Financial Empowerment Counseling services through THA's partnership with Sound Outreach. Amber meets with her financial counselor on Saturdays, working on budgeting, credit repair and her overall asset growth. As a Sound Outreach client, Amber was encouraged to complete an essay for International Credit Union Day 2017. This year's theme was "Dreams Thrive Here" and applicants wrote a 450-500 word essay about their dreams. Amber wrote an essay regarding her dreams and worked with her Case Worker to edit the submission and turned it into the credit union. She was soon notified that she won the essay contest – the prize was a \$500 certificate account. Amber's prize will go into a CD and she can take it out after 6 months. Check out Amber's winning essay in the next edition of the Community Chronicle newsletter.

3.2.3. Programming Updates

Senior & Disabled Buildings: Kye Hillig has completed onboarding and is doing a great job building relationships; he notably assisted in preventing two evictions during October! CS is working with the new volunteer van driver to schedule trips to the food bank and other local activities, and our residents are excited to have this service offered once again. Sound

Outreach conducted Statewide Health Insurance Benefits Advisor (SHIBA) events in all 7 buildings to assist with Medicare open-enrollment. CS also coordinated a successful open-house at the Metro Parks People's Center. The tenants of the seven buildings were offered a tour of the People's Center, were introduced to staff and programming at the facility, had the opportunity to use the pool and the gym during this open-house, and even got to participate in a free painting class!

Family Properties: The family properties happily received our new caseworker Robert Lewis in October! In partnership with KBTC, CS hosted a community meal at Bergerson Terrace, in an effort to build neighbor relationships and offer family style dinner to youth and families who are food insecure. The event was very successful with 40 people from Bergerson and Dixon showing up to participate!

In October, all THA clients had the opportunity to take advantage of a new partnership with the Broadway Center for Performing Arts. Clients have the opportunity to receive free tickets to shows offered at the Pantages Theater. The launch of this opportunity has been very successful. Over 50 THA clients have already signed up to be on the waitlist for upcoming performances. Most of the interested clients have come out of the Bay Terrace community.

4. RENTAL ASSISTANCE AND LEASING: Julie LaRocque, Associate Director of Client Services

Moving to Work (MTW) baseline voucher utilization for the month of October 2017 increased slightly, to 94.4%. This excludes utilization from Rapid Rehousing, which likely increases baseline utilization to about 96%.

At the November Board meeting, we will present a resolution to amend our Housing Assistance Program (HAP) contract with Harborview Manor to add 20 Project Based Vouchers (PBVs). Harborview consistently utilizes the PBVs allocated to it, at a low monthly cost similar to our average monthly HOP payment.

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

Program Name	Units Allocated	Units Leased	Shoppers	Percentage Leased
VASH (Veterans Administration Supportive Housing)	177	150	23	85%
NED (Non Elderly Disabled) Vouchers	100	90	10	90%
FUP (Family Unification Program)	50	43	5	86%
CHOP (Child Welfare Housing Opportunity Program)	20	14	5	70%
McCarver Program	50	37	7	74%
CHAP (College Housing Assistance Program)	25	23	11	92%
TOTAL	422	357	61	86%

** The CHAP program is currently over issuing vouchers in an attempt to increase utilization. We continue to take referrals in preparation for the CHAP expansion.*

Project-Based Properties	Units Allocated	Units Leased	Percentage Leased
Bay Terrace	51	51	100%
Eliza McCabe Townhomes	10	8	80%
Flett Meadows	14	13	93%
Guadalupe Vista	40	38	95%
Harborview Manor	125	124	99%
Hillside Gardens	8	6	75%
Hillside Terrace	14	14	100%
Nativity House	50	49	98%
New Look Apts.	42	38	90%
Pacific Courtyards	23	22	96%
New Tacoma Phase II	8	7	88%
Salishan 1-7	340	339	99%
Tyler Square	15	11	73%
TOTAL	740	720	97%



TACOMA HOUSING AUTHORITY

PROPERTY MANAGEMENT



TACOMA HOUSING AUTHORITY

Date: November 15, 2017

To: THA Board of Commissioners

From: Frankie Johnson
Director of Property Management

Re: Property Management Monthly Board Report

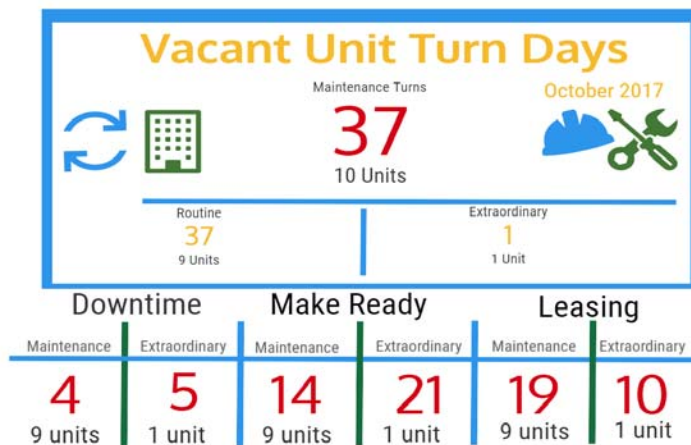
1. OCCUPANCY OVERVIEW

1.1 Occupancy

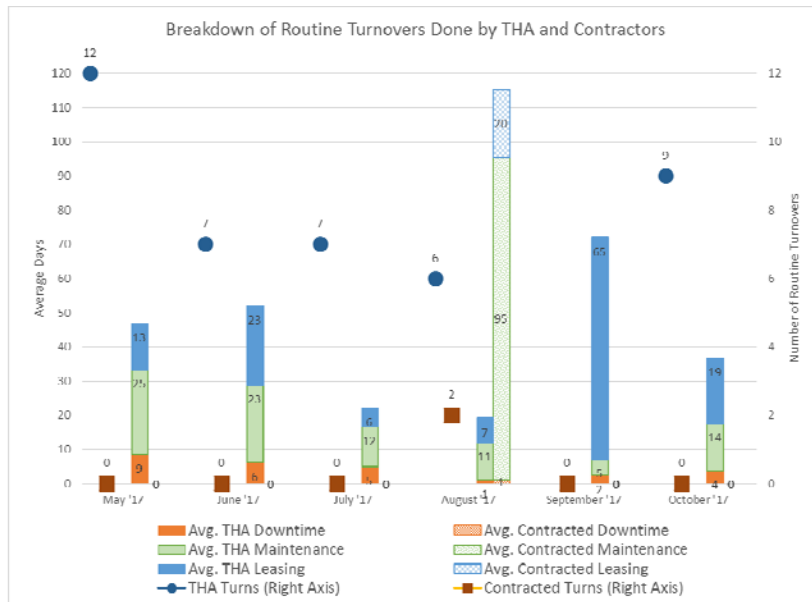
PROPERTY	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MONTH OCCUPIED	% YTD OCCUPIED
All Hillside/Bay Terrace	206	17	0	189	97%	97%
Family Properties	118	0	0	118	100%	99%
Salishan	631	7	0	624	99%	99%
Senior/Disabled	353	14	1	338	96%	96%
All Total	1,308	38	1	1,269	97%	97%

Unit occupancy is reported for the first day of the month. This data is for the month of October, 2017. The chart above now reflects all of the THA units, including Bay Terrace II, for a total of 1,308.

1.2 Vacant Unit Turn Status



November 2017 Board of Commissioners Meeting
PROPERTY MANAGEMENT DEPARTMENT MONTHLY REPORT
Page 2



All Turns - Performed by THA and Contractors

Today's Date

11/2/2017

Select End Month & Year

October 10 2017

September 9 2017

August 8 2017

July 7 2017

June 6 2017

Beginning Month

May 5 2017

6-months - based on month and year selected from orange cell

		All THA Turnover Information						
Year	Month	Total Number of Turns	Total THA Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2017	October	10	10	0	36.7	3.9	14.6	18.2
2017	September	20	20	0	74.5	2.5	4.7	65.0
2017	August	8	6	0	19.2	1.0	11.2	7.0
2017	July	7	7	0	22.3	5.0	11.7	5.6
2017	June	7	7	0	52.1	6.1	22.7	23.3
2017	May	12	12	0	46.8	8.5	25.0	13.3
		All Contracted Turnover Information						
Year	Month	Total Number of Turns	Contracted Turns	Total Meth Turns	Avg. Total Days	Avg. Downtime Days	Avg. Maintenance Days	Avg. Leasing Days
2017	October	10	0	0	0.0	0.0	0.0	0.0
2017	September	20	0	0	0.0	0.0	0.0	0.0
2017	August	8	2	0	115.5	1.0	94.5	20.0
2017	July	7	0	0	0.0	0.0	0.0	0.0
2017	June	7	0	0	0.0	0.0	0.0	0.0
2017	May	12	0	0	0.0	0.0	0.0	0.0

The average unit turn time for the month of October was 36 days for the nine (9) routine units turned by Tacoma Housing Authority (THA).

Routine means units with repairs that fall under the category of normal wear and tear that can be repaired within 5-10 days.

Extraordinary means that the units have heavy damage as a result of the tenancy, including meth and casualty loss that cannot be repaired beyond 30 days.

Routine +20 Explanation

1202 South M Street Unit #207: This unit was under warranty and required flooring repair, which caused a delay with scheduling the contractor.

2547 S. Yakima #206: First applicant refused 8/23; Delay in leasing to second applicant relating to necessary tax credit documents.

Extraordinary Explanation

1729 East 46th Street: Heavy tenant damage. Pest control required. General procedure requires two treatments and a minimum of 14 days between treatments.

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 out units that are not subsidized. THA is competing with the open market in some cases. Having better tools and tactics will be helpful 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

Per July 2017 Board discussion, Meth information will be included only when there are updates to report.

1.4 Work Orders

Completed Work Orders

Completed WO's by Priority For Month Ending October 31, 2017				
Property Name	Priority			Grand Total
	Routine	Urgent	Emergency	
6th Ave Apartments	34	1	0	35
Bay Terrace Phase One	16	1	0	17
Bay Terrace Phase Two	11	3	0	14
Bergerson Terrace	94	3	1	98
Dixon Village	24	5	2	31
E.B. Wilson	28	2	0	30
Fawcett Apartments	56	0	0	56
Hillside Terrace 1500 Block	17	1	1	19
Hillside Terrace Ph 1	3	0	0	3
Hillside Terrace Ph II	20	0	0	20
Ludwig Apartments	29	2	0	31
North G St	19	0	0	19
North K St	64	2	0	66
Salishan Five	32	6	0	38
Salishan Four	44	0	0	44
Salishan One	15	2	0	17
Salishan Seven	24	2	1	27
Salishan Six	13	1	0	14
Salishan Three	23	1	0	24
Salishan Two	21	3	0	24
Wright Ave	17	1	0	18
Grand Total	604	36	5	645

In the month of October, 100% of emergency work orders were completed within 24 hours; maintenance staff completed 647 non-emergency work orders with a total of 3,454 for the calendar year. The year-to-date average number of days to complete a non-emergency work order is 9 days.

**Open Work Orders by Priority
as of October 31, 2017**

Property Name	Priority		
	Routine	Urgent	Grand Total
6th Ave Apartments	5	0	5
Bay Terrace Phase One	2	0	2
Bay Terrace Phase Two	4	1	5
Bergerson Terrace	21	0	21
E.B. Wilson	4	0	4
Fawcett Apartments	1	0	1
Hillside Terrace 1500 Block	2	0	2
Hillside Terrace Ph 1	3	2	5
Hillside Terrace Ph II	1	0	1
Ludwig Apartments	3	0	3
North G St	2	0	2
North K St	1	0	1
Salishan Five	2	0	2
Salishan Four	36	0	36
Salishan One	2	0	2
Salishan Seven	2	0	2
Salishan Six	20	0	20
Salishan Three	3	0	3
Salishan Two	3	0	3
Wright Ave	11	0	11
Grand Total	128	3	131

Property Management (PM) continues to bring down the number of outstanding work orders and improve customer service.

Processes that PM has implemented to improve customer service are as follows:

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



TACOMA HOUSING AUTHORITY

REAL ESTATE DEVELOPMENT



TACOMA HOUSING AUTHORITY

DATE: November 15, 2017

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

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.

1.2 Salishan Family Investment and Maintenance Shop Renovations

Several meetings with Property Management, Client Services, Real Estate Development and Buffalo Design were held in early 2017 to select design elements for the FIC building. Staff at the building chose from several options including door types, flooring, wall colors and accents. An Invitation to Bid (ITB) was published October 4, 2017, to solicit proposals for a General Contractor. Bids are due November 1, 2017, with construction expected to start in late November. The construction includes tenant improvements in the FIC building along with a new Heritage Branch office and ATM. The Maintenance Shop includes plans for a mezzanine, a truck canopy in the fenced lot, miscellaneous improvements and an underground fiber optic cable between the FIC and the shop.

2. NEW DEVELOPMENT

2.1 Bay Terrace – Phase II

Construction is 99.9% complete. Building J – Contractor reached Substantial Completion and Temporary Certificate of Occupancy on June 23, 2017. Substantial Completion was reached on schedule. On August 7, 2017, THA received final Certificate of Occupancy for buildings G & H and on August 14, 2017, final Certificate of Occupancy for Building J.

The following chart identifies the projected lease up schedule.

Lease-Up Schedule (Pre-leasing April- June)

<u>Month</u>	<u>Units Per Mo.</u>	<u>Accumulative</u>	<u>Leases Signed</u>
<u>July</u>	<u>30</u>	<u>30</u>	<u>30</u>
<u>August</u>	<u>16</u>	<u>46</u>	<u>47</u>
<u>September</u>	<u>12</u>	<u>58</u>	<u>67</u>
<u>October</u>	<u>16</u>	<u>74</u>	<u>74</u>

Building J Lower Roof & Upper Roof

Staff is working with the contractor regarding the TPO roofing system on Building J. The roof was installed during this winter's rainy weather. Our building envelope special inspector (Wetherholt & Assoc.) had documented potential high moisture saturation within the roofing system which is limited to the lower roof. Staff is withholding \$78,000 of the roofing contractor's final payment and retainage until the issues are remedied.

On August 9, 2017, THA and Absher Construction met to discuss the Building J roofing issues. Absher has agreed to the following:

Lower Roof – Complete removal and replacement. 100% of the lower roof has been replaced to date.

Upper Roof: - remove & replace membrane and cover board completely. Insulation in the upper roof has high moisture levels requiring the entire roof to be replaced. The upper roof replacement is 75% complete.

ADA Parking Stalls

The contractor reinstalled the ADA parking stalls to the correct slope. The City has approved the recommended fix proposed by our civil engineer. The information is being prepared for the contractor to price the work.

NOTE:

The following information is based on Draw 17 for period ending 7/31/2017. As of this report there have been no budget changes since the last report.

Budget

% Complete 99.9%

Item	Original Budget	Revised Budget	Expended	Balance
Soft Cost Inc. Reserves	4,861,258	4,904,798	2,973,739	1,931,059
Interest Reserve	1,000,369	1,000,369	217,609	782,760
Hard Cost Inc. Contingency	16,980,410	17,096,870	16,159,233	937,637
Total Budget	22,842,037	23,002,037	19,350,581	3,651,456
<i>Owners Contingency</i>	<i>880,000</i>	<i>880,000</i>	<i>880,000</i>	<i>0</i>
<i>Additional Sponsor Loan for Owner Changes</i>		<i>\$160,000</i>	<i>\$70,734.35</i>	<i>\$89,265.65</i>



Building J – At Court G



Building H – At Court G

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

	GOAL	PREVIOUS ACTUAL	FINAL AS OF 8/31/2017
MBE	10%	13%	13%
WBE	8%	12%	12%
Section 3 Business	10%	14%	14%
Section 3 New Hires	30%	29.41%	29.41%
Apprenticeship	15%	13.05%	13%

3. OTHER PROJECTS

3.1 James Center North

The purchase of James Center North was completed by October 25th. RED is preparing to demolish an old restaurant that cannot be repaired and is preparing Requests for Proposals for a firm to assist with the planning for the redevelopment.

3.2 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 in the form of a forgivable loan of which 20% of the loan value will be forgiven every year.

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

3.2.3 The following chart shows the number of units sold, listed, sold price and net proceeds.

Units Sold	Combined Market Value	Combined Sold Price	Combined Rehab Costs	Total Sales Costs	Net Proceeds
21	\$4,355,000.00	\$4,364,964.60	510,008.00	\$906,079.16	\$2,943,877.44
Units Listed	Market Value	List Price	Rehab Costs	Sales Costs Estimated	Projected Proceeds
2	\$427,000.00	\$427,000.00	\$68,650.00	\$26,400	\$351,300.00
Units in Construction	Scope Preparation	Occupied			
1	4	6			



6932 S. Madison. J – Sold



3.2.4 Rehabilitation Work on Scattered Site Units and Sold:

- 5 of the remaining 6 occupied homes will be remodeled as residents are relocated in October 2017.
- CYS is occupying 120 Bismark to temporarily house homeless youth. They are consistently at capacity.
- 6932 S. Madison has sold for \$227,000.
- The contract for renovations at 2225 E. George Street has been awarded to Libby Builders and is expected to receive substantial completion in November.
- 5814 Swan Creek and 4823 E. M Street have been awarded substantial completion and are listed for sale. Relocation for the last 5 households with children has begun. Households were given 90 days to relocate. These 90-day notices were scheduled to allow for relocation over the summer months. Due to a low availability of affordable housing in Tacoma, some households needed an extension to utilize their vouchers. THA has granted these extensions when possible and all residents are expected to utilize their vouchers by the end of October 2017.

3.4 Consulting and Community Engagement

Staff is working with the Korean Women's Association (KWA). They asked THA to be their development advisor for a 45-unit senior building in response to a City of Tacoma RFP for a developer for property located at 9th and MLK. Unfortunately, KWA was not chosen for this project

3.5 New Look Capital Planning and Resyndication

THA selected Buffalo Design to plan the capital work for the New Look Apartments. Two bids were received in response to an Invitation to Bid for the remodel of New Look. Both bids were substantially higher than planned for this project. The development team has completed a review of the specifications and made modifications that have reduced the overall cost of this project, and we expect to close by December 19th. The rehabilitation work will begin in January. Lender and Contractor will be presented to the board at its November meeting. The PBRA

contract from The Enclave has been executed. This means that the subsidy tied to The Enclave has been transferred to Alberta Canada and will free up the Project Based Vouchers assigned to this property for other uses.

3.6 Community Youth Services (CYS): Arlington Drive Property

The City of Tacoma allocated \$700,000 to the Tacoma Community Redevelopment Authority (TCRA) and \$250,000 in CDBG funds for the development of the Crisis Residential Center (CRC). Pierce County is contributing \$250,000. SMR Architects will provide master site planning and related preliminary work. A portion of the SMR work will be reimbursed as part of the City of Tacoma agreement and THA will fund the balance. THA will also seek to add HOPE beds as part of the Crisis Residential Center operations. HOPE Centers/Responsible Living Skills Program (RLSP) is the Washington State Homeless, Youth Prevention/Protection and Engagement Act (HOPE). HOPE Centers are temporary residential placements for street youth. Youth can remain in a HOPE Center for up to 30 days while they receive assessment services and a permanent placement is identified. HOPE Centers are intended to stabilize an adolescent, perform comprehensive assessments of the youth's physical and mental health, identify substance abuse problems and educational status, and develop a long-term permanent plan. The RLSP may serve as a permanent placement for dependent youth between the ages of 16 and 18 years who will exit from foster care into independent living at age 18. This change will require a modification to the development agreements THA has negotiated with the City of Tacoma. Community Youth Services (CYS) will provide the supportive services to the CRC.

THA will also develop a portion of the site for rental housing for homeless young adults ages 18-24. THA will fund this development with LIHTC and related sources. The initial costs to THA will not exceed \$50,000.

The design development is complete and an initial cost estimate completed. The cost estimate is significantly higher than anticipated because this project has to meet commercial codes and specific licensing requirements. Staffs continue to evaluate the cost and is talking with the City of Tacoma about covering these additional costs.

A meeting was held the end of October to discuss a major modification to the zoning along with work required in the Right of Way for the City. It was confirmed that a major modification is not needed for the CRC but will be necessary for the rental housing component. The City has agreed to delay the Right of Way improvements until the rental housing component is developed. Construction is scheduled to begin in early June, 2018. The team is also concurrently working on the Master Plan for the site.

THA will issue an RFP for a service provider for the rental housing component of the Arlington Campus and is consulting with Corporation for Supportive Housing. An executed agreement with a service provider is an important factor in obtaining state and local funding, including 9% tax credits. Services to be offered to homeless young

adults are a core component of long term success for this project. Given this, THA will work toward a 2019 tax credit submission for the rental housing component of this project.

The firm of BDS Planning and Urban design was selected as the consultant for the community engagement and consultation effort. The fourth Community Advisory Committee meeting was held October 12th at the Family Investment Center (FIC). They will be completing the main focus of their work by the end of October 2018.

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 submitted a Housing Trust Fund application to the Department of Commerce on October 9, 2017, in response to a Stage 2 NOFA although the State does not have an approved budget for funding. Staff plan to submit a 2018 9% tax credit application; however, the priority for tax credit allocations continues to be on projects where 75% or more of the units are set aside to house the homeless. Staff believe it is important to submit an application to demonstrate there are viable LIHTC projects in Pierce County.

Staff purchased two adjacent single-family homes in anticipation of developing this site and demolition of these two homes is complete. Clean up, site grading, seeding and landscape maintenance is expected to be finished by the end of October. A fence will also be erected around the property for liability mitigation purposes.

4.2 Intergenerational Housing at Hillsdale Heights

The Executive Director met with Many Lights and Catholic Family Services to discuss a potential partnership between the three agencies. Safe Streets has been selected as the consultant for the community engagement and consultation for the project. Their work was slated to begin in 2018; however, this may be delayed for several months. THA will likely issue an RFP to select the service provider.

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. Staff submitted a January, 2017 9% tax credit submission; however, it did not score high enough to receive tax credits. Staff is reviewing other financing options for this site. In the meantime, the City has asked THA to take over the property and manage the lease and building with Mr. Mack. The City will quit claim the deed to THA.

4.3.1 City of Tacoma 311 Mobilization

RED, in partnership with the Hilltop Action Coalition, will facilitate the outreach and mobilization so that residents of the Hilltop understand and use the City's 311 customer service line. This will be completed through a series of workshops, events, canvassing and literature creation. The agreement with the City has been executed and planning work initiated.

5. Renew Tacoma Housing, LLLP

5.1 Construction

Property	Construction start	Construction schedule complete	Units complete	Units underway	Units remaining
Bergerson	5/4/2016	12/27/2016	72	0	0
E.B. Wilson aka M Street	5/4/2016	12/27/2016	77	0	0
Dixon Village	9/16/2016	12/27/2016	31	0	0
Ludwig	6/23/2016	3/15/2017	41	0	0
Fawcett	1/9/2017	5/24/2017	30	0	0
K Street	10/11/2016	3/27/2017	43	0	0
Wright Street	2/6/2017	10/5/2017	58	0	0
6 th Avenue	4/1/2017	9/26/2017	64	0	0
G Street	3/7/2017	9/7/2017	40	0	0

2

016 Projects: Bergerson, Dixon and E.B. Wilson

The *Certificates of Substantial Completion* were issued on December 27, 2016, for Bergerson, Dixon and E.B. Wilson sites required to be delivered in 2016 and the tax-exempt bond "50% test" was met for each site.

2017 Projects: Ludwig, Fawcett, K Street, 6th Avenue, Wright, G Street

The *Certificates of Substantial Completion* were issued for Ludwig, K Street, Fawcett and Wright *Certificates of Completion* are estimated to be issued for the remaining sites by mid-November, 2017. Project and individual sites are on-track for meeting the tax-exempt bond "50%" test.

Elevators

Modernization of both elevators at E.B. Wilson passed inspection on December 29, 2016. The modernization of elevators at G Street, Fawcett, Ludwig and 6th Avenue are also complete. K Street's elevator number one is complete and the second elevator is estimated to be completed by the end of October. Wright's elevator number one is complete and the second elevator is estimated to be completed by the end of October. Similar to the approach with roofing, the elevator modernization

work has an independent schedule to retain the subcontractor and accelerate completion.

RED staff coordinate meetings with appropriate staff to educate and provide warranty, etc. information on the elevators.

5.2 Relocation

All units are complete at E.B. Wilson. No more relocation activity is happening. Relocation activity ended October, 2016.

All units are completed at Bergerson Terrace. No more relocation activity is happening. Relocation activity ended October, 2016.

All units are completed at Dixon Village. No more relocation activity is happening. Relocation activity ended December, 2016.

All units are completed at Ludwig. No more relocation activity is happening. Relocation activity ended February 27, 2017.

All units are completed at North K Street. No more relocation activity is happening. Relocation activity ended March 1, 2017.

All units are completed at Fawcett Street Apartment. No more relocation activity is happening. Relocation activity ended March 17, 2017.

All units are completed at North G Street. No more relocation activity is happening. Relocation activity ended May 15, 2017.

All units are completed at Sixth Avenue Apartments. No more relocation activity is happening. Relocation activity ended August 3, 2017.

All units are completed at Wright Street Apartments. Relocation activity ended October 5, 2017.

5.3 Watch list

Environmental – The Department of Ecology (DOE) issued a *No Further Action* (NFA) letter for 6th Street.

DOE required additional testing at K and Wright Streets. THA's environmental consultant developed work plans and presented them to DOE for comments. Fortunately, DOE supported the lower cost option for clean-up at Wright Street. As noted below, the consultant is working with the DOE to complete the final steps for Wright and K Street closeout and issuance of *No Further Action* letters.

K Street:

THA and its consultant were informed by the DOE that the K Street plan looks good and only requires minimal additional testing. Vapor testing to the elevator pit was performed to assure there are no toxic emissions. The testing is complete and there are no vapor issues. THA's consultant prepared the *Remedial Investigation and Feasibility Study* and recommendation report that DOE reviewed in April. THA and its consultant met with DOE staff the end of May. DOE's opinion letter stated that they recommended 3-4 monitoring events and long-term monitoring at longer intervals over the next 5 years.

On August 31, 2017, Robinson Noble constructed three groundwater monitoring wells and collected groundwater samples for laboratory analysis. DOE is currently reviewing the Environmental Covenant language. Once the Environmental Covenant is executed and filed of record, DOE will issue the *No Further Action* letter.

Wright Street:

Contaminated Dirt: THA staff and Robinson Noble met with DOE and a report with mitigation requirements was received from DOE. At the meeting, DOE staff verbally reported that two monitoring wells and long-term monitoring will be required. DOE staff verbally stated that removal of dirty dirt is not required because of the cost and anticipate they can issue an NFA letter.

Underground Storage Tank: Robinson Noble's recent investigation confirmed that there isn't an underground storage tank.

On August 17, 2017, Robinson Noble drilled three more test borings and constructed two groundwater monitoring wells. The results of the soil borings will indicate if the dirty dirt has moved upward. The contamination is likely bunker oil. DOE is currently reviewing the Environmental Covenant language. The final report and draft Environmental Covenant was forwarded to DOE mid-October. Once the Environmental Covenant is executed and filed of record, DOE will issue the *No Further Action* letter.

It is our understanding that the neighbor's property was recently sold. Prior to this, Robinson Noble suggested that THA buy the contaminated portion of the neighbor's property or encumber the property with an environmental covenant. The property owner may object to the covenant. If it is the case that the property is sold, we may still offer to buy the portion with the contamination and offer the neighbor an easement to continue using it for parking. The environmental condition exists only on the edge adjoining THA property. Of two tests bores, one tested clean and the other dirty. The toxic dirt is so far below the surface that no risks for gardening exist right now.

Legal Counsel sent a letter to Superior Linen informing them that a formal complaint will be filed against them for restitution for environmental expenses.

Superior Linen's legal counsel has not responded to any of the letters. THA staff made the decision that it will not pursue further legal action. THA will continue to pursue grants that may reimburse some of the environmental cost.

5.4 Issues Encountered/Status

None.

The following information provides a status as of Draw #16. Overall, the project is under budget and anticipated to remain under budget.

Budget	Total budget	Expended	Outstanding
Soft Costs*	\$24,023,498	\$8,821,838	\$15,201,660
Construction (includes owner's contingency)	\$33,155,555	\$32,480,143	\$675,412
Environmental Escrow	\$3,500,000	**\$600,000	\$2,900,000

NOTE: The above reflects the budget status through Draw16 (September/Oct. 2017 draw).

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

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

5.5 Walsh Construction - MWBE and Section 3 Reporting

	GOAL	ACTUAL AS OF 5/31/2017
MBE	14%	8.78%
WBE	8%	.29%
Section 3 Business	----	7.41%
Section 3 New Hires	30%	27.78% (20 new hires)

Section 3 New Hires:

- The above information represents a combination of Section 3 hires that were hired by Walsh prior to the start of RAD and subsequently assigned to RAD and new Section 3 hires in which their initial assignment is the RAD project.
- Also please note that the above information is a computation of the % of new hires that meet the Section 3 guidelines under RAD. There were 70 hires total for the RAD project.

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

- The small work scope is such that it is difficult to package scopes into smaller packages to achieve minority and 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 is 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;
- 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 National Association of Minority Contractors (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 2017-11-15 (1)

Date: November 15, 2017

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Proposed Revisions to Tacoma Housing Authority (THA) Administrative Plan and ACOP: Exit Vouchers; THA Help to People Fleeing Disasters; Process for PBV Vouchers

This resolution would approve revisions to Tacoma Housing Authority's (THA) Administrative Plan and Admissions and Continued Occupancy Policy (ACOP) to reflect the proposed policy changes.

Background

This resolution contemplates three proposed changes to the THA Administrative Plan and Admissions and Continued Occupancy Policy (ACOP):

- 1. Provide Exit Vouchers to People Moving Out of a Project-Based Voucher (PBV) Unit**

THA presently offers a tenant based housing voucher to people moving out of some of its project base voucher apartments. Those apartments are ones that THA recently refinanced under a Housing and Urban Development (HUD) program called Rental Assistance Demonstration (RAD). The RAD rules require THA to offer these vouchers. THA proposes to offer these tenant-based vouchers to people moving out of THA's other project based apartments and those project-based apartments owned by other organizations or companies.

- 2. Allow THA to Help People Fleeing Disasters Like the Recent Hurricanes**

Recent hurricanes have displaced thousands in our country. THA wants to help, within its means. We propose a new policy to allow THA the discretion to set aside up to 100 vouchers or units per year for households fleeing federally declared disaster areas or to contribute the temporary service of THA staff who volunteer to help stricken housing authorities in those areas.

3. Speed Up and Simplify How THA Arrange to Project Based Housing (PBHV) Vouchers

THA proposes changing how it solicits and selects PBV proposals. Tacoma faces a quickly changing rental market. Rents are rising. Vacancy rates are falling. Households are having a harder time finding housing. THA uses project-based vouchers to put long-term subsidy contracts on housing units. This allows THA to provide affordable housing. THA will modify its policies to allow it to solicit requests for PBVs from owners and to have the discretion to prefer units in existing housing units, as opposed to units that have not yet been constructed. This would make units available more quickly. It may also make it easier to project-base our vouchers in market rate buildings.

SOME DETAIL ABOUT THE THREE PROPOSALS

1. CHOICE MOBILITY FOR ALL PROJECT BASED VOUCHER UNITS

In general, THA uses its housing vouchers in two ways. The main way gives a voucher to a household. The household finds a landlord to rent from. The voucher helps to pay the rent. These vouchers are called “tenant-based”. The other use is called a “project-based voucher” (PBV). THA would agree with an owner of an apartment complex to “project base” vouchers at the property to help pay the rent and make apartments affordable to low-income tenants when they move in. Under the normal HUD rules, a housing authority would have to give a tenant-based voucher, if available, to tenants who live in a project-based unit for at least a year then moves out in good standing. This tenant-based voucher would help the tenant pay the rent on their next home that they find in the private rental market. This is called the Choice Mobility option (CM). However, THA does not do this. Using its Moving to Work (MTW) authority, THA eliminated the CM option for families receiving PBV assistance either in THA properties or in PBV properties that our partners own.

Recently, the rules changed. THA refinanced its properties. It did this under a HUD program called Rental Assistance Demonstration (RAD). The RAD rules require THA to offer CM to families in a RAD-PBV unit. That includes about half of Salishan, all the senior buildings and parts of our other communities. This requirement, however, does not apply to other parts of THA’s portfolio. The rule also does not apply to PBVs in our partner properties.

THA proposes to offer CM to all PBV units in THA’s portfolio and in the properties of its PBV partners. This change offers some benefits and disadvantages. They show on the following chart. On the whole, we judge that the benefits outweigh the disadvantages.

HUD rules require THA to offer exit vouchers to all residents of its former public housing RAD units that are now project based voucher (PBV) units; THA already does this.

THA is also considering offering exit vouchers to all residents of THA and partner PBV units.

Comparative Advantages of Offering or Not Offering Exit Vouchers to All

<i>Advantages of Not Offering Exit Vouchers to All</i>	<i>Advantages of Offering Exit Vouchers to All</i>
Protects Stability of the Portfolios By making it easier for tenants to move out, exit vouchers make communities more transient and unstable and deprive communities of their leaders.	Gives All Households a Choice Vouchers allow households a better chance to choose their own housing, neighborhood and schools.
Protects Portfolio Income Diversity The higher income households in the portfolios may be more likely than lower-income households to take the voucher. If this turns out to be true, the portfolios will lose some measure of income diversity. They will also lose the positive example of households that are succeeding.	Exits Will Free Up Units for Needier Households When households exit the PBV portfolios they create a valuable vacancy where rent is based on a tenant's income and supportive services are available on-site. The unit's next tenant will likely need that rent and those services more than the exiting household. For this reason and to promote this turnover, the City and County ask THA to offer exit vouchers for all.
Reduces Expense of Vacancies and Units Turns Exit vouchers create more vacancies and unit turns, which are expensive. Exit vouchers essentially pay tenants to leave. No rational landlord would do this. Issuing vouchers is also an administrative burden.	Makes THA and Partners Compete for Tenants Giving tenants a greater ability to move will helpfully oblige THA and partners to compete for their business by making the portfolios appealing so tenants will want to stay.
	Improves HOP Utilization Rate Households that opt to exit with HOP Vouchers are likely to be the higher income ones in the portfolio, making them more likely than lower income HOP applicants to find landlords willing to rent to them. This will improve HOP voucher utilization rates.
Exit Vouchers Circumvent the HOP Waiting List; People On the List Will Wait Longer Exit vouchers circumvent the HOP Voucher wait list. This means that other people applying for a voucher will have a smaller chance to get on the list and will wait longer once they are on it.	Consistency Among Units and Tenants Giving exit vouchers to all tenants avoids the need to manage two different types of units. It avoids treating tenants differently, even if they live side by side, and avoids having to explain the difference.
	Ways to Mitigate Problems of Exit Vouchers (1) THA and partners will help tenants understand the disadvantages of a HOP exit voucher: <i>e.g.</i> (i) its subsidy is less than a tenancy's subsidy; (ii) it has a five-year time limit for work-able people, while tenancies (presently) have no time limit; (iii) people with a HOP voucher have trouble in Tacoma's market finding a landlord willing to rent; (2) THA and partners will continue to make their properties appealing so tenants wish to stay. (3) THA will cap its issuance of exit vouchers to 75% of all issuances, as RAD rules allow.

The following is THA's policy for Choice Mobility for RAD Project-Based Voucher that THA proposes to apply to all PBV holders:

1.1 Choice Mobility Policies

1.1.1 Eligibility for Choice Mobility and Family Right to Move:

Families that wish to exercise CM may do so any time after the first year of occupancy if they are in good standing with the landlord and THA. The family must give advance written notice to the owner in accordance with the lease and provide a copy of such notice to THA. If the family wishes to move with continued tenant-based assistance, the family must contact THA to request the rental assistance prior to providing notice to terminate the lease.

If the family provides notice to terminate the lease in accordance with these requirements, THA will offer the family the opportunity for continued tenant-based assistance, in the form of a voucher or other comparable tenant-based rental assistance. If a voucher or other comparable tenant-based assistance is not immediately available upon notice of termination of the family's lease in the PBV unit, THA will give the family priority to receive the next available opportunity for continued tenant-based assistance. The family can withdraw its notice of termination and stay in its apartment to wait for the voucher.

If the family terminates the assisted lease before the end of the first year or moves prior to being issued an exit voucher, the family relinquishes the opportunity for continued tenant-based assistance.

1.1.2 Assistance Type

Families exercising CM will be offered a Housing Opportunity Program (HOP) subsidy. THA's Housing Opportunity Program (HOP) is a program for all new admissions to THA's tenant based program. The program is fixed-subsidy and time-limited. All new admissions to the HOP program receive a fixed subsidy. That includes senior/disabled households. Workable households have a five-year time limit on their assistance. The time limit does not apply to senior/disabled households.. HOP households have annual re-examinations so THA can monitor the earned income and compare it to its other programs. There are no interim re-examinations. THA does not allow port outs for the HOP program except in cases of domestic violence covered by VAWA and Reasonable Accommodations.

Families exercising CM would not be subject to the following HOP eligibility requirements:

- The income provisions in the HOP policy that state families must be at or below 50% Area Median Income (AMI) to be eligible for admission into HOP
- That once families reach 80% AMI, the family would income out of the program

Five-year time limits **will** still apply to families deemed work-able under THA's definition.

1.2 Impact on HOP Waiting List

Families choosing to exercise CM have priority over the families on the HOP waitlist. The rules allow THA to establish a cap on the number of tenant based subsidies issued to CM families. The RAD rules require that agencies may implement an annual turnover cap at 75%. This means that annually, no more than 75% of HOP issuances may be to CM families. THA proposes that 75% annual turnover cap apply to all CM families, not just RAD. Under HUD regulations RAD households would have a priority in that pool but no more than a total of 75% of all new admissions would be CM families.

1.3 Policy Options to Mitigate Turnover

Initially, THA used its MTW authority to waive the CM option for PBV holders to mitigate the number of families transferring from Salishan and other PBV-funded projects onto the voucher waitlist as soon as the family reached one year of occupancy. This would adversely affect families currently waiting on the waitlist, as well as create issues with tax credit compliance. As a companion to the expansion of CM to all PBV households, THA will also implement the following policies:

1.3.1 In good standing status/no debts owed:

Families that are not in compliance with their lease or owe money to THA or the property owner would not be eligible to exercise CM.

1.3.2 One time use policy:

Families would only have one opportunity to receive tenant-based assistance. If the family opts for tenant based and is unable to lease up with the subsidy, the family would no longer be eligible to exercise CM. Unless the family moves from their assisted unit prior to finding a new unit with CM, they would be eligible to remain in their PBV tenancy.

1.3.3 Pre-issuance counselling:

Any family wishing to exercise CM would be required to attend pre-issuance counselling to ensure the family understands the

nature of Tacoma's rental market and the nature of HOP subsidies (fixed subsidy and time-limited assistance for work able families).

1.3.4 Unpaid tenant charges could result in termination of voucher assistance:

If a family exercises CM and leaves debt to THA due to damage, unpaid rent, etc., THA would have the right to terminate the voucher assistance.

2. POLICY FOR DISPLACED FAMILIES DUE TO FEDERALLY DECLARED DISASTERS

THA proposes some changes that will allow it to help people displaced by disaster in Tacoma or other parts of the country. In these proposals, THA tries to apply some lessons it learned in 2005 during Hurricane Katrina and associated flooding. Katrina caused the nation's worst housing disaster up to that time from a single event. Thousands of people from the nation's Gulf Coast were unable to return to their homes. Many of them sought shelter throughout the nation. Some made their way to Tacoma. At that time, THA devised a relief plan in consultation with the State of Washington Department of Community, Trade and Economic Development (DCTED), local officials, local housing and social service providers, and the THA Resident Advisory Board. THA ended up housing about 35 households. THA had to scramble to devise a policy to do this.

The recent hurricanes in Texas, Florida and Puerto Rico remind us that these housing disasters will recur. THA does not wish recreate a policy for each disaster. It needs a policy to guide its response but to allow flexibility as circumstances warrant. THA proposes a policy to give it discretion to provide two types of assistance during a federally declared disaster. **First**, the policy would allow THA to set aside up to 100 vouchers or THA-owned units per year for households fleeing the disaster areas. When THA issues these vouchers, it will allow families to immediately port to another restriction without requiring them to lease in Tacoma's jurisdiction. **Second**, the policy would allow THA to contribute the services of THA staff volunteers to stricken public housing authorities. Whether or when or to what extent THA will make vouchers, units or staff available will be up to the sole discretion of the THA Board of Commissioners. The THA Executive Director will have sole discretion to do so without advanced Board approval in the event an emergency requires action faster than the Board can convene for the purpose.

THA fully acknowledges that providing this relief may mean redirecting scarce housing resources away from needy residents in Tacoma and Pierce County. For that reasons, THA proposes some limitations. However, THA judges that within those limits it must do its share when Americans elsewhere face such crisis. THA can do this in anticipation of help from elsewhere should Tacoma ever face a disaster. Also, doing this is one way to demonstrate what it means to be one nation.

In outline form, the policy will provide as follows:

2.1 Federally Declared Disaster

The policy will apply only to persons displaced by a federally declared disaster.

2.2 Provision of Vouchers and Units

THA will provide up to 100 vouchers or apartments to displaced persons.

2.3 Triggering the Policy

The THA Board of Commissioners, in its sole discretion, will determine whether and when to activate and deactivate this policy during any federally declared disaster, and the number of vouchers or units to make available, PROVIDED THAT the THA Executive Director may do so, in his or her sole discretion, if he or she determines that an emergency requires action faster than the THA Board can convene for the purpose.

2.4 Factors to Consider or Determine

The THA Board of Commissioners and Executive Director will consider or determine the following factors in exercising discretion under this policy:

- direction or request for assistance from federal, state, city or county authorities, including other housing authorities experiencing the disaster;
- the availability or unavailability of alternative sources of emergency housing assistance
- the need for housing in Tacoma and Pierce County;
- the number of vouchers or units available within THA's resources;
- the eligibility criteria to decide who gets them;
- allowance or limits on portability;
- value of the voucher;
- any conditions placed on the assistance;
- the willingness of THA staff to volunteer and the capacity of the stricken housing authority or its local authorities to use THA staff effectively and safely.

3. SOLICITATION AND SELECTION OF PROJECT BASED VOUCHER (PBV) PROPOSALS

THA proposes changing its procedures to make it easier and faster to solicit and select PBV proposals. Tacoma faces a quickly changing rental market. Rental prices are rising, vacancy rates are lowering and households are having a harder time finding rental housing, even with THA's rental assistance. Project basing vouchers can help, in several ways:

- PBVs can assure a rental stream to support debt to finance new construction or reconstruction of affordable housing;
- PBVs make units affordable for a long time (up to 15 years);
- PBVs can match housing dollars with supportive services;
- PBVs can bring a measure of economic and racial integration to private market rate buildings and neighborhoods

THA proposes changes to allow it to solicit requests for PBVs from owners and in evaluating those requests to have the discretion to prefer units in existing housing units, as opposed to units that have not yet been constructed. Such a preference will make units available more quickly. THA will use this discretion based on the rental market and leasing data when exercising this new policy.

Proposed Revisions

Policy Proposal	Applicable THA Policies Requiring Revision
Choice Mobility for all Project Based Voucher Households (Administration Plan, pages 494-)	17-V11.B. "Initial Term and Lease Renewal" MTW Policy waiving mobility option for PBV tenants. 17-V11.C. "Family Right to Move" Now applies to all PBV households not just households assisted through RAD 17-XI.C Choice mobility waiting list guidelines 17.XI.F Now applies to all PBV tenants not just those assisted through RAD

Policy Proposal	Applicable THA Policies Requiring Revision
Changing Project Based Voucher Solicitation and Selection for new contracts (Administration Plan, pages 466 - 468)	17-II.B Solicitation and Selection of PBV Proposals
Preference for households fleeing federally-declared disaster areas	4-III.C. Local Preferences 4-I.D. [ACOP] Placement on the Waiting List

Public Comment

A memo detailing the proposed revisions was posted to THA's website and social media outlets on October 9, 2017. The required 30 day public comment period has not yet ended and it posted to end November 10, 2017. THA has received zero comments so far and will update the board should THA receive any public input.

Recommendation

Approve Resolution 2017-11-15 (1) authorizing THA to adopt the proposed revisions to the Administrative Plan and ACOP.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (1) **(Proposed Revisions to THA's Administrative Plan and ACOP:** **Exit Vouchers; THA Help to People Fleeing Disasters; Process for PBV Vouchers)**

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

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

WHEREAS, The Admissions and Continued Occupancy Plan (ACOP) relates to the administration of the Public Housing program and is required by HUD; and

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

WHEREAS, Changes to the Administrative Plan and ACOP must be approved by THA Board of Commissioners; now, therefore, be it

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

THA is authorized to adopt the following updates to the Administrative Plan to reflect the proposed policy changes.

Policy Proposal	Applicable THA Policies Requiring Revision
Choice Mobility for all Project Based Voucher Households (Administration Plan, pages 494)	17-V11.B. "Initial Term and Lease Renewal" MTW Policy waiving mobility option for PBV tenants. 17-V11.C. "Family Right to Move" Now applies to all PBV households not just households assisted through RAD 17-XI.C Choice mobility waiting list guidelines 17.XI.F Now applies to all PBV tenants not just those

	assisted through RAD
Changing Project Based Voucher Solicitation and Selection for new contracts (Administration Plan, pages 466 - 468)	17-II.B Solicitation and Selection of PBV Proposals
Preference for households fleeing federally-declared disaster areas (Administrative Plan, page 110; ACOP page 77)	4-III.C. Local Preferences 4-I.D. [ACOP] Placement on the Waiting List

Approved: November 15, 2017

Janis Flauding, Chair

Resolution 2



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (2)

Date: November 15, 2017

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Alberta J Canada – Construction and Permanent Lender Selection

This resolution would authorize the Tacoma Housing Authority's (THA) Executive Director to finalize the selection of the construction and permanent lender for the Alberta J. Canada Renovation project.

Background

The Tacoma Housing Authority received a 2017 allocation of 4% Low Income Housing Tax Credits and Tax exempt bonds from the Washington State Housing Finance Commission (WSHFC) for the Alberta J Canada renovation. The tax credits are sold to investors to generate equity for the development. The initial value of the tax credits was estimated to be \$4,571,834.00.

In addition to tax credits, the project will require up to \$7,500,000 in tax exempt bond loans for construction and permanent financing. In April 2017, Tacoma Housing Authority requested Letters of Interest from prospective construction and permanent lenders to assist in financing the renovations of Alberta J Canada, a 49-unit senior housing complex.

The Request for Proposal was forwarded to following lenders.

Banner Bank
Chase Bank
Bank of America
Citi Bank
Heritage Bank NW
US Bank
WCRA

On May 26, 2017, staff received Letters of Interest from the following responders.

Banner Bank
Chase Bank/WCRA
Citi Bank
Heritage & Bellwether

An evaluation team comprised of two THA staff and our Financial Services Advisor, Brawner and Company, evaluated the proposals based on loan terms, including interest, fees, operating reserve requirements, guarantees, and conversion from construction to permanent financing requirements. After some discussion, the evaluation team unanimously agreed to recommend Banner Bank as the Alberta J Canada lender for both construction and permanent financing. The selection committee favored Banner Bank for the following reasons:

Construction Loan:

Banner will provide up to a \$7,500,000 construction loan. This loan would be made with a back-to-back loan structure in which all bonds are issued at closing (construction loan) and a portion of the loan converts to a permanent loan at conversion. The Bank will purchase tax exempt bonds to be issued by the Tacoma Housing Authority. The construction loan shall be repaid in full from the permanent loan and LIHTC Equity.

Interest Rates:

With a 25 month maturity, the construction loan has a Borrower's option of 70% of WSJ Prime, rounded to the nearest 1/8%, with a floor of 2.75%, adjusting as Prime may change or a fixed interest rate to be set 30 days before closing at 1/4% above the floor rate as calculated above, currently 3.00%.

The tax exempt fixed interest rate for the Permanent Loan shall be locked at Construction Loan closing and has a term of 17 years. The interest rate set 30 days before closing would be the lesser of 4.50% or 70% of sum of 2.10% plus 17 year fix rate advance of the Federal Home Loan Bank product rounded to the nearest 1/8%.

Loan Fees: 0.50% of the final acquisition/renovation loan amount and 0.50% of the final committed permanent loan amount.

Maturity Date: Construction Loan, 25 months maximum from closing. Permanent Loan, 204 months from construction loan closing.

Operating Reserves: \$0.00

Replacement Reserve: \$0/unit/year

THA Guarantees: The acquisition/renovation loan shall be full recourse to the Borrower. Upon conversion, the repayment guaranty shall expire and the permanent loan shall become non-recourse except for standard carve-outs.

Recommendation

Approve Resolution 2017-11-15 (2) authorizing the Executive Director to negotiate and execute the Commitment Letter from Banner Bank for construction and permanent financing for the acquisition/renovation of Alberta J Canada (Alberta J Canada LLLP). The negotiated final terms and loan agreements will be presented to the Board for its consideration and approval prior to execution and financial closing for the project.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (2)

(Alberta J Canada Renovation – Construction and Permanent Lender Selection)

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

Whereas, In April, 2017, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) for Letters of Interest from lenders interested in providing construction and permanent financing for the acquisition/renovation of the Alberta J. Canada senior housing apartments; and

Whereas, The RFP was forwarded to seven lenders of which four lenders responded with Letters of Interest on May 26, 2017; and

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

Whereas, The evaluation team unanimously agreed to recommend negotiating with the Banner Bank and the execution of the Commitment Letter for both the construction and permanent 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 execute the Commitment Letter from Banner Bank for construction and permanent financing for the acquisition/renovation of the Alberta J. Canada senior housing, (Alberta J. Canada LLLP). The negotiated final terms and loan agreements will be presented to the Board for its consideration and approval prior to execution and financial closing for the project.

Approved: November 15, 2017

Janis Flauding, Chair

Resolution 3



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (3)

Date: November 15, 2017
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Alberta J Canada – LIHTC Equity Investor Selection

This resolution would authorize the Tacoma Housing Authority's (THA) Executive Director to finalize the selection of the LIHTC Equity Investor for the Alberta J. Canada Renovation project.

Background

The Tacoma Housing Authority received a 2017 allocation of 4% Low Income Housing Tax Credits and Tax exempt bonds from the Washington State Housing Finance Commission (WSHFC) for the Alberta J Canada renovation. The tax credits are sold to investors to generate equity for the development. The initial value of the tax credits was estimated to be \$4,571,834.00.

In April, 2017, Tacoma Housing Authority requested Letters of Interest from prospective tax credit investors to assist in financing the acquisition/renovation of the Alberta J. Canada, 48-unit senior housing complex.

The Request for Proposal was forwarded to following investors.

Richman Capital	National Equity Fund (NEF)
Boston Capital	Enterprise
Royal Bank of Canada (RBC)	Key Bank
Berkshire Hathaway	Aegon

On May 31, 2017, staff received Letters of Interest from the following responders.

Royal Bank of Canada (RBC)
Boston Capital
Enterprise
Aegon

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

After some discussion, the evaluation team unanimously agreed to recommend Aegon as the Alberta J Canada investor for the project. The selection committee favored Aegon for the following reasons:

Tax Credit Pricing: \$.965, total estimated equity value: \$4,571,834

Operating Reserves: \$125,000

Replacement Reserve: \$390/unit

THA Guarantees: Construction completion, operating deficits, tax credit delivery

Buy-Out: THA (General Partner) has Right of First Refusal; General Partner can purchase at the end of the compliance period at remaining debt or Fair Market Value, excluding exit tax.

Recommendation

Approve Resolution 2017-11-15 (3) authorizing THA's Executive Director to (a) negotiate and execute the commitment letter from Aegon for the purchase of low-income housing tax credits to be allocated to Alberta J. Canada (Alberta J. Canada, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Aegon as Limited Investor Partner. The negotiated Operating Agreement will be presented to the Board for its consideration and approval prior to execution.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (3)

(Alberta J Canada Renovation – Construction and Permanent Lender Selection)

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

Whereas, In April, 2017, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) for Letters of Interest from investors interested in providing LIHTC equity for the acquisition/renovation of the Alberta J. Canada senior housing apartments; and

Whereas, The RFP was forwarded to eight investors of which four investors responded with Letters of Interest on May 31, 2017; and

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

Whereas, The evaluation team unanimously agreed to recommend negotiating with Aegon and the execution of the Commitment Letter for LIHTC equity for the acquisition/renovation 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 (a) negotiate and execute the commitment letter from Aegon for the purchase of low-income housing tax credits to be allocated to Alberta J. Canada (Alberta J. Canada, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Aegon as Limited Investor Partner. The negotiated Operating Agreement will be presented to the Board for its consideration and approval prior to execution.

Approved: November 15, 2017

Janis Flauding, Chair

Resolution 4



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-22 (4)

Date: November 22, 2017

To: THA Board of Commissioners

From: Michael Mirra, Executive Director

Re: Crisis Residential Center Development on Arlington Property: HUD Disposition Amendment

Purpose

The purpose of this resolution is to authorize THA's Executive Director to submit an amended disposition request to HUD for the development of a Crisis Residential Center (CRC) for youth experiencing homelessness on the Arlington Drive property in Salishan.

Background

The Tacoma Housing Authority (THA) Board of Commissioners adopted resolutions 2016-06-22 (5) and 2017-2-22(2) that together authorize THA to use Arlington Drive develop, among other facilities, a licensed Crisis Residential Center (CRC) for homeless youth ages 12 to 17 years.

Some of these youth will come from the streets. Some will come from the state's dependency system. Some will come from the county's juvenile justice system. The center will provide a therapeutic, home-like setting staffed 24 hours a day, seven days a week. The services at the home will meet all of the basic needs of the children: transportation to school and other scheduled appointments, individual and group counseling, meals, clothing, hygiene supplies, and assistance in accessing medical and dental services.

These resolutions allowed THA to begin negotiations with the City of Tacoma and Pierce County over costs. The City and the County agreed to pay the cost of design and construction. THA began discussions with Community Youth Services (CYS) to operate this facility. Right now, CYS is operating a CRC at THA's Bismark House.

THA will own the land and the structure. Yet it is still necessary to submit an amended disposition request to HUD for the use of the Arlington Drive property for this purpose. This resolution will authorize the executive director to do that.

Recommendation

Approve the resolution to authorize THA's Executive Director to submit an amended disposition request to HUD for the development of a Crisis Residential Center for youth experiencing homelessness on the Arlington Drive property.



TACOMA HOUSING AUTHORITY

RESOLUTION NO 2017-11-22 (4)

(Crisis Residential Center Development on Arlington Property HUD Disposition Amendment)

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

WHEREAS, the Board of Commissioners authorized the use of Arlington Drive to a youth campus to include a Crisis Residential Center/HOPE bed facility for homeless youth; and

WHEREAS, by resolution 2017-2-22(2), the Board of Commissioners authorized the terms of the agreement with the City to state that THA would own the land, not lease it to the City for the purpose of developing a youth home; and

WHEREAS, it is necessary to submit an amended disposition request to HUD for the use of the Arlington Drive property for this purpose; 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 submit an amended disposition request to HUD for the development of a Crisis Residential Center for youth experiencing homelessness on the Arlington Drive property.

Approved: November 22, 2017

Janis Flauding, Chair

Resolution 5



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (5)

Date: November 15, 2017

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Alberta J Canada - Enter Into Contract with General Contractor

This resolution would authorize the Tacoma Housing Authority's (THA) Executive Director to finalize the selection of the General Contractor for the Alberta J. Canada Renovation project.

Background

On August 30, 2017, THA staff notified interested General Contractors and publicly advertised an Invitation to Bid (ITB) for the Alberta J. Canada Renovation project. The ITB requests competitive bids to perform the construction.

The ITB was posted on Washington Electronic Business Solutions, (WEBS) and THA's website. A notice of opportunity was sent to 35 plan centers and prospective bidders. Two (2) firms responded to the ITB during the public bid opening on the due date of October 11, 2017, at 3:00 p.m. The results are as follows:

Contractor	Base Bid	Deductive Alt 1	Deductive Alt 2	Unit Price 1	Unit Price 2	Unit Price 3
CDK Construction	\$4,680,000	-\$107,000	-\$207,500	\$8,800	\$11,600	\$15,900
Marpac	\$6,980,000	-\$217,266	-\$53,816	\$96,095	\$101,748	\$33,916

The budget for the direct construction activities is \$3,974,610 plus owner contingency of \$481,000. The responsive and responsible low-base bid is \$705,390 over the budgeted amount.

Staff consulted with legal counsel to verify if THA could negotiate with the lowest responsive and responsible bidder. Per Foster Pepper, due to the funding structure not having any state or municipal dollars on the project, it is not considered a public works project. Accordingly, THA could negotiate with the lowest bidder. With this, staff would work with the architect and contractor to reduce the scope of work to lower cost.

Recommendation

Approve Resolution 2017-11-15 (5) authorizing THA's Executive Director to negotiate through a scope of work reduction, and if those negotiations are successful, to award the contract to CDK Construction in an amount not-to-exceed the base bid of \$4,680,000 plus owner contingency of \$481,000, as needed to reduce the cost closer to the budgeted amount of \$3,974,610.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (5) (Alberta J Canada Renovation – Enter Into Contract with General Contractor)

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

WHEREAS, On August 30, 2017, THA staff notified interested General Contractors and publicly advertised an Invitation to Bid (ITB) for the Alberta J Canada Renovation project; and

WHEREAS, The ITB was posted on Washington Electronic Business Solutions, (WEBS) and THA's website and forwarded to 35 plan centers and prospective bidders; and

WHEREAS, Two firms submitted proposals for the public opening by the deadline of October 11, 2017, at 3:00 pm with the following bid results; and

Contractor	Base Bid	Deductive Alt 1	Deductive Alt 2	Unit Price 1	Unit Price 2	Unit Price 3
CDK Construction	\$4,680,000	-\$107,000	-\$207,500	\$8,800	\$11,600	\$15,900
Marpac	\$6,980,000	-\$217,266	-\$53,816	\$96,095	\$101,748	\$33,916

WHEREAS, The lowest responsive and responsible bidder is CDK Construction in the amount of \$4,680,000; and

WHEREAS, The lowest bid exceeded the project budget and THA will negotiate a lower price through a scope of work reduction; now, therefore, be it

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

Approve Resolution 2017-11-15 (5) authorizing THA's Executive Director to negotiate through a scope of work reduction, and if those negotiations are successful, to award the contract to CDK Construction in an amount not-to-exceed the base bid of \$4,680,000 plus owner contingency of \$481,000, as needed to reduce the cost closer to the budgeted amount of \$3,974,610.

Approved: November 15, 2017

Janis Flauding, Chair

Resolution 6



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15(6)

DATE: November 15, 2017

TO: THA Board of Commissioners

FROM: Michael Mirra
Executive Director

RE: Alberta J. Canada LLLP

Purpose

This resolution will authorize THA to execute all documents related to the closing with the investor limited partner and various funders, as necessary, in order to carry out the rehabilitation of the Alberta J. Canada Building (formerly known as the New Look Apartments) (the “Apartment Complex”).

Background

The Apartment Complex currently contains 49 dwelling units for low-income persons, together with ground floor commercial space. It is currently owned by the Authority and located at 1102 South 11th Street, in Tacoma, Washington.

In October 2016, THA’s Board adopted Resolution No. 2016-10-26(4) authorizing THA to form The Alberta J. Canada LLLP (the “Partnership”) for the purpose of acquiring, rehabilitating and operating the Apartment Complex.

THA will serve as the developer and the general partner of the Partnership. The Partnership will own (for federal tax purposes) and operate the Apartment Complex, and THA will hold a right of first refusal to acquire the Apartment Complex from the Partnership at the end of the 15-year tax credit compliance period. The Partnership’s initial limited partner is Tacoma Housing Development Group (“THDG”) and the THA staff have negotiated agreements whereby AEGON USA Realty Advisors, LLC (“AEGON”) (or one or more affiliate thereof), will replace THDG as the Partnership’s limited partner. In exchange for an expected allocation of federal low-income housing tax credits and other federal tax benefits, AEGON is expected (as of the date hereof) to make capital contributions in the aggregate amount of approximately \$3,990,000, which will be used by the Partnership to establish reserves, pay rehabilitation costs, and retire a portion of the Partnership’s debt. Banner Bank will acquire a bond issued by THA, and the bond proceeds in an amount not expected to exceed \$7,500,000 will be used to fund a loan to the Partnership to pay rehabilitation costs. The bond is authorized to be issued pursuant to a separate resolution which also will be presented to the Board at its November meeting. THA will also provide the Partnership one or more additional loans in an amount not expected to exceed \$3,400,000 for the purpose of financing or refinancing the Partnership’s acquisition and rehabilitation of the Apartment Complex, which will be repaid from cash flow after debt service, reserves and deferred developer fees are paid.

Recommendation

Approve Resolution No. 2017-11-15(6).



TACOMA HOUSING AUTHORITY

Tacoma Housing Authority 2017-11-15(6)

Alberta J. Canada LLLP

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the lease of Authority property to The Alberta J. Canada LLLP, authorizing one or more loans to The Alberta J. Canada LLLP, approving the execution and delivery of documents relating to the acquisition and rehabilitation of the Alberta J. Canada Building, and determining related matters.

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

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

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

Whereas, pursuant to the authority provided by RCW 35.82.070, the Authority formed The Alberta J. Canada LLLP (the “Partnership”) with Tacoma Housing Development Group (“THDG”);

Whereas, the Partnership has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to acquire, rehabilitate, operate and maintain the Alberta J. Canada Building currently consisting of 49-unit low-income housing units and ground floor commercial space (the “Project”), to provide housing for low income persons within the City of Tacoma, Washington (the “City”);

Whereas, in connection with the financing for the Project, the Authority will lease the Project to the Partnership;

Whereas, the financing for the Project will require the use of various funding sources, including a tax-exempt bond, low income housing tax credits and federal grants;

Whereas, AEGON USA Realty Advisors, LLC (or one or more of its affiliates) (collectively, the “Investor”) has offered to acquire the limited partner interest in the Partnership, and the Authority’s Board of Commissioners (the “Board”) finds and determines that the capital contributions expected to be made by the Investor to the Partnership will be sufficient, together with other available money, to enable the Partnership to acquire, rehabilitate, operate and maintain the Project;

Whereas, as a condition to acquiring the limited partner interest in the Partnership, the Investor requested that the Authority amend and restate the Partnership's original limited partnership agreement and execute and deliver certain other agreements, certificates and other documents relating to the Partnership and the Project, which request the Board finds and determines to be reasonable;

Whereas, the Board finds and determines that the Project likely would not be developed and maintained as housing for individuals and families of low income unless the Partnership was formed and the Investor committed to make its capital contributions to the Partnership;

Whereas, the total cost of acquiring, constructing, equipping and financing the Project is not expected to exceed \$15,000,000, which will be financed by the Partnership with numerous sources of funds, including a loan of proceeds of a tax-exempt bond issued by the Authority, one or more additional loans from the Authority in the aggregate amount not expected to exceed \$4,300,000, and capital contributions from the Investor;

Whereas, the Partnership will provide the Authority with a right of first refusal to acquire the Project at the end of the 15-year low-income housing tax credit "compliance period" for the Project; and

Whereas, the Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for it to serve as general partner of the Partnership and developer of the Project, and to obtain the various funding sources on behalf of the Project described above, and to make such funds available to the Partnership;

Whereas, the Board finds and determines that the financial assistance to be provided by the Authority pursuant to this resolution is necessary to support the poor and infirm; and

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

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

1. Approval of Transaction Documents. The Authority is authorized to continue as a general partner of the Partnership and to provide development services to the Partnership. The Chair of the Board, the Authority's Executive Director and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized and directed to execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A (collectively, the "Transaction Documents") in such forms as any Authorized Officer may approve (with the understanding that an Authorized Officer's signature on a Transaction Document shall be construed as the Authority's approval of such Transaction Document); and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Transaction Documents. The Authorized Officers (and each of them acting alone) are further authorized and directed to

take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership, under the provisions of or as necessary to carry out the transactions contemplated by the Transaction Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).

From and after the date the Transaction Documents are effective, the Executive Director (or his designee) is authorized and directed, without further Board approval, to take such actions on behalf of the Authority as are required to be taken by the general partner of the Partnership.

2. Authorization to Lend Money. The Authority is authorized to lend to the Partnership, pursuant to the terms of the Transaction Documents listed in Exhibit A under the heading “Housing Authority Loan Documents”, an amount(s) of up to \$4,300,000 for the purpose of financing or refinancing costs of the Project. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to determine the source (or sources) of funds for each loan contemplated under the Housing Authority Loan Documents. Such loan (or loans) is intended to be in addition to the loan of Authority bond proceeds authorized by the Board by a separate resolution.
3. Authorization to Lease Apartment Complexes. The Authority is authorized to lease to the Partnership, for a term not exceeding 100 years, the Project and the land on which the Project is located.
4. Assignments. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to execute and deliver one or more instruments (i) assigning to the Partnership the Authority’s rights under the construction contract, the architects’ contracts, the geotechnical consultant contracts, and other development contracts, as such rights pertain to the construction of improvements on land leased to the Partnership, and (ii) assigning to lenders and others the Partnership’s interests in such contracts.
5. Tax Credit Documents. The Authorized Officers (and each of them acting alone) are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to execute, deliver and/or file (or cause to be delivered and/or filed) all documents deemed necessary or appropriate to allow the Partnership to qualify for and obtain federal low-income housing tax credits in connection with the Project including, without limitation: the filing of one or more applications with the Washington State Housing Finance Commission (the “Commission”); the execution of all necessary and related documents, including without limitation regulatory agreements, declarations and restrictive covenants; the making of determinations required by Section 42(m)(2)(D) of the Internal Revenue Code of 1986, as amended; and the making of certifications with respect to the Project and the Partnership of the type described in Treasury Regulation § 1.42-8(b)(4)(i).
6. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to: (i) determine that any document authorized by this resolution is, at the time

such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority and/or the Partnership not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, rehabilitation, development, financing, construction, and leasing of the Project; and (iii) cause the Authority and/or the Partnership to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. Without limiting the scope of such authorization, such documents may include lease-up and marketing agreements, company management services agreements, development agreements, construction guaranty agreements, repayment guarantees, cash pledge agreements, environmental indemnity agreements, property management agreements, architect agreements, contractor agreements, housing assistance payment contracts, irrevocable consents and appointments of attorneys for service of process.

7. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority (whether acting on its own behalf or in its capacity as general partner of the Partnership, as applicable) to fulfill the Authority's duties and obligations, and cause the Partnership to fulfill the Partnership's duties and obligations under the various agreements authorized by this resolution.
8. Increase in Authority Participation. The Authorized Officers, and each of them acting alone, are authorized to decrease the principal amount of any loan or capital contribution authorized by this resolution by any amount, or to increase the principal amount of any loan by or capital contribution from the Authority by an amount up to \$500,000 more than the maximum principal amount for the loan or capital contribution stated in this resolution. The Board directs the Executive Director to report to the Board if the total amount borrowed by the Partnership for the Project exceeds the aggregate maximum principal amount stated in this resolution and the Bond Resolution for all loans to the Partnership.
9. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director of the Authority may, in such person's absence, be taken by the Vice Chair of the Board or the Deputy Executive Director of the Authority, respectively.
10. Changes to Titles or Parties. While the titles of and parties to the various documents listed in Exhibit A hereto may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.
11. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

12. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: November 15, 2017

Janis Flauding, Chair

EXHIBIT A
TRANSACTION DOCUMENTS

Partnership Documents

- Amended and Restated Agreement of The Alberta J. Canada LLLP A Washington Limited Liability Limited Partnership by and among the Authority, Tacoma Housing Development Group and the Investor;
- Development Services Agreement by and between the Partnership and the Authority;
- Put Option Agreement by and among the Partnership, the Authority and the Investor;
- Purchase Option and Right of First Refusal Agreement by and among the Partnership, the Authority and the Investor;
- Assignment, Pledge and Security Agreement by and among the Partnership, the Authority and the Investor;
- Environmental Indemnity Agreement by the Authority in favor of the Partnership and the Investor;
- Repurchase Option Agreement by and among the Partnership, the Authority and the Investor;
- Unconditional Guaranty by the Authority in favor of the Partnership and the Investor;
- Property Management Agreement by and between Quantum Management Services, Inc. and the Partnership;
- Reimbursement and Assignment Agreement between the Partnership and the Authority;
- Assignment and Assumption Agreement Section 8 Housing Assistance Payment Contract among the Authority and the Partnership;

Bond Loan Documents

- Loan Agreement between the Authority and the Partnership;
- Regulatory Agreement between the Authority and the Partnership;
- Renovation and Term Loan Agreement between the Partnership and Banner Bank (the “Bank”);
- Promissory Note from the Partnership payable to the Authority (and to be endorsed by the Authority to the Bank);

- Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing from the Partnership in favor of the Bank;
- Landlord's Consent and Subordination Agreement among the Authority, the Partnership, and the Bank;
- Replacement Reserve and Security Agreement between the Partnership and the Bank;
- Assignment of Construction Contracts and Permits by the Partnership in favor of the Bank;
- Assignment of Architect Contracts and Plans by the Partnership in favor of the Bank;
- Assignment of Rights Under Management Agreement by the Partnership in favor of the Bank;
- Hazardous Waste Warranty and Indemnification Agreement from the Partnership and the Authority in favor of the Bank;
- Commercial Guaranty by the Authority in favor of the Bank;
- Assignment of Rights Under Development Agreement by Borrower in favor of Bank;
- Federal Tax Exemption Certificate and Agreement between the Authority and the Partnership;

Housing Authority Loan Documents

- Master Loan Agreement between the Authority, as lender, and the Partnership, as borrower;
- Promissory Note (The Alberta J. Canada Project – Acquisition Loan) by the Partnership for the benefit of the Authority;
- Promissory Note (The Alberta J. Canada Project – Rehabilitation Loan) by the Partnership for the benefit of the Authority;
- Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (The Alberta J. Canada Project – Master Loan) by the Partnership in favor of the Authority; and
- Hazardous Substance Warranty/Indemnity Agreement by the Partnership for the benefit of the Authority.

Real Estate Documents

- Regulatory Agreement (Extended Use Agreement) relating to each Apartment Complex among the Commission, the Authority and the Partnership;

- Lease Agreement between the Authority and the Partnership;
- Memorandum of Lease Agreement between the Authority and the Partnership;
- Commercial Lease Agreement between the Authority and the Partnership;
- Assignment of Leases and Rents between the Authority and the Partnership;
- Assignment of Contracts and Intangibles between the Authority and the Partnership; and
- Priority and Subordination Agreement among the Authority, the Partnership, the Bank, Tacoma Community Redevelopment Authority and the Commission.

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. 2017-11-15(6) (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 November 15, 2017, 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 November 15, 2017.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

By: _____
Michael Mirra, Executive Director

Resolution 7



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (7)

DATE: November 15, 2017

TO: THA Board of Commissioners

FROM: Michael Mirra
Executive Director

RE: A Resolution authorizing the issuance of a Bond in the principal amount of up to \$7,500,000 to finance costs of acquiring and rehabilitating the Alberta J. Canada Building

Purpose

This resolution authorizes THA to issue a bond in a principal amount of up to \$7,500,000, the proceeds of which will be used to make a loan to The Alberta J. Canada LLLP (the “Partnership”) to finance a portion of the cost of acquiring and rehabilitating the multifamily rental housing project currently known as the New Look Apartments, located in the Alberta J. Canada Building at 1102 South 11th Street, Tacoma, Washington (the “Project”).

Background

Pursuant to Resolution 2016-10-26(4), the Board approved the creation of the Partnership and application to the Washington State Housing Finance Commission for tax credits for the Project. Pursuant to Resolution 2017-8-23(2), as amended by Resolution 2017-9-27(5), the Authority declared its intent to sell bonds to provide financing for the Project.

The Partnership, of which the Authority is the sole general partner, has requested that the Authority issue a revenue bond (the “Bond”) for the purpose of providing part of the funds with which to pay the costs of the Project. The proceeds of the Bond will be used to make a loan (the “Loan”) to the Partnership pursuant to a Loan Agreement (the “Bond Loan Agreement”) between the Authority and the Partnership. Pursuant to the Bond Loan Agreement, the Partnership will agree (1) to apply the proceeds of the Loan to pay costs of the Project and certain costs of issuance of the Bond, (2) to make payments sufficient to pay the principal of and interest on the Bond when due, and (3) to observe the other covenants and agreements and make the other payments set forth in the Bond Loan Agreement.

Banner Bank is expected to offer to purchase the Bond upon terms set forth in its letter dated May 26, 2017, and as it may be further amended from time to time.

Recommendation

Approve Resolution No. 2017-11-15(7)



TACOMA HOUSING AUTHORITY

Tacoma Housing Authority 2017-11-15(7)

Alberta J. Canada Project

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma providing for the issuance of a revenue bond of the Authority in a principal amount of not to exceed \$7,500,000, the proceeds of which will be used to make a loan to The Alberta J. Canada LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to provide part of the funds with which to acquire and rehabilitate a multifamily rental housing project located in the Alberta J. Canada Building, to provide housing for low income persons in the City of Tacoma, Washington; determining the form and terms of the bond; authorizing the execution and delivery of a loan agreement providing for repayment of the loan, a regulatory agreement governing the use of the facility and other bond and loan documents; providing for the sale and delivery of the bond to Banner Bank; and authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution.

Whereas, the Housing Authority of the City of Tacoma (the “Authority”) seeks to encourage the provision of housing for low-income persons residing in the City of Tacoma, Washington (the “City”); and

Whereas, RCW 35.82.070(2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of housing projects; and

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

Whereas, RCW 35.82.070(5) provides that a housing authority may, among other things, “lease or rent any . . . lands, buildings, structures or facilities embraced in any housing project and . . . establish and revise the rents or charges therefor” and “sell, lease, exchange, transfer . . . or dispose of any real or personal property or any interests therein”; and

Whereas, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

Whereas, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction, . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low income”; and

Whereas, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; and

Whereas, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its

agents or employees such powers or duties as it may deem proper”; and

Whereas, The Alberta J. Canada LLLP (the “Borrower”), a Washington limited liability limited partnership of which the Authority is the sole general partner, has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to acquire and rehabilitate a multifamily rental housing project located in the Alberta J. Canada Building at 1102 South 11th Street in the City, currently known as the New Look Apartments and which currently contains 49 units and, after rehabilitation, is expected to contain 48 units (the “Project”); and

Whereas, the Borrower has requested that the Authority issue and sell its revenue bond for the purpose of assisting the Borrower in financing the Project; and

Whereas, the Project will be used by the Borrower to provide housing for low-income persons in the City, and no more than an insubstantial portion of the proceeds of the Bond (defined below) will be used in connection with the financing or refinancing of any portion of the Project to be used by the Borrower for any other purpose; and

Whereas, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue the Bond, in a principal amount not to exceed \$7,500,000, and to use the proceeds thereof to make a loan to the Borrower for the purposes described herein; and

Whereas, it is anticipated that Banner Bank will offer to purchase the Bond on the terms and conditions set forth herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Assignment of Architect’s Contract” means the Assignment of Architect’s Contract and Plans to be executed by the Borrower, relating to assignment of certain of the Borrower’s interests in the architect contract with respect to the Project, including any supplements or amendments thereto made in conformity therewith.

“Assignment of Construction Contracts and Permits” means the Assignment of Construction Contracts and Permits to be executed by the Borrower, relating to assignment of certain of the Borrower’s interests in the construction contracts and permits with respect to the Project, including any supplements or amendments thereto made in conformity therewith.

“Assignment of Rights Under Development Agreement” means the Assignment of Rights Under Development Agreement to be executed by the Borrower, relating to assignment of certain of the Borrower’s interests in development agreement with respect to the Project, including any supplements or amendments thereto made in conformity therewith.

“Authority” means the Housing Authority of the City of Tacoma, a public body corporate

and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Authorized Officers” means the Chair of the Board, the Executive Director of the Authority, any Deputy Executive Director of the Authority, and their respective designees.

“Bank” means Banner Bank, as Registered Owner of the Bond, and any subsequent Registered Owner thereof.

“Bank Loan Agreement” means the Renovation and Term Loan Agreement between the Borrower and the Authority, setting forth certain covenants and conditions relating to the Loan, including any supplements or amendments thereto made in conformity herewith and therewith.

“Board” means the Board of Commissioners of the Authority.

“Bond” means the Housing Authority of the City of Tacoma Revenue Bond, [2017/2018] (Alberta J. Canada Project), issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Bond Fund” means the Housing Authority of the City of Tacoma Revenue Bond Fund, [2017/2018] (Alberta J. Canada Project).

“Bond Loan Agreement” means the Loan Agreement between the Authority and the Borrower providing for, evidencing and securing the obligation of the Borrower to repay the Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Bond Registrar” means the Executive Director of the Authority.

“Borrower” means The Alberta J. Canada LLLP, a Washington limited liability limited partnership.

“City” means the City of Tacoma, Washington.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Deed of Trust” means the leasehold deed of trust encumbering the Borrower’s leasehold interest in the real property and improvements and personal property constituting the Project, securing payment of the Loan, including any supplements or amendments thereto made in conformity herewith and therewith.

“Draws” means incremental draws on the Bond.

“Executive Director” means the Executive Director of the Authority.

“General Revenues” means the rent, fees and other revenues of the Authority from any source, except those revenues which are now or hereafter prohibited from being used for the purpose of paying the Authority’s obligations under the Guaranty or the Hazardous Waste Agreement under the provisions of any law, regulation, contract or covenant, resolution or deed of

trust (including restrictions relating to funds available to the Authority under the U.S. Housing Act of 1937).

“Guaranty” means the Commercial Guaranty executed by the Authority guaranteeing certain of the Borrower’s obligations with respect to the Loan.

“Hazardous Waste Agreement” means the Hazardous Waste Warranty and Indemnification Agreement to be executed by the Borrower and the Authority relating to environmental claims with respect to the Project, including any supplements or amendments thereto made in conformity therewith.

“Loan” means the loan from the Authority to the Borrower of the proceeds of Draws on the Bond.

“Loan Documents” means the Assignment of Architect’s Contract, the Assignment of Construction Contracts and Permits, the Assignment of Rights Under Development Agreement, the Bank Loan Agreement, the Bond Loan Agreement, the Deed of Trust, the Hazardous Waste Agreement, the Promissory Note, any related UCC Financing Statements, and any other documents relating to the Loan to be executed by the Borrower.

“Project” means, depending on the context, (1) the acquisition and rehabilitation of a multifamily rental housing project, currently known as the New Look Apartments, located in the Alberta J. Canada Building at 1102 South 11th Street in the City, or (2) the multifamily rental housing project so acquired and rehabilitated.

“Promissory Note” means the promissory note evidencing the Loan.

“Proposal Letter” means the proposal letter dated May 26, 2017, prepared by the Bank setting forth certain of the terms under which the Bank may purchase the Bond, as it may be amended and supplemented, and any commitment letter issued pursuant or supplemental thereto.

“Registered Owner” means the owner of the Bond registered as such on the registration books maintained by the Bond Registrar.

“Regulatory Agreement” means the Regulatory Agreement executed by the Borrower and the Authority, governing the use of the Project, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Subordination Agreements” means, collectively, subordination agreements by and among the Authority, the Borrower and certain other parties providing for the order of priority of various liens and encumbrances on the Project.

“Tax Certificate and Agreement” means the Tax Certificate and Agreement to be executed by the Borrower and the Authority in the connection with the Bond, including any supplements or amendments thereto made in conformity therewith.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Loan Agreement.

Section 2. Authorization of Bond and Application of Proceeds. The Authority shall issue the Bond in a principal amount not to exceed \$7,500,000 for the purpose of making a loan to the Borrower to provide a portion of the funds required to pay, or reimburse the Borrower for, costs of the Project and costs of issuing the Bond. Such Bond financing is declared and determined to be important for the feasibility of the Project. All proceeds from Draws on the Bond shall be lent to the Borrower for those purposes. The Board finds that it is in the best interest of the Authority to issue the Bond for the purposes set forth in this resolution.

Section 3. Description of Bond. The Bond shall be called the Revenue Bond, [2017/2018] (Alberta J. Canada Project), of the Authority; shall be in a principal amount not to exceed \$7,500,000; shall be dated its date of delivery; and shall be numbered R-1. The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the Bond. The Bond shall bear interest payable on such dates and at such rates (which may include variable and/or fixed rates), shall mature at such times and in such amounts, shall have such prepayment and/or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Bond and the Loan Documents. The authentication of the Bond by the Bond Registrar and the execution of the Loan Documents by an Authorized Officer shall be conclusive evidence of approval by the Authority of the terms set forth therein.

Section 4. Draws on the Bond. The Board authorizes the Executive Director, as authorized signer for the Authority, in its capacity as general partner of the Borrower, or his or her designee, to make Draws on the Bond in such amounts and at such times as he or she may determine, those Draws to be made in accordance with the terms and provisions set forth herein, in the Bond and in the Loan Documents. Draws shall be recorded in such form as the Borrower and the Bank may agree. Draws shall be limited to an aggregate principal amount of \$7,500,000. In the event that the Authority determines that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on Draws which have not been drawn to date (the "Remaining Authorized Amount") not being excluded from gross income for federal income tax purposes, or otherwise determines that it is in its best interest to convert the Bond into a fully funded obligation of the Authority in order to assure that interest on the Bond will remain excluded from gross income for federal income tax, the Authority is authorized to draw the Remaining Authorized Amount and to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Borrower, in connection therewith (including, without limitation, execution of agreements relating to the deposit and investment of such Remaining Authorized Amount prior to application to pay costs of the Project).

Section 5. Bond Registrar; Registration and Transfer of Bond. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained for the Bond by the Bond Registrar (the "Bond Register"). The Executive Director shall serve as Bond Registrar for the Bond. The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the Authority's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

The Bond may be assigned or transferred only (i) in whole to a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (ii) if endorsed in the manner provided thereon and surrendered to the Bond Registrar and (iii) upon the assignee or transferee delivering to the Authority an executed Certificate of Transferee in the form attached to the Bond. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the five days preceding any interest payment date, prepayment date or the maturity date.

Section 6. Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Bond Register on the date payment is mailed or delivered. Upon the final payment of principal of and interest on a Bond, the Registered Owner shall surrender the Bond at the principal office of the Bond Registrar in Tacoma, Washington, for destruction or cancellation in accordance with law.

Section 7. Bond Fund; Security for the Bond. The Bond Fund is hereby established as a special fund of the Authority designated the Revenue Bond Fund, [2017/2018] (Alberta J. Canada Project). The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest and premium, if any, on the Bond. The Authority irrevocably obligates and binds itself to set aside and pay into the Bond Fund, from amounts owed or paid by the Borrower under the Loan Documents, amounts sufficient to pay principal of and interest and premium, if any, on the Bond when due, all of which amounts are pledged to the payment of the Bond. Payments of the Bond shall be further secured by the Loan Documents and the Guaranty.

Upon the issuance of the Bond, the Authority shall cause the Loan Documents to be executed by the Borrower for the benefit of the Authority and/or the Bank, as applicable, and the Authority shall assign certain of its rights under the Loan Documents to which it is a party to the Bank, as security for the Authority’s payment of the principal of and interest and premium, if any, on the Bond. Upon that assignment, the Bank shall collect, on behalf of the Authority and the Bond Fund, the principal and interest payments received under the Loan Documents, and shall apply the same to the payment of the principal of and interest on the Bond, and the Authority shall have no obligation to make principal and interest payments on the Bond except from those payments collected by the Bank on the Authority’s behalf (except to the extent and as required by the terms of the Guaranty). The Authority shall retain its rights under the Regulatory Agreement and certain rights under the Bond Loan Agreement as described therein.

The Registered Owner shall not charge the Authority, in its capacity as issuer of the Bond, and, in such capacity, the Authority shall not be obligated to pay to the Registered Owner, any fees for or costs of collection and application of principal, interest and premium payments under the Loan Documents or the Bond, including any fees for or costs of collecting such payments or exercising the power of sale or any other power under the Deed of Trust, nor shall the Authority be obligated to pay for the application of such payments to the payment of principal of and interest and premium, if any, on the Bond. If the Bond is assigned and transferred to a new Registered Owner, the security interest in the Loan Documents shall be assigned to such new Registered Owner, and such new Registered Owner shall have the rights to carry out all of the duties of the prior Registered Owner as set forth in this resolution, including the duty to collect principal, premium, and interest

payments under the Loan Documents and apply the same to the payment of principal of and interest and premium, if any, on the Bond.

The Authority pledges its General Revenues to the payment of its obligations under the Guaranty and the Hazardous Waste Agreement, subject to release in accordance with their respective terms. The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity of lien with obligations of the Authority under the Guaranty and the Hazardous Waste Agreement. At its option, the Authority may pledge any revenues that comprise a portion of the General Revenues to the payment of other obligations, such payments to have priority over the payments to be made under the Guaranty and the Hazardous Waste Agreement with respect to that portion of the General Revenues so pledged.

The Bond shall not be a debt of the City, the State of Washington or any political subdivision thereof, and the Bond shall so state on its face. Neither the City, the State of Washington nor any political subdivision thereof (except the Authority from the sources described herein) shall be liable for payment of the Bond nor in any event shall the principal of and interest on the Bond be payable out of any funds or assets of the Authority other than those pledged to that purpose by the Authority herein. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bond.

Section 8. Form and Execution of Bond. The Bond shall be in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and the Executive Director and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

Only a Bond bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered Housing Authority of the City of Tacoma Revenue Bond, [2017/2018] (Alberta J. Canada Project), described in the Bond Resolution.

[Specimen]
Executive Director of the Authority, Bond Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her facsimile signature is

authenticated or delivered by the Bond Registrar or issued by the Authority, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. The Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Neither the Commissioners of the Authority nor any person signing the Bond shall be liable personally by reason of the issuance and sale of the Bond.

Section 9. Preservation of Tax Exemption for Interest on Bond. Subject to the last paragraph of this section, the Authority covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the Authority treated as proceeds of the Bond at any time during the term of the Bond which would cause interest on the Bond to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bond from being included in gross income for federal income tax purposes (but only from amounts received by the Authority from the Borrower as payments for those purposes).

The Borrower will agree in the Bond Loan Agreement to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and the Authority shall not be required to expend any funds, other than such amounts to be reimbursed or other money received under the terms of the Bond Loan Agreement, in so complying.

Section 10. Authorization of Documents and Execution Thereof. The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the Regulatory Agreement, the Guaranty, the Subordination Agreements, the Tax Certificate and Agreement, and the other Loan Documents. The Board authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Bond, the Guaranty, the Subordination Agreements, the Tax Certificate and Agreement, the Loan Documents to which it is a party, and this resolution, and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bond. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to execute on behalf of the Authority and to deliver the Regulatory Agreement, the Guaranty, the Subordination Agreements, the Tax Certificate and Agreement, and the Loan Documents to which the Authority is a party, and such financing statements and other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bond or required by the Bank as a condition to purchasing the Bond. The Board further authorizes the Authorized Officers, and each acting alone, to do everything necessary or appropriate for the issuance, execution, and delivery of the Bond to the purchaser thereof and to execute and deliver

any other documents that may be useful or necessary to ensure the proper use and application of the proceeds from the sale of the Bond.

Section 11. Authorization of Borrower Documents and Execution Thereof. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to negotiate, execute and deliver, on behalf of the Authority in its capacity as general partner of the Borrower, the Loan Documents, the Regulatory Agreement, the Subordination Agreements, the Tax Certificate and Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bond and the Loan to the Borrower.

Section 12. Approval of Sale of Bond to Bank. It is anticipated that the Bank will offer to purchase the Bond under the terms and conditions contained in this resolution and in the Proposal Letter. The Board finds that such offer is in the best interest of the Authority, and therefore authorizes the Authorized Officers, and each of them acting alone, accept such offer on behalf of the Authority. The Bond will be delivered to the Bank with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington.

Section 13. Acting Officers Authorized. Any action authorized by this resolution to be taken by the Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority or any other employee of the Authority that has been designated by the Executive Director or the Board to act in the Executive Director's absence. Any action authorized by this resolution to be taken by a Deputy Executive Director, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority or any other employee of the Authority that has been designated by such Deputy Director or the Board to act in the Deputy Executive Director's absence. Any action authorized by this resolution to be taken by the Chair of the Board may, in the absence of such person, be taken by the duly authorized acting Chair of the Board.

Section 14. Ratification and Confirmation. 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.

Section 15. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: November 15, 2017

Janis Flauding, 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. 2017-11-15 (7) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on November 15, 2017, 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 November 15, 2017.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

By: _____
Michael Mirra, Executive Director

Resolution 8



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (8)

Date: November 15, 2017

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Authorization for Acquiring New Insurance Coverage from Philadelphia Insurance Companies

This resolution would authorize Tacoma Housing Authority (THA) to move its property and liability insurance portfolio from the Housing Authority Risk Retention Pool and Affordable Housing Risk Pool (HARRP/AHRP) to Philadelphia Insurance Companies under the brokerage of Alliant Insurance Services.

Background

Over the past seven months, THA Risk Management staff thoroughly reviewed THA's insurance needs, coverage and coverage gaps. We also sought ways to save money and staff time. Alliant Insurance Services, our brokerage consultant, helped us do this. Alliant also helped us shop for alternative insurers and to compare them with our present coverage from HARRP and AHRP. That effort identified better and less expensive coverage through Philadelphia Insurance Companies.

COST OF COVERAGE		
COVERAGE	HARRP/AHRP	Philadelphia Insurance Co.
Package	\$472,301	\$508,264
Umbrella Liability (HARRP provides \$0 to \$5 million excess liability. Philadelphia is \$10 million in all coverage areas)	\$50,958	\$29,621
Government Crime	\$2,300	\$3,008
Misc. Professional Liability/Public Officials/Employment Practices	\$57,417	\$27,056
<i>Premium Subtotals</i>	\$582,976	\$567,949
Alliant Brokerage Consultant	\$15,000	\$0
<i>Program Totals</i>	\$597,976	\$567,949

Below is a summary of the differences in coverage between HARRP/AHRP and Philadelphia.

COMPARATIVE BENEFIT OF PHILADELPHIA OVER HARRP/AHRP	WHERE THE BENEFIT MATTERS
The premium is less and the insurance coverage is better.	<p>Philadelphia would fill critical gaps coverage for:</p> <ul style="list-style-type: none"> ● auto liability ● tax credit loss ● sexual molestation <p>Philadelphia's excess liability is \$10 million across every policy. HARRP has no excess liability in certain policies including vital auto liability.</p>
Consolidates all policies into one renewal period. We will go from thirteen policies and renewal periods to one.	This eliminates hours of THA staff time on policy management and paper shuffling.
Philadelphia meets our lender's insurance requirements for an AM Best Rated Provider of A or above. AM Best rates a firm on its financial health and ability to pay all the losses that the firm guarantees. HARRP does not meet these requirements. Here's an excerpt from one lender's requirements: <i>"Certificates must be written with an A.M. Best Company rating of A- or better with a financial strength of \$500-750MM or higher."</i>	We have managed to convince our lenders to accept HARRP/AHRP coverage. We do not know if those lenders or future lenders will later insist on their requirements. Philadelphia will surely qualify removing an uncertainty we would like to do without.
Philadelphia has a broader array of web-hosted safety training modules and training. It provides tracking software free as risk management tool. This tracking software creates a record of which staff received what training and when.	Currently THA is not in compliant with its OSHA required training or tracking. If OSHA were to ask today, THA cannot demonstrate that its employees received OSHA or L&I required trainings. Neither does THA provide required trainings because it doesn't have the tools or staff to do it.
Claims department provides staffing for claims.	Philadelphia will alleviate some of the time that THA's risk manager now must spend tracking and chasing claim and claims payments from adjustors and/or HARRP.
Philadelphia provides free loss control services to help THA prevent losses. An external third party will inspect premises and make loss control recommendations.	Expert opinions and peer comparison carry a lot of weight at THA and likely result in reduction in claims and higher performance of facilities.

Recommendation

Staff recommends that THA move its property and liability insurance portfolio to Philadelphia Insurance Companies effective December 15, 2017.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (8) (Authorization for Acquiring New Insurance Coverage from Philadelphia Insurance Company)

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

WHEREAS, THA procured Alliant Insurance Services in 2015 to evaluate THA insurance coverage; and

WHEREAS, THA is currently insured through HARRP, AHRP, CHUBB, ORWACA and others; and

WHEREAS, The evaluation of current insurance coverage identified gaps and limitations with the current coverage; and

WHEREAS, The Philadelphia Insurance Companies premium is lower than THA's current insurance program and new coverage fills gaps and adds needed coverages such as bodily injury for passengers of THA vehicles, \$10 million excess liability for all policies, and insurance for tax credit losses; and

WHEREAS, The new program consolidates all policies into one portfolio and one renewal period versus 13 policies and renewal periods; and

WHEREAS, Philadelphia Insurance Companies meet lender's insurance requirements for an insurer who is rated A or better by AM Best; and

WHEREAS, Philadelphia Insurance Companies provide a complimentary, web-hosted employee training software with 2,000 topics, training tracking, and certificates; and

WHEREAS, Alliant Insurance Services and Philadelphia Insurance Companies have claims departments who will help THA manage claims; and

WHEREAS, Philadelphia Insurance Companies provide free loss control services and benchmarking to help THA prevent losses; now, therefore, be it

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

1. Be it resolved that THA's executive director is authorized to execute all documents and payments necessary to transfer insurance policies and bind coverage with

Philadelphia Insurance Companies effective December 2017.

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

Approved: November 15, 2017

Janis Flauding, Chair

Resolution 9



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (9)

Date: November 15, 2017

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Contract Amendment to Increase Project Based Vouchers at Harborview Manor

This resolution will authorize the addition of 20 Project Based Vouchers for Harborview Manor, a senior housing community in Tacoma.

Background

Harborview Manor is a 169-unit high rise community at South 9th and Fawcett Avenue for -income seniors. The average age of the residents is above 75 years. American Baptist Homes of the West (ABHOW) owns Harborview Manor and manages it. Currently Tacoma Housing Authority and ABHOW have a Project Based HAP (Housing Assistance Payment) contract to project vouchers into 125 units in the building. This means THA pays its share of the rent directly to ABHOW. The rental stream that THA provides under this contract helped ABHOW to finance a substantial fix-up of the building in 2013. ABHOW, for its part under the contract, agrees to rent those units only to extremely low-income seniors. Harborview Manor is requesting the addition of 20 Project Based Vouchers to this contract. These additional vouchers will increase the number of units affordable to extremely low-income seniors. With the addition of these 20 vouchers this property will become 86% subsidized by THA.

Harborview Manor has been a very good partner for our vouchers. It has consistently maintained a utilization rate between 98-100% with an average HAP payment of \$496 per month. This HAP payment is below our average payment for our HOP program at \$509 per month and our traditional vouchers of \$652 per month. It is low in part because the units under the contract are largely either studios or one bedroom. All this helps THA with its utilization and budget challenges.

Harborview Manor provides a good rental value for our Project Based Voucher program. It provides a lovely environment for the residents. Amenities include:

<ul style="list-style-type: none">• ADA-accessible elevators• Library• Computers with free internet service• Beauty salon licensed professionals• Mini-mart	<ul style="list-style-type: none">• On-site laundromat• Bus and railway stops nearby• Private weekly van transport service• Exercise room• Community space for parties and events• Covered and uncovered parking
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Community services and activities include:

- Service coordinator for connecting residents to community and medical services
- Safety seminars
- Massage therapist visits
- Weekly bingo
- Holiday celebrations
- Neighborhood excursions
- Daily coffee service
- Evening social events

Recommendation

I recommend that the Board approve this resolution to allow THA to add 20 vouchers to its project based contract with Harborview Manor.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (9)

Contract Amendment to Increase Project Based Vouchers at Harborview Manor

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

Whereas, American Baptist Homes of the West (ABHOW) owns Harborview Manor at South 9th and Fawcett in Tacoma. This building has 169 units. It houses only elderly residents;

Whereas, THA presently provides 125 project based vouchers to the building. Doing this helped to finance ABHOW's major fix-up of the building in 2013. The vouchers also make the units affordable to extremely low-income seniors.

Whereas, ABHOW has requested THA to add 20 vouchers to the contract. Doing this will help ABHOW finance the building's operations. It will also make those additional 20 units affordable to extremely low-income seniors.

Whereas, This contract with ABHOW helps THA with its own budget and utilization requirements. It helps in two ways. **First**, ABHOW has a rate of using our vouchers between 98% to 100%. **Second**, the cost of these vouchers is lower than THA's program average. It is lower because the units in Harborview Manor are studios or one bedroom.

Whereas, Harborview Manor provides a lovely building with numerous amenities and services.

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

The Board authorizes THA to increase the number of project based vouchers to Harborview Manor by 20.

Approved: November 15, 2017

Janis Flauding, Chair

Resolution 10



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (10)

Date: November 15, 2017

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Salishan Family Investment Center and Maintenance Shop Renovation - Contractor

This resolution authorizes Tacoma Housing Authority's (THA) Executive Director to finalize the selection of the General Contractor for the Salishan Family Investment Center (FIC) and Maintenance Shop Renovation project to Buchanan General and approve an increased budget amount.

Background

On October 4, 2017, THA staff notified interested General Contractors and publicly advertised an Invitation to Bid (ITB) for the Salishan Family Investment Center and Maintenance Shop Renovation project. The ITB requests competitive bids to perform the construction.

The ITB was posted on Washington Electronic Business Solutions, (WEBS) and THA's website. A notice of opportunity was sent to 35 plan centers and prospective bidders (previous project plan holders). WEBS notified 752 interested parties. Three (3) firms responded to the ITB by the due date of November 1, 2017. THA RED staff reviewed the proposals.

The results are as follows:

Contractor	Base Bid	Deductive Alt 1	Deductive Alt 2	Deductive Alt 3
Christensen, Inc.	\$882,000	-\$77,000	-\$3,000	-\$53,000
Buchanan General Contracting Company	\$1,164,432	-\$64,761	-\$55,456	-\$48,110
P & L General Contractors, Inc.	\$1,477,743	-\$49,817	-\$26,350	-\$91,000

The apparent low bidder at bid opening is Christensen, Inc. On 11-3-17, THA notified Christensen that as the apparent low bidder, THA intended to award the bid to Cristensen pending THA's Board of Commissioner's approval and further negotiations. Following this notification, on 11-3-17

Christensen's Project Manager left a voice message stating that their bid was incorrect. THA requested written documentation from the contractor that would explain any errors associated with their bid. On 11-7-17 Contractor asked to withdraw its bid. For this reason, THA will take the second lowest bid, Buchanan General Contracting Company in the amount of \$1,164,432.00.

The budget for the construction activities is \$866,524 plus contingency of \$20,885 for a total of \$887,409. Buchanan's base bid is \$277,023 over the budgeted amount. As part of the bid process, staff identified three parts of the construction work that would be nice to have completed, but not necessary for a good product. The three parts are described as deductive alternates. In order to achieve a healthy contingency and keep the budget at a reasonable total, deducting the three Deductive Alternates results in a revised cost of \$996,105. This will provide a contingency of \$99,611 bringing the construction budget total to \$1,095,716.

The total budget for the project as approved by the Board of Commissioners is \$1,264,994. The construction portion of the project budget (\$1,095,716) covers the FIC and Maintenance Shop renovations as well as the Heritage Branch office and ATM. The remaining budgeted funding \$377,585 covers Architectural and Engineering and IT costs, testing services, moving services and furniture. In light of the increased construction costs, the overall budget has increased \$208,307 for a total of \$1,473,301.

Recommendation

Approve Resolution 2017-11-15 (10) to increase the overall budget by \$208,307 for a total of \$1,473,301 and to authorize the executive director to negotiate, and if those negotiations are successful to award the contract to Buchanan General Contracting Company in the amount of \$996,105 plus contingency of \$99,611 as needed. The total amount of the contract is not to exceed \$1,095,716 including contingency.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (10)

(Salishan Family Investment Center and Maintenance Shop Renovation – Contractor)

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

WHEREAS, On October 4, 2017, THA staff notified interested General Contractors and publicly advertised an Invitation to Bid (ITB) for the Salishan Family Investment Center and Maintenance Shop Renovation project; and

WHEREAS, The ITB was posted on Washington Electronic Business Solutions, (WEBS) and THA's website and forwarded to 35 plan centers and prospective bidders (previous project plan holders); and

WHEREAS, Three firms submitted proposals by the deadline of November 1, 2017; and

WHEREAS, The lowest responsive and responsible bidder is Buchanan General Contracting Company in the amount of \$1,164,432 with Deductive Alternates totaling \$168,327; and

WHEREAS, In order to keep a reasonable budget, Deductive Alternates 1, 2 and 3 are accepted along with an increase in the total budget of \$208,307 for a total budget of \$1,473,301; now, therefore, be it

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

Approve Resolution 2017-11-15 (10) to increase the overall budget \$208,307 for a total of \$1,473,301 and to authorize the executive director to negotiate, and if those negotiations are successful to award the contract to Buchanan General Contracting Company in the amount of \$996,105 plus contingency of \$99,611 as needed. The total amount of the contract is not to exceed \$1,095,716 including contingency.

Approved: November 15, 2017

Janis Flauding, Chair