



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

October 23, 2013



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

BOARD OF COMMISSIONERS

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

REGULAR MEETING BOARD OF COMMISSIONERS

WEDNESDAY, October 23, 2013

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold their Board Regular Meeting on **Wednesday, October 23, 2013 at 4:45 PM**

The meeting will be held at:

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

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

I, Christine Wilson, certify that on or before October 18, 2013, I FAXED/EMAILED, the preceding PUBLIC MEETING NOTICE to:

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

and other individuals and resident organizations with notification requests on file

Christine Wilson
Executive Administrator



TACOMA HOUSING AUTHORITY

**AGENDA
REGULAR MEETING
BOARD OF COMMISSIONERS
October 23, 2013 4:45 PM
902 South L. Street**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING**
 - 3.1 Minutes of September 25, 2013 – Regular Session
- 4. GUEST COMMENTS**
- 5. COMMITTEE REPORTS**
- 6. COMMENTS FROM THE EXECUTIVE DIRECTOR**
- 7. ADMINISTRATION REPORTS**
 - 7.1 Finance
 - 7.2 Real Estate Management and Housing Services
 - 7.3 Real Estate Development
 - 7.4 Community Services
 - 7.5 Human Resources
- 8. NEW BUSINESS**
 - 8.1 2013-10-23 (1), Rental Assistance Demonstration (RAD) Application
 - 8.2 2013-10-23 (2), Approval of Tenant Account Receivable Write-offs
- 9. COMMENTS FROM THE COMMISSIONERS**
- 10. EXECUTIVE SESSION (if any)**

None this month.
- 11. ADJOURNMENT**

MEETING MINUTES



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, September 25, 2013

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 902 South L Street, Tacoma, WA at 4:45 PM on Wednesday, September 25, 2013.

1. CALL TO ORDER

Chair Mowat called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:47 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
Greg Mowat, Chair	Stanley Rumbaugh, Vice Chair
Arthur C. Banks, Commissioner (arrived at 4:52 PM)	Janis Flauding, Commissioner
Rose Lincoln Hamilton, Commissioner	
Staff	
Michael Mirra, Executive Director	Ken Shalik, Finance
Christine Wilson, Executive Administrator	
April Davis, REMHS Director	Greg Claycamp, Interim Community Services Director
Barbara Tanbara, Human Resources Director	
Tina Hansen, Interim RED Director	
Todd Craven, Administration Director	

Chair Mowat declared there was not a quorum present @ 4:48 PM and proceeded. Commissioner Banks arrived at 4:52 PM and there was a quorum present.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Mowat asked for any corrections to or discussion of minutes for the Annual Session of the Board of Commissioners for Wednesday, August 28, 2013. Commissioner Banks moved to adopt the minutes, Commissioner Lincoln Hamilton seconded.

Upon roll call, the vote was as follows:

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

Motion approve

Chair Mowat asked for any corrections to or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, August 28, 2013. Commissioner Banks moved to adopt the minutes, Commissioner Lincoln Hamilton seconded.

Upon roll call, the vote was as follows:

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

Motion approve

4. GUEST COMMENTS

Hope Rehn, President of SAFE, addressed the board. She thanked THA for the work on the Wright Street Apartments meth issue. She stated that Wright Street residents were uneasy about the drug activities going on in the building and have stated to her they are now feeling safe in the building. Ms. Rehn added that THA staff is doing a great job managing this difficult issue.

5. COMMITTEE REPORTS

Real Estate Development Committee – none

Finance Committee - Commissioner Lincoln Hamilton stated the finances appear in order. She led a discussion of how should THA should respond if the federal government shuts down on October 1st for lack of a congressional budget. She recommended that THA not cut or delay any expenditures at this time, not furlough staff and not terminate any families from its rental assistance programs. At her request, ED Mirra reported that HUD has announced that it will disburse money for October HAP payments and section 8 administrative fees. HUD stated that it may also provide this funding until the end of the year. ED Mirra supported Commissioner Lincoln-Hamilton's recommendation. He reported that THA also has reserves for about two months. With HUD's advance funding for October, THA can hold out until January. Furloughing staff or delaying rent

payments would be disruptive, especially if the cuts turned out to be unnecessary. ED Mirra and Commissioner Lincoln-Hamilton recommended that the Board revisit the matter at its October meeting. If the government is still shut down at that time, it can consider what cuts to plan should the shut down continue into January. ED Mirra said that this course of action would conform to what SHA and KCHA are doing or not doing. Commissioner Banks and Chair Mowat stated their agreement with this proposal. By way of consensus, the BOC instructed ED Mirra to follow this proposal and to provide the Board with updates on news from Congress.

Citizen Oversight Committee – Commissioner Banks stated the committee continues to reach their Section 3 hiring requirements. He added the construction site is very active and changes are noted on a daily basis.

Rental Assistance Demonstration (RAD) Presentation

ED Mirra led a discussion on RAD. It was a continuation of the discussion of RAD at the recent Board study session that two commissioners were able to attend. He began the discussion by stating the problem that RAD is meant to address: Congress has not adequately public housing and is not likely to do so in the foreseeable future. This is a national problem. He referred to the memo from THA's RAD consultants. The memo was meant to elaborate further on this prediction of public housing funding. Chair Mowat, who requested this elaboration, noted that the memo was not as detailed as he hoped it would be.

ED Mirra and Asset Manager Sandy Burgess reviewed the advantages RAD may confer and the risks it may entail. They referred to the staff memo. Commissioner Banks asked about the impact to residents moving from public housing to RAD. Sandy stated THA learned from tenant comments their preference is to remain in the building that will receive those capital improvements. Residents have also voiced that they are not interested in the HOP subsidy because it is more expensive than their current portion of the rent. Chair Mowat asked about what a RAD conversion would do to the ownership of the properties. Sandy explained that the RAD conversion does not directly affect ownership. If THA used tax credits to fix up the portfolio, the tax credit investors would own the buildings, just as happened with Salishan and New Hillside.

ED Mirra noted that the staff will likely present a recommendation to the Board in October on whether to apply to HUD for a RAD conversion. Staff did not need the Board to decide today although staff did need to know whether the Board's prospects for allowing that application were enough to justify staff's continued work on the project. Chair Mowat, on behalf of Board, directed staff to continue their work.

6. ADMINISTRATIVE REPORTS

Executive Director

ED Mirra referred the board to his report and welcomed questions. He noted that the Board has nine resolutions to address and so he did not wish to take up time on his own account. He also explained that, for that reason, he asked each of the department directors to be succinct in their verbal reports.

Finance

Commissioner Banks moved to ratify the payment of cash disbursements totaling \$7,734,793 for the month of August, 2013. Commissioner Lincoln Hamilton seconded.

Upon roll call, the vote was as follows:

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

Motion Approved

Real Estate Management and Housing Services

Director Black directed the board to her report. Her department continues to work on the unit turns and remediation of the meth contaminated units. She reported close to 100% utilization of HAP funding in Rental Assistance.

Real Estate Development

Interim Director Hansen directed the board to her report. The LASA development project continues to move forward. THA received signed/executed the New Look PSA from MLKHDA. Director Hansen reported D.R. Horton is working to purchase the 16 additional lots in Salishan from Quadrant. She will schedule a D.R. Horton presentation at an upcoming BOC meeting. ED Mirra stated the City of Tacoma will be issuing two RFP's, one for construction management services, and the second for inspection services. He believes both RFP's may be a good fit for THA and staff will be submitting an application for both.

Community Services

ED Mirra provided the report for Community Services. He and Interim Director Greg Claycamp met with the Tacoma School District Superintendent Santorno to discuss the expansion of the McCarver Education Project to other schools within the district. They asked if the district could cover the costs of the cse managers. He reported that Superintendent Santorno was very receptive to the expansion and stated the district will try plan for its part of the costs. The program has been a tremendous benefit to the district; stabilizing the student turnover rate at McCarver and increasing the educational outcomes of the participating students. ED Mirra was very encouraged by the discussion.

Administration

Director Craven directed the board to his report. He reviewed the information included in his report.

7. OLD BUSINESS

None.

8. NEW BUSINESS

8.1 RESOLUTION 2013-9-25 (1), APPROVAL OF THA'S 2014 MOVING TO WORK PLAN

Annual Moving to Work Plan

U.S. Department of Housing and Urban Development

Certifications of Compliance

Office of Public and Indian Housing

Certifications of Compliance with Regulations:

Board Resolution to Accompany the Annual Moving to Work Plan Amendment

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the Annual

Moving to Work Plan Amendment for the PHA fiscal year beginning 1/1/2014, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public

hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the

public hearing and the approval of the Plan by the Board of Commissioners, and that the PHA and conducted a public hearing to discuss the Plan and invited public comment.

2. The Agency took into consideration public and resident comment before approval of the Plan by the Board of

Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan Amendment;

3. The PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.

4. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.

5. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age

Discrimination Act of 1975.

6. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

7. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part

8. The PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.

9. The PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

10. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

11. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

12. The PHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58.

13. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

14. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.

15. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

16. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.).

17. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving

to Work

Agreement and Statement of Authorizations and included in its Plan.

18. All attachments to the Plan have been and will continue to be available at all times and all locations that the

Plan is available for public inspection. All required supporting documents have been made available for public

inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

Housing Authority of the City of Tacoma

WA005

PHA Name

PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Title

Commissioner Lincoln Hamilton motioned to approve the resolution. Commissioner Banks seconded the motion.

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

Motion Approved: September 25, 2013

Greg Mowat, Chairman

8.2 RESOLUTION 2013-09-25 (2), AUTHORIZATION TO SUPPORT AND SIGN ON TO THE GROWING TRANSIT COMMUNITIES COMMUNITIES COMPACT

Whereas, THA agrees that the region's long-range growth management, economic, environmental, and transportation goals depend heavily on continued investment in more and better public transportation services;

Whereas, THA acknowledges the acute need for additional resources and tools to create and preserve affordable housing throughout the region;

Whereas, THA recognizes that cities and counties will require new resources to create the critical physical and social infrastructure that will support growth, including transportation, utilities, recreation, and public services;

Whereas, THA agrees that progress toward equitable transit communities requires a cooperative, regional approach with diverse partners across governmental and nongovernmental sectors that supports and builds upon existing and ongoing planning efforts by regional and local governments and transit agencies;

Whereas, THA commits to build upon the work of the Growing Transit Communities Partnership through the promotion of equitable transit communities in light rail station areas and transit nodes located within the region's three long-range light rail transit corridors, and around transit nodes outside these corridors in other parts of the region;

Whereas, THA recognizes that each corridor is at a different stage of high capacity transit system development, and that future stations may be identified and sited that should also be considered under this Compact;

Whereas, THA understands that this Compact is designed to express the intent of diverse partners to work together toward common goals, with specific actions identified by partners appropriate to their roles and responsibilities;

Whereas, THA recognizes that the policies and programs promoted by the Partnership may also benefit community development around other transit investments and corridors, including but not limited to bus rapid transit, streetcar, commuter rail, intercity express bus, and ferries;

Whereas, THA supports a continuing process of collaboration and coordinated action to advance the development of equitable transit communities, as guided by the following goals, signatories to this Compact will strive to: attract more of the region's residential and employment growth to high capacity transit communities.

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

1. The Tacoma Housing Authority supports the Growing Transit Communities Compact; and,
2. The Executive Director of the Tacoma Housing Authority, or his representative, is authorized to sign on to the Growing Transit Communities Compact.

Commissioner Banks motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: September 25, 2013 _____
Greg Mowat, Chairman

**8.3 RESOLUTION 2013-9-25 (3), PROJECT BASED VOUCHER RENEWAL,
NEW LOOK APARTMENTS**

Whereas, Tacoma Housing Authority (THA) has a contract with the Martin Luther King Housing Development Agency (MLKHDA) to provide 42 project based vouchers (PBV) at the New Look Apartments;

Whereas, that contract is expiring;

Whereas, renewing the contract will keep the New Look rents affordable to its residents, who are very low-income elderly or disabled persons.

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

The Executive Director is authorized to execute another Housing Assistance Payment (HAP) contract with Martin Luther King Housing Development Agency for up to ten (10) years to place forty-two (42) project based vouchers at New Look Apartments.

Commissioner Lincoln Hamilton motioned to approve the resolution. Commissioner Banks seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: September 25, 2013 _____
Greg Mowat Chairman

**8.4 RESOLUTION 2013-9-25(4), PROJECT BASED VOUCHER RENEWAL,
HILLSIDE GARDENS**

Whereas, Tacoma Housing Authority (THA) has a contract with Mercy Housing for 8 project based vouchers (PBV) at the Hillside Gardens Apartments ;

Whereas, that contract is expiring;

Whereas, the vouchers make Hillside Gardens Apartments affordable to low-income households.

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

the Executive Director is authorized to execute another Housing Assistance Payment (HAP) contract with Mercy Housing for up to ten (10) years to place eight (8) project based vouchers at Hillside Garden Apartments.

Commissioner Banks motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: September 25, 2013 _____
Greg Mowat, Chairman

8.5 RESOLUTION 2013-9-25 (5), ADOPTION OF THE CREDIT CARD POLICY

Whereas, the Authority can reduce purchase transaction cost by using credit cards for purchases;

Whereas, state law (RCW 43.09.2855) allows THA to use credit cards but requires the board to adopt a policy setting up a system of control over credit card administration and usage;

Whereas, the attached draft policies governing the use and administration of credit cards would help the Authority comply with state law and save money; and

Whereas, the Authority intends to distribute and train all cardholders and their supervisors on the credit card policies and procedures.

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

The Board adopts the “Credit Card” policy in substantially the form set forth in the attached draft, allowing for changes to format and procedures, and other changes pursuant to THA Policy G-01 on the Adoption, Amendment and Promulgation of Policies

Commissioner Banks motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: September 25, 2013 _____
Greg Mowat, Chairman

8.6 RESOLUTION 2013-9-25 (6), COMMITMENT OF MOVING TO WORK RESERVES

Whereas, HUD has identified that uncommitted MTW Reserves are subject to offset; and

Whereas, THA has MTW Reserves that are currently not specifically committed but are included in the Authority’s plans for future capital and operational expenditures; and

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

Whereas, the Authority intends to include this Schedule of MTW Reserve Commitments in the 2014 MTW Plan including language that allows for shifting monies between the identified commitments.

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

1. The Board commits THA's MTW Reserves as outlined in the attached Schedule of MTW Reserve Commitments, subject to adjustment in future budgets and budget revisions.
2. The Board directs the Executive Director to include these MTW Reserve Commitments in the 2014 MTW Plan.

Commissioner Banks motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: September 25, 2013

Greg Mowat, Chairman

8.7 RESOLUTION 2013-9-25(7), WITHDRAWN

8.8 RESOLUTION 2013-9-25(8), Purchase and Sale Agreement 1120 & 1124 MLK Jr. Way

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

Whereas, the Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the "City").

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

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

Whereas, The City of Tacoma Council met on August 13, 2013 and approved a resolution to enter into a Purchase and Sale Agreement with THA for two tax parcels located at 1120 & 1124 MLK Jr. Way, Tacoma, WA;

Whereas, The Housing Authority has an interest to develop approximately 40-50 affordable housing units at the property;

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

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

1. The Executive Director has the authority to negotiate, and if those negotiations are successful, to execute a Purchase and Sale Agreement with the City of Tacoma, in substantially the same form as attached.
2. The Executive Director has the authority to commence the feasibility study necessary to evaluate the development and in accordance with the conditions of the Agreement;
3. The Executive Director has the authority to apply for various types of funding including but not limited to, City, County, State and Federal resources, such as HOME, CDBG and Housing Trust Funds, Low Income Housing Tax Credit equity, Tax Exempt Bonds and other grants or sources necessary to evaluate and determine feasibility.
5. Acting Officers Authorized. The proper officers of the Authority are and are hereby authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized acting Executive Director of the Authority.

Commissioner Banks motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

AYES: 3

NAYS: None
Abstain: None
Absent: 2

Motion Approved: September 25, 2013

Greg Mowat, Chairman

8.9 RESOLUTION 2013-9-25(9), MANY LIGHTS FOUNDATION LETTER OF INTENT TO LEASE OR PURCHASE REAL PROPERTY 3.8 ACRES AT HILLSDALE HEIGHTS

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

Whereas, the Housing Authority of the City of Tacoma (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within the City of Tacoma, Washington (the “City”).

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

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

Whereas, Many Lights Foundation expressed an interest to THA to develop a multigenerational community known as Hope Lights to be located on three tax parcels comprising 3.8 acres at THA’s Hillsdale Height’s property;

Whereas, THA and MLF agree that our mission and values were aligned;

Whereas, THA and MLF developed a Letter of Intent to Lease or Purchase Real Property. The document is critical for MLF to commence a comprehensive fund raising campaign in earnest;

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

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

1. The Executive Director has the authority to negotiate, and if those negotiations are successful, to execute the Letter of Intent to Lease or Purchase Real Property, in substantially the same form as attached.
2. The Executive Director has the authority to negotiate the terms of future Development Agreements and/or Leasehold or Fee interest agreements between THA and Many Lights Foundation for the development of land at THA's property known as Hillsdale Heights.
3. Acting Officers Authorized. The proper officers of the Authority are and are hereby authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized acting Executive Director of the Authority.

Commissioner Banks motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: September 25, 2013 _____
Greg Mowat, Chairman

**8.10 RESOLUTION 2013-09-25 (10), INTERLOCAL COOPERATION
AGREEMENT WITH KING COUNTY HOUSING AUTHORITY RE
PROCUREMENT OF EDUCATIONAL EVALUATOR**

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

Whereas, THA has procured a firm called Geo Education and Research to evaluate some of THA's educational initiatives;

Whereas, the King County Housing Authority (KCHA) would like to use this same firm for similar purposes;

Whereas, KCHA would like to rely on THA's procurement of the firm;

Whereas, Chap. 39.34 RCW allows this arrangement through an Interlocal Cooperation Agreement the two organizations would sign;

Whereas, such an arrangement would also benefit THA because using a common evaluator would more easily allow the two housing authorities to compare the results of their education initiatives.

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

The executive director is authorized to sign an Interlocal Cooperation Agreement in substantially the form of the attached version.

Commissioner Banks motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

Motion Approved: September 25, 2013 _____
Greg Mowat, Chairman

9. COMMENTS FROM COMMISSIONERS

None

10. EXECUTIVE SESSION

None

11. ADJOURNMENT

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

APPROVED AS CORRECT

Adopted: October 23, 2013

Greg Mowat, Chairman

Finance Committee
Commissioner Lincoln Hamilton

Real Estate and Development Committee
Commissioner Rumbaugh

Citizen Oversight Committee
Commissioner Banks

ADMINISTRATION REPORTS

EXECUTIVE DIRECTOR REPORT



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Date: October 16, 2013

Re: Executive Director's Report

This is my monthly report for October 2013. The departments' reports supplement it.

1. **CONGRESS, the GOVERNMENT SHUT-DOWN and the FY 2014 BUDGET**

We were hoping by now that the Congress would have re-opened the government and agreed on a FY 2014 budget. As I write, the government is still closed. The nation is two days away from defaulting on its debts. And there is no FY 2014 budget in sight, either a continuing resolution or a real budget. I have been sending the Board regular updates from Len Simon's office in Washington, D.C.. Those updates, plus the news, will tell us what will or will not happen next.

This congressional stalemate presents two separate problems to THA:

- managing a governmental shut down of uncertain duration;
- preparing for the FY 2014 budget that is not likely to clarify until after THA must adopt its own budget for next year.

I have written the board recently about each problem. I attach copies of my e-mails of October 9th and 14th. Here is a summary of what I wrote, plus some good news from HUD that arrived today.

1.1 **The Government Shut-Down**

We are presently on the course the Board set on September 27th in anticipation of the government shut down that began on October 1st. In short, we are making no changes, as yet. We are not delaying or cutting expenditures. We are not furloughing any staff. We are not delaying any rental assistance payments. We are not curtailing activities. I attach a copy of a public notice we posted on our web site explaining this decision.

We made this decision based upon our judgment that the government shutdown will last weeks and not months. HUD has funded our public housing programs through the end of the year and our rental assistance programs to Halloween. HUD today announced that rental assistance funds for November and December "are scheduled to be release timely." If this turns out to be true, we could manage a shut-down that lasted until the end of December. Therefore, we do not want to

disrupt tenants, staff, and landlords with cuts that, if the shutdown ends before then, would turn out to be unnecessary. After December, we would have only our reserves and they would last only two months. (NOTE: we do not know if HUD would ever reimburse us for such a use of reserves.)

At some point, when the money runs out, we would have to shut down all our operations. We would suspend rental assistance payments for 3,600 families and their landlords. We should then expect wide spread evictions. While painful, it is possible to envision the process for how we would do such a thing. It is harder to envision how we would shut down a portfolio filled with tenants and owned in large part by investors. The nation's public housing portfolio has never faced such a challenge.

That dismal day would come on **March 1st**, **if** HUD indeed disburses the rental assistance allocation for November and December and **if** we then spent down our two months of reserves. If HUD did not disburse the money for November or December, our reserves would carry us to **December 31st**.

At the Board meeting, if the governmental is still shut down, I would like us to discuss which of these dates to anticipate. We should have this discussion now because, in advance of either date, we must allow enough time for the planning these cuts would require and the notice we would have to give. Here is a chart of the two possible dates to anticipate:









Staff Planning	Notice to Staff, Tenants and Landlords	Money Runs Out
Oct – Nov	November 10th	December 31 st
Dec. – Jan.	January 10th	March 1st

We can hope that by the time the board meets on October 23rd the government will have reopened. Then we can think of other things, like the 2014 budget.

1.2 The FY 2014 Budget

The greater and more likely problem is the FY 2014 budget. Amid all the congressional debate on the governmental shut-down and the debt default deadline, the news has offered relatively little information about the substance of the FY 2014 budget. I have not been able to get much more information from our congressional offices. Len Simon's updates have also not been able to provide much detail. Despite all this, THA staff must still prepare a budget for the Board's consideration in time for the December Board meeting.

There are four possible congressional budgets under discussion. Since we have little detail about any of them this chart will have to do:

<i>better</i>	Senate budget	
<i>so - so</i>	same funding as last year	
<i>worse</i>	sequester budget: <u>\$3 million cut</u>	 
<i>a lot worse</i>	House budget	   

My attached October 14th email sets forth the guidelines I propose to use to draft a budget. These guidelines are the familiar ones we use every year, with some elaboration to account for the oddities of this year's congressional budget process.

While there is no final decision we need from the Board on October 23rd, it would help staff to know if the Board would favor my two main proposals enough to have staff plan for them:

- I propose that staff draft two versions of a budget for the Board, one assuming the same level of funding as last year, and one version assuming a \$3 million sequester cut.
- If we end up taking a \$3 million sequester cut, I propose we manage most of the shortfall by extending to the full voucher program the same rent changes we used to design the HOP program. This is the “thinning the soup” option. This option may spare us from the worst of the alternatives: debilitating staff cuts or widespread termination of families from the rental assistance program.

As my email recounts, with either budget version, we plan to use the same budget guidelines that have served us well in previous years:

- We will budget conservatively. This means we will budget to the higher of likely expense projections and to the lower of likely income projections.
- Recurring expenses will fit within recurring income.
- Reserves are more likely available for nonrecurring expenses that will (i) make us money; (ii) save us money; (iii) make us stronger.

This year, as with the last several years, we are not likely to know our final allocation until well after the New Year. Congress first has to pass either a continuing resolution or a real budget. The allocations then must filter through HUD's complex funding formulas. Then HUD has to let the housing authorities know their individual allocations.

2. THA's METH PLAN

As the Board knows, responding to the meth contamination in THA's portfolio continues to be challenging for us and our investors. We struggle to balance the following values and interests:

- a commitment to protect health;
- a commitment to protect our portfolio with our customary high standards of stewardship;
- a commitment to follow the law, the strictest meth law in the nation, and the directives of a high capacity and very attentive health department;
- a commitment to due process and to judging reasonably whether a tenant of a "hot" unit is or is not responsible for the contamination and to treat people appropriately in accordance with that judgment;
- a need to have a meth plan that we and our investors can afford.

Our present meth plan may not be affordable. Also, our friends from Northwest Justice Project (NJP) have offered a view that our plan does not adequately comply with due process requirements governing the termination of a tenancy or a housing subsidy.

I attach a copy of the project outline for our effort to review all aspects of our meth plan. Its goals include:

- reviewing how the criteria and process for testing, displacement and rehousing
- reducing the cost and time for testing, remediating and rehousing
- reducing the incidences of meth contamination
- paying for the costs of our meth plan
- changing the state's testing threshold

As part of this effort, we are convening discussions with the health department, NJP, other housing authorities and others. April has asked Rich Price to manage this important effort. Rich is the associate manager of our rental assistance division. This meth assignment will be a temporary redirection of his many talents. The rental assistance division can spare him for this period because of the strength of its staff.

April will have more details. She can at least report good progress on remediating the hot units we know about.

Michael Mirra

From: Michael Mirra
Sent: Wednesday, October 09, 2013 10:24 PM
To: 'drart6651@aol.com'; 'Greg Mowat (gregtm@wamail.net)'; 'Janis Flauding'; rlincoln@gtcf.org; 'Stan Rumbaugh'
Cc: THA Cabinet
Subject: FW: Shutdown Special Report #10

Dear Citizen Commissioners:

I append below the next update on the government shut down from our D.C. representative. As you will read, the news remains pretty confused.

I also write on behalf of myself and Greg to look ahead to some hard choices we may face if this shut down lasts into November as well as choices we may face once Congress passes a budget for 2014. Greg will be leading a discussion at the Board's meeting on October 23rd. We write with some proposals that you may wish to consider in advance.

- **A Prolonged Shut-Down**

As we observed to ourselves at the September board meeting, THA has reserves for about two months. This would allow us to keep operations going at present level. In particular, it will allow us to keep paying rent to landlords for participants in our rental assistance program. Those rent payments are our largest monthly expense. The worry is not knowing if Congress will reimburse us for any such use of reserves. This is not an immediate worry because HUD has funded us for rental assistance expenses and the administrative expenses through to Halloween. It has also strongly hinted that it will try to send us the money for November and December (if it can find the staff to do it). It has already sent us the money for our public housing operations for October, November and December. All that is good. It gives us some breathing space, probably until the end of the year.

It does seem clear, however, that if the shutdown continues into January, we face unprecedented cuts since we then will run out of money. The nation's housing programs have never faced such a circumstances. No one knows how to shut down a portfolio filled with tenants and owned by investors. (It would be like shutting down a dairy farm with cows that need milking every morning.) It is clear that the scale of the cuts would require large scale suspensions of rent payments for the rental assistance programs that serve 3,600 households, and extensive staff furloughs. What is harder to see is when we should announce what those cuts would be. We certainly cannot wait until December 31st. We must give clients, landlords and staff as much notice as we reasonably can. Yet we do not want to announce too early and cause alarm about cuts that may not occur. The answer is to give notice sometime between now and New Year's Eve, probably by December 1st at the latest when the December rent payments go out. Greg and I think that at the October 23rd Board meeting the Board should review the congressional landscape. If the government is still shut down on October 23rd and we cannot tell how much longer it will last, then the Board should consider asking staff to do the following: (i) start planning the cuts that, if the government is still shut down January 1st, would have to start on that date; (ii) distribute the notice of those cuts sometime before Thanksgiving if the government is still shut down.

We remain hopeful that the government will reopen before we would send out such a notice.

- **The 2014 Budget**

The more worrisome and likely threat is the 2014 budget once Congress gets around to passing one, either by a Continuing Resolution of some sort or a real budget. In the absence of any budget deal we may face another sequester cut. By some calculations, that would be about \$3 million below last year's funding level. Such a cut would also require deep reductions in our expenses. The normal answer would be some combination of staff cuts, terminations of families off our rental assistance programs or reductions in the value of that rental assistance. There are no levels of staff cuts that by themselves would cover such a budget shortfall without crippling THA's operations. Again, it is hard to envision cutting our portfolio operations. Our largest expense is our rental assistance payments. They will be the necessary source of most of our cuts. We could cut them either by terminating families from the program or by reducing the value of our monthly assistance to them. THA has never cut any one from the program for lack of funding.

Here is an alternative to consider: we could extend to the full voucher program the same fixed subsidy changes we used to design the HOP program. This change reduced the value of the monthly rental assistance by an amount that averaged from \$67 to \$117 depending on unit size. This is saving us considerable amounts. These HOP savings are allowing us to serve more families and cover funding shortfalls in the public housing program. Extending this change to the entire program would save us a lot more. For example, an average \$100 reduction in the monthly rental payment for 3,000 households would save \$3.6 million annually. That would cover the likely sequester shortfall without terminating anyone from the program, plus help to cover our public housing costs, including our meth remediation expenses. We had always thought anyway we would consider extending this change to the full program in this way. We thought we would first see how the HOP program went and what we would learn from it. Perhaps another round of sequester cuts will require us to accelerate that consideration.

Our ability to do this may require HUD approval of a change in our MTW plan. I do not know how fast we could get such approval.

Greg and I propose that staff, as part of the budget planning for 2014, start planning our options in the event of such a sequester cut and start consulting with the community so its views inform our choices.

We look forward to the Board's discussion on October 23rd.

These are curious times as we try to anticipate a Congress in disarray. Greg and I thank you for your patience.

Michael

Michael Mirra
Executive Director
Tacoma Housing Authority
902 South L Street
Tacoma, WA 98405
(253) 207-4429

Subject: FW: Guidelines for THA Budget Drafting for 2014
Attachments: FW: Shutdown Special Report #10

October 14, 2013; 9:14 PM

Dear Cabinet:

Thank you for your cooperation with Ken's budget process to draft a 2014 budget for proposal to the board. The cabinet will be conferring on Wednesday to discuss the budget drafting. As Ken reported over the weekend, the first draft of department budget proposals are \$3 million over last year's revenues. Such excess is common since in Ken's process the first drafts have tended to serve as useful "wish lists." The shortfall will be even greater if we receive less revenue next year from Congress.

I write to recount our guidelines for budget drafting. These of course are subject to different board direction, although the board has used these guidelines regularly in previous years, to good effect, and I fully expect that the board will not depart from them. These guidelines should be very familiar to all of us. I also propose some elaboration on these guidelines to account for the odd and puzzling aspects of this year's muddled congressional budget deliberations.

1. CONSERVATIVE BETS ON EXPENSES AND INCOME

Budget writing always requires us to project expenses and income. This requires us to place some bets using incomplete information. An important guideline for our budget writing is that we write a budget using conservative judgments. This means that we will budget to the higher of likely expense projections and the lower of likely income projections. Projecting expenses is hard enough. Projecting income means anticipating Congress. That can be hard to do in a normal year. This is not a normal year. We have the following possible congressional budgets from which to choose, from highest to lowest:

<i>better</i>	Senate budget	😊
<i>so - so</i>	Same funding as last year	😐
<i>worse</i>	Sequester budget: \$3 million cut	💀💀
<i>a lot worse</i>	House budget	💀💀💀💀

I propose that we draft **two** budgets, one to each of the two middle possibilities shown above.

- One budget will assume that we will receive the same funding as last year.
- The other budget will assume a sequester cut of \$3 million. I ask Ken to find out more precisely the extend of the cut.

By the time the board acts in December, we may have more clarifying news from Congress, but we should be ready for everything but the worst outcome. (As I write this, the news reports that Senate leaders appear close to a deal to reopen the government until January and to delay the default deadline until February. Yet it seems likely that, even if the House agrees to the deal, Congress will not write a budget for 2014 until well into the new year.)

2. RECURRING OPERATING EXPENSES SHOULD FIT WITHIN RECURRING OPERATING INCOME

Within each version of the budget, recurring operating expenses should fit within recurring operating income. This is important to our sustainable survival. To calculate this, we need to delineate, as Ken requested, those operating expenses that count as recurring and those that count as non-recurring. This distinction is also pertinent to our use of reserves since reserves are more available for non-recurring uses. See section 4 below.

3. IDENTIFYING CUTS IN OPERATING COSTS: SOME GUIDELINES

For the sequester budget, which will require \$3 million in cuts in recurring expenses, I propose the following guidelines:

3.1 Statements of Vision, Mission and Values

Let our statements of vision, mission and values and our strategic objectives continue to guide us in both the process and the substance of our budget choices. The full worth of these directives show best if they help us make not only the easy choices, but also the hard ones.

In general, these strategic choices mean that we should strive to retain what is distinctive about THA: we do not confine our mission to being a landlord and disbursing monthly rental assistance checks. We also are real estate and community developers. We seek ways to spend our housing dollars to leverage other outcomes: increased earned income of our families, improved educational outcomes; improved asset building. Our efforts to do this have become signature attributes of THA. They have distinguished THA in the nation. I would rather we retain a meaningful measure of these functions, even on a reduced scale, rather than retreat into a smaller and suffocated understanding of our mission. If we get smaller but retain some spark of our mission, we can more easily later reignite and rebound than if we extinguished the flame completely.

3.2 Staff cuts: We presently spend \$5.5 million on staff each year. While staff cuts may be a necessary part of our cuts, there is no way staff cuts alone can cover a significant portion of a \$3 million cut without leaving our programs in disarray. We should **not** try. If staff cuts are necessary, let these guidelines inform our choices:

- We must maintain the staff we need to run our portfolio. The morning after the budget cuts we would still have a portfolio of the same size and complexity. We would still have the same obligations as landlord to manage it appropriately. We would still be obliged to manage our meth challenge. In this way, a portfolio is like a dairy farm with cows that need attention every day. Keeping the appropriate size and selection of staff to do this should be a priority as we manage any staff cuts. That said, we already know that our per unit costs are too high. Let us use this next budget as an occasion to fix that, even if it means further nonrecurring investments in better processes that will lower our costs (business processes, IT improvements, warehouse processes).
- We have made some notable changes in our housing programs that should result in some savings. E.g, reduced frequency of certifications; simplified rent

calculations; simplified FSS calculations. Let our budget discussions take advantage of these savings.

- If cuts in community services staff are necessary, they should reflect three distinctions: (i) distinction between services that our community partners provide and those that will not get done unless we do them; (ii) distinction between services that we fund with grants and that we are contractually obliged to provide, and services that require MTW money from THA; (iii) distinction between efforts that show meaningful and measurable outcomes, and those that do not.
- Any cuts to development staff must account for the work we are already obliged to do and work that will earn us money, e.g. Hillside Terrace, LASA, Brown Star Grill, portfolio fix up, New Look Apartments, AG Program.
- Let us preserve the staff we will need to perform the two city contracts we have bid on and which we hope will earn us money.
- If we must reduce staff, let us try to reduce it smartly in ways that distinguish among strong and weak performers and that preserve necessary special skills and special experiences (e.g, foreign language ability, special expertise)

3.3 Uses of MTW dollars for rental assistance

Our monthly rental assistance payments to landlords is our largest monthly expense, by far. We spend about \$2.5 million monthly on these payments. This means that by default this funding will be the greatest source of savings if we have to cut \$3 million from our recurring expenses. Fortunately, our MTW status will allow us to do this in a way that helps. I ask that we use the following guidelines to find savings in our rental assistance program.

- We should **not** cut our specialized assistance programs in order to protect our mainline section 8 voucher program. We spend or plan to spend MTW dollars on important special programs: e.g, McCarver Elementary School; rapid re-housing investment; TCC. These programs do not cost us more in housing dollars any more than other uses of the same dollars would cost us. We would spend these housing dollars housing someone. These programs are THA's effort not only to house people but to get other outcomes. These programs are valuable for three reasons that I would like our budget choices to reflect: (i) these programs can save administration costs, e.g, the rapid re-housing investment saves much of the section 8 paper shuffle; (ii) these programs leverage other outcomes that have their own value, e.g, school success, family self-sufficiency; (iii) these programs have elicited for THA a lot of very favorable attention nationwide as among the most innovative of housing authorities . This attention has resulted in additional funding and offers the prospects for more.
- We should protect as much as we can the rental assistance we pay to project based partners pursuant to project based contracts, including our own portfolio. These projects relied on those funding rates to incur important obligations to lenders and investors.
- We should favor reducing the value of rental assistance to all families over terminating some families from our rental assistance programs. THA has never terminated anyone for lack of funding. Let us not begin. To save \$3 million, we

would have to terminate assistance for more than 400 families! Instead, let us thin the soup for all rather than take chairs away from the dinner table. On October 9th I sent a “soup thinning proposal” to the board and the cabinet on behalf of myself and board chair Greg M.. I attach another copy of that email. In summary, Greg and I propose to extend to the entire section 8 program the rent changes we made for the HOP program. With the same scale of reductions that the HOP program has meant, this proposal might save us more than \$3 million. I do not see how we can responsibly manage a full sequester cut without some version of this proposal.

4. USE OF RESERVES

I remain willing to use reserves for nonrecurring expenses. Our guidelines for doing so recognize that reserves are best spent on the following types of expenses:

- expenses that may make us money (e.g, the LASA project; Hillside Terrace; Brown Star Grill)
- expenses that may save us money (e.g, improved efficiencies)
- expenses that make us stronger. In particular, I will be very reluctant to give up our efforts to repair our business processes, our warehouse function, IT improvements and other long overdue improvements. We have invested so much in these improvements but we are not yet done. Giving up on those efforts will lose that investment and will more deeply imprint into our operations a level of inefficiency we can no longer afford.

I hope this is helpful. I expect our discussions will be challenging. Let us draw upon what I know is our large reserve of expertise, shared values and good humor. And of course we remain hopeful that the news from Congress will spare us from the sequester budget.

Thank you.

Michael

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Michael Mirra
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Tacoma Housing Authority
Project Database
PROJECT OUTLINE

Project Number: RM-2013-4
Project: THA METH STRATEGY
Date: October 15, 2013
Deadline: May 1, 2014
Project Manager: April Black

Task or Objective	Who	Deadline	Status
1. GENERAL	R. Price	12/31/2013	Open
2. IMPROVE AND COORDINATE THA'S DATA TRACKING SYSTEM FOR METH	R. Price	12/31/2013	Open
3. REVIEW CRITERIA AND PROCESS FOR TESTING, DISPLACEMENT AND REHOUSING	R. Price	10/31/2013	Open
4. REDUCE COST AND TIME OF METH TESTING, DECONTAMINATION AND RE-RENTING	R. Price	12/31/2013	Open
4.1 General	R. Price	12/31/2013	Open
4.2 Review and Rebid Contracted Work	R. Price	12/31/2013	Open
4.3 Decide on Scope of Contract Work and In-House Work	R. Price	12/31/2013	Open
4.4 Manage Remediation Work	R. Price	12/31/2013	Open
5. REDUCE INCIDENTS OF METH CONTAMINATION	R. Price	12/31/2013	Open
6. PAYING FOR METH COSTS	R. Price	5/1/2014	Open
6.1 General	R. Price	5/1/2014	Open
6.2 Reviewing Insurance Options	T. Craven	12/31/2013	Open
6.3 Seek Funding	R. Price	5/1/2014	Open
6.3.1 General	R. Price	5/1/2014	Open

Project: THA METH STRATEGY
Date: October 15, 2013
Deadline: May 1, 2014
Project Manager: April Black

	Task or Objective	Who	Deadline	Status
	(a) Create Document to Present THA's Case for Funding	T. Craven	10/21/2013	Open
6.3.2	City of Tacoma	M. Mirra	5/1/2014	Open
6.3.3	State of Washington	M. Mirra	5/1/2014	Open
	(a) Governor's Office	M. Mirra	5/1/2014	Open
	(b) Legislature	M. Mirra	5/1/2014	Open
	(c) Washington State Department of Health	M. Mirra	5/1/2014	Open
	(d) Department of Commerce	M. Mirra	5/1/2014	Open
	(e) Department of Ecology	M. Mirra	5/1/2014	Open
6.3.4	Federal Government	R. Price	5/1/2014	Open
	(a) HUD	R. Price	5/1/2014	Open
	(b) Environmental Protection Agency	M. Mirra	5/1/2014	Open
6.3.5	Foundations	R. Price	5/1/2014	Open
7.	LEGISLATIVE CHANGE OF TESTING STANDARD	M. Mirra	5/1/2014	Open
8.	PERIODIC REVIEW OF PROJECT OUTLINE	R. Price	5/1/2014	Open

FINANCE



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$5,167,861 for the month of September, 2013.

Approved: October 23, 2013

Greg Mowat, Chair

TACOMA HOUSING AUTHORITY
Cash Disbursements for the month of September, 2013

		Check Numbers		Amount	Totals
		From	To		
A/P Checking Account					
Low Rent Module Checks	Check #'s	2,760	- 2,764	711	
Accounts Payable Checks	Check #'s	80,456	- 80,726		
Business Support Center				235,847	Program Support
Moving To Work Support Center				12,422	
Section 8 Programs				17,501	Section 8 Operations
SF Non-Assisted Housing - N. Shirley				2	Local Funds
SF Non-Assist Housing - 9SF Homes				2,304	
Stewart Court				24,450	
Wedgewood				324	
Salishan 7				50,206	
Salishan Developer Fee				774	Development
Section 4 Capacity Grant - Dome District				20,782	
Salishan Area 3				3,958	
NSP Grant				54,641	
Development Activity				29,586	
Salishan Area 2B-Dev				2,115	
Hillside Terrace Development				48,918	
Hillside Terrace Community Ctr Development				341,073	
Hillside Terrace 2500 Court G Development				131,073	
Hillside Terrace 1800 Court G Development				97,628	
Hillside Terrace 2500 Yakima Development				549,317	
CS Special Fund				159	Community Service
Weyerh. Homeless Grant				400	
Community Services MTW Fund				16,981	
Paul G. Allen Foundation Grant				2	
Gates Scholar Incentive Grant				203	
Gates Ed Grant				311	
ROSS Svc Coord				544	
WA Families Fund				63	
WA Families Fund - Systems Innovation				82	Public Housing
AMP 1 - No K, So M, No G				37,125	
AMP 2 - Fawcett, Wright, 6th Ave				39,848	
AMP 3 - Lawrence, Orchard, Stevens				45,697	
AMP 4 - Hillside Terr - 1800/2500				2,470	
AMP 5 - Salishan Common Areas				2,186	
AMP 6 - Scattered Sites				3,140	
AMP 7 - HT 1 - Subsidy				13,095	
AMP 8 - HT 2 - Subsidy				15	
AMP 9 - HT 1500 - Subsidy				2,731	
AMP 10 - SAL 1 - Subsidy				9,739	
AMP 11 - SAL 2 - Subsidy				8,760	
AMP 12 - SAL 3 - Subsidy				6,773	
AMP 13 - SAL 4 - Subsidy				9,214	
AMP 14 - SAL 5 - Subsidy				11,688	
AMP 15 - SAL 6 - Subsidy				10,471	
Allocation Fund				106,196	Allocations-All Programs
THA SUBTOTAL				1,951,524	
Hillside Terrace 1 through 1500				1,771	Tax Credit Projects - billable
Salishan I - through Salishan 6				768	
Salishan Association - Operations				7,783	
TAX CREDIT SUBTOTAL (Operations - billable)				10,322	1,961,846
Section 8 Checking Account (HAP Payments)					
SRO/HCV/TBRA/VASH/FUP/NED	Check #'s	479,923	- 480,159	360,607	
	ACH	49,224	- 50,471	2,139,600	\$ 2,500,207
Payroll & Payroll Fees - ADP					\$ 489,516
Other Wire Transfers					
Local Funds Semi-Annual Bond Payment - Heritage				211,291	
MLK - New Look P&SA				5,000	
					\$ 216,291
TOTAL DISBURSEMENTS					\$ 5,167,861



TACOMA HOUSING AUTHORITY

Date: October 23, 2013

To: THA Board of Commissioners

From: Ken Shalik
Director of Finance

Re: Finance Department Monthly Board Report

1. FINANCIAL STATEMENT COMMENTS

I present the September, 2013 disbursement report for your approval.

The Finance Department is submitting the financial statement for the month of August, 2013.

THA remains in good financial shape considering the reduced funding we are receiving from HUD based on sequestration, along with Meth coverage ending under our insurance policy. At the end of July's reporting period, THA did have a deficit of \$426,663 on Line 68 after Reserve appropriations and before Capital Expenditures for the current month, and a YTD deficit of \$325,732. The Projected Actual does indicate a slight surplus of \$27,780 for the year. There are a couple of reasons for the large deficit for the month. First off, this was a 3 payroll month, which increases expenses by approximately \$175K for the month. Section 8 HAP expenses are close to the income received. HUD is holding approximately \$2.5 million in HAP funds owed to THA due to their cash management procedures. With the payoff of Salishan 7, we are requesting HUD pay us those funds, and it is anticipated once HUD returns to work they will send the funds to us. This will allow us to cover additional deficits by year end. Also, we have intentionally been dipping into reserves, and have not drawn down MTW expenditures from Capital funds (Community Services expenses, and deficits to our Public Housing Portfolio). As we continue to monitor our cash position as we head towards year end, it is our intention to draw down some of these funds.

Even with a mid-year revision, there are a number of areas that still have significant variances from budget. Some of these are timing issues, such as in the community services area, where we are in the initial stages of implementation of our Youth asset building program, with the majority of expenses coming in the latter part of the year. Some are not significant budget amounts, which would cause a fairly large % variance with minimal dollar variances. Some expense areas are ones that we anticipated expenditures at a certain level, but will not reach. Very few of the expense line items are above budget, and none of those are significant. In the cases of certain grants, the income is based on a dollar for dollar match. In those areas where we have not utilized the grant at budgeted levels, the

income side will also be affected. Below, I will address a few areas I would like to expound upon:

The following are major anomalies between budgeted and actual numbers.

- *Line 2 – Tenant Revenue* – This area remains difficult to project. The majority of the income consists of charges passed on to the tenant for both legal proceedings heading towards eviction, as well as significant damages (including Meth damage) at move out. The challenge with this increase is due to the type of charge, we will most likely not be able to collect these funds, and they will be written off.
- *Line 9 – Other Government Grants* – Included in this line item is approximately \$60K that we would be receiving for administering a type of Neighborhood Stabilization program with the city. Based on the challenges of administering the program based on our Meth testing strategy, we are just now purchasing our first house..
- *Line 11 – Fraud Recovery* – This is an estimate based on previous year activity. This is based on unreported income we collect. As we have moved to bi-annual re-certifications, this amount has slowed down. We had reduced the budgeted amount at mid-year, but remain below our targeted amount.
- *Line 28 – Legal* – This category was adjusted at mid-year to reflect expenditures to date and anticipated needs. During the second half of the year, we will be incurring expenses for our Rental Assistance Demonstration (RAD) conversion, as well as costs for some of our pending development activities.
- *Line 32 – Administrative Contracts* - Even though we are under budget at this point, it is anticipated this will be close to fully expending funds the end of the year. We are just now utilizing our MTW contract with John Seasholz and we had \$25K budgeted for Leadership training which we have yet to access. We are engaging a search firm for the hiring of our Real Estate Development director, and just recently hired a financial consultant to assist with our RAD conversion. Expenses will increase at the end of the year.
- *Lines 36-39 – Tenant Services* – Much of the variance has to do with timing. We are just getting our youth asset building function off the ground. There was funding for both the administration of the program and then funding of accounts that will either not be realized until later this year, or deferred until next year.
- *Lines 46 – 50 – Maintenance* – These costs will increase as the year goes on as we turn units that had been on hold due to Meth testing. There are also contracts such as exterior painting and window washing that we included in our Mid-Year Budget revision. Some of these Mid-Year requests will not be accomplished in 2013, and will be again requested in the 2014 budget
- *Line 59 – Extraordinary Maintenance* – As this point, there are still minimal expenditures in this category. This will change during the second part of the year, as we will charge our unit repair costs due to Meth contamination that are not covered by insurance to this category. We are not yet sure of the overall impact by the end of the year, as it appears the number of contaminated units is higher than anticipated in the mid-year budget.

- *Line 60 – Casualty Loss* - The Year to date amount is higher than the Projected actual amount. This is due to payments that have been made that have not been reimbursed by the insurance carrier. It is anticipated the final amount will be closer to the projected actual amount.
- *Lines 69 – 71 – Capital Items* - The amounts in these categories only reflect active projects that we have contracts on. In the budget, we have the purchase of New Look Apts., and the LASA development included. As we have not closed on LASA, and are still in the predevelopment phase of New Look, these amounts are not included in the projected actual category.

The payoff of the Salishan 7 loan of approximately \$2.8 million to WCRA was accomplished on September 3rd. This both reduced our THA cash, as well as paying off a loan of 7%, thereby saving the agency approximately \$200K in annual interest and debt service payments for the property.

In our cash position for September, we are including the commitment of funds passed by the Board in the September board meeting. These commitments, along with designated Public Housing and Section 8 reserves, leaves us with minimal unobligated MTW cash levels. Due to the fact that even though funds are committed by the board, our MTW cash level is adequate, and keeps us from recapture even if HUD does not honor our commitments.

2. INVESTMENTS

Surplus funds are invested in Heritage checking and the Washington State Investment Pool. Rates with Heritage Bank currently remain at .40%. The Washington State Local Government Investment Pool currently provides a return rate of .17%.

3. AUDIT

The auditors have completed the field work for both the Single Audit and financial portions of the audit without any findings. All steps have been completed and we have met the September 30th deadline for submitting the audited version to HUD REAC. The auditors will be returning later on in the year October to complete the Accountability portion of the audit.

4. BUDGETS

We are now commenced the 2014 Budget preparation. All initial paperwork has been returned to finance and is being compiled to see where we stand. All indications as information is being input is that the budget is not initially in balance. The cabinet will convene to review the information, and make decisions as to best balance the budget with the guidance of the Executive Director and Board of Commissioners. As budget discussions have stalled in Congress, it is not known what funding we will be receiving in 2014. We will continue to

budget conservatively in anticipation of a Continuing resolution which would keep funding levels no higher than 2013.

5. YEAR END CLOSING UPDATE

There is no update at this time.

**TACOMA HOUSING AUTHORITY
AGENCY WIDE**

	August, 2013				Thru 12/31/2013		
	CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED YTD	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
OPERATING RECEIPTS							
1 Tenant Revenue - Dwelling rent	289,293	2,290,622	2,372,571	-3.45%	3,435,933	3,558,857	-3.45%
2 Tenant Revenue - Other	5,028	55,268	39,245	40.83%	72,902	58,867	23.84%
3 HUD grant - Section 8 HAP reimburseme	2,479,803	20,816,258	22,485,747	-7.42%	33,485,738	33,728,621	-0.72%
4 HUD grant - Section 8 Admin fee earned	198,407	1,668,829	1,635,915	2.01%	2,383,244	2,453,872	-2.88%
5 HUD grant - Public Housing subsidy	182,693	1,523,048	1,426,994	6.73%	2,064,572	2,140,491	-3.55%
6 HUD grant - Community Services	14,284	77,144	93,989	-17.92%	115,716	140,984	-17.92%
7 HUD grant - Capital Fund Operating Reve	11,097	101,402	863,217	-88.25%	1,148,587	1,294,826	-11.29%
8 Management Fee Income	277,253	2,171,727	2,334,085	-6.96%	3,357,591	3,501,128	-4.10%
9 Other Government grants	12,865	113,913	160,955	-29.23%	157,981	241,432	-34.57%
10 Investment income	861	363,572	251,967	44.29%	381,818	377,950	1.02%
11 Fraud Recovery Income - Sec 8	4,535	14,218	20,000	-28.91%	21,327	30,000	-28.91%
12 Other Revenue- Developer Fee Income	0	379,743	290,800	30.59%	379,743	436,200	-12.94%
13 Other Revenue	73,816	439,076	537,729	-18.35%	658,614	806,594	-18.35%
14 TOTAL OPERATING RECEIPTS	3,549,935	30,014,820	32,513,215	-7.68%	47,663,764	48,769,822	-2.27%
OPERATING EXPENDITURES							
<i>Administrative Expenses</i>							
15 Administrative Salaries	484,468	2,802,809	2,972,157	-5.70%	4,486,649	4,458,235	0.64%
16 Administrative Personnel - Benefits	154,917	997,667	1,196,778	-16.64%	1,646,501	1,795,167	-8.28%
17 Audit Fees	4,682	49,711	47,295	5.11%	70,942	70,942	0.00%
18 Management Fees	226,519	1,770,219	1,791,148	-1.17%	2,655,329	2,686,722	-1.17%
19 Rent	23,526	188,208	188,199	0.00%	282,312	282,299	0.00%
20 Advertising	0	4,181	12,433	-66.37%	6,272	18,650	-66.37%
21 Information Technology Expenses	11,450	120,643	184,151	-34.49%	240,965	276,227	-12.77%
22 Office Supplies	2,274	29,286	62,025	-52.78%	73,929	93,037	-20.54%
23 Publications & Memberships	2,288	35,720	36,177	-1.26%	53,580	54,265	-1.26%
24 Telephone	6,030	61,963	78,393	-20.96%	92,945	117,589	-20.96%
25 Postage	3,439	22,437	26,623	-15.72%	33,656	39,935	-15.72%
26 Leased Equipment & Repairs	7,680	49,278	42,890	14.89%	73,917	64,335	14.89%
27 Office Equipment Expensed	11,047	39,732	57,123	-30.44%	59,598	85,684	-30.44%
28 Legal	20,211	111,320	156,163	-28.72%	226,980	234,245	-3.10%
29 Local Milage	169	3,621	10,255	-64.69%	5,432	15,383	-64.69%
30 Staff Training/Out of Town travel	7,893	76,734	134,411	-42.91%	172,652	201,616	-14.37%
31 Administrative Contracts	49,436	177,833	397,273	-55.24%	566,750	595,910	-4.89%
32 Other administrative expenses	8,312	56,478	62,847	-10.13%	94,717	94,270	0.47%
33 Due diligence - Perspective Development	20,431	175,981	243,333	-27.68%	263,972	365,000	-27.68%
34 Contingency	0	0	66,633	-100.00%	0	99,950	-100.00%
35 Total Administrative Expenses	1,044,772	6,773,821	7,766,307	-12.78%	11,107,093	11,649,461	-4.66%

		August, 2013				Thru 12/31/2013		
		CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
	Tenant Service							
36	Tenant Service - Salaries	95,897	531,176	619,093	-14.20%	887,387	928,639	-4.44%
37	Tenant Service Personnel - Benefits	36,738	202,443	254,365	-20.41%	333,665	381,547	-12.55%
38	Relocation Costs	4,610	41,271	39,607	4.20%	61,907	59,410	4.20%
39	Tenant Service - Other	1,989	44,343	142,150	-68.81%	166,515	213,225	-21.91%
40	Total Tenant Services	139,234	819,233	1,055,214	-22.36%	1,449,472	1,582,821	-8.42%
	Project Utilities							
41	Water	12,913	83,857	80,873	3.69%	125,786	121,310	3.69%
42	Electricity	12,697	138,189	144,033	-4.06%	207,284	216,050	-4.06%
43	Gas	2,409	34,446	43,647	-21.08%	51,669	65,470	-21.08%
44	Sewer	33,153	258,079	240,083	7.50%	387,119	360,125	7.50%
45	Total Project Utilities	61,172	514,571	508,637	1.17%	771,857	762,955	1.17%
	Ordinary Maintenance & Operations							
46	Maintenance Salaries	65,164	353,286	416,299	-15.14%	615,320	624,448	-1.46%
47	Maintenance Personnel - Benefits	19,222	106,730	127,337	-16.18%	190,095	191,005	-0.48%
48	Maintenance Materials	26,524	143,609	176,133	-18.47%	265,414	264,200	0.46%
49	Contract Maintenance	81,460	571,297	693,035	-17.57%	956,946	1,039,552	-7.95%
50	Total Routine Maintenance	192,370	1,174,922	1,412,803	-16.84%	2,027,774	2,119,205	-4.31%
	General Expenses							
51	Protective Services	11,026	103,283	99,267	4.05%	154,925	148,900	4.05%
52	Insurance	18,202	115,943	122,515	-5.36%	173,915	183,773	-5.36%
53	Other General Expense	119,552	733,945	749,160	-2.03%	1,100,918	1,123,740	-2.03%
54	Payment in Lieu of Taxes	1,199	9,590	9,641	-0.53%	14,385	14,461	-0.53%
55	Collection Loss	(775)	55,609	54,114	2.76%	75,000	81,171	-7.60%
56	Interest Expense	71,407	469,312	427,169	9.87%	640,753	640,753	0.00%
57	Total General Expenses	220,611	1,487,682	1,461,865	1.77%	2,159,895	2,192,798	-1.50%
58	TOTAL OPERATING EXPENSES	\$ 1,658,159	\$ 10,770,229	\$ 12,204,827		\$ 17,516,090	\$ 18,307,240	
	Nonroutine Expenditures							
59	Ext. Maint/Fac Imp/Gain/Loss Prop Sale	34,283	54,159	240,886	-77.52%	350,000	361,329	-3.14%
60	Casualty Losses	(19,211)	133,071	40,788	226.25%	60,000	61,182	-1.93%
61	Sec 8 HAP Payments	2,474,219	19,503,474	19,941,176	-2.19%	29,605,211	29,911,764	-1.02%
62	Total Nonroutine Expenditures	2,489,291	19,690,704	20,222,850	-2.63%	30,015,211	30,334,275	-1.05%
63	TOTAL EXPENDITURES	4,147,450	30,460,933	32,427,677	-6.07%	47,531,301	48,641,515	-2.28%
64	OPERATING SURPLUS/(DEFICIT)	(597,515)	(446,113)	85,538	-621.54%	132,463	128,307	3.24%
65	Debt Service Principal Payments	(29,111)	(297,932)	(372,502)	-20.02%	(539,844)	(558,753)	-3.38%
66	Surplus/Deficit Before Reserve Appropriations	(626,626)	(744,045)	(286,964)	159.28%	(407,381)	(430,446)	
67	Reserve Appropriations - Operations	199,963	418,313	289,494	44.50%	435,162	434,241	0.21%
68	Surplus/Deficit Before Capital Expenditures	(426,663)	(325,732)	2,530		27,780	3,795	
69	Revenue - Capital Grants	1,046,055	4,071,742	(8,314,709)	-148.97%	8,458,145	(12,472,064)	-167.82%
70	Capitalized Items/Development Projects	(1,112,257)	(4,570,497)	7,091,376	-164.45%	(9,159,852)	10,637,064	-186.11%
71	Reserve Appropriations - Capital	66,202	498,755	1,223,333	-59.23%	701,707	1,835,000	-61.76%
71	THA SURPLUS/(DEFICIT)	(426,663)	(325,732)	2,530		27,780	3,795	

TACOMA HOUSING AUTHORITY

CASH POSITION - September 2013

Account Name	Current Balance	Interest
HERITAGE BANK		
Accounts Payable	\$ 1,263,627	0.40%
Section 8 Checking	6,084,768	0.40%
THA Investment Pool	287	0.40%
THA LIPH Security Deposits	89,476	0.40%
THDG - Tacoma Housing Development Group	46,379	0.40%
LF - Stewart Court	24,571	0.40%
LF - Stewart Ct Security Deposit Account	9,735	0.40%
LF - SF 9Homes Alaska	81,237	0.40%
LF - SF 9Homes Alaska Sec Dep Acct	4,555	0.40%
LF - SFH No. Shirley	10,646	0.40%
LF - SFH N Shirley Security Deposit Acct	1,001	0.40%
LF - Wedgewood Homes	263	0.40%
Salishan 7	1,136,399	0.40%
Salishan 7 Security Deposit	25,776	0.40%
Salishan 7 Replacement Reserve	72,772	0.40%
Salishan 7 Operating Reserve	197,359	0.40%
Payroll Account	4,965	0.40%
General Fund Money Market	1,082,862	0.40%
IDA Account	16,669	0.40%
WASHINGTON STATE		
Investment Pool	\$ 1,625,366	0.12%
1. TOTAL THA CASH BALANCE	\$ 11,778,713	
Less:		
2. Total MTW Cash Balance	\$ 4,700,927	
<i>Less MTW Reserve Commitments</i>		
2.01 2nd Phase Hillside Terrace Redevelopment	\$ 2,420,000	
2.02 Renovation/Remodel of 2nd Floor of Admin Building	700,000	
2.03 Renovation/Remodel of Salishan FIC Building	300,000	
2.04 RAD Conversion Costs - Capital Contributions to Projects	1,000,000	
2.05 Software Conversion for Unsupported Software (VH)	600,000	
2.06 Education Projects - McCarver & Others	310,000	
2.07 Exigent Health & Safety Issues (Meth Remediation)	500,000	
2.10 Total Reserve Commitments	\$ 5,830,000	
<i>Add MTW Reserves Not Yet Received from HUD</i>		
2.11 Undisbursed HAP held by HUD	2,208,089	
2.12 Undisbursed CFP funds for RAD Conversion	1,000,000	
2.20 Total Undisbursed Reserves held by HUD	\$ 3,208,089	
<i>Less Minimum Operating Reserves</i>		
2.21 Public Housing AMP Reserves (4 months Operating Exp.)	1,130,000	
2.22 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.30 Total Minimum Operating Reserves	\$ 1,856,000	
3. MTW Cash Available (Lines 2 - 2.10 + 2.20 - 2.30)	\$ 223,016	

TACOMA HOUSING AUTHORITY

CASH POSITION - September 2013

4. Non MTW Cash

Other Restrictions:

4.01 FSS Escrows	\$	125,616		
4.02 VASH, FUP & NED HAP Reserves		169,528		
4.03 Mod Rehab Operating Reserves		103,438		
4.04 Security Deposit Accounts		129,085		
4.05 Salishan Sound Families - 608		146,512		
4.06 IDA Accounts - 604		16,669		
4.07 Gates Foundation - 612, 622 & 623		170,831		
4.08 WA Families Fund - 673, 674, 712, 713		23,780		
4.09 Wedgewood Replacement Reserve		803,808		
4.10 Bond Financed Single Family Homes Reserve		90,000		
4.11 Salishan 7 Reserves		695,130		
4.12 THDG - 048		46,379		
4.20 Total - Other Restrictions			\$	2,520,777

Agency Liabilities:

4.30 Windstar Loan - 042		315,286		
4.40 Total - Agency Liabilities			\$	315,286
4.45 Development Draw Receipts for Pending Vendor Payments			\$	454,113
4.50 Development Advances/Due Diligence Commitments ¹			\$	51,715

5. Total Non MTW Cash Restrictions (Lines 4.20+4.40+4.50)	\$	3,341,890
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6. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-5)	\$	3,735,897
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Agency Current Commitments:	Board Approval	Expended	Obligation Balance
LASA Development advance	\$ 425,000	\$ 429,118	\$ (4,118)
Salishan Campus (2012 exp plus 2013 budget)	\$ 167,840	\$ 112,007	\$ 55,833
¹ Total Current Commitments outstanding			\$ 51,715

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

LASA Development advance	\$ 429,118	
Hillside Terrace Redevlpmnt - HTF, HOME, CDBG and COT Funds	\$ 20,000	
Total Agency Advances	\$ 449,118	

REAL ESTATE MANAGEMENT
AND
HOUSING SERVICES



TACOMA HOUSING AUTHORITY

Date: October 23, 2013

To: THA Board of Commissioners

From: April Black
Director of Real Estate Management and Housing Services

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

1. PROPERTY MANAGEMENT DIVISION

1.1 Occupancy:

Unit occupancy is reported for the first day of the month. This data is for the month of September 2013. The high vacancy rate is attributable to THA's meth strategy.

OCCUPANCY SUMMARY REPORT					
PROGRAM	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MTH OCCUPIED
All Hillside	61	5	106	56	94.9%
Family Properties	204	20	2	182	90.1%
Salishan	630	65	1	560	90.8%
Senior/Disabled	349	27	4	328	92.9%
All Total	1,244	117	113	1,126	89.5%

1.2 Vacant Unit Turn:

The following page includes a table with all of the units turned in fiscal year 2013. Twenty Three (23) units were turned and rented in the month of September. The average unit turn for the month of September was 93.35 days and 212.10 days FYTD. 11 of the units that were turned in September had tested positive for meth and needed to be remediated.

As of October 8, 2013, 113 of the 247 units that have been tested for contamination have tested positive for methamphetamine. This is a 46% positive rate for the units that have been tested. THA implemented the home testing kits that are testing for contamination at the health-based contamination level. Of the 65 home tests that have been conducted since June 25, 2013, 17 or 26% have tested positive for contamination. This continues a downward trend in the percentage of units testing positive. Of the 17 units that had at least one hot field screen, 12 were at Salishan, and 1 each at Stewart Court, 2300 Hillside, K St., Wright St., and 6th Ave.

1.2.1

Vacant clean unit turn status

There are 43 vacant, clean units. Of these units, 29 are rent ready, awaiting lease up. The remaining 14 are scheduled to be completed and ready to rent in the month of October. Out of these remaining 14 units, 3 were on our original goal list to have turned by September 30th. These 3 units were completed on October 4th. A delay in receiving our field test kits order and bed bugs contributed to the delay of the unit turn.

THA will continue to contract painting and janitorial services in our Tax Credit properties (Salishan and Hillside Terrace) through the month of October. Our goal is to have all clean units turned by THA staff and eliminate the need for contractors after October.

Property Management and Leasing continue to work on finding qualified applicants, mainly for our tax credit properties. There were 29 units that were rent ready and 25 completed, ready to rent files had been sent to the sites for lease up appointments. The 4 files that were pending were waiting for the last documents so they could be reviewed and completed. As of October 7, 2013, 2 more files were complete and the other 3 should be done by October 10, 2013. 25 more units are scheduled to be complete within the next two weeks. The leasing department has 15 that are waiting for minor documents, 10 that need more extensive verifications and 20 families scheduled for one on one meeting's to complete tax credit paperwork. The leasing department will continue to keep this level of application processing up until all units are ready.

One of the questions that might be asked is why does it take so long to get someone ready. We have about a 25% success rate with waiting list applicants. We may contact 100 applicants and 30-35 will respond. After screening this number goes down to about 25. We have clients that can make it through the entire process and not have the money to pay their deposit, can't get out of lease or owe money to Tacoma Public Utilities. We try to juggle paydays with move in times to avoid wasting THA and the client time with this very long process. Unfortunately it doesn't always work and sometimes we have to move on and the client misses their opportunity.

We will continue to work on strategies to help prevent the delay in obtaining qualified applicants to move into units that are ready to achieve our 20 day key to key unit turn goals. Our 2013 MTW plan included a deposit assistance program that could help qualified applicants overcome their barrier to lease up.

1.2.2

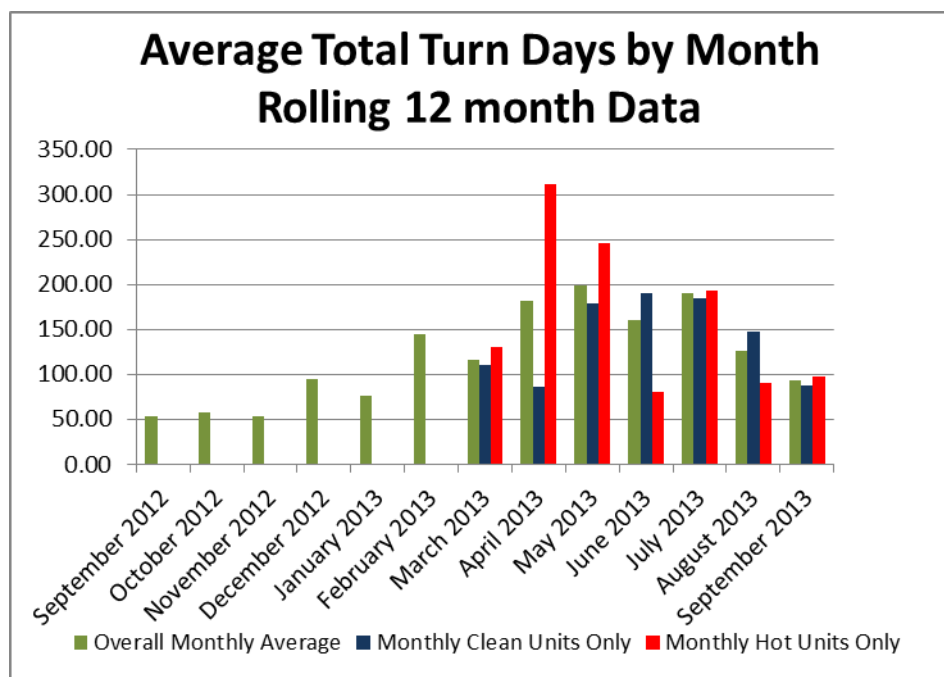
Contaminated unit turns

As of October 8, 2013 there were 121 vacant units in THA's portfolio. Of these units:

- 46 are not contaminated,
- 9 are awaiting testing,
- 22 are awaiting TPCHD review of operable opening clearance determinations and work plan submittal,
- 7 are in remediation,
- 17 units are in Put-Back, and
- 20 have been completed by the contractor and are ready for occupancy.

We anticipate having all contaminated units that have been tested to date, in rent-ready condition by the end of November.

The table below shows the calendar year trend in average unit turn days each month:



1.3 Work Orders: In the month of September all emergency work orders were completed within 24 hours. This month, maintenance staff completed 232 non-emergency work orders and a total of 2,963 for the calendar year. The annual average number of days to complete a non-emergency work order is 11.99.

Work Order Summary by Portfolio For the Month of September, 2013

Completed Work Orders								
Portfolio	Emergency				Non-Emergency			
	Month	YTD			Month	YTD		
	# Completed	% Completed In 24 Hrs	# Completed	% Completed In 24 hrs (99% HUD Std)	# Completed	Avg Completion Days	# Completed	Avg Completion Days (25 days HUD Std)
All Hillside								
HILLSIDE TERRACE 1500 Block	0	0.0%	1	100.0%	17	4.35	98	1.99
HILLSIDE TERRACE PH I	0	0.0%	5	100.0%	5	0.20	119	1.65
HILLSIDE TERRACE PH II	0	0.0%	4	100.0%	5	0.20	151	2.11
	0	0.0%	10	100.0%	27	2.81	368	1.93
Family Properties								
ALL SCATTERED SITES	0	0.0%	2	100.0%	11	13.09	119	45.55
BERGERSON TERRACE	1	100.0%	8	100.0%	20	7.35	155	26.51
DIXON VILLAGE	0	0.0%	1	100.0%	14	8.86	90	22.34
STEWART COURT APARTMENTS	0	0.0%	4	100.0%	17	17.76	120	15.31
	1	100.0%	15	100.0%	62	11.56	484	27.64
Sallehan								
SALISHAN I	2	100.0%	7	71.4%	12	8.08	224	11.63
SALISHAN II	1	0.0%	5	80.0%	21	14.05	308	12.47
SALISHAN III	0	0.0%	12	100.0%	13	17.62	217	12.13
SALISHAN IV	1	100.0%	9	100.0%	8	21.25	195	14.36
SALISHAN V	0	0.0%	3	100.0%	14	13.36	238	8.58
SALISHAN VI	1	0.0%	5	80.0%	16	14.94	217	9.32
SALISHAN VII	0	0.0%	8	100.0%	12	7.33	193	11.73
	5	60.0%	49	91.8%	96	13.59	1,592	11.43
Senior / Disabled Properties								
6TH AVE	3	100.0%	8	100.0%	10	26.80	94	7.09
E.B. WILSON	3	100.0%	23	100.0%	11	3.00	120	3.28
FAWCETT APARTMENTS	2	100.0%	5	100.0%	6	14.83	53	8.91
LUDWIG APARTMENTS	1	100.0%	2	100.0%	7	11.00	62	4.92
NORTH G ST	1	100.0%	7	100.0%	5	7.00	62	10.73
NORTH K ST	2	100.0%	7	100.0%	4	30.25	51	9.43
WRIGHT AVE	3	100.0%	13	92.3%	4	7.75	77	3.19
	15	100.0%	65	98.5%	47	13.91	519	6.22
Agency Totals:	21	90.5%	139	96.4%	232	11.86	2,963	11.99

Open Work Order Summary by Portfolio

For the Month of September, 2013

		Emergency		Non Emergency		
Portfolio		Opened Emergency WO	Days Open	Open Non- Emergency WO	< 25 Days	>25 Days
All Hillside						
HT1	HILLSIDE TERRACE PH 1	0	0	1	1	0
HT1500	HILLSIDE TERRACE 1500 Block	0	0	1	0	1
HT2	HILLSIDE TERRACE PH II	0	0	0	0	0
		0	0	2	1	1
Family Properties						
020	BERGERSON TERRACE	1	0	5	5	0
022	LOW RENT SCATTERED SITES (19)	0	0	2	1	1
023	DIXON VILLAGE	0	0	12	12	0
044	ALASKA 9 HOMES	0	0	1	0	1
045	STEWART COURT APARTMENTS	0	0	2	2	0
		1	0	22	20	2
Salishan						
SAL1	SALISHAN ONE LLC (S8)	2	0	23	14	9
SAL2	SALISHAN TWO LLC (PH)	0	0	25	11	14
SAL3	SALISHAN THREE LLC (S8)	0	0	22	16	6
SAL4	SALISHAN FOUR LLC (S8)	1	0	22	11	11
SAL5	SALISHAN V LLC (S8)	0	31	33	15	18
SAL6	SALISHAN SIX LLC (S8)	1	0	20	13	7
SAL7	SALISHAN SEVEN	1	0	28	16	12
		5	31	173	96	77
Senior / Disabled Properties						
006	NORTH K ST	2	0	9	8	1
008	E.B. WILSON	3	0	16	14	2
009	FAWCETT APARTMENTS	2	0	10	9	1
010	WRIGHT AVE	3	0	16	5	11
012	LUDWIG APARTMENTS	1	0	9	8	1
013	NORTH G ST	1	0	11	5	6
014	6TH AVE	3	0	16	14	2
		15	0	87	63	24
Agency Totals:		21	31	284	180	104

2. RENTAL ASSISTANCE DIVISION

Housing Choice Voucher utilization is reported at 98% for the month of September 2013. The Leasing Department continues to hold briefings to meet our goal of 100% utilization. Currently we have approximately 64 HOP clients in shopping mode. We will continue to balance issuing vouchers with shoppers to ensure 100% utilization.

Below is a breakdown of the progress leasing our special programs:

Program Name	Units Allocated	Units Leased	Number of shoppers*
Veterans Administration Supportive Housing (VASH)	145	125	11 shoppers 9 referrals needed
Non-Elderly Disabled Vouchers (NED)	100	94 (including 19 port outs)	6 referrals pending
Family Unification Program (FUP)	50	40	6shoppers and 4 referrals needed
McCarver Program	50	44	

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

All referrals have improved over the last couple of months. We have worked closely with our partners to ensure we have our vouchers utilized.

3. REBRANDING HILLSIDE TERRACE

Background

In April 2013, THA hired a Marketing Intern named Jessica Otaguro. Ms. Otaguro worked on a rebranding strategy for THA's new Hillside Terrace 2500 block.

In May 2013, the Asset Management Committee reviewed Ms. Otaguro's marketing recommendations. We agreed that this new property will be branded in a new and different way so that it is distinct from the old property and to decrease confusion surrounding two other THA properties also named Hillside Terrace (1500 & 2300 blocks).

Ms. Otaguro suggested the following marketing strategy:










Hillside Terrace will create its new and unique brand image in two main ways. The first and most noticeable change will be its improved infrastructure that boasts characteristics of technological advancement, visual appeal, and modernity. The new look of Hillside Terrace will garner a lot of attention and attract a lot of prospective residents because of its high quality yet affordable price. The second function that will aid a successful brand image is the creation of a new name. The name of the new complex will need to intrigue all those that hear it and give off the high quality, safe, and pleasing imagery that Hillside Terrace will truly provide.

Ms. Otaguro then presented multiple naming options that fit within this strategy. The committee selected Bay Terrace and Harbor Terrace as the most desirable new name choices. Both names invoke the images available from different vantages at the site and tie in with the site's prior "Terrace" name.

Once the names were narrowed down, Ms. Otaguro created multiple branding options to accompany the name.

Consultation Results

Using the two names and the different branding options, Joshua Jorgensen led the community consultation effort on this project. He visited the Central Neighborhood Council over the summer and send out surveys using survey monkey to all THA staff and Hillside Terrace relocatees. The attendees at the CNC meeting also completed the surveys. In total 34 THA staff and 38 community members and relocatees completed surveys. The results of the surveys are on the following page.

	THA Staff Results		Community Results		Total Count
Logo	Percentage	Count			
	17.6%	6	0%	0	6
	11.8%	4	21%	8	12
	5.9%	2	11%	4	6
	11.8%	4	29%	11	15
	5.9%	2	11%	4	6
	20.6%	7	8%	3	10
	11.8%	4	8%	3	7
	0.0%	0	3%	1	1
	2.9%	1	11%	4	5
Propose combination	11.8%	4	0%	0	4

Recommendation

Based on the survey results I recommend the following name and logo.



REAL ESTATE

DEVELOPMENT



TACOMA HOUSING AUTHORITY

DATE: October 23, 2013

TO: THA Board of Commissioners

FROM: Tina Hansen
Interim Director of Real Estate Development

RE: Real Estate Development Department Monthly Board Report

1. SALISHAN/HOPE VI

1. Phase II Construction

1.1.1 *Area 2A, Community Core Development*

The Board approved the general Master Plan Concept at its June 2012 meeting.

Staff met with representatives from The Alford Group to review the results of the Philanthropic Market Assessment. THA is considering the various options and information provided and over the next several months will determine the next step.

1.1.2 *Area 3 Lot Sales, Citibank Loan*

Two of the models built by D.R. Horton opened on October 15; the others will open by the end of the month. To date, interest has been high.

2. PUBLIC HOUSING PROJECTS

2.1 1800/2500 Hillside Terrace

2.1.1 *Summary of Project Activities.*

The Hillside Terrace Phase I project is progressing according to budget and schedule.

2.1.2 *Financing.*

Staff has begun studying options for the Phase II financing.

2.1.3 *Procurement.*
No Report

2.1.4 *Architecture.*
No report

2.1.5 *Construction.*
The Owner, Architect and Contractor (OAC) construction meetings are held weekly at the site.

Site work.

Site work is currently 43% complete. The current tasks are installing perimeter drains and backfilling near the building foundations.

Phase-I Vertical Construction;

Building A (mid-rise): Housing is currently 8% complete. The current tasks are pouring the parking structure deck and the start of the first floor framing.

Buildings B – F: Housing is currently 8% complete. All foundations are poured and crews are beginning to frame the structures.

Right of Way (ROW)/ Utilities: Work is 70% complete. The main area of focus is installation of permanent power to the three single family homes owned by others. The bulk of the remaining ROW work will be completed after the first of the year.

Community Center: the community center is 30% complete. Crews are concentrating on completing the exterior finishings and interior rough-in work.

2.1.6 *Community Meetings.*

The Construction Oversight Committee continues to meet on the second Wednesday of each month.

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

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

	GOAL	PREVIOUS ACTUAL	ACTUAL AS OF 10-9-13
MBE	14%	9.31%	9.31%
WBE	8%	12.13%	12.13%
Section 3 Business	10%	12.05%	12.05%
Section 3 New Hires	30%	47%	55%
Apprenticeship	15%	8.73%	9.34%

3. OTHER PROJECTS

4.1 *Neighborhood Stabilization Program (NSP 1)*

THA has received a full price offer on the last house under the NSP program. Closing is anticipated for the end of October.

4.2 *AG Program*

THA was awarded \$970,000 from the City of Tacoma to continue the foreclosure work through the AG Program. The City received additional funding through the Attorney General's office. The contract between the City of Tacoma and THA is now executed and staff has started to look for houses. Currently staff has placed one offer which is pending on a short sale and another one offer that has been accepted by the bank. Staff will continue to look at houses.

4.3 *LASA Supportive Housing Project*

On the housing side, this project is funded by the Housing Trust Fund, Pierce County 2163, City of Lakewood and a THA loan of about \$275,000 (pending approval by the THA Board in November). On the LASA Office/Client Service Center side the project is funded by Pierce County CDBG & 2163 funds, City of Lakewood CDBG, a loan from Columbia Bank, private grants, and LASA equity. AN LLLP will own the housing portion of the project. The LLLP will be comprised of THA as the General Partner and LASA as the Limited Partner. The building will be condominiumized. The project construction is now out to bid; bids are due on October 23rd. We are scheduled to close on November 20. LASA's tenants have relocated. One family was relocated through the project; the other family left just prior to being evicted. They were 3+ months behind in rent and not lease compliant which made them ineligible for relocation benefits. We worked with the City and HUD to ensure we were handling this situation properly. Staff is requesting a special meeting in early November to receive the Boards approval on the general contractor selection and the financing for this project.

Estimated Project Schedule

Begin relocation activities	July 2013
Submit for Building Permit	September 2013
Issue ITB for Contractor	October 2013
Award Contractor Contract	November 2013
Financial closing	November 2013
Construction Start	December 2013
Complete Construction	August 2014

4.4 Stewart Court

THA has received an offer to purchase the property. The purchase and sale agreement is signed with an effective date of May 24, 2013. The buyer is going through their feasibility period. The closing is anticipated to occur between the end of October and the first week in November.

4.5 902 South L Street 2nd Floor Tenant Improvement

This project continues to be on hold for two main reasons; 1. The government shut down and 2. THA's 2014 budget approval. The updated estimate of \$700,000 which includes furniture, moving expenses and new data lines was included in the September MTW funding resolution, which was approved by the Board.

5. DEVELOPMENT PIPELINE PROJECTS

5.1 Intergenerational Housing at Hillsdale Heights

On September 26, 2013 staff forwarded the Letter of Intent (LOI) to Lease or Purchase Real Property to Many Lights Foundation to execute the agreement. They will present it to their Board for approval. A finalized LOI is expected by late October.

5.2 City-Owned Brown Star Grill Properties on MLK

On September 26, 2013, staff forwarded the approved Purchase and Sale Agreement to the City for execution of the agreement. Upon receipt of a fully executed agreement, Staff will begin due-diligence activities to assess the feasibility of the project.

5.3 New Look Apartments/Alberta Canada Building Acquisition

THA received the Purchase and Sale Agreement executed by MLKHDA on September 9. THA has 90 days, until December 9, to conduct its feasibility studies. To date we have received tenant files and little else in the form of due diligence from the MLKHDA in spite of constant requests for the due diligence items. Tatley Grund has done testing to determine the extent of water damage in the building. THA Staff has completed a walkthrough of the units.

6. M/WBE CONTRACT COMPLIANCE and SECTION 3 HIRING

6.1 As of September 30, 2013, 12 of 22 new hires at the Hillside Terrace Revitalization Project are Section 3 Hires. M/WBE, and Section 3 goals for said project are provided in Section 2.1.10 of this report.

7. PHAS INDICATOR FOR MODERNIZATION ACTIVITIES

The following are the schedules as of October 1, 2013 for THA's obligation and expenditure of the public housing capital funds it receives from HUD.

Grant	Total Grant	Obligation Start Date	Obligated	% Obligated	Obligation Deadline	Expended	% Expended	Expended Deadline
2010 CFP	\$2,345,627	7/15/10	\$2,345,627	100%	7/14/12	\$1,238,915	53%	7/14/14
2010 CFP (1 st R)	\$1,216,978	7/15/10	\$1,216,978	100%	7/14/12	\$1,186,990	97%	7/14/14
2011 CFP	\$1,721,353	8/3/11	\$1,721,353	100%	8/2/13	\$232,955	14%	8/2/15
2011 CFP (1 st R)	\$736,455	8/3/11	\$736,455	100%	8/2/13	\$736,136	99%	8/2/15
2011 CFP (2 nd R)	\$549,895	8/3/11	\$549,895	100%	8/2/13	\$99,020	18%	8/2/15
CFCF**	\$1,881,652	8/3/11	\$1,848,952	98%	8/2/13	\$1,091,384	58%	8/2/15
2012 CFP	\$1,593,197	3/12/12	\$0	0%	3/11/14	\$0	0%	3/11/16
2012 CFP (1 st R)	\$1,026,290	3/12/12	\$970,532	94%	3/11/14	\$393,413	38%	3/11/16
2012 CFP (2 nd R)	\$128,701	3/12/12	\$0	0%	3/11/14	\$0	0%	3/11/16
2013 CFP	\$1,319,864	9/9/13	\$0	0%	9/8/15	\$0	0%	9/8/17
2013 CFP (1 st R)	\$322,158	9/9/13	\$0	0%	9/18/15	\$0	0%	9/8/17
2013 CFP (2 nd R)	\$1,015,495	9/9/13	\$0	0%	9/18/15	\$0	0%	9/8/17

** Capital Fund Community Facilities Grant (Note: 98% is acceptable to HUD to be obligated by this date. The remaining 2% of the funds are budgeted for computer equipment.)

COMMUNITY SERVICES



TACOMA HOUSING AUTHORITY

DATE: October 23, 2013

TO: THA Board of Commissioners

FROM: Greg Claycamp
Community Services

RE: Monthly Board Report

STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

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

1. 2013 GOALS

Sixteen major funding sources support the Community Services department's staff and activities. Most of these sources identify performance measures and goals. This report groups the various funding sources' annual goals by service area. It summarizes progress toward annual goals during the month of September and for the calendar year 2013.

Director's Comment: Support services to our households are vital to fulfilling the vision and performing the mission of Tacoma Housing Authority. Over the next several months, the Community Services Department will be undertaking a number of actions to better define, evaluate and communicate about our work. Board Reports will reflect this work. The Report will maintain the current structure, but we will strengthen the narrative content with Director and Manager Comments highlighting our successes and critically evaluating our challenges. We will also improve the coherence of some of the data tables included in the report.

1.1 Employment

Manager's Comment – Mary Syslo: We have entered into a contract for soft skills training for all work-able residents. Class begins in October. We will be holding this training at the FIC and it will be taught by an instructor who has expansive experience helping prepare individuals for the workplace.

Director's Comment: Resuming soft 'skills training in October will probably bring our performance in training enrollment and completion into alignment with our Annual Goals. In general, we are meeting or exceeding YTD expectations for most activities. The exceptions are Entering apprentices and Enrollment in Work Study/Community Jobs/Internships. In November, we will report regarding which grants or contracts relate to these goals, and what challenges we are encountering.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Clients referred for employment services	26	210	130	162%
Clients who received employment services	35	256	120	213%
Clients enrolled in employment readiness soft skills workshops	9	49	80	61%
Clients completed employment readiness soft skills workshops	6	30	50	60%
Enrolled in job readiness training	0	18	20	90%
Job placement	10	77	45	171%
WorkSource Participants Assisted	4	116	100	116%
Entered Apprenticeship	0	0	3	0%
Work Study/Community Jobs/Internships	3	12	30	40%
Earned Income Increased	4	58	35	166%

Average annual increase in earned income in 2012	\$2761.61
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1.2 Education

1.2.1 Adult Education Programs

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Participating in ESL classes	0	17	15	113%
Completes one or more ESL levels	0	1	5	20%
Adults enrolled in education program	1	22	10	220%
Adults complete education program	1	5	25	20%
Participants attending GED classes	12	147	200	74%
Completes one or more GED tests	3	14	25	56%
Attains GED	1	12	15	80%
FAFSA applications completed	3	7	10	70%

Manager's Comment – Metesa Greene: The FAFSA data included on the chart above is accounting for participants that are assisted monthly with completing the FAFSA application as part of the employment services Community Services offers. For additional information regarding the results of the pilot project through the National Community Tax Coalition that THA's VITA Site participated in refer to 1.12 Asset Building below.

Director's Comment: While enrollment in ESL classes is exceeding YTD expectations, ESL level completion is low. We will explore and comment in the next Report.

Data reported on the lines "Adults enrolled in education program" and "Adults complete education program" is not coherent. We will clarify why the number of adults projected to complete a program (25) is considerably greater than the number expected to enroll (10).

1.2.2 McCarver Special Housing Program

THA's McCarver Elementary School Housing Program seeks to stabilize McCarver Elementary, a low-income school in Tacoma's Hilltop neighborhood. As of August 2013, 46 McCarver families are enrolled in the Program. Rental subsidies for participating families will decrease to zero over the five years of the McCarver Program. Each year, all families will pay an additional 20% of their rent and THA will subsidize the balance. Participating families receive intensive case management services and assistance to help the parents improve their education and employment prospects.

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

Manager's Comment – Michael Power: Currently seven families are paying 40% of their rent. The other families will reach this level as their leases are renewed this fall and early winter.

Director's Comment: While all households may reach this benchmark, we project that over 50% of the McCarver households will pay more than 30% of their monthly income to do so. In some cases, meeting the benchmark is precipitating unacceptable hardship, such as choosing between paying rent or utilities. Prior to the next Board meeting, we will review the circumstances of each household that will exceed 30% of monthly income to meet the rent benchmark. We will attempt to identify patterns in the challenges these households face, and any adjustments to support services or model that should be anticipated moving forward.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Families participating	46	50	50	100%
Families able to pay 20% of their rent (50 of 50)	46	50	50	100%
Families able to pay 40% or their rent (43 of 50)	n/r	7	43	16%
Average school attendance rate	94%	94%	93%	101%
Reduction in referrals for discipline*	n/a	n/a	25%	n/a
% students increase scores on district reading test (K-5)	22%	22%	20%	110%
% students increase scores on district math test (K-5)**	n/a	n/a	20%	n/a
Average increase in state reading test (Gr. 3-5)	24%	24%	20%	120%
Increase in average state math test (Gr. 3-5)***	-16%	-16%	18%	-89%

Manager's Comments – Michael Power:

*We are working with the school district to establish a procedure to get discipline data from their new data system.

** We have not received the math data from the school district.

*** As of the end of the 2011-2012 school year there were few data on standardized tests of math to analyze and compare. We had math scores on only 15 McCarver Program students as of the most recent program evaluation. This number of students is too small to warrant comparisons or further statistical analysis. We anticipate having more robust data in the 2012-2013 evaluation report which is due at the end of October.

Activities	Baseline Fall 2011	At End of September 2013
Average annual household income	\$5232	\$15,048
Employed	7	29
Enrolled in Training Programs	2	5

WorkForce Central Support

This July, WorkForce Central designated an employment navigator to assist McCarver parents who need additional help with pre-employment and employment services. The employment navigator works with our caseworkers to focus on clients with the most need for employment support. The navigator makes sure the clients are able to access all Workforce Investment Act resources for which they are eligible.

Extended Learning for McCarver Program Children

This month our partner Peace Community Center received a 21st Century grant from the U.S. Department of Education. This five year grant will fully fund after school tutoring at McCarver, spring break camp, and summer school. After school tutoring will begin in October. 17 of our Program students are already enrolled. The grant also pays for transportation for all activities which removes a major barrier for our families.

1.3 Housing Opportunities Program (HOP)

Manager's Comments – Mary Syslo: THA began HOP orientations in March 2013. REMHS and CS staff collaborated in planning and offering the orientations. In August 2013, we saw an increase in HOP work-able attendees engaging in CS services. Staff will continue outreach to HOP orientation attendees to encourage their participation in CS self-sufficiency programs.

Community Services is offered to all THA households and there are occasionally families who sign-up for our services even though they are not subject to the time limit.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
HOP orientations	3	18	n/a	n/a
Work-able attendees	19	234	120	195%
Attendees requesting CS	30	172	120	143%
Work-able attendees housed	10	80	120	67%
Participants receiving CS	2	36	60	60%

Director's Comments: The data reported in this table raise some important questions;

- Why is there such disparity between the number of attendees requesting Community Services, and number of participants who actually receive services?
- How are we tracking outcomes for work-able attendees who decline CS support?
- What is the disparity between the total number of households receiving HOP vouchers annually, and those accepting CS support?
- How well will opportunities to engage HOP households work, when REMHS identifies households that are not meeting annual benchmarks to increase income?

These are not questions that will be answered by the next report, but should be ongoing considerations.

1.3 Families in Transition (FIT)

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

	WFF/Sound Families		Hillside Terrace		Tax Credit	
Total Current Caseload	21		2		3	
	Sept. 2013	YTD 2013	Sept. 2013	YTD 2013	Sept. 2013	YTD 2013
Entrances	0	13	0	3	0	0
Graduations	0	2	0	0	0	1
Exits	0	0	0	0	0	0
Terminations	1	5	1	2	0	0

1.5 Case Staffing

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

Activities	Sept. 2013	YTD 2013	Annual Goal 2013
Number of households referred for services	2	17	27
Number of successful completions (eviction averted)	2	2	12
Number terminated	2	2	n/a

Director's Comments: If Case Management is designed to be limited to 90 days, then we appear to have a challenge. 2 households have successfully completed, and 2 have been terminated. This means that YTD, we have outcomes for about 24% of enrolled households. In the next report, we will provide actual durations of service for households served, and discuss any implications of a longer service period.

The table above will be revised to include a % of Goal column, consistent with other tables presented in this report. No annual goal appears to have been established for # of anticipated terminations. This will be corrected for 2014 reporting.

1.6 MTW Hardship Exemption Casework

Manager's Comments – Mary Syslo: In January 2012, THA began Moving to Work rent calculations and biennial recertification cycles for all MTW households. THA anticipated that some households would be unable to pay their new rent and that up to 120 households would qualify for a hardship exemption. The exemption will allow the household up to six months to increase their income and pay the rent amount determined by MTW. In order for a household to qualify for a hardship, they must agree to participate in case management. A household can be terminated from hardship case management for failure to participate. If a hardship exemption household is terminated from case management, CS staff notifies the appropriate REMHS staff. REMHS staff then terminates the exemption and the household is required to pay the full rent amount determined by MTW.

Activities	Sept. 2013	YTD 2013	Annual Goal 2013
Number of households referred for services	5	23	10
Number of successful completions	0	3	8
Number terminated	0	0	n/a

Director's Comments: The table above will be revised to include a % of Goal column, consistent with other tables presented in this report. No annual goal appears to have been established for # of anticipated terminations. This will be corrected for 2014 reporting.

1.7 Preparing for Success

Manager's Comments – Mary Syslo: Preparing for Success is funded by a three-year grant from The Paul G. Allen Family Foundation. Case management focuses on helping clients overcome barriers to employment readiness.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Second year cohort 2012 completed	1	12	15	80%
Third year cohort 2013 enrolled	0	28	25	112%
Third year cohort 2013 completed	0	0	15	0%

1.8 Family Self-Sufficiency Program

Manager's Comments – Mary Syslo: The THA Family Self-Sufficiency (FSS) program is a five year employment and savings incentive program funded by HUD and the City of Tacoma. The new pay point system that was implemented in January has significantly reduced the amount of time caseworkers were spending on calculating escrow for their clients. They now have more time to provide direct services to their clients.

Status	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Current Participants	102	122	153	80%
Graduates	1	8	17	47%
Removed/Voluntarily Withdrawn	0	11	n/a	n/a
New Contracts Signed	6	26	55	47%
Escrow Balance	\$133,755.22			

Manager's Comments – Mary Syslo: The table above indicates that we are below expectations in program graduates and new contracts signed. We will clarify in the next report if this is accurate.

1.9 Life Skills and Parenting Classes

Manager's Comments – Mary Syslo: THA contracts with Bates Technical College to provide Life Skills classes and parenting support for Families in Transition participants. The first parenting class started in the middle of September and has gotten off to a good start. There are 5 Russian-speaking participants so we are providing an interpreter to help these parents participate fully in the class.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Life Skills Enrollment	0	21	20	105%
Life Skills Completion	0	15	10	150%
Parenting Enrollment	21	37	75	49%
Parenting Completion	0	7	65	11%

1.10 Senior and Disabled Services

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

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Unduplicated client contacts	36	282	260	108%
Referrals	10	38	50	76%
Unduplicated situation/wellness counseling	15	96	140	69%
Assistance with correspondence for Entitlement Programs	2	7	40	18%

Director's Comments: Need for assistance with correspondence for entitlement Programs seems to have been simply overestimated.

Outreach by this Program Specialist occurs within THA's own permanent supported housing. Success is strongly dependent upon the Specialist's ability to engage residents, and upon collaboration with REMHS. Successes and challenges with this program will be highlighted in a future Report.

1.12 Asset Building

Manager's Comments – Metesa Greene: The program provides pre-purchase counseling, 1st time homebuyer seminars, post-purchase counseling, financial literacy workshops, credit counseling, and individual development accounts to help THA clients build assets and prepare to become successful homeowners, business owners or to change careers and further their education.

In the February 2013 Board Report, Community Service provided you with information about our partnership with Pierce County Asset Building Coalition, Tacoma Goodwill and THA where we were select to participate in a pilot project through the National Community Tax Coalition. This pilot was to understand whether additional assistance and/or information about the FAFSA provided to clients will increase their likelihood of filing a FAFSA, receiving financial aid and enrolling in college. THA's VITA served as a Basic Information Site. This meant clients who received tax assistance at THA's VITA site would also receive general information about the college enrollment process. The clients included in this group would receive a "College Bound" booklet that contains information on financial aid and applying to colleges.

Results: THA's VITA volunteers were able to determine that two of our VITA clients were eligible to apply for the FAFSA and provided them with a "College Bound" booklet. This small number is due to the technical difficulties that the National Community Tax Coalition had. The program they created to analyze whether or not individuals were eligible for the FAFSA was not working properly. THA's VITA Site Coordinator determined this by testing with individuals who were already in college and currently receiving financial aid. These individual should have been eligible for the FAFSA, but were not. It is unfortunate that this

pilot did not prove to be successful. THA is seeking other opportunities to provide this service to our residents through partnerships.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Financial Education Enrollment	0	51	80	64%
Financial Education Completion	0	44	40	110%
Homebuyers Education Referral	2	7	50	14%
Credit Counseling Enrollment	0	0	15	0%
Credit Counseling Completion	0	0	5	0%
Homeownership Pre-Purchase Counseling	0	1	10	10%
Homeownership Post-Purchase Counseling	1	33	30	110%
Individual Development Account Participants Enrolled	7	7	11	64%
Individual Development Account Counseling (other than homeownership)	1	14	28	50%
Qualified Withdrawals	0	6	7	86%
Home Purchase	1	1	4	25%
Other Asset Purchases	0	6	3	200%
VITA Tax Returns for THA clients	0	33	40	83%
EITC Received (PH only)	0	11	20	55%
Tax Returns for all clients served at VITA Site	0	192	200	96%

1.13 Computer Labs

Manager's Comments – Michael Power: THA has computer labs at Bergerson Terrace, Dixon Village, and Hillside Terrace. For several years THA has partnered with Northwest Leadership Foundation to receive AmeriCorps volunteers to run tutoring and community support programs at the labs. Due to budget cuts from the AmeriCorps program, NLF cannot provide us with volunteers this year. Therefore we have adopted a new model to serve our residents. Starting in October we will be paying a former THA AmeriCorps volunteer to provide afterschool tutoring, youth leadership, and adult access to the computers. We will monitor this program closely to see if it fits our needs.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Computer Lab Participation (cumulative visits)	0	392	1200	33%

1.14 Youth Activities

Managers Comments – Michael Power: Write@253 completed their second year of youth tutoring in Salishan in June. They served 21 children this school year. They are scheduled to begin this year's program in October.

Eighteen McCarver Program children are part of the McCarver Elementary Peacemakers program. This youth leadership group works with other students and community partners on projects such as the Zina Linnik (McCarver Park) project, community gardens, and the annual Hilltop Play in Peace Day.

As noted in 1.13, we anticipate youth activities at the public housing computer labs restarting in October.

Activities	Sept. 2013	YTD 2013	Annual Goal	% of Goal
Youth tutoring	n/a	99	10	990%
Summer youth programming	n/a	219	40	548%
Youth leadership mentoring	16	18	45	40%

HUMAN RESOURCES



TACOMA HOUSING AUTHORITY

DATE: October 23, 2013

TO: THA Board of Commissioners

FROM: Barbara Tanbara
Human Resources Director

RE: Human Resources Board Report

1. EMPLOYEE RELATIONS

2013 Employee Opinion Survey follow-up

One of the most important aspects of an Employee Opinion Survey is the agency's response. We want our employees to know that while we are happy about our improved 2013 survey results, we want to improve further. For that reason, we now have established four committees to tackle the top topics of concern – Career Development, Cooperation and Teamwork between Departments, Managing Performance, and Agency Communication.

We are pursuing one committee at a time. Our Career Development Committee has met twice and will continue working on recommendations. Our first project is the "Individual Development Plan", an employee-led process designed to help employees consider how they want to and are growing in their position, the agency, and their career.

2. BENEFITS

2.1 2014 OPEIU and Non-represented Healthcare changes

In 2013, we moved all OPEIU and non-represented employees to two Regence Healthcare plans. We did so to contain costs but also to continue to provide high quality, affordable healthcare. For 2014, the premiums for those plans are set to go up 10%. With the support of our Benefits Committee and the union, we are currently in the process of determining what changes might be necessary due to increased costs.

2.2 Patient Protection and Affordable Care Act (PPACA)

The Affordable Care Act brings several changes in 2014 and 2015. Thus far, the changes have not had a big impact on THA since we are already compliant or have made our plans so. The looming challenge for us will be to contain our plan costs anticipating the "Cadillac Tax" in 2018.

Beginning in 2018, a 40% employer-paid excise tax will be imposed on the value of health insurance benefits exceeding a certain threshold. The estimated thresholds are \$10,200 for employee-only coverage and \$27,500 for family coverage. The actual

thresholds will be based on medical inflation between 2010 and 2018 using a measure that looks to the Federal Employees Health Benefits (FEHB) program.

Our current most expensive plan is \$6,800 for employee only and \$23,286 for family coverage. Even projecting only a 10% annual increase in our premiums from 2013 to 2018, we will be at \$10,922 for employee-only coverage and \$37,502 for family coverage. Obviously, the sooner we plan for these changes, the better.

2.3 CDC's National Healthy Worksite Program

Along with her committee and with the support of a wellness consultant (paid for by the CDC), Kate has introduced wellness to our agency. We had 70% voluntary participation in our biometric screenings and a good turnout when the results were shared. Once the government is back in action, we will begin to have appointments for employees to meet with our Wellness Coach to advise each of us how to improve our health and wellness.

3. TRADES COUNCIL

Our Trades Council collective bargaining agreement expires in June 2014. We actually begin planning for the new contract now and will begin meeting with our operations folks in early January.

4. ONLINE PERFORMANCE EVALUATION FORM

We have been using the same performance evaluation form since 2007. Thanks to our IT dept and our programmer, we now have the form available online. It is much easier to use and will automatically compile information for our record keeping. Thanks IT!!

5. 2013 VARIABLE PAY PROGRAM

The Variable Pay Program has now been in place for almost a year. The administration of the program has gone well to date and we will be sending out a year-end survey to solicit feedback from the employees for any changes in 2014. Through October, we have awarded over \$28,000 in merit increases and \$37,500 in one-time Special Recognition awards. There have been 31 awards given to OPEIU employees and 25 awards given to non-represented employees.

6. GRIEVANCES / EEOC COMPLAINTS

We have had no union grievances, and no formal EEOC complaints or lawsuits thus far in 2013.

7. STAFFING

7.1. Executive Recruitment

After working with Waldron & Company for several months, we are down to our final phase of interviews. During the final interviews, the entire Cabinet team, all Real Estate Development staff, and our Asset Manager will interview the two finalists and help us make the best decision. We are estimating that we should be decision-ready the week of the board meeting and may have an announcement to make.

7.2. Projected Annual Turnover

Our 2013 turnover is trending at 9.15% on an annualized basis; closer to the level we want to see. Without the three retirements we have experienced this year, we would be trending at 5.73%.

This is particularly important to THA since we invest in our employees and want them to stay and remain engaged at THA. Turnover estimates for line and executive level staff is currently estimated to be 100% to 200% of salary respectively.

[illegible][illegible]

NEW BUSINESS

RESOLUTION #1



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-10-23 (1)

DATE: October 23, 2013
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Rental Assistance Demonstration (RAD) Application

Background

This resolution will authorize staff to apply to HUD to convert THA's public housing units to project based section 8 units. Further board approvals will be necessary before this conversion completes. This resolution gets the conversion started.

I recommend that we seek this conversion. To help explain this recommendation, I attach the following documents:

- My September 11, 2013 memo to the board for its study session on this topic. It recounts what we hope RAD will do for us.
- A copy of our consultants' September 23rd memo.
- THA hosted meetings of residents at our public housing properties. It was a chance to explain what RAD would do and mean. Overall, the residents expressed support for the proposal largely because we explained that it would allow THA to better maintain the properties. I attach a summary of the questions and comments the residents posed about the RAD proposal, along with staff's response.
- A report prepared by our financial consultant, Recap Advisors, detailing the ten (10) RAD transactions that are included in our Phase I application and listing the remaining nine (9) transactions we will need to prepare in the next year.
- Rod Solomon of the Journal of Housing and Community Development released a report titled "The 2013 Public Housing Investment Update". I attach it here as well since it contains a very good description of the RAD program beginning on the second page.

At the September board meeting, the board indicated that its interest in RAD was strong enough to justify the staff's continued preparation of the application. We have been doing that, with our consultants. On July 24th, 2013, the Board of Commissioners approved a budget revision, which included funding for this work. (legal fees, consulting fees, and a sunset project manager for the Rental Assistance Demonstration (RAD) portfolio conversion.)

THA and its team assessed the feasibility of a RAD conversion and have concluded that it is both feasible and advisable. This conversion is the best chance for THA to fix up its current Public Housing portfolio and to provide supplemental funds to its tax credit properties to address meth remediation costs.

MTW funds will still remain necessary to supplement the RAD rents, as we now use them to supplement public housing funding. Another important advantage of RAD is that it would contractually oblige HUD to allow THA to use MTW funds in this way even if Congress allows MTW flexibility to expire in 2018.

As per HUD's guidelines, THA intends to apply for conversion for 50% of its projects now and to apply for the remaining projects within one year of the initial application. THA will continue with its initial plan to apply first for sites without significant long term capital needs in order to meet HUD's quickly approaching application cap of 60,000 units. HUD had received approximately 42,000 applications prior to the government shutdown on September 30, 2013. The table below highlights an overview of the portfolio conversion and timing.

PIC Dev. Num	Project Name	Units to be converted	Total Units	RAD Application Submitted?
WA005000010	Salishan One	55	90	10/24/2013
WA005000011	Salishan Two	55	90	10/24/2013
WA005000012	Salishan Three	45	90	10/24/2013
WA005000013	Salishan Four	45	90	10/24/2013
WA005000014	Salishan Five	45	90	10/24/2013
WA005000015	Salishan Six	45	90	10/24/2013
WA005000009	Hillside Terrace 1500 Block	4	16	10/24/2013
WA005000007	Hillside Phase I	21	21	10/24/2013
WA005000008	Hillside Phase II	12	25	10/24/2013
WA005000006	Scattered Sites	34	34	10/24/2013
WA005000002	Fawcett	30	30	2014
WA005000001	E. B. Wilson	77	77	2014
WA005000001	North G	40	40	2014
WA005000001	North K	43	43	2014
WA005000003	Ludwig	41	41	2014
WA005000002	Wright	58	58	2014
WA005000002	6th	64	64	2014
WA005000003	Bergerson	72	72	2014
WA005000003	Dixon	31	31	2014
	Totals	817	1092	

Recommendation

Approve Resolution 2013-10-23 (1), formally authorizing THA's RAD application and intent to convert Public Housing stock to Project Based Vouchers.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-10-23 (1)

RENTAL ASSISTANCE DEMONSTRATION (RAD) APPLICATION

Whereas, Public Housing funding continues to decline with insufficient capital funds to adequately meet THA's mounting portfolio capital needs;

Whereas, Contract renewal funding for tenant and project-based Section 8 has, in contrast, satisfactorily met the capital needs to effectively administer the program;

Whereas, RAD helps address the backlogged, immediate, short term and long term repairs needed to provide residents a safe and attractive home;

Whereas, A RAD conversion relinquishes THA from numerous Public Housing requirements, both reducing administrative burden and streamlining processes;

Whereas, Through a RAD conversion, THA retains the right to further supplement portfolio operations with MTW funding throughout the 15 year Project Based Voucher contract, regardless of MTW contract renewal in 2018;

Whereas, THA residents have voiced strong support during RAD community meetings, much of which stems from their recognition that THA needs to plan for immediate and long term repairs;

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

1. The Executive Director has the authority to submit the Housing Authority of the City of Tacoma's Rental Assistance Demonstration (RAD) Portfolio Application to HUD.

Approved: October 23, 2013

Greg Mowat, Chair



TACOMA HOUSING AUTHORITY

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

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

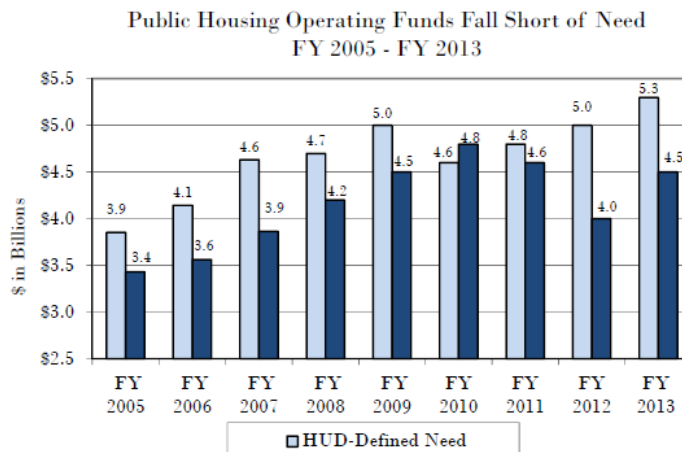
This application will require analysis and work that staff is presently doing, with the help of consultants. (Our 2013 budget includes the cost for this year.) Our preliminary assessment is that this conversion would be very worthwhile. Among other advantages, it has the potential to increase HUD's annual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

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

Public Housing Funding Will Continue to Be Inadequate

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

Public Housing Operating Fund



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

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

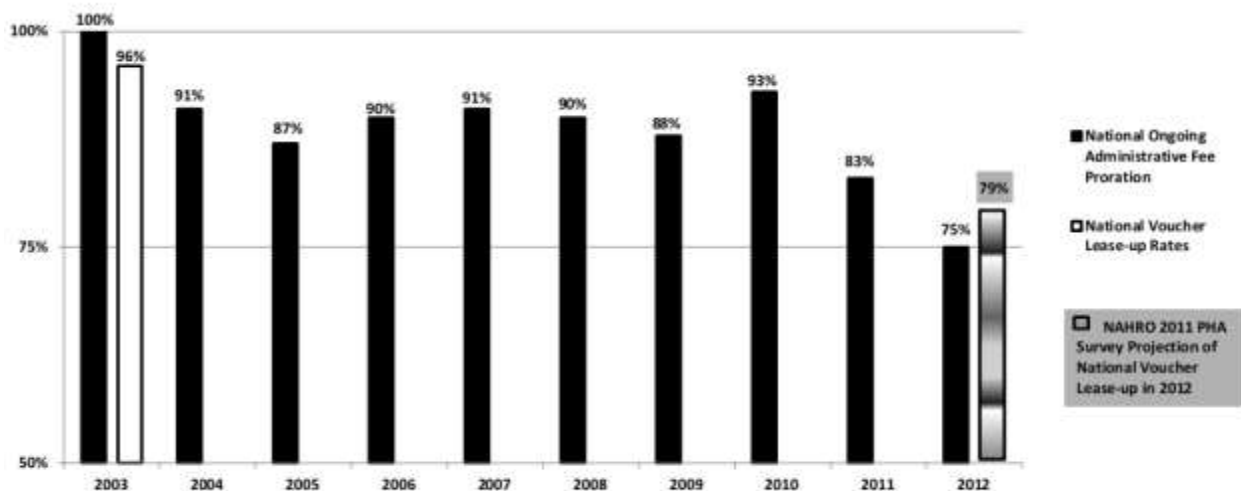
902 South L Street, Suite 2A • Tacoma, Washington 98405-4037
Phone 253-207-4400 • Fax 253-207-4440 • www.tacomahousing.org

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

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

Section 8 Funding is Relatively More Stable

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



The Future

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

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

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

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

- Provide THA with more appropriated funds: **\$840,000 (current estimate)**
 - ~ increase appropriation proration: \$340,000
 - ~ administrative fee: \$485,000
 - \$840,000
- The commitment of the funds will appear in 15-20 year renewable contracts with our portfolio. HUD will honor those contracts even through later program changes.
- THA could extend its rent reforms to what would become our section 8 portfolio. This would result in further savings, although by reducing the subsidy to individual tenants.
- THA would retain the MTW ability to further supplement our portfolio operations with MTW dollars. Importantly, under RAD, we will retain this ability even if Congress ends MTW in 2018 when all the MTW contracts expire.
- The portfolio would gain the legal ability to carry debt and would have an increased cash flow to sustain debt.
- This increased financial strength will also make the property more appealing to tax credit investors allowing for the use of tax credits for major fix-ups.

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

Effect on Residents

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

- The quality of their housing and of THA's operations will improve.
- THA's rent reform (e.g. fixed subsidies) are easier to apply to the portfolio. If THA does this, it may mean that some tenants will pay more in rent.
- Any rent increases paid by the tenant must be phased in over 3-5 years.
- THA must offer tenant based rental assistance of some kind to residents who do not wish to remain in the converted unit. HUD is clarifying the details of this requirement.

Other Effects on THA, and Risks

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

Cost of a RAD Application

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

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

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



Process and Schedule for RAD Application

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

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

MEMORANDUM

To: Michael Mirra, Executive Director, THA
THA Board of Commissioners

From: Tom Davis, Recap Advisors 
Steve Holmquist, Reno & Cavanaugh 

Cc: Sandy Burgess, Asset Manager, THA
Ken Shalik, Director of Finance, THA

Date: September 23, 2013

Subject: Views on the Rental Assistance Demonstration

Recap Advisors and Reno & Cavanaugh have been pleased to work with you as THA explores the possibilities for converting some or all of its public housing units to Section 8 assistance under HUD's Rental Assistance Demonstration (RAD) program, in conjunction with THA's active participation in the Moving to Work (MTW) demonstration program. Both of our firms have had considerable experience working with other PHAs and HUD on RAD and on other non-RAD redevelopment and preservation projects. Thus, we are in a position to track developments in HUD funding and policy matters on a regular basis.

You have asked us both in our capacity as your RAD advisors and based on our general experience for our strategic views on converting to RAD at this time in the context of the federal funding environment now and as projected for the future. In brief, we share the view that for PHAs and public housing properties where a reasonable financial analysis shows that necessary capital needs can be addressed and long-term operations can be sustained through a RAD conversion, then pursuing RAD is clearly a better strategy than waiting for the public housing funding and regulatory environment to improve.

Funding for public housing has been in decline for many years. The recent federal budget cuts, including sequestration, did not begin that decline, but have certainly accelerated it. As you are aware, the public housing Operating Fund is based on a formula which estimates need and allocates funds based on a comparison with certain other assisted housing in a local market. Thus, each year the formula produces a figure which represents the need for public housing operating subsidies nationally. Yet, as you can see in the attached funding charts from the Council of Large Public Housing Authorities (CLPHA) and HUD, the typical pattern is that the public housing organizations request what they believe to be the full amount needed, HUD requests something less than that from Congress, and then Congress appropriates even less than that. Thus, the "proration" for the Operating Fund, which is the difference between the full need level and the actual appropriation has been deepening over time.

Funding cuts in the public housing Capital Fund have been even more dramatic, as the attached funding charts also show. The accumulated shortfalls in the Capital Fund, or “backlog needs” have been estimated by various organizations to be in the tens of billions of dollars nationwide. HUD itself estimates the backlog at close to \$26 billion. In FY 2013, Capital Fund appropriations hit a new low, at less than \$2 billion, falling far short of the annual need estimated by CLPHA of approximately \$5 billion and adding to the backlog. Thus, Congress would have to appropriate much more than \$5 billion a year for many years in the future to eliminate the backlog need.

By contrast, funding for contract renewals the Section 8 tenant-based and project-based programs has basically kept up with the need even in these difficult budget times, as the attached charts also show. The comparison between need and funds appropriated in the public housing and Section 8 programs, respectively, is dramatic and indicates a clear policy preference by Congress for Section 8.

That realization caused a number of PHAs in recent years to seek demolition or disposition of their public housing units in order to replace them with Section 8 subsidies. Eventually, the public housing organizations developed a proposal for a more formal approach to these conversions, which after negotiations with HUD and Congress has essentially been enacted in the form of RAD. A major reason for the wide interest in converting from public housing to Section 8 is that the more stable funding history and more flexible regulatory structure provide new opportunities for PHAs to access private financing of capital improvements.

The RAD structure does require THA to make a significant capital investment at the time of the RAD conversion – from debt and equity funds leveraged for the project or, if necessary, from THA funds if there is a gap. This HUD requirement is designed to address any capital needs backlog and to allow the properties to fund their capital needs over the next 15 years solely from routine deposits into replacement reserve accounts. The THA staff is currently estimating the amount of the up-front capital investment, but they have provided to us preliminary numbers in the \$20 million range. To the extent THA funds are needed to close the funding gap, this requirement could represent a major draw on THA’s reserves and MTW resources. While the necessary investment totals a significant amount, it is primarily an acceleration of investments which will need to be made over the next 5 years in order to responsibly steward the portfolio, with or without the RAD conversion. The RAD conversion makes it easier to leverage THA’s resources with debt and low income housing tax credit financing and makes it easier to access non-THA funds to cover some of these capital needs which THA’s declining capital fund allocations from HUD would otherwise have needed to cover in their entirety.

Based on our experience and current discussions with HUD and other parties, we believe that existing funding and policy trends will continue. Public housing funding will remain inadequate, particularly with respect to capital backlog needs, while Section 8 renewal funding will keep pace with need or at least come much closer to it than public housing funding. It is telling, for example, that despite other cuts it proposed, HUD requested \$10

million in new funds from Congress in FY 2014 for RAD. In addition, as you are aware, HUD is now permitting RAD projects to convert at the higher FY 2012 subsidy levels rather than the post-sequester FY 2013 subsidy levels which non-RAD public housing properties will receive, which again illustrates a preference for Section 8 over public housing. Finally, we believe that RAD has broad political support. RAD is the only significant housing legislation authorized by Congress in recent years, and it passed without controversy despite the highly partisan tone in Washington, D.C. these days.

We hope this provides some context for THA's deliberations. Please let us know if you have questions or need further information.

April 10, 2013

	FY12 Final	FY13 Final	FY13 Post-Sequestration	FY14 CLPHA Request	FY14 HUD Request
Operating Fund	\$3.962 billion	\$4.262 billion	\$4.054 billion	\$5.150 billion	\$4.6 billion
Capital Fund [Emergency Capital Needs] [Resident Opportunity and Supportive Services] [Service Coordinators for the Elderly and Disabled] [Jobs Plus]	\$1.875 billion [\$20 million] [\$50 million] [\$0] [n/a]	\$1.875 billion [\$20 million] [\$50 million] [\$0] [n/a]	\$1.777 billion [\$19 million] [\$47 million] [\$0] [n/a]	\$5.072 billion [as needed] [\$55 million] [\$50 million] [n/a]	\$2.0 billion [\$20 million] [\$0] [\$0] [\$15 million] ⁴
Housing Choice Voucher Renewals	\$17.242 billion	\$17.242 billion	\$16.348 billion ³	\$18.409 billion	\$17.968 billion
HCV Administrative Fees	\$1.35 billion	\$1.375 billion	\$1.305 billion ³	\$1.968 billion	\$1.685 billion
VASH Vouchers	\$75 million	\$75 million	\$75 million ³	\$75 million	\$75 million
Section 8 Family Self Sufficiency Program	\$60 million	\$60 million	\$57 million	\$60 million	\$0
Consolidated Family Self Sufficiency Program for Public Housing and the Housing Choice Voucher Program	n/a	\$0	\$0	n/a	\$75 million⁵
Tenant Protection Vouchers	\$75 million	\$75 million	\$71 million	Fully Fund	\$150 million
HOPE VI	\$0	\$0	\$0	\$300 million	\$0
Choice Neighborhoods Initiative	\$120 million [\$80 million] ¹	\$120 million [\$80 million] ¹	\$114 million [\$80 million] ¹		\$400 million
Rental Assistance Demonstration	\$0 ²	\$0 ²	\$0 ²	\$40 million	\$10 million

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

2 A Rental Assistance Demonstration Program was authorized with no funds appropriated.

3 The VASH program is exempt from sequestration, so estimated VASH amounts were held harmless on the HCV Renewal, HCV Administrative Fees, and VASH lines.

4 A new Jobs Plus initiative is proposed in FY14.

5 A new consolidated FSS program for public housing and Section 8 is proposed in FY14, with no new funding for ROSS or the Section 8 FSS programs.

July 2, 2013

	FY 2013 Final	FY 2013 Post-Sequestration	FY 2014 CLPHA Request	FY 2014 HUD Request	FY 2014 House Committee (6-27-13)	FY 2014 Senate Committee (6-27-13)
Operating Fund	\$4.262 billion	\$4.054 billion	\$5.150 billion	\$4.6 billion	\$4.262 billion	\$4.6 billion
Capital Fund [Emergency Capital Needs] [Resident Opportunity and Supportive Services] [Service Coordinators for the Elderly and Disabled] [Jobs Plus]	\$1.875 billion [\$20 million] [\$50 million] [\$0] [n/a]	\$1.777 billion [\$19 million] [\$47 million] [\$0] [n/a]	\$5.072 billion [as needed] [\$55 million] [\$50 million] [n/a]	\$2.0 billion [\$20 million] [\$0] [\$0] [\$15 million] ⁴	\$1.5 billion [\$20 million] [\$0] [\$0] [\$15 million] ⁴	\$2.0 billion [\$20 million] [\$50 million] [\$0] [\$15 million] ⁴
Housing Choice Voucher Renewals	\$17.242 billion	\$16.348 billion ³	\$18.409 billion	\$17.968 billion	\$17.0 billion	\$17.568 billion
HCV Administrative Fees	\$1.375 billion	\$1.305 billion ³	\$1.968 billion	\$1.685 billion	\$1.35 billion	\$1.685 billion
VASH Vouchers	\$75 million	\$75 million ³	\$75 million	\$75 million	\$75 million	\$78 million⁷
HCV Family Self Sufficiency Program	\$60 million	\$57 million	\$60 million	\$0	\$0	\$0
Consolidated Family Self Sufficiency Program for Public Housing and HCV	n/a	n/a	n/a	\$75 million⁵	\$60 million	\$75 million
Tenant Protection Vouchers	\$75 million	\$71 million	Fully Fund	\$150 million	\$75 million	\$150 million
HOPE VI	\$0	\$0	\$300 million	\$0	\$0	\$0
Choice Neighborhoods Initiative	\$120 million [\$80 million] ¹	\$114 million [\$80 million] ¹		\$400 million	-\$120 million⁶	\$250 million
Rental Assistance Demonstration	\$0 ²	\$0 ²	\$40 million	\$10 million	\$0	\$10 million

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

2 A Rental Assistance Demonstration Program was authorized with no funds appropriated.

3 The VASH program is exempt from sequestration, so estimated VASH amounts were held harmless on the HCV Renewal, HCV Administrative Fees, and VASH lines.

4 A new Jobs Plus initiative is proposed in FY14.

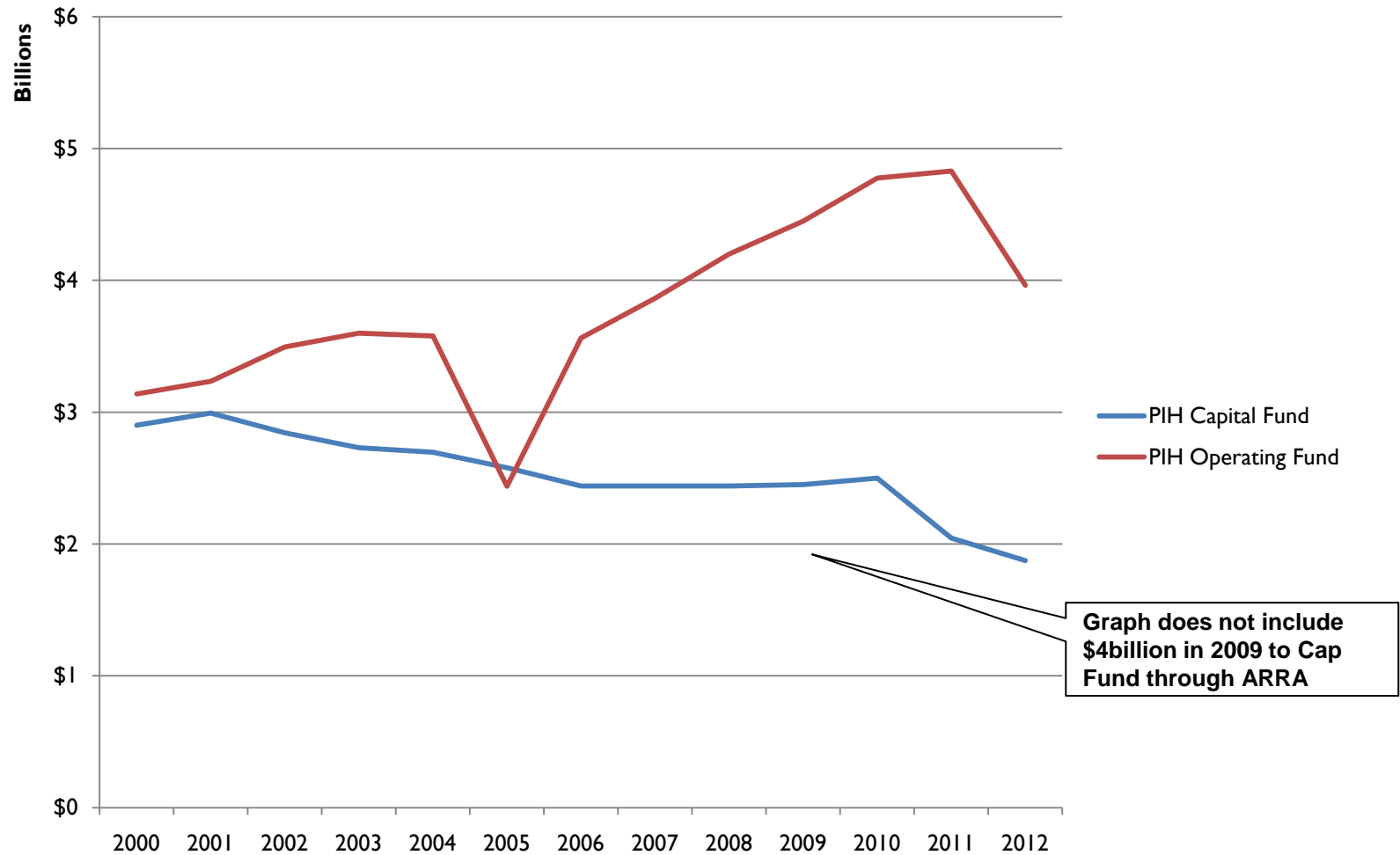
5 A new consolidated FSS program for public housing and the HCV program is proposed in FY14, with no new funding for ROSS or the HCV FSS programs.

6 FY13 CNI funding would be rescinded.

7 Up to \$3 million is set aside for a rental assistance/ supportive housing demonstration program for homeless or at-risk Native American veterans living on or near a reservation.

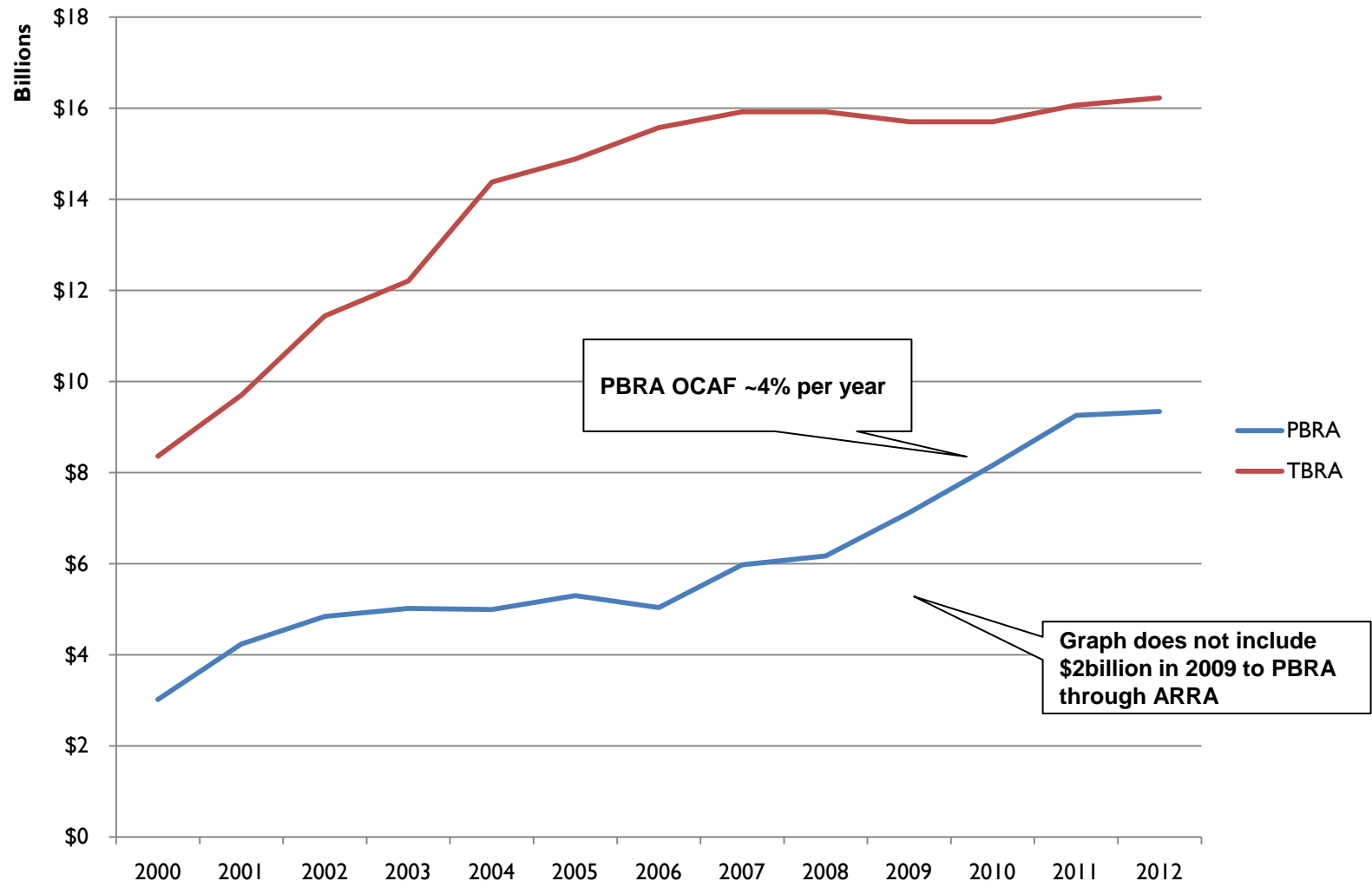


TALE OF THE CURVES—SECTION 9





TALE OF THE CURVES—SECTION 8





TACOMA HOUSING AUTHORITY

RAD RESIDENT MEETING COMMENTS

SOURCE OF COMMENT	DATE	RAD Activity	Resident Question	THA Response
Salishan	9/17/2013	Conversion	If I'm already in public housing, how do I change over?	There will be about a one year conversion process but there is nothing residents need to do to convert.
Salishan	9/17/2013	Timing	How long will it take to convert?	We are applying for the first 50% of the portfolio at the end of October. HUD is expected to respond by the end of the year. In 2014, we will apply for the second half. The conversion process will take about one and one half years.
Salishan	9/17/2013	Conversion	I'm in a 3 bedroom unit. If I qualify for a 3 bedroom unit, will I have to move to a 2 bedroom?	No, you will not have to change bedroom size due to RAD.
Salishan	9/17/2013	Capital Needs	What types of improvements will be completed?	The funding will be used for large concerns such as structural improvements; not as much for maintenance related cosmetic repairs.
Salishan	9/17/2013	Capital Needs	None of the units in Salishan need that type of repair. How does this affect us?	It will allow Salishan to make repairs in the future as they become necessary.
Salishan	9/17/2013	Rent	My income hasn't changed, but my rent has gone up.	This may be because of a minimum rent issue, but a RAD conversion will not change the way your rent is calculated.
Salishan	9/17/2013	Rent	Will the implementation of RAD make it easier for THA to raise rents?	A RAD conversion will not change the way your rent is calculated, but future rent reform is unrelated to the RAD conversion.
Salishan	9/17/2013	Capital Needs	Do I have to wait two years before my unit will be fixed?	No. Submit work orders as you would regularly do.
Fawcett	9/20/2013	HOP	Will we have the option to move between states?	HOP Vouchers will only be able to be used in Tacoma if they are an option.
Fawcett	9/20/2013	HOP	I am disabled, I have a fixed income, and my daughter lives with me. Is there a five year time limit for me?	There is no time limit for disabled residents.
Fawcett	9/20/2013	HOP	When can I move?	If HOP is provided for residents, one year after the conversion residents may request to be placed at the top of the waiting list.
Fawcett	9/20/2013	HOP	Will I need to pay an out of pocket deposit?	Refer to HOP program rules.
Fawcett	9/20/2013	Conversion	Do you suggest that I move or stay in my building?	This depends on your income and situation.
Fawcett	9/20/2013	Rent	If my income increases, will my rent go up?	Yes, your rent is still calculated the same way.

SOURCE OF COMMENT	DATE	RAD Activity	Resident Question	THA Response
Fawcett	9/20/2013	Unrelated	Are they going to consider placing cameras inside the buildings?	RAD will not place cameras in the building
Fawcett	9/20/2013	Conversion	Is the RAD conversion definitely going to happen?	No, we have not applied yet.
Fawcett	9/20/2013	Conversion	Will this be a permanent change?	It will permanently convert all public housing units into project based vouchers.
Fawcett	9/20/2013	Conversion	Will the RAD conversion privatize the agency?	The agency will not be privatized, but there will be private investors at some properties
Fawcett	9/20/2013	Conversion	Does this relate to private renters on Section 8?	No. It only affects public housing.
Fawcett	9/20/2013	HOP	Will there be a list of apartments that will accept the HOP vouchers?	Yes.
Fawcett	9/20/2013	Timing	What happens if HUD does not approve the conversion?	We will apply again.
Fawcett	9/20/2013	Unrelated	Is THA under the control of the federal government?	The majority of funding THA receives is from HUD
Fawcett	9/20/2013	Unrelated	Who has the final call with major decisions?	The Board of Commissioners as appointed by the Tacoma City Council.
Wright	9/26/2013	Conversion	With the conversion, will this still be a senior and disabled property?	Yes. The RAD conversion will not change that.
Wright	9/26/2013	Unrelated	With the meth contamination of so many units here can we move to Hillside?	The RAD conversion does not pertain to the meth situation. I would suggest that you speak with property management about your situation and what the process is for moving.
Wright	9/26/2013	HOP	How does the HOP voucher help people that are senior or disabled?	For individuals that are senior or disabled there is no time limit, all other would have a 5 year limit. But there is a fixed amount for the HOP voucher.
Wright	9/26/2013	Capital Needs	You mentioned "improvements". What kind of improvements would be made?	The improvements would be for big items. We are in the analysis phase and working with investors to assess improvement that would be needed.
Wright	9/26/2013	HOP	Do you suggest that I move or stay in my building?	Everyone's financial situation is different, I would wait to hear what the options are when the time comes.
Wright	9/26/2013	Capital Needs	In the past THA has not done a good job of completing repairs, will they do the same this time?	I'm not aware of what you are referring to but once we select an improvement to a plan of how to carry it out will be made.
Wright	9/26/2013	HOP	What is the difference between senior and disabled rent calculation and HOP?	Currently at our senior and disabled properties rent is based on income. With the HOP voucher it is a fixed amount.

SOURCE OF COMMENT	DATE	RAD Activity	Resident Question	THA Response
Wright	9/26/2013	Unrelated	I'm not sure if my question is related but I have kidney failure and received a letter from HUD and I thought it mentioned RAD. Does this have anything to do with RAD?	I'm not familiar with which letter you are referring to, but my guess is that this is unrelated from the RAD program.
Wright	9/26/2013	Capital Needs	Will asbestos be an item?	Good point! Asbestos abatement is part of the Physical Conditions Assessment and could possibly be a capital need.
Wright	9/26/2013	HOP	Would it be better to stay here or get a voucher?	That is personal decision you would have to make based on your finances. We would like you to stay here, but wait and see what the options are.
Wright	9/26/2013	Unrelated	If I wanted to move to a place because I need a bathtub, how would I do that?	This sounds like a Reasonable Accommodation request. I would suggest speaking with property management since this is unrelated to the RAD program.
Wright	9/26/2013	HOP	How much time do we have to choose whether we want to accept the voucher or not.	We currently do not have all the details regarding HOP as an option but will let residents know.
Wright	9/26/2013	HOP	How long does it take to get a HOP voucher?	I don't have an exact time frame time to give you. But your name would go to the top of the waitlist and with the 5 year time limit for work able families that list would probably move much quicker.
E. B. Wilson	9/27/2013	HOP	What will happen if we decide to convert to HOP?	If it is an option, you will be placed at the top of HOP waiting list.
E. B. Wilson	9/27/2013	Conversion	What if we like where we are at?	You do not have to move.
E. B. Wilson	9/27/2013	Unrelated	When will the heater be fixed?	Request a work order
E. B. Wilson	9/27/2013	Conversion	If half of the people stay on public housing and the other convert to RAD, how will HUD fund it?	The entire building will convert to RAD.
E. B. Wilson	9/27/2013	HOP	If I decide to transfer to HOP, will I be displaced until my HOP voucher is ready to use?	No.
E. B. Wilson	9/27/2013	Conversion	Will this building remain senior/disabled?	Yes.
Ludwig	10/01/2013	Rent	Will my rent increase?	Future rent reform may still take place but RAD will not change your current rent calculated at 28.5% of your income.
Ludwig	10/01/2013	Conversion	What if the Government stays shutdown?	THA believes the Government will reopen shortly but we will continue to submit our application regardless.
Ludwig	10/01/2013	Capital Needs	What kind of improvement will be made?	Capital Needs are separate from maintenance and resemble repairs such as HVAC, elevators, roofing etc.
Ludwig	10/01/2013	HOP	When can we move?	We currently do not have all the details regarding HOP as an option but will let residents know.

SOURCE OF COMMENT	DATE	RAD Activity	Resident Question	THA Response
Ludwig	10/01/2013	HOP	What if our Social Security decreases?	The HOP program is a fixed subsidy and is not based on income. If your income decreases, your rent will remain the same.
Ludwig	10/01/2013	Capital Needs	Can residents participate in the Physical Conditions Assessment?	THA will likely host resident meetings throughout the PCA's and solicit input from residents.
Salishan	10/03/2013	Conversion	Does everyone have to fill out an application for RAD?	No, THA applies.
Salishan	10/03/2013	HOP	If I don't want to go on HOP do I have to?	No, it would only be an option.
Salishan	10/03/2013	HOP	Can I switch to Tenant Based Section 8?	No, only the HOP program if it is an option.
Salishan	10/03/2013	Conversion	The conversion will make the program better?	Yes, Section 8 historically receives more adequate appropriations.
Salishan	10/03/2013	HOP	What if I want to move to California?	Neither PBV's nor HOP vouchers are portable.
6 th Ave	10/04/2013	Rent	Will we have to start paying utilities?	If you stay in your unit your utilities will remain the same. The HOP program uses a utility allowance.
6 th Ave	10/04/2013	Conversion	Do we have to move if we do not want a HOP voucher?	No, you may remain in your unit, HOP is only an option.
6 th Ave	10/04/2013	Capital Needs	Will they install dishwashers?	The Capital Needs are larger items, not maintenance related.
6 th Ave	10/04/2013	HOP	Can I change bedroom size on HOP?	Bedroom eligibility will remain the same.
6 th Ave	10/04/2013	Timing	How long before we convert to RAD?	We should get approval by the end of the year and it takes an additional year to convert for the first properties, and an additional year for the second half.
6 th Ave	10/04/2013	HOP	How much will my rent be if I choose HOP?	50% of the payment standard. Currently for a 1 bedroom that would be \$390.
6 th Ave	10/04/2013	Capital Needs	Will residents have input on what is repaired?	THA may hold meetings during the PCA's to solicit input.
6 th Ave	10/04/2013	Conversion	Will THA still be a Public Housing Authority?	Yes, even though THA will no longer have a Public Housing portfolio, the nomenclature will not change meaning. THA still provides affordable and subsidized housing.
North G St.	10/08/2013	Capital Needs	Will RAD improve work orders and maintenance repairs?	No, Maintenance repairs and unit turnovers are separate from capital needs.
North G St.	10/08/2013	Capital Needs	Will we have to move in order to make repairs?	At the moment you do not know the extent of the repairs needed, but there will most likely not be any relocation during rehabilitation.

SOURCE OF COMMENT	DATE	RAD Activity	Resident Question	THA Response
North G St.	10/08/2013	Rent	Do we need a new deposit?	Not if you stay in your unit.
North G St.	10/08/2013	HOP	How much to I pay for rent under the HOP program?	50% of the Voucher Payment Standard.
North G St.	10/08/2013	HOP	How come some residents pay only \$90 with a voucher?	That is Tenant Based Section 8 and is different than HOP.
North G St.	10/08/2013	Timing	How long does it take to convert?	About one year for the first 50% of units, and an additional year for the second 50%.
North G St.	10/08/2013	Capital Needs	If THA isn't getting enough funding from HUD for capital needs, why are they building new properties?	THA receives funding from various sources to build new properties including private investors, unlike Public Housing properties.
North G St.	10/08/2013	Rent	Will our rent increase in the future?	Rent reform is possible in the future, but not as a result of RAD.
North K St.	10/10/2013	Capital Needs	Will we still have regular inspections in addition to the PCA?	Yes.
North K St.	10/10/2013	HOP	What is the difference in rent between Tenant Based Section 8 and HOP?	HOP is 50% of the voucher payment standard and Tenant Based Section 8 is income based.
North K St.	10/10/2013	Conversion	Will Tenant Based Section 8 change?	Current Tenant Based Section 8 residents will not be effected by RAD.
North K St.	10/10/2013	HOP	How will HOP work with my Social Security?	The HOP program is not income based so it will not change.
North K St.	10/10/2013	HOP	Will THA pay for moving costs to transition to HOP?	We do not have an answer on that at this point.
North K St.	10/10/2013	HOP	Will HOP allow my service animal?	Pet rules are determined by the landlord but there are certain rights for residents with service animals.
North K St.	10/10/2013	HOP	Can we move into a house with HOP?	Yes, so long as the bedroom size matches your voucher program size.
North K St.	10/10/2013	HOP	What is MTW?	MTW is another Demonstration program from HUD, like RAD, and it allows the Housing Authority more flexibility on program rules like the HOP program.
North K St.	10/10/2013	Capital Needs	I live on the first floor and my carpet is placed directly on the ground and there is no foundation, will the PCA look into this?	The PCA will examine large structural issues, if there is no foundation then they will in fact take that into consideration.



October 16, 2013

To: Michael Mirra, Executive Director, THA
THA Board of Commissioners

From: Tom Davis
Zoe Weinrobe
Jenny Fauth

Re: RAD Feasibility Report

Recap Real Estate Advisors (“Recap”) has been engaged by the Tacoma Housing Authority (“THA”) to evaluate the feasibility and applicability of the U.S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) program for all of the properties in THA’s portfolio. RAD allows public housing properties to convert to long-term Project-Based Section 8 rental assistance contracts, while maintaining public ownership and control.

After discussions with THA staff, Recap reviewed all 19 of THA’s properties totaling 817 public housing units, for viability as RAD transactions. Recap modeled the properties using three different revenue scenarios: the standard RAD rents, increased RAD rents using THA’s MTW authority to the minimum level necessary for each deal to balance, and increased RAD rents across the portfolio at either 82.5% or 100% of THA’s payment standard. Through conversations with THA, it was decided that a standard rent boost of either 82.5% or 100% would be the most effective approach from an operating and administrative perspective.

Of the 19 THA properties, Recap found that the nine (9) mixed-finance properties would make good candidates for straight RAD conversions and the remaining ten (10) traditional public housing properties could be converted to RAD through a combination of 4% and 9% low-income housing tax credit (LIHTC) transactions.

RAD Background

Congress has allocated funding for the conversion of 60,000 public housing units to Project-Based Section 8 RAD units. HUD has requested authority for an additional 100,000 units, however Congress has not yet allocated funding for the extension of the program. Allocations are made on a first come, first serve basis for the initial 60,000 units, and as of early October 2013, approximately 42,000 units had already been reserved. A portfolio application reserves the allocation of RAD units for the entire portfolio at current rent levels, but only requires the housing agency to submit detailed applications for 50 percent of the proposed transactions in the initial submission.

RAD Assessment

Recap developed a financial model, which is attached as a reference point, to analyze potential transaction scenarios to take place at each of the 19 THA properties. Given the recent unexpected additional maintenance costs upon turnover related to remediation of methamphetamine contamination in units, all of the transactions assume a capitalized methamphetamine remediation

reserve and replacement reserve deposits have been sized at \$800/unit/year. Recap's analysis used immediate and long term physical needs, and capitalized reserves assumptions for each property as provided by THA. Operating costs were determined by the lesser of the current 2013 operating expenses, net of replacement reserve contributions, or \$7,000 per unit. If the property was unable to maintain positive cash flow after debt service, the operating expenses were lowered to the amount necessary for the site to make its projected debt service payments. Both of the financial models assume expenses inflate at a rate of 3% each year, while incomes trend at 2%, both of which are industry standards.

For the ten (10) public housing sites, Recap focused on the three most likely transaction scenarios: FHA, 4% low income housing tax credits ("4% LIHTC"), and 9% low income housing tax credits ("9% LIHTC"). Each scenario includes transaction costs appropriate to the nature of the transaction. (For example, legal fees in the two LIHTC scenarios are higher than in the FHA scenario.)

Typically, the FHA scenario would generate the least amount of funds for capital improvements and the 9% LIHTC scenario would generate the greatest amount, with the 4% LIHTC scenario falling in between. The FHA scenario is a debt-only scenario, assuming FHA-insured financing. The two LIHTC scenarios assume both debt and a syndication of low income housing tax credits. The 4% tax credits rely on the use of tax exempt bond financing and are generally available when needed. (The analysis assumes that the tax exempt bonds will be used for construction funding in order to generate the tax credits, but may not remain outstanding at the full amount after permanent debt conversion.) The 9% tax credits are a competitive and scarce resource so cannot be assumed to be available for all properties.

For the nine (9) mixed finance properties, Recap built a separate financial model assessing two scenarios: a capitalized methamphetamine remediation reserve with reduced anticipated operating expenses, and a straight conversion with higher operating expenses intended to cover remediation costs over time. Recap anticipates all of the mixed finance properties will undergo a RAD conversion through the capitalized reserve transaction scenario with THA covering the transaction gaps through a combination of housing authority funds and remediation grants. In most cases, the straight conversion with higher operating expenses required a lower amount of transaction support up front, but did not produce enough revenue to cover the operating expenses over time, putting the property on an unsustainable operating path.

After discussions with the THA team over the past weeks regarding THA's desire to convert the entire portfolio through RAD, and to keep the transactions for the mixed finance projects as simple as possible, Recap recommends the transactions described below. In order to qualify for the RAD portfolio application, THA must submit applications for at least 50 percent of the proposed transactions. With this in mind, Recap has focused on nine (9) mixed-financed properties (Hillside 1, 2, 1500, and Salishan 1-6) and one (1) scattered site property, for a total of ten (10) RAD applications. The RAD applications for the remaining nine (9) public housing transactions will need to be submitted within one year of receiving the portfolio reservation.

Phase 1 RAD Transaction Descriptions

- 1. Scattered Site (WA005000006) Transaction 1** is a 4% LIHTC deal to be submitted for RAD conversion in 2013. The Scattered Sites property has a projected \$1,684,000 surplus as a 4% LIHTC transaction, and this surplus can be used as a source to fill transaction gaps in the mixed finance transactions described below. The 4% transaction assumes LIHTC pricing of \$0.92 per credit, so the surplus could be even greater if actual

pricing rises. The project, comprised of scattered sites assumes a rent boost of 100% of the payment standard.

2. **Hillside 1 (WA005000007) Transaction 2** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Hillside Phase 1, needs rents to be boosted to 100% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves for the next 15 years. We have the transaction gap of approximately \$61,250 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within four years of the RAD conversion. We assumed any property with a gap of less than \$150,000 could be converted without outside capital (“straight conversion”). All of the mixed finance projects can be straight conversions.
3. **Hillside 2 (WA005000008) Transaction 3** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Hillside Phase 2, needs rents to be boosted to 100% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years. We have the transaction gap of approximately \$64,250 being filled by THA with a soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within two years of the RAD conversion.
4. **Hillside 1500 (WA005000009) Transaction 4** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Hillside 1500, needs rents to be boosted to 100% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years. We have the transaction gap of approximately \$57,500 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within two years of the RAD conversion.
5. **Salishan 1 (WA005000010) Transaction 5** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Salishan 1, needs rents to be boosted to 82.5% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years. We have the transaction gap of approximately \$113,000 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within three years of the RAD conversion.
6. **Salishan 2 (WA005000011) Transaction 6** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Salishan 2, needs rents to be boosted to 82.5% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years. We have the transaction gap of approximately \$113,000 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within two years of the RAD conversion.
7. **Salishan 3 (WA005000012) Transaction 7** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Salishan 3, needs rents boosted to 82.5% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years.

Salishan 3 was unable to cover its debt service with a \$7,000 per unit operating expense, so the model sized the operating expenses net of replacement reserves at \$6,300 per unit. We have the transaction gap of approximately \$113,000 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within five years of the RAD conversion.

8. **Salishan 4 (WA005000013) Transaction 8** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Salishan 4, needs rents to be boosted to 82.5% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years. We have the transaction gap of approximately \$113,000 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within two years of the RAD conversion.
9. **Salishan 5 (WA005000014) Transaction 9** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Salishan 5, needs rents to be boosted to 82.5% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years. Salishan 5 was unable to cover its debt service with a \$7,000 per unit operating expense, so the model sized the operating expenses net of replacement reserves at \$6,400 per unit. We have the transaction gap of approximately \$113,000 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within nine years of the RAD conversion if it is prioritized over the existing THA cash flow contingent debt.
10. **Salishan 6 (WA005000015) Transaction 10** is a soft debt transaction to be submitted for RAD conversion in 2013. The property, Salishan 6, needs rents to be boosted to 82.5% of the payment standard in order to maintain a positive cash flow and be able to fund the necessary capital needs out of reserves and excess cash flow for the next 15 years. Salishan 6 was unable to cover its debt service with a \$7,000 per unit operating expense, so the model sized the operating expenses net of replacement reserves at \$6,400 per unit. We have the transaction gap of approximately \$113,000 being filled by THA with soft debt, potentially funded from the surplus from the Scattered Sites Transaction 1. These funds can be repaid through cash flow within 15 years of the RAD conversion if it is prioritized over the existing THA cash flow contingent debt.

Conclusion & Next Steps

After evaluating the operating income, expenses, capital needs and estimated RAD contract rents along with the THA payment standards, Recap concurs with THA's initial plan to submit a RAD portfolio application for all 19 THA properties and ten (10) detailed RAD application for the mixed-finance tax credit properties and Scattered Site public housing site.

Submitting ten (10) RAD applications allows for the simplest conversions to take place in the near term while complying with the RAD requirement that 50% of the transactions (not properties or units) in the portfolio application be submitted in order for HUD to approve a portfolio award and ensure the reservation of an allocation for the remaining units in THA's portfolio. In addition, the estimated \$1.68 million transaction surplus raised by the public housing Scattered Site 4% LIHTC transaction will cover the transaction gap required for the mixed finance RAD conversions. It is

important to note that these ten (10) transactions will require a significant amount of THA funds to support the increase of the RAD contract rents to either 82.5% or 100% of the THA payment standard. In the first year after the RAD conversion for these ten properties, Recap anticipates the total rent boost support to be approximately \$1.4 million.

As described above, Recap anticipates all of the mixed finance properties will undergo a RAD conversion through the capitalized reserve transaction scenario with THA covering the transaction gaps through a combination of housing authority funds and remediation grants. In most cases, the straight conversion with higher operating expenses did not produce enough revenue to cover the operating expenses over time, putting the property on an unsustainable operating path.

The following chart shows the anticipated transactions and costs anticipated for THA's Phase 1 RAD nine (9) mixed finance and one (1) public housing site conversions.

Phase 1 RAD Applications:

	AMP	Development Name	Total Units	Public Hsg/ RAD Units	Capital Needs Per Unit	2014 Model Op Costs PUPY	Recommended Transaction	Transaction Surplus / (Gap)	Transaction Surplus / (Gap) Per Unit
1.	WA005000006	Scattered Site	34	34	\$41,451	\$6,541	4% LIHTC	\$1,684,106	\$49,533
2.	WA005000007	Hillside 1	21	21	\$24,676	\$6,993	Soft Debt/Reserves	(\$61,250)	(\$2,917)
3.	WA005000008	Hillside 2	25	12	\$22,793	\$6,679	Soft Debt/Reserves	(\$64,250)	(\$2,570)
4.	WA005000009	Hillside 1500	16	4	\$25,172	\$7,000	Soft Debt/Reserves	(\$57,500)	(\$3,594)
5.	WA005000010	Salishan 1	90	55	\$19,461	\$6,628	Soft Debt/Reserves	(\$113,000)	(\$1,256)
6.	WA005000011	Salishan 2	90	55	\$19,906	\$7,000	Soft Debt/Reserves	(\$113,000)	(\$1,256)
7.	WA005000012	Salishan 3	90	45	\$15,260	\$6,300	Soft Debt/Reserves	(\$113,000)	(\$1,256)
8.	WA005000013	Salishan 4	90	45	\$16,360	\$7,000	Soft Debt/Reserves	(\$113,000)	(\$1,256)
9.	WA005000014	Salishan 5	90	45	\$13,333	\$6,400	Soft Debt/Reserves	(\$113,000)	(\$1,256)
10.	WA005000015	Salishan 6	90	45	\$13,230	\$6,400	Soft Debt/Reserves	(\$113,000)	(\$1,256)
Subtotals/Averages			636	361	\$21,164	\$6,694		\$823,106	\$2,280

After the completion of the RAD portfolio application and Phase 1 RAD applications, Recap and THA will begin the more detailed analysis of the remaining nine (9) public housing properties targeted for the Phase 2 RAD applications in 2014.

As described above, Recap's analysis of THA's public housing properties included a comparison of an FHA debt-only scenario and 4% and 9% low income housing tax credit scenarios. Typically, Recap would recommend recapitalizations using 4% LIHTC with some additional transaction subsidy. The 4% tax credits rely on the use of tax exempt bond financing and are generally available when needed and are not dependent on competitive funding awards. However, a number of THA's public housing properties are relatively small and do not yield a significant amount of tax credit equity (less than \$1 million), which would make them challenging to be considered as a stand-alone tax credit transaction.

Therefore, Recap recommends working with THA to determine which public housing properties could be consolidated for the purposes of undertaking a larger LIHTC recapitalization, which could reduce some transaction costs and yield higher equity returns. Recap also recommends further

analysis of the use of 9% LIHTC for some of the RAD transactions, as opposed to only considering 4% LIHTC, which would yield significantly more LIHTC equity and lower the need for additional transaction subsidy. Finally, Recap and THA will continue to explore the feasibility of a Section 18 Demolition/ Disposition application for Dixon Village.

The following chart shows the anticipated capital needs, operating costs, and a comparison of the transactions gaps or surpluses for a 4% LIHTC versus a 9% LIHTC transaction for each of THA's Phase 2 RAD public housing conversions.

Phase 2 RAD Applications:

AMP	Development Name	Total Units	Public Hsg/ RAD Units	Capital Needs Per Unit	2014 Model Op Costs PUPY	4% LIHTC Transaction Surplus / (Gap)	9% LIHTC Transaction Surplus / (Gap)
1. WA005000002	Fawcett	30	30	\$25,050	\$7,000	(\$937,368)	(\$405,806)
2. WA005000002	Wright	58	58	\$49,015	\$5,800	(\$3,161,497)	(\$1,290,425)
3. WA005000002	6th Ave	64	64	\$25,018	\$6,009	(\$1,789,263)	(\$730,584)
4. WA005000001	K Street	43	43	\$25,376	\$6,415	(\$1,279,107)	(\$534,044)
5. WA005000001	G Street	40	40	\$26,567	\$7,000	(\$1,266,064)	(\$540,103)
6. WA005000001	Wilson	77	77	\$23,996	\$6,159	(\$1,767,159)	(\$195,232)
7. WA005000003	Ludwig	41	41	\$25,463	\$6,229	(\$1,226,868)	(\$511,683)
8. WA005000003	Bergerson Terrace	72	72	\$36,622	\$6,041	(\$2,331,708)	(\$72,969)
9. WA005000003	Dixon Village	31	31	\$75,689	\$7,000	\$499,834	\$2,316,553
Subtotals/Averages		456	456	\$34,755	\$6,406	(\$13,259,201)	(\$1,964,294)

The 2013 Public Housing Investment Update

BY ROD SOLOMON

THERE WERE SOME bright spots during the past year for preservation or replacement of the \$100 billion public housing stock—the invigorating launching of the Rental Assistance Demonstration (RAD), a very large Capital Fund financing for the New York City Housing Authority (NYCHA), awards of large Choice Neighborhoods grants to the housing authorities of San Antonio (Tex.), Seattle (Wash.) and Tampa (Fla.), and continued contribution of low-income housing tax credits (Tax Credits). The abject failure of Congress to provide adequate funding for low-income and particularly public housing, however, counteracts the accomplishments.

Appropriations Drop Impedes Progress

Last year's report highlighted a substantial drop in public housing capital appropriations over the past 20-plus years, largely interrupted only by the \$4 billion injection of American Reinvestment and

Recovery Act stimulus funds in 2009. A total meltdown has been avoided and important progress made only as a result of funding for replacement with mixed-income communities through over \$6 billion from the HOPE VI program and over \$10 billion of associated Tax Credit and other leveraging; leveraging of other funds including substantial additional dollars through Tax Credits; large-scale voucher funding that agencies participating in the Moving to Work demonstration (MTW agencies) including Atlanta, Chicago, Philadelphia, Washington, D.C. and others used for public housing revitalization or replacement; and \$4 billion raised through the Capital Fund Financing Program (CFFP) to accelerate the impact of future Capital Fund appropriations.

While the 2013 appropriation of approximately \$1.875 billion is the lowest since 1989, the 2014 appropriation could be the same or worse: the Senate proposes an increase to \$2 billion, but the House proposes a cut to \$1.5 billion. The July 2013 implosion on

the House floor of a Transportation/HUD spending bill with draconian further spending cuts gives hope that further steep cuts will be avoided. Nevertheless, given that a 2010 report for HUD estimated a \$26 billion capital backlog for 1.1 million public housing units and annual new capital needs of \$3.4 billion, reliance on future public housing appropriations is clearly not a viable strategy.

Impact of Appropriations Meltdown on Leveraging

The public housing leveraging tool tied most closely to these appropriations, the CFFP, generated little new funding apart from the NYCHA transaction. CFFP allows public housing authorities (PHAs) to borrow capital for public housing by pledging typically up to one third of their future annual Capital Fund formula grants. Cuts in appropriations thus mean less money available to leverage bor-



rowing and to address other annual capital needs with funds remaining after debt service payments. Further Capital Fund cuts after a CFFP borrowing all would come from those remaining funds, because the obligation to pay debt service must be met irrespective of such cuts.

In the 12 months ending June 2013, HUD approved under \$6 million in new CFFP borrowings. Some of the reduced demand is a result of PHAs already having used their borrowing capacity, but reduced appropriations also forced PHAs to think harder whether they should obligate themselves to long-term CFFP borrowing.

Lower interest rates relative to those of outstanding borrowings, increased funding pressure on shrinking annual Capital Fund allocations and in some cases expiration of prepayment “locks” or

penalties built into the original financings caused several PHAs to consider refinancing of current CFFP obligations. Refinancing could reduce annual PHA debt service payments by taking advantage of reduced interest rates, thus leaving more room to fund annual renovations or additional borrowing. The Chicago Housing Authority defeased its large bond issue in early 2013 (defeasance is necessary until current bonds can be retired); other PHAs or bond issuers who had indicated that they were exploring refinancing included Philadelphia, Puerto Rico, and Maryland, Illinois and Alabama on behalf of pools of PHA borrowers. The situation is evolving, however; the recent increase in interest rates has reduced projected savings from refinancing, and some PHAs may decide that projected savings do not justify going forward.

The NYCHA bond issue that HUD approved in August 2013 has generated approximately \$200 million for defeasance and approximately \$475 million for new work, in significant part for critical and legally required façade work. The transaction is a reminder of the efficiency of the CFFP mechanism for generating large capital amounts.

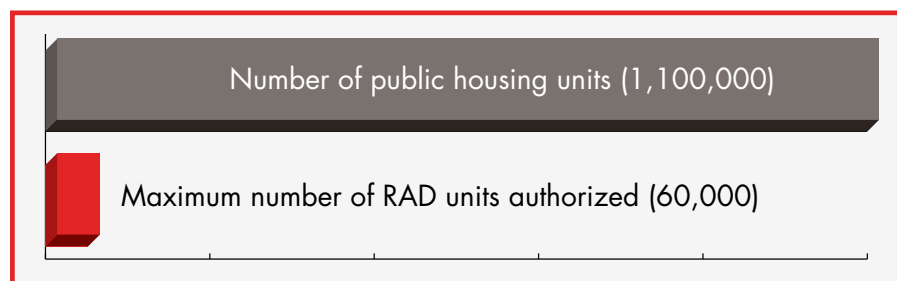
Tax Credits are unaffected directly by annual appropriations levels, although the program is slated for review as Congress takes up tax reform. Tax Credits continued to provide vital assistance to public housing stock preservation transactions. The impact continued to be greater in large metropolitan areas where investors need Community Reinvestment Act credits and thus paid higher prices for use of the Tax Credits.

The RAD Lifeboat

RAD allows PHAs to convert public housing subsidies to Section 8 project-based subsidies on an individual development basis, so that these developments can borrow funds for renovations, accumulate reserves and otherwise support themselves in the same manner as other subsidized rental housing. The hope also is that Section 8 will continue to be supported in the appropriations process, and thus that conversion will place the former public housing stock on a better long-term financial footing than remaining in the public housing program.

The Obama administration's proposed predecessor legislation to RAD included funding for higher per-unit Section 8 subsidies than current public housing subsidies, to increase the number of instances where conversion could generate Section 8 rents high enough to support borrowing for necessary capital improvements. Congress,

Relative Size of RAD Demonstration



however, limited subsidies to the public housing subsidy levels. Thus, a unit's initial RAD rent is capped by the sum of public housing operating funds, public housing capital funds and tenant rents provided for the unit.

This limitation eliminated many PHA applications, but other PHAs proceeded. Some PHAs proposed conversions that require little capital work, to expose properties to Section 8 rather than public housing annual appropriations and to reduce regulation in some respects. Other PHAs found that Section 8 more easily can facilitate leveraging than public housing, among other reasons because the Section 8 units unlike public housing units can carry debt, and thus proposed RAD transactions that might not have been viable as public housing mixed-finance. Still others took advantage of the additional flexibility HUD is offering as part of RAD—for example, to use HOME funds provided to state or local governments or “Replacement Housing Factor” (RHF) public housing funds that otherwise are not permitted to be used for public housing renovations.

HUD undertook extensive RAD marketing and an effective effort to provide training and technical assistance of all kinds. The effort included publication of an “Inventory Assessment Tool” that allows PHAs to see the RAD rent for each individual development and plug in a few assumptions that

yield the amount of borrowing the rents would support. Despite this push, the initial RAD month-long competitive period in the fall of 2012 yielded only 11,910 HUD-approved units of the 60,000-unit ceiling Congress has authorized.

HUD, however, continued its efforts and liberalized RAD rules in July 2013. Most importantly, for applications submitted this year, HUD is applying the statutory limitation on subsidies to public housing levels by using 2012 rather than reduced 2013 public housing appropriations. Other important changes provide for advance RAD commitments on a portfolio rather than individual project basis, which will extend even further the rent caps based on 2012 public housing appropriations; variation in RAD rents for converting individual developments from cost-neutral rents relative to public housing, as long as the average for a group of developments converted by the PHA will be cost neutral; ability for MTW agencies to supplement RAD rents on an ongoing basis with available MTW funds; and use of RHF funds projected to be received in future years for replacement public housing instead to supplement the annual RAD rents.

Shortly after HUD announced the changes, Secretary Shaun Donovan estimated approximately 70,000 public housing units for which PHAs had expressed interest in conversions and urged PHAs not to delay submitting applications,

given that HUD is approving them on a first-come, first-served basis and could hit the statutory ceiling. HUD also asked Congress for a substantial increase in the ceiling. The liberalized rules have had an effect; as of late September 2013, HUD had received applications for over 32,000 units.

RAD Pending Issues—Funding and Leveraging

The most fundamental issue ultimately will be the extent to which RAD can fulfill its goal of providing an effective means of preserving the public housing stock. HUD reported that just the initially approved RAD applications proposed to generate \$660 million in capital apart from PHA-supplied and secondary financing, including \$257 million in loans and \$409 million in Tax Credit equity.

Because the first RAD transactions are just reaching closing and actual leverage will differ from projections, RAD's initial leveraging record is not yet established. Apart from leveraging, the extent to which RAD preserves housing by achieving better sustained funding than public housing will have to be judged over the long term. Also, RAD may in some instances substitute for financing that could have occurred through HUD's Energy Performance Contract (EPC) initiative, because RAD like EPCs can capitalize the value of future energy savings generated by capital improvements; and CFFP, because RAD conversions reduce a PHA's public housing inventory and thus the projected future annual capital grants that could secure CFFP debt.

It has been clear all along that RAD with rents capped by public housing subsidies would not enable PHAs even with borrowing

and other leveraging to address the capital backlog needs of a substantial percentage of public housing units. HUD thus proposed that \$10 million be appropriated in 2014 to supplement RAD rents for developments in high-poverty neighborhoods where the government is supporting comprehensive revitalization. Because the funding would supplement current subsidies to make more transactions viable, even this relatively small amount would have a significant impact.

RAD Administration

Both HUD and PHAs are grappling with the administrative issues arising from launching a program that addresses developments' financial needs individually and changes their subsidy platform. HUD is doing its best to resolve many regulatory issues, both foreseen and unforeseen, in a timely fashion. PHAs have to take the steps needed so that RAD developments will stand on their own financially; in many instances, cope with a new experience of obtaining Federal Housing Administration (FHA) insurance, including related requirements such as detailed physical conditions assessments; and address the expectations of a different division of HUD.

PHAs also have to make the choice, incorporated in the RAD statute in part to obtain consensus for passage, whether to convert public housing to Section 8 project-based vouchers (PBV) or project-based rental assistance (PBRA). PBV is administered by PHAs and funded as part of their overall voucher funding. Under PBRA, HUD or a contract administrator for HUD contracts with the owner and appropriations are through a separate project-based assistance account.

Each choice has advantages (see chart). PHAs generally have had more experience with PBV and the program structure allows the PHA to administer the subsidy and earn an administrative fee. Voucher

renewal appropriations, however, have been shakier historically than PBRA appropriations—for 2013, a funding pro-rata of 94 percent of voucher needs versus full funding for PBRA (achieved, though, by funding contracts only through the fiscal year and counting on new appropriations). The PBV statute also has more prescriptive rules as to provision of local vouchers to residents who want to move and provision of supportive services to non-elderly, non-disabled families than PBRA, which HUD largely has maintained for the RAD demonstration to address concentrations of low-income families. HUD reports that thus far, PHAs have been fairly evenly split in their chance of PBV or PBRA.

Considerations in Choosing PBRA vs. PBV

Item	PBRA	PBV
1. Rent Caps	Current funding cannot exceed 120% of the fair market rent (FMR), unless the current funding is less than market, in which case the current funding cannot exceed 150% of FMR. Initial funding capped at public housing level.	Current funding cannot exceed the lower of (1) reasonable rent or (2) 110% of FMR. Initial funding capped at public housing level.
2. Choice Mobility	Resident may request next available voucher after two years; however, voucher agency may limit to not more than 15% of project in any year and not more than 33% of voucher turnover due to RAD.	Resident may request next available voucher after one year, with no limitations.
3. Voucher Admin Fee	N/A	PHA earns Section 8 voucher admin fee for all units converted to PBV.
4. Appropriations	Annual funding subject to appropriations; however, the Congress has never failed to renew a PBRA contract	An agency's voucher funding is subject to annual appropriations. Because of the required RAD Use Agreement, if Congress provides less than full funding for the Voucher program (i.e., proration), the PHA administering the voucher program may well likely need to absorb the cuts from its non-RAD voucher units.
5. Income Mixing	N/A	Under normal PBV rules, not more than 25% of units in a project can be assisted, unless the units are elderly or disabled, scattered site, or receiving supportive services. RAD increased the threshold to 50%, with the same exceptions.

SOURCE: ADAPTED FROM HUD MATERIALS

Alternatives Where RAD Does Not Work Financially

A number of PHAs have preserved public housing stock during the past few years by obtaining HUD approval for disposition based on inability to sustain the developments with public housing funding, project-basing the replacement vouchers HUD awarded as a result of the disposition to the developments, and then financing the necessary rehabilitation. The funding difference between RAD rents and voucher program rents leaves a substantial number of public housing units where rehabilitation sufficient to provide long-term viability could be financed with rents at allowable voucher levels and using 4 percent Tax Credits, but not with RAD and 4 percent Tax Credits.

HUD largely stopped such disposition approvals last year, by issuing a notice that declared that insufficient public housing funding would not be accepted as a reason for disposition. The predictable result has been that PHAs no longer have an avenue to obtain fully-funded vouchers for preservation of housing that could attain long-term viability with reasonable investment.

HUD should modify this policy to be more consistent with the Administration's otherwise strong emphasis on preserving low-income housing, even though the impact of the change will be limited by the availability of appropriated vouchers that could be used in this manner. With such a change, for example, HUD sometimes could broker innovative solutions that combine RAD for some of a PHA's units with replacement vouchers for others. HUD approved such a "partial RAD" solution to a disposition proposed before the Notice became effective, under which the Housing Authority of the City of Santa Barbara (CA)

RAD provides a promising new option, but the bigger picture remains that the public housing resource needs more money if the stock is to be preserved.

will be able to preserve all of its public housing through RAD and a limited HUD commitment of replacement vouchers.

Thanks to progress under the HOPE VI program and other initiatives over many years, the legendary severely distressed public housing projects (e.g., Chicago gallery-style family high-rises) are largely gone and in many cases replaced with viable mixed-income housing. But there is a significant amount of public housing still needs to be replaced. The funding need is substantial; current sources consist basically of 9 percent Tax Credits or the Administration's Choice Neighborhoods Initiative. The latter builds upon and broadens HOPE VI by emphasis on aspects of revitalization other than housing, including education from early childhood forward, crime prevention and transportation. Congress, however, has limited funding thus far so that only a handful of annual grants can be supported.

Needed Federal Action and Local Ingenuity

The actions needed at the federal level to support preservation or

replacement of public housing include obtaining the best possible Capital Fund and Operating Fund, which will continue to support most of the public housing stock, as well as Section 8, appropriations; supportive RAD changes including enactment of at least the Administration's proposed modest appropriation and increase in allowable RAD units, as well as HUD's continued prioritization of RAD's administrative development and a more supportive policy regarding supplemental use of tenant protection vouchers; enactment after many years of trying of program deregulation measures including ability of additional capable PHAs to access MTW; and assurance of continued availability of the Tax Credit program to harness additional resources.

Particularly given likely mixed success at best regarding appropriations, PHAs will have to continue to turn over every stone to salvage, preserve and even improve the public housing stock. They will have to evaluate options carefully; for example, whether RAD would work financially and whether Section 8 could be a better option financially and administratively in the long run than CFFP, even though CFFP may be easier for promptly raising large sums of capital.

RAD provides a promising new option, but the bigger picture remains that the public housing resource needs more money if the stock is to be preserved. We must continue our work as citizens to achieve support for a government that will give the preservation of low-income housing a higher priority. ■

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RESOLUTION #2



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-10-23 (2)

DATE: October 23, 2013
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Approval of tenant account receivable write offs

Background

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

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

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

Some accounts included in this resolution will not be sent to collections because the tenants have passed away. Those accounts are indicated with asterisks (*) below.

Recommendation

Approve Resolution 2013-10-23(2) authorizing THA to write off tenant accounts totaling: **\$45,556.19.**



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-10-23 (2)

APPROVAL OF TENANT ACCOUNT RECEIVABLE WRITE OFFS

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

WHEREAS, Tacoma Housing Authority (THA) provided housing assistance payments to property owners in excess to the amount the owner is entitled to receive and the owner has not repaid this amount to THA.

WHEREAS, each individual included in this tenant account write off has been notified of their debt and given the opportunity to pay prior to this resolution.

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

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

Project: Section 8 Write offs to Collection

Client #	Amount Owed
00000890	\$102.00
00004283	\$55.00
00004465	\$68.00
00004633	\$55.00
00008987	\$396.00
121196	\$1,704.00
121266	\$60.00
126383	\$134.00
129529	\$398.13
132029	\$111.00
132225	\$440.00
132885	\$174.00
134734	\$186.00
137053	\$80.00
137285	\$748.00

140302	\$306.00
141089	\$51.00
141750	\$247.00
142340	\$186.00
144814	\$127.00
146236	\$64.00
146457	\$98.00
713559	\$1,277.00
713826	\$504.00
714336	\$471.00
714508	\$621.00
714700	\$498.00
714846	\$2,439.00
715141	\$940.00
716116	\$1,162.00
716130	\$709.00
716169	\$782.00
716586	\$296.00
716763	\$849.00
716778	\$627.00
716793	\$794.00
716827	\$1,264.00
716843	\$718.00
717146	\$759.00
717206	\$216.00
717227	\$1,201.00
717352	\$498.00
717457	\$519.00
717480	\$569.00
Total S8	\$23,503.13

LIPH Projects Write offs to Collections

N G Str

125875	\$286.32
132438	\$185.00

	138271	\$215.00
		\$686.32
Dixon Village		
	133495	\$128.82
	135133	\$1,356.13
		\$1,484.95
Scattered Sites		
	00001282	\$1,945.78
		\$1,945.78
Scattered Sites		
	114837	\$456.44
		\$456.44
9 SF Homes		
	XX001181	\$2,503.57
		\$2,503.57
Stewart Court		
	xx000966	\$1,995.00
	XX001173	\$3,081.50
	XX001262	\$996.75
		\$6,073.25
North K Street		
	109953	\$182.14
	122962	\$559.03
	130414	\$254.00
	131413	\$399.03
	135699	\$136.58
		\$1,530.78
S M Str (EB Wilson)		
	133025	\$185.00
	142468	\$375.23
	145045	\$498.60
		\$1,058.83
S Wright Str		
	131534	\$1,059.94
		\$1,059.94
Total LIPH to Collections:		\$16,799.86

Write offs – No other action*

SEC 8

123926	\$143.00
716780	\$629.00

LIPH

Bergerson Terrace	126269	\$1498.07
Stewart Court	xx000727	\$3.63
Salishan Vii	xx0001050	\$2979.50
FIT	2707	\$10.00
Total Write offs – No other action		\$5263.20*

Write Off Grand total	\$45,566.19
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*This total includes accounts where tenant is deceased or the balance is under \$30.

Approved:

Greg Mowat, Chair