



# **TACOMA HOUSING AUTHORITY**

## **BOARD OF COMMISSIONERS**

### **BOARD PACKET**

**February 27, 2013**



# TACOMA HOUSING AUTHORITY

Michael Mirra  
Executive Director

## BOARD OF COMMISSIONERS

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

## Regular Meeting BOARD OF COMMISSIONERS

**WEDNESDAY, February 27, 2013**

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold their Board Regular meeting on **Wednesday, February 27, 2013 at 4:45 PM**

The meeting will be held at:

**602 South Wright Avenue  
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.

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I, Christine Wilson, certify that on or before Friday, February 22, 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	602 Oaksdale Avenue SW Renton, WA 98055-1224	fax: 206-861-8915
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*

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Christine Wilson  
Executive Administrator



# TACOMA HOUSING AUTHORITY

**AGENDA  
REGULAR MEETING  
BOARD OF COMMISSIONERS  
February 27, 2013, 4:45 PM  
602 South Wright Avenue**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING**
  - 3.1 Minutes of January 23, 2013 Regular Meeting
  - 3.2 Minutes of the February 1, 2013 Special 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
- 8. NEW BUSINESS**
  - 8.1 Resolution 2013-2-27 (1), Amending THA's Strategic Objectives and Adopting Performance Measures
  - 8.2 Resolution 2013-2-27 (2), Housing Opportunity Program (HOP) Policies
  - 8.3 Resolution 2013-2-27 (3), Inter-local Agreement with King County Housing Authority for the purpose of Vehicle Maintenance/Management
  - 8.4 Resolution 2013-2-27 (4), LASA Lakewood Project
  - 8.5 Resolution 2013-2-27 (5), THA-LASA Development Services Agreement
- 9. COMMENTS FROM THE COMMISSIONERS**
- 10. EXECUTIVE SESSION**
- 11. ADJOURNMENT**

# MEETING MINUTES



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, January 23, 2013

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 902 South L Street, Tacoma, WA at 4:00 PM on Wednesday, January 23, 2013.

### 1. CALL TO ORDER

Chair Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:05 PM.

### 2. ROLL CALL

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

PRESENT	ABSENT
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#### Commissioners

Janis Flauding, Chair

Greg Mowat, Vice Chair

Arthur C. Banks, Commissioner

(arrived at 4:14 PM)

Stanley Rumbaugh, Commissioner

(arrived at 5:05 PM)

Rose Lincoln Hamilton, Commissioner

#### Staff

Michael Mirra, Executive Director

Christine Wilson, Executive Administrator

Ken Shalik, Finance and Administration Director

April Davis, REMHS Director

Barbara Tanbara, Human Resources Director

Nancy Vignec, Community Services Director

Walter Zisette, RED Director

Todd Craven, Administration Director

Chair Flauding declared there was a quorum present @ 4:06 and proceeded.

### 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Flauding asked for any corrections to or discussion of minutes for the Annual Session of the Board of Commissioners for Wednesday, December 19, 2012.

Commissioner Mowat 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 approved.**

#### **4. GUEST COMMENT**

Hope Rehn apologized to the Board for last month. She reported that the SAFE by-laws are expected to be done by next month. She also stated that she is working with Nadine on getting people out who don't belong in the building.

Kischa McGee addressed the Board as a tenant of THA with concerns about "strengthening the frame of THA". She said the frame is weakened by the following issues:

- When calling the Switchboard at the Family Investment Center, the Receptionist does not know who you are asking for.
- The automated answering system does not work.
- Call-backs can take over 2 weeks.
- There is no acknowledgement that a maintenance or service request has been received. She said that she went to the office in August with a request and never heard a reply. She said that she dropped a work order request in the box inside the building. It concerned wasp nests around her house, a broken toilet and the refrigerator making a loud noise. She received a letter in August after her letter of July stating that she owed \$11 for someone to put a snake in the toilet. Also Maintenance came to my her while she was upstairs and just walked in. She called 911. The maintenance person jumped on his 4-wheeler and left. He came back and yelled outside my back door.
- I attended the HOP program at the 10:30 session because she wanted to know what will be expected of the tenants.

Chair Flauding asked if Ms. McGee could meet with April and Pat after the meeting to address her concerns. Director Black responded to the HOP question that policies are being developed at this time and the details will be finalized.

Kurt Miller, Vice President Tacoma School Board and Director of REACH thanked the Board for its funding of the programs to assist homeless youth. The program began on January 2, 2013 and works with 16 to 24 year olds who are homeless. It places them in host homes where caring adults can provide not only shelter but mentoring and positive life skills. Mr. Miller, in his capacity as a member of the Tacoma Public School Board,

also shared his appreciation of the Board's support for the THA McCarver Elementary School project. An increase in academic ability for the students enrolled in that program is a direct result of that support. Vice Chair Mowat thanked the school board for their collaboration.

## **5. COMMITTEE REPORTS**

Real Estate Development Committee – Executive Director Mirra reported that the Board will have a brief executive session to discuss matters related to the Citibank loan and the sale of Salishan lots.

Finance Committee – Vice Chair Mowat reported the agency financials are in good order. A discussion of the response to sequestration and the recent audit finding will follow Ken's presentation.

Citizen Oversight Committee - Vice Chair Mowat reported that the Committee met in January. Members reviewed the Section 3 plan. There was also discussion regarding value engineering efforts due to the high cost of the bids received. Overall the Committee is in high spirits and committed to meeting goals. Going forward Commissioner Banks will be the representative in attendance.

## **6. ADMINISTRATIVE REPORTS**

### **Executive Director**

ED Mirra referred the board to his report and welcomed questions. He reminded the Board that it adopted the 2013 budget at 2012 budget levels with a "shadow budget" should the full sequestration cuts of 8% occur. We were hoping to have some clarity from Congress by now. However, Congress has delayed the sequestration deadline until March. The Executive Report contains a proposal that we trigger the "shadow" expenditure delays but not the staff cuts. This proposal seems a reasonable response to the uncertainty for several reasons:

- A retroactive sequestration occurring in March would mean a 10% cut for THA through remainder of 2013.
- Immediate cuts to staff and the resulting disruption may be unnecessary.

We must also be mindful of the costs of delaying these expenditures:

- people on our waiting list will wait longer
- homeless families who need our rapid rehousing money will not receive it
- we will wait longer before showing that our various changes to our voucher program will allow us to increase the number of families we serve.

Commissioner Lincoln Hamilton questioned how HUD will respond to this. Director Black said HUD rates THA by whether THA serves its “baseline” number of households. However, this rating does not affect THA’s allocation. Vice Chair Mowat discussed our surplus and reserves and asked whether they could support the rapid rehousing payment. Director Shalik said it could come out of the MTW reserves. Chair Flauding, Vice Chair Mowat and Commissioners Lincoln Hamilton and Banks agree with not eliminating any employees and instead only delaying the expenditures.

Executive director Mirra notes that at its February 1<sup>st</sup> study session the Board will discuss its new strategic directives. He also noted the various new elected officials serving our area in congress, the state legislature, the county council, and the city council.

### **Finance**

Director Shalik directed the board to the finance report, specifically lines 68 and 72 that show year-to-date surplus of 2 and 1.5 million (respectively). 2012 was a good year and THA’s conservative budgeting allowed to surplus. The Section 8 HAP is \$600,000 under budget due to reserves being held at HUD. The due diligence money to the Hillside Terrace and LASA projects will be received in 2013. On line 61, the \$1.2 million under budget for the Section 8 HAP payments is due to our lease-up rate and the first year of rent reform. Our savings will get even better going forward. ED Mirra questioned if we are serving the baseline number of households. Director Black replied that we are just below baseline. ED Mirra commented that the rapid rehousing will ramp up our rate. Director Shalik said that closing the 2012 books is in process and he expected to meet the February 28<sup>th</sup> deadline to get it done.

Director Shalik reported that the audit exit conference was held last week. No finding with the single financial audits. The accountability audit, however, produced a finding for providing “food and entertainment” at the summer and winter events with no policy in place. A discussion ensued about what the board’s view of the finding and the expenditures. ED Mirra said that staff would be presenting a proposed policy to the Board in March. He said that he expected that it would allow for these expenditures for training and staff appreciation within limits that the policy would direct. Chair Flauding commented the Board would support such a policy.

Commissioner Banks moved to ratify the payment of cash disbursements totaling \$3,888,619 for the month of December, 2012. Vice Chair Mowat seconded.

Upon roll call, the vote was as follows:

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

**Motion Approved.**



### **Administration**

Director Craven directed the board to his report and added that he would like to provide a quick up-date on priorities and insurance coverage. In the area of networking we are making improvements toward being proactive and less reactive. We are making progress with our reporting systems and the THA dashboard. We are developing a custom application for MTW (scheduled for March 1<sup>st</sup>) and the FSS software program just went live. The deadline for annual operations compliance reporting has been extended to February 15<sup>th</sup> and we will have no issues meeting it. We have hired an experienced Asset Manager. Last week we received correspondence from our insurance carrier, HAARP regarding their concerns over the high volume of meth contamination claims. This could result in that type of coverage being excluded. The insurance board is made up of many housing authority directors and Executive Director Mirra will reach out to them about the problem. Chair Flauding asked about the average cost for a meth unit. It costs \$600 to test the unit and the insurance deductible is \$1000. However the cost to fix the unit can run from \$20,000 to \$30,000.

### **Real Estate Management and Housing Services**

Director Black directed the board to her report. She reported that HUD has approved the 2013 MTW plan that the Board authorized staff to submit. This will allow staff to further develop the Housing Opportunity Program (HOP). She will seek the Board's final approval for HOP in February. She reported that the Hillside Terrace relocation is complete. Commissioner Rumbaugh asked about the increase in turn times for units. Director Black said it is due to the backlog of testing as a result of being proactive with the meth problem. The contractor is increasing their staffing to compensate. Chair Flauding remarked that the testing is having an effect at Salishan.

### **Real Estate Development**

Director Zisette directed the board to his report. We are currently waiting for the outcome of two 9% tax credit applications (Hillside Terrace Phase II and LASA) from the Housing Finance Commission. The financial closing for Hillside Terrace should occur on February 21, 2013. Plans are in progress to move ahead with abatement in order to save a few weeks; however HUD approval is necessary as well as a signed contract with Absher. The sites will be fenced off when that occurs. There is no news with the New Look proposal. Plans are in draft form for the MLK corridor and should be ready by mid-year.

### **Community Services**

Director Vignec directed the board to her report. This report also contains a summary of 2012 activities and accomplishments with good results in the Employment and Education Programs. GED classes will increase due to higher demand. The FSS caseworkers have improved the program by removing underperforming participants and the City of Tacoma

has shown more trust in our efforts by an increased funding of the FSS program. The FIT caseload is lower due to less referrals. Director Black said her staff will make contact with new admissions so that troubled families can be referred to casework earlier.

### **Human Resources**

Director Tanbara directed the board to her report. She said that the supervisor training for the variable pay program will start tomorrow. The health care plans for the OPEIU and non-represented groups have been combined thereby reducing costs. The employee cost sharing was also reduced and employees have the option of one of two plans. Upcoming initiatives will include meetings with directors and supervisors to improve employee engagement and systems simplification. There have been no EEOC claims in the last 3 years and there were three grievances filed in 2012. Two were dropped and the third was mediated yesterday to a resolution. Staffing turnover is up and the goal is to get below 10%. 9 of 23 positions were filled with internal candidates in 2012. An organizational chart is provided with this report as well.

## **7. OLD BUSINESS**

None.

## **8. NEW BUSINESS**

### **8.1 RESOLUTION No. 2013-1-23 (1), INTER-LOCAL AGREEMENT WITH KING COUNTY HOUSING AUTHORITY FOR THE PURPOSE OF VEHICLE MANAGEMENT/MAINTENANCE**

#### **Public Testimony and Board Discussion**

Director Black presented this resolution and described that the service is greatly needed in order to track the maintenance of THA's twenty vehicles. The service will provide competitive pricing through ARI (as a broker). They have certified mechanics on staff and can also provide best lowest price buying power for purchased vehicles. Fleet management and maintenance costs are included in the 2013 budget. Vice Chair Mowat asked if a cost analysis is available and Commissioner Rumbaugh questioned whether non-union shops would be used for repairs. Commissioner Lincoln Hamilton asked if it is known that employees in non-union shops are paid less. Commissioner Rumbaugh motioned to table the resolution until next month. Vice Chair Mowat seconded the motion.

**Whereas,** Tacoma Housing Authority currently does not a formal fleet vehicle management/maintenance program in place;

**Whereas,** Automotive Resource International (ARI) is currently contracted with King County Housing Authority (KCHA) for their vehicle maintenance/management program;

**Whereas**, this agreement with KCHA will allow THA to contract with ARI for fleet management services;

**Whereas**, this agreement will allow THA to have a vehicle management program for its fleet of vehicles;

**Whereas**, fleet management and maintenance costs are included in the 2013 budget.

**Whereas**, entering into this Inter-Local Agreement combines KCHA vehicles and THA vehicles resulting in a lower monthly rate for vehicle maintenance and fleet management.

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

Authorizes the Executive Director to execute an Inter-Local Agreement with King County Housing Authority (KCHA) for the purposes of contracting with ARI for a vehicle management program.

Upon roll call, the vote was as follows:

AYES: 0  
NAYS: 0  
Abstain: 0  
Absent: 0

**Motion Approved:** January 23, 2013

\_\_\_\_\_  
Janis Flauding, Chair

## **8.2 RESOLUTION 2013-1-23 (2), AMENDMENT OF THA'S BY-LAWS**

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

**Whereas**, The Board may amend its By-Laws to better serve its efficient functioning;

**Whereas**, The proposed changes would help ease or clarify the Board's operations;

**Whereas**, The Board has received the seven days of advance notice required by the present by-Laws.

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

The Board adopts the changes in the by-laws set forth in the attached red-lined draft.

Vice Chair Mowat motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

**Motion Approved:** January 23, 2013

\_\_\_\_\_  
Janis Flauding, Chair

With passage of this Resolution, the Board agreed to change the start time to 4:45 p.m. for the Regular Meetings of the Board of Commissioners.

### **8.3 RESOLUTION 2013-1-23 (3), HILLSIDE TERRACE PHASE I – 2500 YAKIMA APARTMENTS, OMNIBUS FINANCING AUTHORIZATIONS**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma (i) approving an amended and restated agreement of limited partnership for 2500 Yakima LLLP in connection with a 70-unit apartment complex located within the Hillside Terrace Redevelopment Project, (ii) authorizing the disposition by lease of a portion of the Hillside Terrace Phase I site to 2500 Yakima LLLP, (iii) approving the execution and delivery of documents relating to 2500 Yakima LLLP and the Hillside Terrace Redevelopment Project, and (iv) determining related matters.

**Whereas**, RCW 35.82.070(2) provides that a housing authority is authorized to “prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alternation or repair of any housing project or any part thereof”;

**Whereas**, RCW 25.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”;

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

**Whereas**, RCW 35.82.070(1) provides that a housing authority may, among other things, “make and execute contracts and other instruments, including but not limited to partnership agreements . . .”;

**Whereas**, RCW 35.82.070(18) provides that a housing authority may, among other

things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income”;

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

**Whereas**, pursuant to the authority provided by RCW 35.82.070(1), Housing Authority of the City of Tacoma (the “Authority”) formed 2500 Yakima LLLP (the “Partnership”) with Tacoma Housing Development Group (“THDG”);

**Whereas**, the Partnership has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to construct a 70-unit apartment complex (including a community education facility) to be known initially as 2500 Yakima Apartments, as part of Hillside Terrace Phase I Redevelopment Project, to provide housing for low income persons within the City of Tacoma, Washington (the “Project”);

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

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

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

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

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

**Whereas**, the total cost of acquiring, constructing, equipping and financing the Project is anticipated to be \$24.3 million, which will be financed by the Partnership with numerous sources of funds, including a loan of proceeds of tax-exempt bonds issued by the Authority, loans from the Washington State Department of Commerce and the Tacoma Community Redevelopment Authority, a grant from the City of Tacoma, Replacement Housing Factor (RHF) Fund grants from the U.S. Department of Housing and Urban Development (“HUD”), HUD Capital Fund Community Facilities (CFCF) grant proceeds, HUD

Moving-to-Work (MTW) Funds, including Capital Funds, and other available funds of the Authority, and capital contributions by the Investor to the Partnership;

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

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

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

1. Approval of Partnership Documents. The Chair of the Board, the Authority’s Executive Director and their respective designees (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized and directed to execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A under the heading “Partnership Documents” (collectively, the “Partnership Documents”); and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Partnership Documents. The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership, under the provisions of or as necessary to carry out the transactions contemplated by the Partnership Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein). From and after the date the Partnership Documents are effective, the Executive Director (or his designee) is authorized and directed, without further Board approval, to take such actions on behalf of the Authority as are required to be taken by the general partner of the Partnership.
2. Approval of Master Loan Documents. The Authority is authorized to lend to the Partnership, pursuant to the terms of the documents listed in Exhibit A under the heading “Master Loan Documents” (collectively, the “Master Loan Documents”), up to \$6.4 million from the sources identified in the Master Loan Documents. Such loan is intended to be in addition to the loan of Authority bond proceeds authorized by the Board’s Resolution No. 2013-1-23 (4). The Authorized Officers (and each of them acting alone) are authorized and directed to take all actions required of the Authority in connection with the loans to be made by the Authority to the Partnership in connection with the Project. In particular, the Authorized Officers (and each of them acting alone) are authorized to: execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority on its own behalf or in its capacity as general partner of the Partnership, as applicable, (i) the Master Loan

Documents substantially in the forms on file with the Authority, with such changes, including material changes, as the Authorized Officer executing such document deems necessary or advisable, and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Master Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).

3. Approval of HUD Documents. The Authorized Officers (and each of them acting alone) are authorized and directed to execute and deliver, on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A under the heading “HUD Documents” (collectively, the “HUD Documents”), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Authorized Officer executing such documents deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the HUD Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).
4. Approval of Bond Loan Documents. The Authorized Officers (and each of them acting alone) are authorized and directed to execute and deliver, on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A under the heading “Bond Loan Documents” (collectively, the “Bond Loan Documents”), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Authorized Officer executing such documents deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Bond Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).
5. Approval of Subordinate Loan Documents. The Authorized Officers (and each of them acting alone) are authorized and directed to execute and deliver, on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A under the heading “Subordinate Loan Documents” (collectively, the “Subordinate Loan Documents”), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Authorized Officer executing such documents deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Subordinate Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).
6. Approval of the Lease. The Authority is authorized to lease to the Partnership, for a term not exceeding 100 years, the land on which the Project will be located. The Authorized Officers (and each of them acting alone) are authorized and directed to execute and deliver, on behalf of the Authority (acting on its own behalf or as general partner of the Partnership), a lease substantially in the form on file with the Authority

with such changes, including material changes, as the Authorized Officer executing such lease deems necessary or desirable.

7. Ancillary Documents. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to execute, deliver and/or file (or cause to be delivered and/or filed) any and all other certificates, documents, agreements and instruments that are necessary or appropriate in his or her discretion to give effect to this resolution and to consummate the transactions contemplated herein. In particular, the Authorized Officers, and each of them acting alone, are authorized and directed on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to execute, deliver and, if applicable, file (or cause to be executed, delivered, and, if applicable, filed) those documents listed in Exhibit A under the heading “Additional Documents” (the “Additional Documents”) substantially in the form on file with the Authority, with such changes, including any material changes, as the Authorized Officer executing such documents deems necessary or advisable.
8. Assignments. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to execute and deliver one or more instruments (i) assigning to the Partnership the Authority’s rights under the construction contract, the architects’ contracts, the geotechnical consultant contracts, and other development contracts, as such rights pertain to the construction of improvements on land leased to the Partnership, and (ii) assigning to lenders and others the Partnership’s interests in such contracts.
9. Tax Credit Documents. The Authorized Officers (and each of them acting alone) are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to execute, deliver and/or file (or cause to be delivered and/or filed) all documents deemed necessary or appropriate to allow the Partnership to qualify for and obtain federal low-income housing tax credits in connection with the Project including, without limitation, the filing of one or more applications with the Washington State Housing Finance Commission, and the execution of all necessary and related documents, including without limitation regulatory agreements, declarations and restrictive covenants.
10. Section 42(m)(2)(D) Determination. On behalf of the Authority, the Board finds and determines pursuant to Section 42(m)(2)(D) of the Internal Revenue Code of 1986 (the “Code”) that the amount of federal low-income housing tax credits the Partnership expects to derive from the Project will not exceed the amount necessary for the financial feasibility of the Project and its viability as a “qualified low income housing project” throughout the “credit period” (as such terms are defined in Section 42 of the Code). The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to provide the Partnership with a letter acknowledging this determination and the basis thereof. The Board delegates to the Authorized Officers, and each of them acting alone, the authority to (i) make similar determinations, in their discretion, and to deliver similar letters to the Partnership at such times that the Authorized Officers determine to be necessary or appropriate, and (ii) make certifications with respect to the



Project and the Partnership of the type described in Treasury Regulation § 1.42-8(b)(4)(i). To assist the Partnership in making its election under Section 42(b)(2)(A)(ii)(II) of the Code, the Authorized Officers, and each of them acting alone, may provide a letter to the Partnership, on the Authority's behalf, indicating any certifications made pursuant to this Section.

11. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority and/or the Partnership not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, rehabilitation, development, financing, construction, and leasing of the Project; and (iii) cause the Authority and/or the Partnership to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. Without limiting the scope of such authorization, such documents may include lease-up and marketing agreements, company management services agreements, development agreements, construction guaranty agreements, repayment guarantees, cash pledge agreements, environmental indemnity agreements, property management agreements, architect agreements, contractor agreements, housing assistance payment contracts, irrevocable consents and appointments of attorneys for service of process.
12. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority (whether acting on its own behalf or in its capacity as general partner of the Partnership, as applicable) to fulfill the Authority's duties and obligations, and cause the Partnership to fulfill the Partnership's duties and obligations under the various agreements authorized by this resolution. In the furtherance of the foregoing, the Authority is authorized to expend such funds (and to cause the Partnership to expend such funds) as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.
13. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director of the Authority may, in such person's absence, be taken by the Vice Chair of the Board or the duly authorized Acting Executive Director of the Authority, respectively.
14. Changes to Titles or Parties. While the titles of and parties to the various documents listed in Exhibit A hereto may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.
15. Ratification and Confirmation. All actions of the Authority and its officers prior to the

date hereof and consistent with the terms of this resolution are ratified and confirmed.

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

Vice Chair Mowat motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

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

**Motion Approved:** January 23, 2013

\_\_\_\_\_  
Janis Flauding, Chair

#### **8.4 RESOLUTION 2013-1-23 (4) HILLSIDE TERRACE – 2500 YAKIMA APARTMENTS, PROVIDING FOR THE ISSUANCE OF REVENUE BOND**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma providing for the issuance of a revenue bond in principal amount of not to exceed \$13,000,000, the proceeds of which will be used to make a loan to 2500 Yakima LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to provide part of the funds with which to construct a 70-unit apartment complex to provide housing for low income persons in the City of Tacoma, Washington; determining the form, terms and covenants of the bond; approving the form of a loan agreement providing for repayment of the loan and a regulatory agreement governing the use of the facility; providing for the sale and delivery of the bond to JPMorgan Chase Bank, N.A.; and authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution.

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

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

**Whereas**, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction,

... rehabilitation, improvement ... or refinancing of land, buildings, or developments for housing for persons of low income”;

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

**Whereas**, 2500 Yakima LLLP (the “Partnership”), a Washington limited partnership of which the Authority is the sole general partner, has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to construct a 70-unit apartment complex as part of Hillside Terrace Phase I Redevelopment Project, all of which will be leased by the Partnership from the Authority, to provide housing for low-income persons within the City of Tacoma, Washington (the “Project”);

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

**Whereas**, The Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue a bond in a principal amount of not to exceed \$13,000,000, the proceeds of which will be used to make a loan to the Partnership for the purposes described herein; and

**Whereas**, It is anticipated that JPMorgan Chase Bank, N.A. will offer to purchase the Bond on the terms set forth herein;

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

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

**“Adjusted LIBO Rate”** means with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next one-sixteenth of one percent) equal to the Bank’s tax exempt factor of 70.88% multiplied by the product of (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

**“Adjusted One Month LIBO Rate”** means an interest rate per annum equal to the sum of (a) 2.5% per annum plus (b) the LIBO Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day), rounded upwards, if necessary, to the next one-sixteenth of one percent, and multiplied by the Statutory Reserve Rate.

**“Assignment of Construction and Design Agreements”** means the Assignment of Construction and Design Agreements to be executed by the Partnership and the Authority, relating to assignment to the Bank of certain of the Authority’s and the Partnership’s rights under certain agreements relating to the design and construction of the Project, including any supplements or amendments thereto made in conformity therewith.

**“Assignment of Loan Documents”** means the Assignment of Loan Documents to be executed by the Authority and acknowledged by the Partnership, relating to assignment to the Bank of the Authority’s rights under certain of the Loan Documents, including any supplements or amendments thereto made in conformity therewith.

**“Assignment of Management Agreement”** means the Assignment of Management Agreement and Consent and Subordination of Manager to be executed by the Partnership and the property manager for the Project, relating to assignment to the Bank of certain of Partnership’s interests in the management agreement with respect to the Project, including any supplements or amendments thereto made in conformity therewith.

**“Assignment of Tax Credits and Partnership Interests”** means the Assignment of Rights to Tax Credits and Partnership Interests to be executed by the Partnership and the Authority (in its capacity as general partner of the Partnership), relating to assignment to the Bank of certain rights of the Authority and the Partnership under the Partnership’s governing documents, including any supplements or amendments thereto made in conformity therewith.

**“Authority”** means the Housing Authority of the City of Tacoma, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

**“Bank”** means JPMorgan Chase Bank, N.A., as Registered Owner of the Bond, and any subsequent Registered Owner thereof.

**“Bank Loan Agreement”** means the Construction and Permanent Loan Agreement between the Authority and the Partnership, and assigned by the Authority to the Bank, setting forth certain covenants and conditions relating to the Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

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

**“Bond”** means the Low-Income Housing Assistance Revenue Bond, 2013 (Hillside Phase I), of the Authority, issued pursuant to, under the authority of and for the purposes provided in this resolution.

**“Bond Fund”** means the Housing Authority of the City of Tacoma Low-Income Housing Assistance Revenue Bond Fund, 2013 (Hillside Phase I).

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

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

**“Borrowing”** means a portion or portions of the Loan of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Borrowings, as to which a single Interest Period is in effect.

**“Business Day”** means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to remain closed; and when used in connection with a Eurodollar Borrowing, the term “Business Day” shall also exclude any day on which banks are not open for dealings in U.S. dollar deposits in the London interbank market.

**“CB Floating Rate”** means a rate per annum equal to the product of the Prime Rate multiplied by the Bank’s tax-exempt factor of 70.88%; *provided*, that the CB Floating Rate shall never be less than the product of the Adjusted One Month LIBO Rate multiplied by Lender’s tax-exempt factor of 70.88%. Any change in the CB Floating Rate due to a change in the Prime Rate or the Adjusted One Month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBO Rate, respectively.

**“CBFR”** means when used in reference to any Borrowing, indicates that such borrowing is bearing interest at a variable interest rate determined by reference to the CB Floating Rate.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Construction Loan Maturity Date”** means the date that is 27 months after the delivery date of the Bond, as such date may be extended in accordance with the Bank Loan Agreement.

**“Conversion Date”** means the date that is specified by the Bank in a notice of conversion to be delivered pursuant to the Loan Documents, not to be more than 30 months after the dated date of the Bond.

**“Deed of Trust”** means the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing under which the Partnership will be grantor and the Bank will be the beneficiary, encumbering the Partnership’s leasehold interest in the real property and improvements and personal property constituting the Project, including any supplements or amendments thereto made in conformity herewith and therewith.

**“Draws”** means incremental draws on the Bond.

**“Environmental Indemnity Agreement”** means the Environmental Indemnity Agreement to be executed by the Partnership and the Authority in favor of the Bank relating to environmental claims with respect to the Project, including any supplements or amendments thereto made in conformity therewith.

**“Eurodollar”** when used in reference to any Borrowing, indicates that such borrowing is bearing interest at the Variable Rate determined by reference to the Adjusted LIBO Rate.

**“Fixed Rate Funding Date”** means the first Interest Payment Date at least 24 months after the date of the Bond.

**“General Revenues”** means the rent, fees and other revenues of the Authority from any source, except those revenues which are prohibited from being used for the purpose of paying the principal of and interest on the Bond under the provisions of any law, regulation, contract or covenant, resolution or deed of trust (including

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

**“Guaranty”** means the Guaranty of Payment (Construction/Permanent) executed by the Authority guaranteeing the Partnership’s obligations with respect to the Loan.

**“HAP Transition Reserve Agreement”** means the HAP Transition Reserve Agreement to be executed by the Partnership and the Bank, relating to the creation and funding of a transition reserve account for the Project, including any supplements or amendments thereto made in conformity therewith.

**“Interest Payment Date”** means 10<sup>th</sup> day of each calendar month.

**“Interest Period”** means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two or three month(s) thereafter as the Partnership may elect, provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) no Interest Period shall extend beyond the Conversion Date (as it may be extended). For purposes of this definition, the date of a Borrowing initially shall be the date on which such Borrowing is made and, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

**“LIBO Rate”** means, with respect to any Borrowing for any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute for such page, providing rate quotations comparable to those currently provided on such page, as determined by the Bank from time to time for purposes of providing quotations of interest rates applicable to U.S. dollar deposits in the London interbank market) at approximately 11:00 a.m. London, England time, two Business Days prior to the commencement of such Interest Period, as the rate for U.S. dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at any time for any reason, then the “LIBO Rate” with respect to such Borrowing for such Interest Period shall be the rate at which U.S. dollar deposits of \$5,000,000 and for maturity comparable to such Interest Period are offered by the principal London, England office of the Bank in immediately available funds in the London interbank market at approximately 11:00 a.m., London, England time, two Business Days prior to the commencement of such Interest Period.

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

**“Loan Documents”** means the Bond Loan Agreement, the Bank Loan Agreement, the Deed of Trust, the Environmental Indemnity Agreement, the Notes, the Assignment of Construction and Design Agreements, the Assignment of Loan

Documents, the Assignment of Management Agreement, the Assignment of Tax Credits and Partnership Interests, the Replacement Reserve Agreement, the Operating Reserve Agreement, the HAP Transition Reserve Agreement, any related UCC Financing Statements and any other documents relating to the Loan to be executed by the Partnership.

**“Maturity Date”** means the date that is 240 months from the date of the Bond

**“Notes”** means the promissory notes evidencing the Loan.

**“Operating Reserve Agreement”** means the Operating Reserve Agreement to be executed by the Partnership and the Bank, relating to the creation and funding of an operating reserve account for the Project, including any supplements or amendments thereto made in conformity therewith.

**“Partnership”** means 2500 Yakima LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner.

**“Prime Rate”** means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate; each change in the Prime Rate shall be effective from and including the date such change in publicly announced as being effective. The Prime Rate is a reference rate and is not necessarily the lowest rate offered.

**“Project”** means, depending on the context (1) the construction of a 70-unit apartment complex located on real property legally described in Exhibit A to the Deed of Trust, or (2) the apartment complex so constructed.

**“Proposal Letter”** means the letter dated August 14, 2012, prepared by the Bank setting forth certain of the terms under which the Bank may purchase the Bond, as it may be amended and supplemented, and any commitment letter issued pursuant or supplemental thereto.

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

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

**“Replacement Reserve Agreement”** means the Replacement Reserve Agreement to be executed by the Partnership and the Bank, relating to the creation and funding of a replacement reserve account for the Project, including any supplements or amendments thereto made in conformity therewith.

**“Statutory Reserve Rate”** means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minutes the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors of the Federal Reserve System to which the Bank is subject, with respect to the Adjusted LIBO Rate, for Eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in regulation D of the Board of Governors of the Federal

Reserve System). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Borrowings shall be deemed to constitute Eurocurrency funding and to be subject to such reserve requirements without the benefit of creditor for proration, exemption or offsets that may be available from time to time under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage. .

**“Type”** means the when used in reference to any Borrowing, refers to whether the rate of interest on such Borrowing is determined by reference to the Variable Rate or the CBFR.

**“Variable LIBO Rate”** means an interest rate per annum equal to the sum of (a) the Adjusted LIBO Rate for the applicable Interest Period, plus (b) 1.44% per annum.

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

2. Authorization of Bond and Application of Proceeds. For the purpose of providing financing for a portion of the costs of the Project, the Authority shall issue and sell the Bond in a principal amount not to exceed \$13,000,000. Such Bond financing is declared and determined to be important for the feasibility of the Project. All proceeds from Draws on the Bond shall be lent to the Partnership for those purposes. The Board finds that it is in the best interest of the Authority to issue the Bond for the purposes set forth in this resolution.
3. Description of Bond. The Bond shall be called the Low-Income Housing Assistance Revenue Bond, 2013 (Hillside Phase I), of the Authority; shall be in a principal amount not to exceed \$13,000,000; shall be dated its date of delivery; and shall be numbered R-1. The Bond shall bear interest up to but not including the Fixed Rate Funding Date at the Variable LIBO Rate or the CB Floating Rate, as elected by the Partnership, and if the Variable LIBO Rate is elected, for an Interest Period selected by the Partnership, subject to conversion to another Type or Interest Period. On the Fixed Rate Funding Date, a portion of the Bond in a principal amount not to exceed \$4,000,000 shall be converted to bear interest at a fixed interest rate and shall, from and after the Fixed Rate Funding Date, bear interest at a fixed rate not to exceed 6.5% per annum, to be determined in accordance with the formula set forth in the Proposal Letter. Interest shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The interest rate shall be subject to adjustment upon a determination of taxability or the occurrence of a default as provided in the Loan Documents.

Interest only on the Bond shall be payable monthly on each Interest Payment Date, commencing in the first calendar month after the first Draw on the Bond occurs and continuing to the Conversion Date. Commencing on the first Interest Payment Date after the Conversion Date, and continuing on each Interest Payment Date thereafter to maturity or prepayment of the Bond, principal of and interest on the Bond shall be payable in equal monthly installments in the amount necessary to amortize the principal of and interest on the Bond over a 30-year period. Principal of the Bond other than that portion converted to bear interest at the Fixed Rate on the Fixed Rate



Funding Date, together with any accrued and unpaid interest thereon, shall be due and payable on the Construction Loan Maturity Date. Principal of the Bond, together with any accrued and unpaid interest thereon, shall be due and payable on the Maturity Date.

4. Draws on the Bond. The Board authorizes the Executive Director of the Authority, in its capacity of general partner of the Partnership, or his or her designee to make Draws against the Bond in such amounts and at such times as he or she may determine, those Draws to be made in accordance with the terms and provisions set forth herein and in the Loan Documents. Draws shall be recorded in such form as the Partnership and the Bank may agree. Draws shall be limited to an aggregate principal amount of \$13,000,000.
5. Bond Register; Registration and Transfer of Bond. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar (the "Bond Register"). The Executive Director of the Authority shall serve as Bond Registrar for the Bond. The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the Authority's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

The Bond may not be transferred by the Bank without the prior written consent of the Authority (which consent shall not be unreasonably withheld), except that the Bank may assign or transfer the Bond to a successor to the business and assets of the Bank or to an affiliate of the Bank upon completion and delivery to the Authority of the assignment form and certificate of transferee attached to the Bond. Any transfer shall be without cost to the Registered Owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the five days preceding any Interest Payment Date, prepayment date or the Maturity Date.

6. Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Bond Register on the date payment is mailed or delivered. Upon the final payment of principal of and interest on the Bond, the Registered Owner shall surrender that Bond at the principal office of the Bond Registrar in Tacoma Washington, and the Bond shall be destroyed or cancelled in accordance with law.
7. Prepayment of Bond. The Authority reserves the right and option to prepay the Bond, in whole or in part, at any time, in the amount prepaid by the Partnership under the Loan Documents, upon payment of a prepayment premium, if any, as set forth in the Notes and the Bond.
8. Bond Fund; Security for the Bond. The Bond Fund is hereby established as a special fund of the Authority designated the Low-Income Housing Assistance Revenue Bond Fund, 2013 (Hillside Phase I). The Bond Fund shall be drawn upon

for the sole purpose of paying the principal of and interest on the Bond. The Authority irrevocably obligates and binds itself to set aside and pay into the Bond Fund from amounts owed or paid by the Partnership under the Loan Documents, amounts sufficient to pay principal of and interest on the Bond when due, all of which amounts are pledged to the payment of the Bond. The Bond shall be secured by the Loan Documents and the Guaranty. Upon the issuance of the Bond, the Authority shall cause the Loan Documents to be executed by the Partnership for the benefit of the Authority and/or the Bank, and shall assign the Loan Documents to which it is a party to the Bank, as security for the Authority's payment of the principal of and interest on the Bond, except that the Authority shall retain certain rights under the Bond Loan Agreement as described therein. Upon that assignment, the Bank shall collect, on behalf of the Authority and the Bond Fund, the principal and interest payments received under the Loan Documents, and shall apply the same to the payment of the principal of and interest on the Bond, and the Authority shall have no obligation to make principal and interest payments on the Bond except from those payments collected by the Bank on the Authority's behalf.

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

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

Neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bond.

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

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

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

Commissioner Rumbaugh motioned to approve the resolution. Vice chair Mowat seconded the motion.

Upon roll call, the vote was as follows:

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

**Motion Approved:** January 23, 2013

\_\_\_\_\_  
Janis Flauding, Chair

**8.5 RESOLUTION 2013-1-23 (5) ARCHITECTURE & ENGINEERING SERVICES FOR HILLSIDE TERRACE PHASE I, AMENDMENT TO RESOLUTION 2012-2-22 (5)**

**Whereas,** On May 2, 2009, Tacoma Housing Authority (THA) staff issued a Request for Qualifications (RFQ) from firms interested in providing architecture and engineering services for the 1800 and 2500 Hillside Terrace redevelopment project;

**Whereas,** On June 24, 2009 the THA Board of Commissioners approved Resolution 2009-06-24(1) authorizing the Executive Director to negotiate and award a contract for the architecture and engineering services to GGLO Architects for the 1800 and 2500 Hillside Terrace redevelopment in an amount not-to-exceed \$2,500,000;

**Whereas,** the Executive Director and/or his assigns have negotiated a contract and various amendments with GGLO Architects to provide programming, concept and preliminary design services required for various funding applications, and community outreach;

**Whereas,** staff has negotiated an A&E Services Scope of Work, a fixed fee of \$1,687,865.00 and not-to-exceed reimbursable cost of \$150,606 with GGLO Architects for the Hillside Terrace Phase I housing and community/education facilities A&E Services;

**Whereas,** the negotiated A&E fixed fee and reimbursable cost combined with expenditures for concept design services will exceed the not-to-exceed amount of \$2,500,000 authorized by Resolution 2009-06-24(1) on June 24, 2009;

**Whereas,** upon completion of the concept phase, on February 22, 2012 the Board approved Resolution 2012-2-22 (5) for the amount not-to-exceed \$2,655,000 for the 2500 Hillside Terrace Phase I design and construction administration tasks;

**Whereas,** staff is proposing to amend Resolution 2012-2-22(5) to increase the not-to-exceed amount by \$148,437.00, from \$2,655,000 to \$2,813,437 for Hillside Terrace Phase I A&E Services to account for the redesign work required to reduce the construction costs.

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

The Executive Director is authorized to amend the A&E services contract in the amount not-to-exceed \$2,813,437 for Hillside Terrace Phase I A&E Services. In addition, he is authorized to execute a change order in an amount not-to-exceed \$148,437.00.

Commissioner Rumbaugh motioned to approve the resolution. Vice chair Mowat seconded the motion.

Upon roll call, the vote was as follows:

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

**Motion Approved:** January 23, 2013

\_\_\_\_\_  
Janis Flauding, Chair

## **9. COMMENTS FROM COMMISSIONERS**

None.

## **10. EXECUTIVE SESSION**

The commissioners adjourned the regular meeting at 6:40 PM to discuss Citibank negotiations for 10 minutes in executive session. The commissioners came back into the regular board meeting at 6:50 PM. Appropriate announcements were made to the area outside the meeting room. Chair Flauding announced that no action was taken.

## **11. ADJOURNMENT**

There being no further business to conduct the meeting ended at 6:50 PM.

**APPROVED AS CORRECT**

**Adopted:** February 27, 2013

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Janis Flauding, Chair



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES SPECIAL SESSION FRIDAY, February 1, 2013

The Commissioners of the Housing Authority of the City of Tacoma met in Special Session at 902 South L Street, Tacoma, WA at 12:00 PM on Friday, February 1, 2013.

### 1. CALL TO ORDER

Chair Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 12:10 PM.

### 2. ROLL CALL

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

PRESENT	ABSENT
<b>Commissioners</b> Janis Flauding, Chair Greg Mowat, Vice Chair Arthur C. Banks, Commissioner (arrived at 12:20 PM)	Stanley Rumbaugh, Commissioner Rose Lincoln Hamilton, Commissioner
<b>Staff</b> Michael Mirra, Executive Director Christine Wilson, Executive Administrator Ken Shalik, Finance and Administration Director April Davis, REMHS Director Barbara Tanbara, Human Resources Director Nancy Vignec, Community Services Director Walter Zisette, RED Director Todd Craven, Administration Director	

Chair Flauding declared there was not a quorum present @ 12:11 and proceeded.

### 3. STRATEGIC PLANNING

ED Mirra opened the Strategic Planning Special Session. He stated its purpose was to review proposed changes to THA's strategic directives and proposed performance measures for its strategic objectives. He noted that the proposals will be familiar to the Board. Commissioners served on the drafting committees. The Board has received the

drafts as they evolved. He also noted the individual discussions he has had with Commissioners about the drafts.

ED Mirra reviewed the proposed changes to the Statements of Vision, Mission, Values. Chair Flauding appreciates the addition of leadership to the values statement.

Director Vignec reviewed the Housing and Supportive Services strategic objectives. She underscored the significance of this objective and noted its appearance first on the list. She noted that the term “resident” would change to “tenant”. She explained that THA strives for housing participants to succeed as tenants who can live without assistance. The term “resident” might invite the expectation that households will stay indefinitely. She also noted the addition of asset building. Director Vignec walked thru the performance measures for this strategic objective.

Director Zisette reviewed the Housing and Real Estate Development strategic objective. He walked through its performance measures. The Board asked that it also include a performance measure that counts the number of bedrooms receiving THA’s housing and rental assistance. The Board also agreed to add the cost per square foot per year to the table showing measurements of cost efficiency and leveraging THA developments of purchases.

Director Black reviewed the Property Management strategic objective and its performance measures. The Board requested that the residents receive feedback on the surveys conducted and that residents be asked to rate THA management. The Board also requested THA utilize CHEF for customer organizing and consultation.

Director Shalik reviewed the Financially Sustainable Operations strategic objective and performance measures. The Board agreed to add the value of our assets. Director Shalik will also add the average value of the overall property and the value per unit.

Director Zisette reviewed the Environmental Responsibility strategic objective and performance measures. The Board agreed to add utility consumption per unit as a measure.

ED Mirra reviewed the Advocacy and Public Education Strategic objective and performance measures. The Board discussed the creation of a THA Advisory Group to provide a sounding board for proposed initiatives. The Board also added residents and voucher holders to the list of THA “Champions”.

Director Craven reviewed the Administration strategic objective and performance measures.

With the changes discussed, the Board indicated its agreement for the proposed changes to the Statements of Vision, Mission and Values, the proposed changes to the strategic objectives and the proposed performance measures. The Board thanked staff for their

work on the strategic plan. ED Mirra stated these documents will come to the Board in resolution at the February board meeting.

**4. GUEST COMMENT**

None.

**5. OLD BUSINESS**

None.

**6. NEW BUSINESS**

None

**11. ADJOURNMENT**

There being no further business to conduct the meeting ended at 1:45 PM.

**APPROVED AS CORRECT**

**Adopted:** February 27, 2013

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Janis Flauding, Chair



Finance Committee  
*Commissioner Mowat*

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:** February 21, 2013  
**Re:** Executive Director's Report

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This is my monthly report for February 2013. The Departments' reports supplement it.

## 1. FEDERAL FY 2013 BUDGET: CONGRESSIONAL NEWS

I regret to note what seems apparent from the news: that Congress does not seem likely to avoid the "sequestration" cuts due to occur on March 1<sup>st</sup>. The Board will recall that the THA 2013 budget it adopted in December presumed on the 2012 funding levels set forth in the present continuing resolution that Congress adopted last October.

Those 2012 funding levels are not favorable for HUD's mainline programs. The following chart shows the percentages these funding levels constitute of the amounts that HUD acknowledges to be necessary to run those programs:

Federal Proration Levels for FY 2012	
Section 8 HAP Payments	99.6%
Section 8 Administration	80.0%
Public Housing Operations	76.4%
Capital Fund	55.0%

These levels are clearly not sustainable.

In December the Board also adopted a "shadow budget" of cuts and expenditure delays totaling \$3.3 million. This amount is equivalent to the across-the-board 8% sequestration cut we then anticipated. At its January meeting, the Board directed that we trigger the expenditure delays on that list but not the staff cuts. We have done this.

Since then, the federal estimates for the extent of the sequestration cuts has lowered to account for the tax increases Congress adopted on New Year's eve. This appears to mean that the estimated sequestration cuts are not 8% but about 5%. For THA that would amount to about \$2 million, instead of \$3 million. I suppose that is a bit of good news.

Our advisor on these matters, Len Simon, cautions that deeper cuts are also possible. For example, Congress may be more worried about the sequestration cuts to defense spending. It may then shift cuts to discretionary domestic spending.

Two other deadlines loom: On March 27<sup>th</sup>, the present continuing resolution expires. Without a budget or another continuing resolution, the government will shut down operations on March 28<sup>th</sup>. On May 18<sup>th</sup> or so, the government will reach the limit of its borrowing capacity. Without an extension of that limit, the government will default on its debts on May 19<sup>th</sup>.

I do not have much else to report other than the judgments of some people who follow these matters closely. I append a report from the office of Senator Patty Murray, providing some further details and offering her own views as Chair of the Senate Budget Committee. The Center for Budget and Policy Priorities has a lot of analyses, including reports on the effect sequestration would have on federal housing programs. See [www.cbpp.org](http://www.cbpp.org)

Len Simon is a very knowledgeable and experienced observer of Congress. He expects sequestration to occur on March 1<sup>st</sup>. He does not expect that its across-the-board cuts will continue for more than a month. Instead, he expects that by the March 27th deadline for avoiding a government shut-down, Congress will adopt some alternative to sequestration. He expects it will not be a real budget for 2013. In fact, while all this is going on, Congress is supposed to be drafting the 2014 budget. Instead, he expects it will be another continuing resolution that will last until October 1<sup>st</sup> when the 2014 budget is due.

Len believes the path we have chosen with our shadow budget of expenditure delays is prudent. We also have adequate reserves to allow us to wait a while after sequestration for Congress to pass an alternative, either with a real budget or another continuing resolution.

At the Board meeting, we need to discuss a related topic pertaining to our reserves. Ken and I have discussed this with Greg as the Finance Committee and Rose (as Finance Committee in waiting). I believe we will likely propose that we remove \$1 million worth of the high priority expenditures from the sequestration delay list and spend that amount. This \$ 1 million is equivalent to the lowered estimate for the extent of the sequestration cuts. I will favor this for two main reasons:

- Our reserves are presently above our optimal levels and we must be worried about another HUD recapture. Our present level of reserves resulted in part from our own conservative apprehension about federal budget uncertainty. In part it resulted from our related delays in adding more families to our rental assistance program. With Congress in such disarray we cannot discount the possibility that HUD will again recapture reserves it considers excessive. What HUD considers excessive, however, has always been hard to anticipate. At one point, HUD told public housing authorities to have 8 to 12 months of reserves. Then it declared that we should have no more than 4 to 6 months and it recaptured the excess.

- Some of the items on the sequestration list of expenditure delays would serve important purposes. Most notably are the delays in serving more families. I will propose that we starting serving families with our new Housing Opportunity Program (HOP), which by resolution in February the Board will launch. I will also propose that we begin funding Pierce County's rapid re-housing program to serve homeless families. Both of these steps will also help ensure that THA meets and exceeds the baseline number of households HUD expects us to serve.

I look forward to the discussion at the Board meeting.

## **2. MISCELLANEOUS**

### **2.1 HARRP AND AHRP Board Service**

I have been elected to serve on the board of directors for the Housing Authority Risk Retention Pool (HARRP). This means I also serve on the related board of Affordable Housing Risk Retention Pool (AHRP). I sought this appointment for two reasons. **First**, THA has recently decided to insure its entire portfolio through HARRP and AHRP. This denotes a significant investment on our part. **Second**, our meth claims have attracted HARRP and AHRP's attention. We are concerned how they may respond. My service on the board will give us a voice in fashioning the response.

This service will require my attendance at quarterly board meetings, usually in Vancouver, WA, and sometimes in California or Oregon. I will also have committee meetings to attend. This time commitment is significant but I think it should be worthwhile. I thank the Board for understanding.

### **2.2 City of Tacoma's Gang Task Force**

I have also agreed to serve on the City of Tacoma's Gang Project. I do so at the request of Councilmember Victoria Woodard, who chairs the project's executive steering committee. I believe Rose may also serve on that committee representing the Greater Tacoma Community Foundation. I would be pleased to serve with her.

# United States Senate

WASHINGTON, DC 20510-4704

COMMITTEES:  
APPROPRIATIONS  
BUDGET  
HEALTH, EDUCATION, LABOR,  
AND PENSIONS  
RULES AND ADMINISTRATION  
VETERANS' AFFAIRS

January 24, 2013

Dear Colleagues,

Although we are just a few weeks out from the year-end bipartisan deal to avert the last fiscal cliff and Congress faces a number of budget deadlines that could make the next few months challenging, I am confident that we can work together to deliver the balanced and bipartisan budget deal the American people expect and deserve. And I am hopeful that the constant crises and brinksmanship can finally come to an end, allowing us to the regular budget order and pass a Senate budget resolution that works for middle class families and the economy.

As incoming chairman of the Senate Budget Committee, I thought it would be helpful to work with Committee staff to put together a memo laying out the state of play as we enter this critical period and begin working in the Budget Committee to write a budget resolution. Hopefully the information below will help us all be as clear as possible as we explain to our constituents and our colleagues why we are fighting for budget solutions that are balanced, fair, work for middle class families, and help build a foundation for long-term economic growth.

As you all know, we are not starting from scratch in the 113<sup>th</sup> Congress. This memo first lays out the bipartisan work we've already done over the last two years to reduce our deficit and debt by at least \$2.4 trillion. Critically, it shows that the vast majority of the savings we've already agreed to and passed into law have come from spending cuts.

Since this is an area in which bipartisan groups have done a lot of work to lay out some clear goals that have been accepted by members from both sides of the aisle, the memo shows how the deficit reduction work of the past two years stacks up against the Simpson-Bowles and Gang of Six plans. And as you will see, it makes it very clear that in order to achieve the balanced approach that these groups recommend, the next steps we take need to include equal amounts of responsible spending cuts and new revenue from the wealthiest Americans.

The memo then lays out in detail the three cliffs we still have ahead of us. It explains what the impact of sequestration's across-the-board cuts would be if they aren't replaced in a balanced way, as well as the need to avoid a government shutdown at the end of March. It shows how devastating it would be if Republicans continue using the debt limit as a political pawn, and it highlights the clear need to allow the federal government to pay the bills it has already accrued.

Finally, this memo identifies the most significant conclusion that can be drawn from the facts as they stand today: We need to fight to make sure any budget deal we make is balanced, fair for the middle class, and calls on the wealthiest Americans to pay their fair share. It lays out just a

448 RUSSELL SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-4704  
(202) 224-2621

2930 WETMORE AVENUE  
SUITE 903  
EVERETT, WA 98201-4107  
(425) 259-6515

2988 JACKSON FEDERAL BUILDING  
915 2ND AVENUE  
SEATTLE, WA 98174-1003  
(206) 553-5545  
TOLL FREE: (866) 481-9186

10 NORTH POST STREET  
SUITE 600  
SPOKANE, WA 99201-0712  
(509) 624-9515

950 PACIFIC AVENUE  
SUITE 650  
TACOMA, WA 98402-4450  
(253) 572-3636

THE MARSHALL HOUSE  
1323 OFFICER'S ROW  
VANCOUVER, WA 98661-3856  
(360) 696-7797

website: <http://murray.senate.gov>  
e-mail: [http://murray.senate.gov/email](mailto:http://murray.senate.gov/email)  
PRINTED ON RECYCLED PAPER

402 EAST YAKIMA AVENUE  
SUITE 420  
YAKIMA, WA 98901-2760  
(509) 453-7462



few of the tax giveaways for corporations and the wealthiest Americans that should be on the table, and it identifies ways to make sure middle class families and seniors get the fair deal they deserve.

I hope this memo is helpful as we work together to write a budget resolution and tackle our budget challenges in a balanced and bipartisan way. I am happy to discuss any of these issues further or make my staff available for additional analysis.

Sincerely,

A handwritten signature in blue ink that reads "Patty Murray". The signature is written in a cursive, flowing style.

Senator Patty Murray (D-WA)  
Incoming Chairman, Senate Budget Committee



## **Memorandum**

To: Senate Colleagues

From: Senator Patty Murray (D-WA) and Senate Budget Committee majority staff

Re: Where we stand heading toward upcoming budget cliffs and beginning work on a Senate budget resolution

Date: January 24, 2012

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### **Part I: Two Years of Bipartisan Deficit Reduction: \$2.4 Trillion, Mostly Spending Cuts**

Over the last two years, Congress worked together with the Administration to pass legislation reducing deficits by at least \$2.4 trillion.<sup>1</sup> These first steps took us a significant way toward our deficit reduction goals. It is very important to note, however, that the vast majority of the savings in these new laws come from spending cuts. And only in the last month have we been able to bring in any new revenue by raising taxes on the wealthiest Americans.

#### **2011: Spending cuts alone, Republicans refuse to include revenue**

The bipartisan deals we made in 2011 have cut discretionary spending by almost \$1.5 trillion for fiscal years 2013 through 2022 (\$1.7 trillion including interest savings).<sup>2</sup> These savings were achieved in two ways, first through a series of Continuing Resolutions (CRs) that cut spending by about \$550 billion over ten years, and then through enactment of the Budget Control Act (BCA), which established spending caps – saving an additional \$900 billion over ten years. The result of these cuts is that discretionary spending will fall to its lowest level as a share of the economy in over half a century.

Aside from establishing the ten years of discretionary caps and sequestration to enforce those cuts, the BCA also contained a separate sequester mechanism to backstop the work of the Joint Select Committee (JSC). Because Republicans refused to put a penny of new revenue on the table and prevented the JSC from reaching a balanced and bipartisan deal, the painful across-the-board cuts to defense and domestic spending will begin in March unless Congress and the Administration reach agreement on a balanced replacement.<sup>3</sup>

#### **2012: The year-end deal to extend middle class tax cuts, raise revenue from the wealthiest Americans**

Although it should not have taken until the last minute to get done, the bipartisan American Taxpayer Relief Act of 2012 (ATRA) delivered on the promise we made to our constituents to permanently extend middle class income tax cuts and bring in new revenue from the wealthiest Americans.<sup>4</sup>

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<sup>1</sup> Up to \$3.6 trillion including the across-the-board cuts scheduled to occur under sequestration

<sup>2</sup> Relative to the CBO's August 2010 baseline, which is used because it is the last baseline of record prior to the implementation of a series of discretionary spending cuts.

<sup>3</sup> The BCA sequester was initially scheduled to go in effect at the beginning of 2013, but was delayed for two months by the ATRA.

<sup>4</sup> The ATRA was signed into law by President Obama on January 2, 2013.

This year-end deal is expected to reduce deficits by more than \$600 billion over the next ten years (or more than \$700 billion with interest savings),<sup>5</sup> with the bulk of that revenue – approximately \$400 billion – generated by allowing the top income tax rate to rise from 35% to 39.6% on household income over \$450,000 (see **Table 1**).

ATRA also permanently indexed the Alternative Minimum Tax (AMT) exemption amount to inflation; extended through 2017 the expansions of various refundable credits first enacted in 2009; and extended through 2013 other expiring tax provisions, including the Research and Experimentation credit. It provided some much-needed support for workers still fighting to get back on the job by extending for one year emergency unemployment insurance benefits. Finally, ATRA also increased Medicare physician payments (i.e., the “doc fix”), and replaced the first two months of the BCA sequester with an equal mix of spending cuts and revenue increases, with the spending cuts split evenly between defense and nondefense.

**Table 1. Breakdown of Revenue from High-Income Households  
in the ATRA of 2012**

<i>(\$billions)</i>	<b>2013-2022</b>
Increase top rate on ordinary income to 39.6% and top rate on capital gains/dividends to 20%	446
Reinstate Personal Exemption Phase-out and Pease itemized deduction limit for high-income households	152
Estate tax changes	19
<b>Total</b>	<b>617</b>

Sources: CBO, JCT, SBC Staff.

Note: Compared to a current policy baseline.

If Congress doesn’t replace the automatic, across-the-board cuts scheduled to occur under sequestration in a balanced way, the ratio of spending cuts to revenue increases would be 4:1, with roughly 80% of the savings coming from funding that primarily benefits the middle class and most vulnerable families, versus a 20% contribution from revenue coming from high-income taxpayers (see **Table 2**).

<sup>5</sup> Relative to a current policy baseline that extends certain expiring tax policies. The President’s Fiscal Commission (“Simpson-Bowles”), the Bipartisan Policy Center’s Debt Reduction Task Force (“Rivlin-Domenici”), the President, and the House Budget Committee all used versions of a current policy baseline. Under conventional scoring rules and a *current law* baseline, however, which assume expiring policies lapse as scheduled, CBO estimated ATRA will increase deficits by about \$4 trillion over ten years (or about \$4.6 trillion, including the additional debt service costs associated with the bill).

**Table 2. Deficit Reduction during the 112<sup>th</sup> Congress**

<i>(\$billions, 2013-2022)</i>	<b>Spending</b>	<b>Revenue</b>	<b>Total (ex Interest)</b>	<b>Interest</b>	<b>Total</b>
<b>Excluding savings from BCA Sequester</b>					
BCA, 2011 CRs (ex BCA sequester)	1,464	-	1,464	240	1,704
ATRA	-	617	617	96	713
<b>Total</b>	<b>1,464</b>	<b>617</b>	<b>2,081</b>	<b>336</b>	<b>2,417</b>
Percent of total	70%	30%			
<b>Including savings from BCA Sequester</b>					
BCA Sequester	984	-	984	216	1,200
<b>Total</b>	<b>2,449</b>	<b>617</b>	<b>3,065</b>	<b>552</b>	<b>3,617</b>
Percent of Total	80%	20%			

Sources: Congressional Budget Office (CBO), Joint Committee on Taxation (JCT), SBC Staff.

Note: for discretionary, the table compares current spending path, following adoption of 2011 CRs and BCA caps on spending to CBO's August 2010 baseline.

Savings from BCA sequester include both discretionary and mandatory, although the vast majority of such savings is scheduled to come from further cuts in discretionary funding.

## **Part II: How do these first deficit reduction steps stack up against other bipartisan efforts? They have much less revenue!**

As we continue working to tackle our budget challenges and build on recent efforts, it is valuable to look to the work of bipartisan groups over the last several years as frameworks for what a balanced, bipartisan, and comprehensive deal could look like.

These bipartisan frameworks include significant new revenue and have far more balance between spending cuts and revenue increases than the deficit reduction measures we've enacted to date.

For instance, the President's Fiscal Commission and the Senate's Gang of Six each proposed roughly \$4.8 trillion in deficit reduction over the 2012-2021 period,<sup>6</sup> with over \$2 trillion coming in the form of new revenue. Excluding the interest savings of roughly \$800 billion, the two bipartisan efforts proposed a roughly 1:1 ratio of spending and revenue savings (see Table 3).

Further, measured over the same ten-year window used to estimate the effects of the ATRA legislation (2013-2022), the two bipartisan efforts each provide for revenue of between \$2.4 trillion and \$2.5 trillion, or roughly four times the amount of new revenue to be generated by the year-end deal.

<sup>6</sup> Under a current policy baseline for revenue. Note that for discretionary spending, the plans measured savings relative to CBO March 2011. If adjusted to measure savings relative to August 2010, the ratio between spending and revenue savings – excluding debt service – remains roughly 1:1 (although reflecting slightly more spending).

Table 3. Deficit Reduction under Bipartisan “Simpson-Bowles” and “Gang of Six” Plans								
\$billions 2012-21	“Simpson-Bowles”				Senate “Gang of Six”			
	Spending	Revenue	Interest	Total	Spending	Revenue	Interest	Total
<b>Savings</b>	1,967	2,064	796	4,827	1,924	2,064	783	4,771
<b>Ratio</b>	49%	51%			48%	52%		

Sources: The Moment of Truth Project, Senate Gang of Six, Office of Management and Budget, and SBC staff.  
Notes: Estimates relative to a current policy baseline, not a “plausible” baseline as was originally used by both groups. The difference is to increase the amount of the adjustment for revenue between the two baselines by \$866 billion (for 2012-21). Numbers do not include savings related to Social Security changes. Finally, the table measures savings for discretionary spending relative to CBO March 2011 (vs August 2010 in Table 2).

### **Part III: The upcoming cliffs**

- **March 1—BCA Sequestration**
- **March 27—Government funding/potential shutdown/little sequestration**
- **May 19<sup>th</sup>—The Debt Limit**

Over the next three months we face three significant budget deadlines and it is important to distinguish between each of these events and the action they require from Congress. While discussions over how to avoid a government shutdown and replace the BCA sequester to reflect a better balance between spending cuts and revenue are appropriate, it is absolutely irresponsible for members of Congress to use the debt limit for political purposes and even entertain the possibility of allowing the federal government to default on its obligations.

**Cliff #1: BCA Sequestration.** Although it was intended as a trigger to push both sides toward compromise, the Republicans’ insistence on protecting the rich from paying their fair share of taxes has made sequestration a very real possibility.

The BCA directs that the \$1.2 trillion in automatic, across the board spending cuts be:

- (1) reduced by the amount of interest savings (equal to 18% of the total, or \$216 billion),
- (2) spread evenly over 9 years (\$984 billion divided by 9, or \$109.3 billion a year), and
- (3) split evenly between defense and nondefense (\$54.7 billion for each category).

ATRA did two important things regarding the BCA sequester scheduled for 2013:

- (1) delayed implementation of the cuts by two months (from January 2<sup>nd</sup> until March 1<sup>st</sup>), and
- (2) paid for the \$24 billion cost of that delay with an equal mix of spending cuts and new revenue.

Prior to Congress lowering the amount of the 2013 sequester (from \$109 billion to \$85 billion), OMB calculated the across-the-board cut for non-exempt programs in its report to Congress pursuant to the “Sequestration Transparency Act of 2012” in September 2012. However, with the replacement of \$24 billion of the previously scheduled savings, those percentages will now be lower (see **Table 4**).

For instance, for nondefense discretionary, the percentage reduction should fall to approximately 5.1%. For nondefense mandatory (other than for Medicare), the percentage reduction should fall to 5.3%. Finally, for defense discretionary, the percentage reduction should fall to approximately 7.3%.<sup>7</sup>

**Table 4. Sequester Percentages for Key Categories**

%	Original OMB Estimate Before ATRA	Revised SBC Estimate Following ATRA
Nondefense Discretionary	8.2%	5.1%
Medicare	2.0%	2.0%
Other (non-Medicare Nondefense Mandatory)	7.6%	5.3%
Defense Discretionary	9.4%	7.3%
Defense Mandatory	10.0%	7.8%

Sources: OMB and SBC staff.

Note: In addition to Medicare, there are certain other health programs not shown above that also are capped at 2%.

Although ATRA reduced the overall level of funding to be sequestered, the delay means that a smaller portion of the year's funding is available to absorb the cut. Consequently, the impact of the cuts will generally not be less dramatic despite the fact that each account will be reduced by a lesser amount. In fact, on an annualized basis, in most cases, there is little difference.

Note that the BCA exempts a number of programs from sequestration. In total, there are approximately 155 exempt accounts and programs (out of a total of about 1,200 accounts). Most exemptions are for programs that are categorized as nondefense mandatory (including several of the largest programs). These programs include those administered by the Department of Veterans Affairs, several retirement and disability accounts, and low-income programs.

Most discretionary funding *is* subject to sequestration with a few notable exceptions. Discretionary funding for veterans programs, including veterans' health care, is fully exempt as is Pell grant funding. The President also was provided and has used the option for 2013 to exempt military personnel funding. That exemption means that other non-personnel defense accounts must be reduced by more to make up the difference from exempting military personnel funding.

For mandatory spending, the BCA includes several "special rules" to limit the amount of any cut. For instance, Medicare cuts to providers are capped at 2%. The 2% limitation also applies to some activities within Health Resources and Services Administration and Indian Health Services.

<sup>7</sup> The revised percentages are calculated using the data provided in the "OMB Report Pursuant to the Sequestration Transparency Act of 2012" (P.L. 112-155), on tables 2 and 3, updated to reflect the new sequester total of \$85 billion.

Student loans are impacted by the sequester through a special rule to raise origination fees by the percent of sequester cuts. For example, a 6% sequester cut would increase student loan origination fees to 1.06%. The effective increase would occur during academic year 2013-2014 (fiscal year 2013).

Finally, examples of mandatory programs that are neither exempt from the sequester nor subject to a “special rule” that limits the size of the cut include: programs that support farm prices, vocational rehabilitation, mineral leasing payments, and the Social Services Block Grant.

*While sequestration would be painful, it would be worse to replace these cuts in a way that hurts the middle class and most vulnerable families even more and doesn’t call on the wealthy to pay their fair share.*

**Cliff #2: 2013 Appropriations – Funding of Government Operations.** The 2013 CR is set to expire on March 27<sup>th</sup>, and unless Congress acts by this date to approve appropriations for the funding of government operations, the government will shut down. Any deal would also need to adjust or include revised funding levels to adhere to the limits for security and non-security categories enacted as part of ATRA, or risk triggering additional automatic cuts.

Should Congress fail to come to agreement on either full-year funding or another CR for 2013 by March 27, 2013, the government will shut down, many federal employees will be furloughed, and government operations that seniors and families depend on will be cut off or reduced.

*A government shutdown could have a devastating impact on our still-recovering economy and cut off access to Social Security for new filers, loans for small business owners and families trying to buy a home, food-safety inspections, and so many other programs and services that families and seniors across the country count on.*

### ***The BCA’s “little sequester”***

The BCA limited overall 2013 funding to \$1.047 trillion by capping defense funding at \$546 billion and nondefense funding at \$501 billion. The law required that a firewall between defense and nondefense funding be established for 2013 and all years through 2021 if the JSC did not reach an agreement.<sup>8</sup> Exceeding the limit in either category would trigger automatic across-the-board cuts in that category.

While the CR rate kept overall funding at \$1.047 trillion, it increased defense funding by \$10.9 billion while lowering nondefense funding by the same amount relative to the limits in place. If not for action as part of the ATRA, the increase in defense funding would have resulted automatically in defense cuts of \$10.9 billion. These cuts, sometimes referred to as the “little sequester” or “cap sequester,” are separate from and in addition to the larger, more commonly understood BCA sequester.

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<sup>8</sup> A firewall imposes a separate cap on specified categories of spending in addition to the aggregate cap.

### ***Adjusted limits under ATRA***

ATRA switched the 2013 firewalls from defense/nondefense to security/non-security. In addition, it reduced the overall 2013 level for all discretionary spending by \$4 billion. As a result, the CR's security funding level exceeds the limit for the security category by \$7 billion. When Congress provides permanent funding for 2013, it will need to align the levels for appropriations within the security category with the limit enacted in ATRA. Otherwise, a sequester will be triggered and automatic cuts will go into place

**Cliff #3: The Debt Limit.** The amount of debt the federal government is allowed to maintain is capped in law by the debt limit, which currently stands at \$16.4 trillion. The debt limit was technically reached on December 31, 2012, but the Treasury has used authorities (i.e., "extraordinary measures") outside of its typical cash management practices to remain within the current limit.

Even with this effort, Treasury indicates the debt limit will be reached between mid-February and early March, depending in part on the timing of receipts flowing into and payments leaving the Treasury. To meet all of the obligations of the federal government, Congress will have to increase the debt limit.

*Keep in mind: Raising the debt limit only allows us to pay the bills that the government has already accrued—it does not authorize or appropriate any new spending.*

Failing to raise the debt ceiling is **NOT** equivalent to a government shutdown. The Treasury has clearly stated that "the government would default on its legal obligations – an event *unprecedented* in American history."

Allowing a government default would have a far-reaching impact on Americans, including causing market turmoil that would threaten the savings and investments of families; delaying refunds of income taxes and payments to our seniors, veterans, military members, small business owners, and others<sup>9</sup>; and throwing millions of workers out of their jobs.

In fact, economists generally see even the threat of default as extremely reckless, and there is a strong possibility that a prolonged debate could have very negative consequences for the economy and the budget. It has been suggested that the extended 2011 debt ceiling discussion hurt confidence and cut job growth by about half during the 3-4 month-long debate—and an actual default might spark a financial crisis and would force immediate spending cuts many times larger than those faced in last year's fiscal cliff.

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<sup>9</sup> Treasury estimates that it makes approximately 80 million separate payments per month. Failing to address the debt limit puts all of these payments at risk.

Further, at some point, ratings agencies will almost certainly downgrade US credit if the ceiling is not raised.<sup>10</sup> For instance, *Fitch Ratings*, has written that “...failing to raise the debt ceiling in a timely manner is not consistent with being triple-A.” A lower credit rating could create the equivalent of a tax increase on every American, in the form of higher interest rates on American families’ mortgages, car loans, and credit cards. *Fitch Ratings* also recently said that they believed that “the debt ceiling is an ineffective and potentially dangerous mechanism for enforcing fiscal discipline.”

The debt limit has historically been raised through a vote of Congress, which has occurred under Presidents from both parties, usually with little to no controversy. As has always been the case, there should never be any doubt that the U.S. is going to pay the bills we’ve already accrued.

House Republicans took an encouraging step in the right direction this week when they passed legislation to suspend the debt limit through May without demanding spending cuts. But this short-term increase perpetuates the cycle of uncertainty that has already impacted American families and businesses.

Now that it should be clear that House Republicans don’t seem to be willing to allow a default to actually take place, we should pass a long-term solution to give the markets and the economy certainty and prevent this issue from being used as a political pawn.<sup>11</sup>

#### **Part IV: It is clear that the next steps need to be balanced, protect the middle class and most vulnerable, and include revenue from those who can afford it most**

Examining the deficit reduction Congress has undertaken over the past two years and holding it up to the bipartisan plans that both sides agree are balanced frameworks, a few conclusions become very clear.

**Revenue Must be Included in Any Deal.** Tackling our budget challenges requires both responsible spending cuts and additional revenue from those who can afford it most.

We simply cannot solve this problem on the spending side alone – the magnitude of the required cuts is so large that they would be unworkable, unfair, and inconsistent with the budget values and priorities of the vast majority of Americans. And while the recent agreement took important steps toward calling on the wealthiest Americans to pay their fair share, more needs to be done.

It would be tremendously unfair and unbalanced to ask further sacrifice from the middle class and most vulnerable families, while the wealthiest Americans and biggest corporations continue to benefit disproportionately from the countless preferences embedded in the tax code.

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<sup>10</sup> In fact, Standards and Poor’s already downgraded the US credit rating from AAA to AA+ in August 2011 as a result of the last debt ceiling crisis. In addition, while both Fitch Ratings and Moody’s have maintained the AAA rating for the US, both have downgraded their outlook to negative in the past two years.

<sup>11</sup> The House passed H.R. 325 on January 23rd. The bill temporarily suspends the limitation on borrowing by the Department of the Treasury through May 18, 2013. In addition, on May 19<sup>th</sup>, the bill automatically raises the current statutory limit of \$16.4 trillion to cover the amount of borrowing above that level that occurred during the period of the suspension.



The recent agreement did little to address the skewed distribution of the benefits conferred to high-income households by tax expenditures. The top 1% of taxpayers receives nearly 25% of the benefit from these provisions. In total, tax expenditures were estimated to cost the Treasury \$1.2 trillion in forgone revenue in 2011. That is nearly equivalent to what we spent on *all* discretionary programs in 2011.

Republicans know that our tax code is riddled with giveaways for the wealthiest Americans and biggest corporations. Speaker Boehner admitted as much late last year when he proposed to raise \$800 billion for deficit reduction by closing “special-interest loopholes and deductions.”

The Speaker is correct – we spend billions on tax breaks for oil and gas companies. Tens of billions of dollars more is lost to abusive tax shelters and offshore tax havens. Corporate jet owners still get a \$3 billion tax break. We could raise hundreds of billions of dollars by making sure the rich no longer benefit disproportionately from deductions and other tax preferences. We could save \$9 billion by making sure individuals can’t exploit loopholes to avoid paying employment taxes. And the list goes on.

*The alternative to raising additional revenue is spending cuts so large that they would be devastating to middle class families who have already sacrificed so much.*

We must ask ourselves, is it worth preserving the tax break for corporate jets at the expense of cutting Pell grants that help Americans gain employment and opportunity? Or keeping the giveaways for the oil and gas companies while cutting worker training programs that help small business owners hire the skilled workers they need? Those are the tradeoffs we need to consider as we fight for our values and priorities.

We should also keep in mind that the year-end deal is projected to result in a ten-year revenue average of 18.5% of GDP (reaching 19.1% of GDP in 2022)<sup>12</sup>. We know from historical experience that revenue at that level will not be sufficient to balance the budget—the last five times the budget was in balance, revenues ranged between 19.5 and 20.6% of GDP—especially as more and more baby-boomers enter their retirement years.

**We should protect critical investments in our workers and communities.** It is also important for everyone to understand that the majority of deficit reduction over the past two years came through cuts to discretionary spending. Moreover, those cuts have been disproportionately applied to nondefense funding. Relative to 2010, defense funding under the 2013 CR is essentially frozen at the 2010 level while nondefense funding has been cut by more than 9 percent below the 2010 level. So we need to make sure that as we work to tackle our budget challenges, we aren’t cutting the long-term investments in our workers, our businesses, and our communities that will help our economy continue to recover and grow from the middle out.

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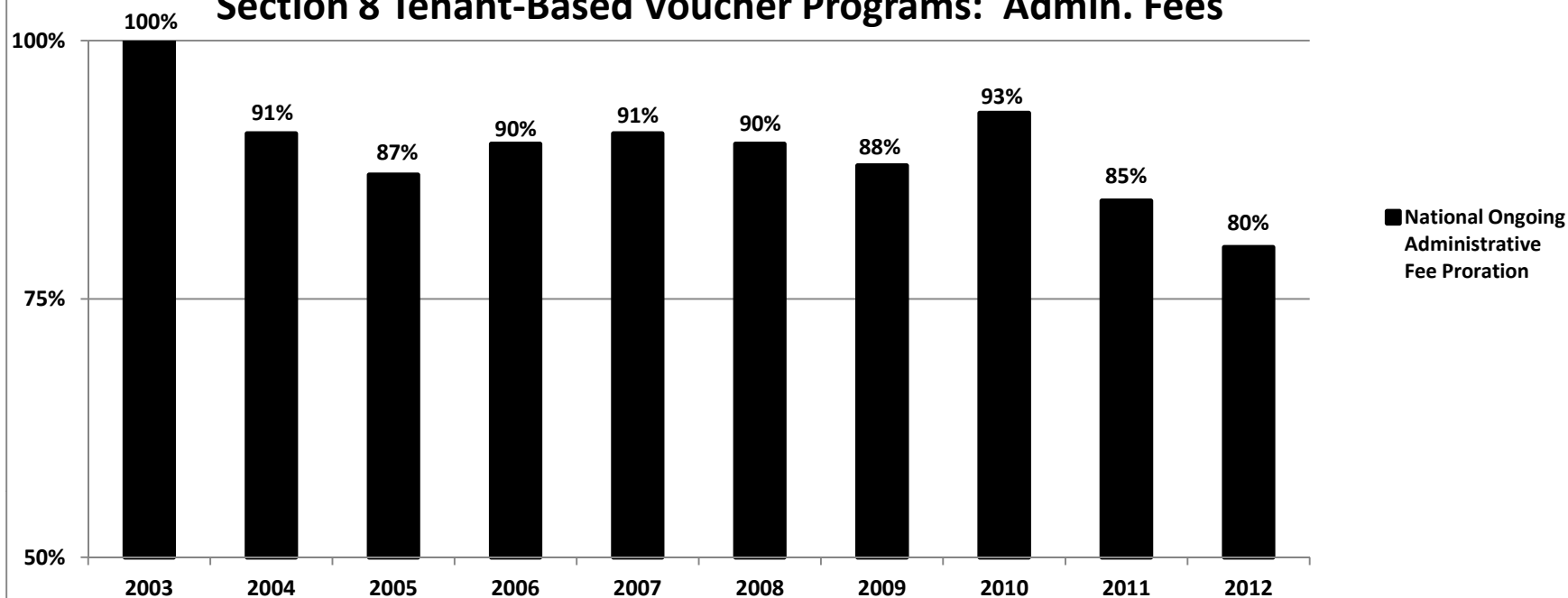
<sup>12</sup> Working from CBO’s August 2012 baseline. This number may change with the release of CBO’s January 2013 baseline.

So while we have already cut so much from discretionary funding and should find savings in other ways before we cut more, should Republicans insist on additional cuts to this small slice of the overall budget, defense should contribute at least as much as nondefense. This equal sharing of the burden of discretionary spending reductions has been a key element of every bipartisan deficit reduction proposal, including Simpson-Bowles.

**The middle class and most vulnerable families have already sacrificed enough.** Tackling our budget challenges shouldn't come at the expense of the middle class and most vulnerable families who have already sacrificed so much in this tough economy, and it doesn't have to. It is important to continue the principle outlined in the Fiscal Commission that called for protecting the truly disadvantaged and ensuring "our nation has a robust, affordable, fair, and sustainable safety net." To meet this objective, "benefits should be focused on those who need them the most."

Proposals that achieve savings through draconian cuts to the Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, and other critical safety net programs fail to reflect this key bipartisan and American principle.

## Section 8 Tenant-Based Voucher Programs: Admin. Fees



PHAs only earn ongoing administrative fees for each voucher-assisted family under lease. Over the last several years (FY 2004 - FY 2012), PHAs received annual average 88 percent pro-rations (or a -12 percent cut annually) as compared with the benchmark in effect since 1998 under the "Quality Housing and Work Responsibility Act of 1998" (QHWRA). On a 2012 year-to-date basis, ongoing administrative fee pro-rations are at an 80 percent pro-ratio for all voucher programs (i.e. HCV, HUD-VASH, Family Unification Program, and Non-Elderly Disabled-Category 1. As a percentage of program funds for voucher participants the Housing Choice Voucher (HCV) program's ongoing and special administrative fee funding level in FY 2012 is only 7.5 percent - resulting in the lowest ongoing administrative fee pro-ratio percentage in the 37 year history of the voucher program.



## NAHRO Voucher Administrative Fee Survey Results (July 14, 2011)

From June 1, 2011 to the present, NAHRO conducted a survey on the impact of 83 percent pro-rations in PHAs' voucher program ongoing administrative fees for 2011. NAHRO's survey results and analysis are intended to help lawmakers appreciate the impacts resulting from reduced voucher program ongoing administrative fee funding levels in 2011. The survey targeted agencies that administer Housing Choice Vouchers (HCVs), HUD-Veterans Affairs Supportive Housing (HUD-VASH), Family Unification Program (FUP), Mainstream and the Non-Elderly Disabled Program (NED), and Disaster Housing Assistance Program (DHAP). A total of 309 public housing agencies (PHAs) in 46 states responded, including city, county, multi-county and state-wide PHAs, and agencies which operate in rural, suburban and urban areas. NAHRO's survey found that as a direct result of 83 percent pro-rations in PHAs' ongoing administrative fees for 2011:

- **Lowest Admin Fee Pro-Ration in 36-Year History:** PHAs earn ongoing administrative fees for each voucher-assisted family under lease. From FY 2004 - FY 2010 PHAs have received average annual pro-rations of 90 percent as compared with the benchmark in effect since 1998 under the "Quality Housing and Work Responsibility Act of 1998." Under the final FY 2011 Continuing Resolution (P.L. 111-383), PHAs' ongoing administrative fees were cut by \$128 million or 8.38 percent compared with FY 2010. HUD estimates that the ongoing administrative fee reduction will result in an 83 percent pro-ration in calendar 2011. As a percentage of program funds for voucher participants, the HCV program's ongoing and special administrative fee funding level in FY 2011 is only 8.38 percent. This is the lowest ongoing administrative fee pro-ration percentage in the program's 36-year history.
- **Widest Gap in Fee Pro-rations and National Lease-up Rates in History:** The percentage gap between ongoing administrative fee pro-rations (83 percent) and the national voucher lease-up rate (92 percent) is the widest in the history of the voucher program. As noted above, NAHRO's March 2011 survey found that 87,352 fewer families will be served in a 12-month period of time. This is due to PHA staff layoffs, the inability to fill staff positions that are vacated, staff furloughs and workload increases. In fact, NAHRO estimates that national voucher leasing rates could drop by 4 percent -- from 92 percent to approximately 88 percent -- through July 30, 2012.

*This would be the largest drop in voucher-assisted families in the shortest period of time, in the program's history. This would also return us to the sad state of CY 1999, when the higher of budget utilization and voucher lease-up rates were only 88 percent.*

- **Reductions in Staff and Increased Caseloads Burdens Will Impact Program Compliance and Performance:** NAHRO's March 2011 survey shows that, even with increased HAP funding provided for in the final FY 2011 CR, an 83 percent pro-ration in administrative fee funding will likely result in:
  - **Insufficient Staff to Serve the Same Number of Families:** Twenty-seven percent of PHA respondents indicated they have insufficient staff and administrative resources to serve at least the same number of HCV households leased in CY 2010;

- **Staff Layoffs / Vacated Positions Which Remain Unfilled:** Fifty-six percent of PHA respondents indicated they have laid off staff or not filled vacated positions;
- **Staff Furloughs / Reduced Work Hours:** Thirty-five percent of PHA respondents indicated they have furloughed staff and/or reduced their work hours;
- **Staff Workload/Caseload Increases:** Seventy-four percent of PHA respondents indicated they have increased staff workloads;
- **High Performers to Fall Into Standard Performer Status:** Of the 87 percent of PHA respondents that are “high performers” under HUD’s Section Eight Management Assessment Program (SEMAP), **41 percent** of them state that they will fall into “standard performer” SEMAP status. **63 percent** of all PHA respondents state that they are unable to maintain at least the same level of program performance and services they provided to voucher-assisted households and property owners;
- **Severe, Serious and Moderate PHA Hardships to Comply with Voucher Regulations:** Seven percent of respondents stated that they are experiencing a *severe* hardship (requiring budget cuts and a commensurate reduction of staff resources), resulting in only being able to carry out 50-74 percent of HUD-required responsibilities. A total of 52 percent of respondents are experiencing *serious* hardships, requiring budget cuts that would significantly reduce resources and leave affected PHAs able to carry out only 75-89 percent of required responsibilities. Thirty percent of PHAs stated that they are experiencing a *moderate* hardship to carry out only 90-94 percent of HUD-required responsibilities. Eleven percent of PHAs stated that they are experiencing a *mild* hardship to carry out only 95-99 percent of HUD-required responsibilities;

The responsibilities to which PHAs responded in the survey include the following:

*[S]election from the waiting list, rent reasonableness, determination of adjusted income, utility allowance schedule, Housing Quality Standards (HQS) quality control inspections, HQS enforcement, expanding housing opportunities, fair market rent (FMR) limits and payment standards, annual reexaminations, correct tenant rent calculations, pre-contract HQS inspections, annual HQS inspections, lease-ups, family self-sufficiency (FSS) enrollment and escrow accounts, and deconcentration; continuation of applicant / participant criminal background screening, monitoring income targeting provisions, briefing families on how to use the program and how to find housing, establishing and updating the rent reasonableness survey, assisting landlord-resident disputes, enforcing the HAP contract and conducting grievance hearings, tracking success rate, utilization rate and forecasting voucher issuance, maintaining and updating the administrative plan, annual program reporting and monthly tenant reporting to HUD, homeownership program, program compliance, fraud investigations, rent reasonableness data base updates, utility allowance schedule research, employee training, landlord outreach, special assistance to families (of any nature), portability processing, Limited English Proficiency (LEP), reasonable accommodations processing, special assistance to families to promote housing mobility including housing search assistance such as help in identifying*

*available housing in low-poverty areas or providing transportation, security deposit assistance and family or credit counseling lower number of staff per household and property owner, and coordination with and development of partnerships with local service providers and public agencies.*

- **PHA Responsibilities Most Compromised:** In order of magnitude, PHAs' responsibilities that are most compromised include: 1) leasing up voucher households; 2) quality control of Housing Quality Standard inspections; 3) expanding housing opportunities for voucher holders; 4) annual reexaminations; and 5) rent reasonableness. More specifically, PHAs' responsibilities that are most adversely affected (in order of magnitude) include: program oversight and quality control, waiting list eligibility determinations and briefings, complaint inspections, annual re-examinations, and initial inspections/rent reasonableness/lease-ups;
- **Efforts to Encourage Family Self-Sufficiency Would Be Restrained:** Thirty-six percent of respondents said that they would be unable to continue to fund the portion of their Family Self-Sufficiency (FSS) coordinator(s)' salary and/or benefits. In most instances, these funds are not completely covered under HUD's FSS Coordinator Grant.
- **Fewer PHA Staff Means Fewer People Can Be Served:** Prior to FY 2011 spending reductions, including cuts to administrative fees, PHAs administering the HCV program experienced an average annual pro-ration of 90 percent from CY 2004 – CY 2010. A NAHRO 2009 administrative fee survey found that 32 percent of PHAs could have served 8 percent more families with available HAP and Net Restricted HAP Asset (NRA) dollars, but were unable to do so because of insufficient administrative fees.

*Simply put, fewer PHA staff means fewer people can be served.* Having provided responsible levels of HAP and NRA in FY 2011, the committee will likely find that those same funds will not benefit as many eligible low-income households as they otherwise could have. Further, these funds cannot currently be utilized to address problems caused by reduced administrative fee dollars and/or provide 100 percent pro-rations to PHAs' ongoing administrative fees so that they could provide the staff and services necessary to make full use of appropriated HAP and NRA funds. This is a correctable statutory flaw that we believe can -- and should -- be addressed in FY 2012!

- **Voucher Leasing in 2012:** NAHRO's administrative fee survey found a projected reduction of four percent of families nationwide from July 1, 2011 – June 30, 2012. PHA respondents were asked to assume that, for FY 2012, their agencies would have adequate Housing Assistance Payment (HAP) funding and Net Restricted HAP Assets (NRA) to serve the same number of households they project leasing in CY 2011. PHA respondents stated that as a direct result of the following ongoing administrative fees pro-rations for FY 2012, they project leasing varying percentages of the families they served in 2011:
  - 100 Percent Pro-ration = 2.7 percent increase in the number of families served;
  - 95 Percent Pro-ration = 1.8 percent increase in the number of families served;
  - 90 Percent Pro-ration = -1.0 percent decrease in the number of families served;
  - 85 Percent Pro-ration = -2.0 percent decrease in the number of families served;
  - 80 Percent Pro-ration = -4.0 percent decrease in the number of families served;

- 75 Percent Pro-ration = -7.0 percent decrease in the number of families served;
- 70 Percent Pro-ration = -8.8 percent decrease in the number of families served.

**Composition of 309 PHA Respondents to NAHRO's HCV Admin. Fee Survey (as of 7/11/11)**

<b>PHA Unit Size Agency Units (HCV, HUD-VASH, Mainstream / Non-Elderly Disabled Programs, Family Unification Program and DHAP Voucher Programs)</b>	<b>PHA Size As a Percentage of All PHA Survey Respondents</b>
1-99 units	33%
100-299 units	18%
300-499 units	11%
500-999 units	12%
1,000-2,999 units	17%
3,000-4,999 units	3%
5,000-9,999 units	4%
10,000-29,999 units	2%
30,000 and greater units	0%

<b>PHAs' Housing Market(s)</b>	<b>Percentage</b>
Metropolitan	27%
Suburban	13%
Rural	30%
Metropolitan and suburban	13%
Metropolitan, suburban and rural	16%

<b>PHAs' Geographic Service Area</b>	<b>Percentage</b>
city	44%
county	40%
multi-county	14%
state	2%

PHAs in the following states are represented in NAHRO's survey including: AL, AR, AZ, CA, CO, CT, FL, GA, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NV, NY, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WI and WV.



**National Association of Housing and Redevelopment Officials**  
 630 Eye Street NW, Washington DC 20001-3736 (202) 289-3500  
 Toll Free 1 (877) 866-2476 Fax (202) 289-8181

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# FINANCE





# TACOMA HOUSING AUTHORITY

## **Motion**

Adopt a consent motion ratifying the payment of cash disbursements totaling \$3,953,707 for the month of January, 2013.

Approved: February 27, 2013

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Janis Flauding, Chair

**TACOMA HOUSING AUTHORITY**  
**Cash Disbursements for the month of January, 2013**

		Check Numbers		Amount	Totals
		From	To		
A/P Checking Account					
Low Rent Module Checks	Check #'s	2,729	- 2,734	1,304	
Accounts Payable Checks	Check #'s	78,397	- 78,711		
Business Support Center				166,354	Program Support
Moving To Work Support Center				161,338	
Section 8 Programs				10,607	Section 8 Operations
SF Non-Assisted Housing - N. Shirley				52	Local Funds
SF Non-Assist Housing - 9SF Homes				8,011	
Stewart Court				8,907	
Wedgewood				695	
Salishan 7				19,616	
Tacoma Housing Development Group				150	
Hillsdale Heights				1,047	Development
Salishan Developer Fee				183	
Hillside Terrace 2500 Yakima Relocation				2,130	
Salishan Area 3				16,963	
NSP Grant				399	
Development Activity				99,320	
Salishan Area 2B-Dev				1,045	
Hillside Terrace Development				33,829	
Hillside Terrace Community Ctr Development				9,912	
Hillside Terrace 2500 Court G Development				1,950	
Hillside Terrace 2500 Yakima Development				58,290	
Bea's Fund				1,042	Community Service
CS Special Fund				211	
Weyerh. Homeless Grant				552	
Community Services MTW Fund				3,847	
Paul G. Allen Foundation Grant				33	
Gates Scholar Incentive Grant				154	
2006 WA Families Fund				150	
Gates Ed Grant				7,690	
ROSS Svc Coord				107	
WA Families Fund				6,984	
WA Families Fund - Systems Innovation				430	
AMP 1 - No K, So M, No G				44,372	Public Housing
AMP 2 - Fawcett, Wright, 6th Ave				31,613	
AMP 3 - Lawrence, Orchard, Stevens				38,726	
AMP 4 - Hillside Terr - 1800/2500				18,308	
AMP 5 - Salishan Common Areas				1,553	
AMP 6 - Scattered Sites				16,698	
AMP 7 - HT 1 - Subsidy				11,805	
AMP 8 - HT 2 - Subsidy				6,178	
AMP 9 - HT 1500 - Subsidy				11,593	
AMP 10 - SAL 1 - Subsidy				10,846	
AMP 11 - SAL 2 - Subsidy				8,922	
AMP 12 - SAL 3 - Subsidy				8,111	
AMP 13 - SAL 4 - Subsidy				8,266	
AMP 14 - SAL 5 - Subsidy				9,372	
AMP 15 - SAL 6 - Subsidy				8,600	
Allocation Fund				145,891	Allocations-All Programs
THA SUBTOTAL				1,004,156	
Hillside Terrace 1 through 1500				2,686	Tax Credit Projects - billable
Salishan I - through Salishan 6				127	
Salishan Association - Operations				9,075	
TAX CREDIT SUBTOTAL (Operations - billable)				11,888	1,016,044
Section 8 Checking Account (HAP Payments)					
SRO/HCV/TBRA/VASH/FUP/NED	Check #'s	476,128	- 476,737	978,712	
	ACH	41,156	- 42,024	1,468,391	\$ 2,447,104
Payroll & Payroll Fees - ADP					\$ 447,550
Other Wire Transfers					
Local Funds Semi-Annual Bond Payment - Heritage				-	
Salishan Seven Debt Service - WCRA				19,108	
Area 3 Revenue Bonds Monthly Interest - Citibank				23,901	\$ 43,009
TOTAL DISBURSEMENTS					\$ 3,953,707



# TACOMA HOUSING AUTHORITY

**Date:** February 27, 2013

**To:** THA Board of Commissioners

**From:** Ken Shalik  
Director of Finance

**Re:** Finance Department Monthly Board Report

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## 1. FINANCIAL STATEMENT COMMENTS

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

The Finance Department is submitting the financial statement for the month of December, 2012. This is the final month of the Fiscal Year, and I am glad to report that the agency is ending up with an operating surplus for the Fiscal Year.

Based on the financial statement presented, THA ends up the Fiscal year with an operating surplus on line 68 of \$1,912,406 against a budgeted surplus of \$1,064,909. Taking capital expenditures into consideration, the agency ended up with an overall surplus of \$1,060,398 against a budgeted surplus of \$396,609.

Below I will address major anomalies between Budgeted and Actual numbers. There are no real significant changes compared to prior months, and the majority of these items have been presented in the report before:

- Line 3 – Section 8 HAP reimbursement – Due to cash management at HUD, we did not receive all the funds we are eligible for in 2012. They will remain eligible for draw down in 2013 and future years for eligible MTW expenses. The amount held in reserve for future years is approximately \$600,000.
- Line 6 – HUD Grant – Community Services – Grant expenditures were slightly lower than expected. Income is based on reimbursable expenses, so there is no impact to the overall financial statement.
- Line 7 - HUD Grant Capital Fund Operating Revenue – This category includes Debt Service payments for our Capital Fund Finance Payments for Salishan,. Relocation payments for Hillside Terrace, which we did not start expending until September, with the majority of the expenses being expended, and thus reimbursed by the end of the year is in this category. This line item also includes funding for Stewart Court rehab due diligence. The majority of these funds were not expended.
- Line 9 – Other Government Grants – This includes \$184,000 in Development for reimbursement of relocation costs for Hillside redevelopment from TCRA. Some of the

expenditures will not show up until 2013, as payments are triggered by certain events such as Security Deposits, and moving expenses. Some funds also remain for returning back to Hillside upon completion of the project.

- Line 11- Fraud Recovery Income: This is for repayments of unreported income agreements for Section 8 tenants. The Section 8 staff has been more aggressive in this area in setting up the agreements than what was budgeted. This continues to trend higher than budget, even with the revision amount.
- Line 12 – Other Revenue – Developer Fee Income: This is developer fee income for the Hillside Terrace Redevelopment. Due to the challenges that have arisen in construction costs, the closing date has been moved back, and no developer fee income will be received in 2012.
- Lines 15 – 34 – Administrative Expenses: There are a number of areas that have variances. Most of the categories are under budget. The largest variance dollar wise is the Due Diligence category. \$308K was budgeted for Stewart Court. We have spent some funds for the project, but have not charged against due diligence.
- Line 38 – Relocation Services – We are in the process of relocating tenants at Hillside Terrace. All the tenants were moved by the end of the year, but expenses are still being incurred. Some of the expenses will not occur until relocation back to 2500 Yakima once it is completed.
- Line 39 – Tenant Services Other – The overage is based on Individual Development Payouts over the budgeted amount, and also tenant training expenses above what had been budgeted. As these are reimbursed by grant funding, there will be corresponding income to pay for these services.
- Line 61 – HAP Payments: We ended up the year approximately \$1.3 million under budget. This is due to both lower HAP averages and leasing %. By December, we were only under our MTW baseline unit count by a few Vouchers.
- Lines 69 & 70 – Capital Expenditures. Unless there are contracts in place we are not projecting either revenues or expenditures for capital purposes. These funds are associated with Capital Funds where funding is received from HUD, or funds that flow through the Housing Authority for the Hillside redevelopment project. As we are now in the beginning phases of the Hillside Redevelopment project, expenditures are starting to increase. This category also includes the purchase of the General Partner interest in the New Look Apts, which as to date has not progressed.

THA remains in good financial health overall. We need to be paying attention to the balance of the non-MTW reserves. We did not receive Developer fee income in 2012 for 2500 Yakima. We will continue advancing funds for pre-development from non THA funding sources for the project until it closes sometime within the next couple of months. At the same time we are funding LASA predevelopment cost, which has a projected June closing date. Until we receive developer fee payments for these projects agency personnel will be charged against the projects, and cause an additional drop in reserves. All of these factors result in THA being below our optimal levels for our Non-MTW reserves. We have ongoing discussions regarding this issue, and believe that when we receive the bulk of our developer fees for our LASA and Hillside development projects in 2014, our reserve level will increase again. What happens

with the Citibank loan for Area 3 lots will also have an impact on the reserve level. For the agency overall, we will continue to monitor our financials, our cash reserves, and agency needs. The goal is to ensure we are maximizing utilization of funds in a manner that keeps the agency strong, provides adequate reserves, and meets the needs of our clients and agency.

We continue to work with HUD on reestablishing our MTW baseline amount for Housing Assistance payments. This is the issue where HUD has re-benchmarked the baseline to our 2010 expenditures rather than our eligibility as stated in our MTW agreement. This represents an annual reduction in funding of approximately \$600,000. We are still without resolution on the issue to our satisfaction. The matter was discussed with Sandra Henriquez during the visit to Washington DC in November. Michael has continued to press on this issue without further response. We continue our efforts to have these funds reinstated.

## **2. INVESTMENTS**

Surplus funds had been 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**

We are responding to the Accountability audit finding by drafting a policy to address agency events such as the Retreat and Recognition event.

## **4. BUDGETS**

The 2013 budget is in effect. We are still awaiting resolution from the Federal government regarding sequestration. Due to the agreement made in January, the sequestration deadline has moved to March 1<sup>st</sup>. Also, the sequestration % for cuts that would affect us was reduced from 8.2% to 5.1%. We also have implemented our sequestration cuts identified in the 2013 budget submission, but will discuss with the Board how to best proceed as more information is received. This discussion will include our current reserve levels and how to proceed in the event sequestration does or does not happen. We do not want to be in a position where we have withheld spending to the level, we have created other challenges by withholding moving forward in certain areas due to the fear of sequestration.

## **5. YEAR END CLOSING UPDATE**

The finance area is in the final stages of closing the books for FY 2012. The Tax Credit closings are completed with Tax returns being finalized by February 28<sup>th</sup>. On the THA side, the books have been closed, the FDS submission has been drafted, and Duane is in the process of inputting the information into the HUD website. The deadline is February 28<sup>th</sup> for website submission. We are not anticipating any problems in meeting this deadline.

**TACOMA HOUSING AUTHORITY  
AGENCY WIDE**

	December, 2012				Thru 12/31/2012		
	CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED YTD	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
<b>OPERATING RECEIPTS</b>							
1 Tenant Revenue - Dwelling rent	297,891	3,756,923	3,748,822	0.22%	3,756,923	3,748,822	0.22%
2 Tenant Revenue - Other	5,495	76,071	80,879	-5.94%	76,071	80,879	-5.94%
3 HUD grant - Section 8 HAP reimbursemer	2,421,087	33,740,082	34,500,957	-2.21%	33,740,082	34,500,957	-2.21%
4 HUD grant - Section 8 Admin fee earned	226,223	2,763,436	2,694,859	2.54%	2,763,436	2,694,859	2.54%
5 HUD grant - Public Housing subsidy	159,790	1,919,915	2,021,264	-5.01%	1,919,915	2,021,264	-5.01%
6 HUD grant - Community Services	15,230	164,828	193,161	-14.67%	164,828	193,161	-14.67%
7 HUD grant - Capital Fund Operating Reve	394,968	791,013	952,800	-16.98%	791,013	952,800	-16.98%
8 Management Fee Income	424,388	3,198,206	3,133,152	2.08%	3,198,206	3,133,152	2.08%
9 Other Government grants	33,938	312,257	370,677	-15.76%	312,257	370,677	-15.76%
10 Investment income	0	55,647	53,072	4.85%	55,647	53,072	4.85%
11 Fraud Recovery Income - Sec 8	2,190	95,258	60,000	58.76%	95,258	60,000	58.76%
12 Other Revenue- Developer Fee Income	0	0	530,000	-100.00%	0	530,000	-100.00%
13 Other Revenue	69,771	576,367	556,643	3.54%	576,367	556,643	3.54%
14 <b>TOTAL OPERATING RECEIPTS</b>	<b>4,050,971</b>	<b>47,450,003</b>	<b>48,896,286</b>	<b>-2.96%</b>	<b>47,450,003</b>	<b>48,896,286</b>	<b>-2.96%</b>
<b>OPERATING EXPENDITURES</b>							
<b>Administrative Expenses</b>							
15 Administrative Salaries	407,128	3,887,325	3,944,846	-1.46%	3,887,325	3,944,846	-1.46%
16 Administrative Personnel - Benefits	186,346	1,540,380	1,677,781	-8.19%	1,540,380	1,677,781	-8.19%
17 Audit Fees	1,965	79,546	67,880	17.19%	79,546	67,880	17.19%
18 Management Fees	323,514	2,519,521	2,554,673	-1.38%	2,519,521	2,554,673	-1.38%
19 Rent	23,707	284,484	281,007	1.24%	284,484	281,007	1.24%
20 Advertising	0	1,657	5,565	-70.22%	1,657	5,565	-70.22%
21 Information Technology Expenses	17,723	188,418	240,589	-21.68%	188,418	240,589	-21.68%
22 Office Supplies	4,492	56,053	62,380	-10.14%	56,053	62,380	-10.14%
23 Publications & Memberships	481	38,135	45,265	-15.75%	38,135	45,265	-15.75%
24 Telephone	8,089	100,214	95,625	4.80%	100,214	95,625	4.80%
25 Postage	2,707	34,710	45,481	-23.68%	34,710	45,481	-23.68%
26 Leased Equipment & Repairs	206	56,255	57,607	-2.35%	56,255	57,607	-2.35%
27 Office Equipment Expensed	23,875	84,413	70,050	20.50%	84,413	70,050	20.50%
28 Legal	18,420	90,693	96,270	-5.79%	90,693	96,270	-5.79%
29 Local Milage	990	8,710	8,220	5.96%	8,710	8,220	5.96%
30 Staff Training/Out of Town travel	7,851	112,831	161,570	-30.17%	112,831	161,570	-30.17%
31 Administrative Contracts	113,475	317,295	310,770	2.10%	317,295	310,770	2.10%
32 Other administrative expenses	8,862	72,105	91,433	-21.14%	72,105	91,433	-21.14%
33 Due diligence - Development projects	100,907	443,577	795,500	-44.24%	443,577	795,500	-44.24%
34 Contingency	0	0	35,000	-100.00%	0	35,000	-100.00%
35 <b>Total Administrative Expenses</b>	<b>1,250,738</b>	<b>9,916,322</b>	<b>10,647,512</b>	<b>-6.87%</b>	<b>9,916,322</b>	<b>10,647,512</b>	<b>-6.87%</b>

		December, 2012				Thru 12/31/2012		
		CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
	<b>Tenant Service</b>							
36	Tenant Service - Salaries	73,032	796,265	826,920	-3.71%	796,265	826,920	-3.71%
37	Tenant Service Personnel - Benefits	39,410	336,618	371,769	-9.46%	336,618	371,769	-9.46%
38	Relocation Costs	17,651	185,340	405,099	-54.25%	185,340	405,099	-54.25%
39	Tenant Service - Other	12,284	116,615	100,302	16.26%	116,615	100,302	16.26%
40	<b>Total Tenant Services</b>	<b>142,377</b>	<b>1,434,838</b>	<b>1,704,090</b>	<b>-15.80%</b>	<b>1,434,838</b>	<b>1,704,090</b>	<b>-15.80%</b>
	<b>Project Utilities</b>							
41	Water	12,899	133,844	123,490	8.38%	133,844	123,490	8.38%
42	Electricity	19,966	202,930	200,525	1.20%	202,930	200,525	1.20%
43	Gas	6,242	56,298	66,580	-15.44%	56,298	66,580	-15.44%
44	Sewer	40,006	392,200	382,270	2.60%	392,200	382,270	2.60%
45	<b>Total Project Utilities</b>	<b>79,113</b>	<b>785,272</b>	<b>772,865</b>	<b>1.61%</b>	<b>785,272</b>	<b>772,865</b>	<b>1.61%</b>
	<b>Ordinary Maintenance &amp; Operations</b>							
46	Maintenance Salaries	51,701	557,889	634,507	-12.08%	557,889	634,507	-12.08%
47	Maintenance Personnel - Benefits	19,791	184,325	181,552	1.53%	184,325	181,552	1.53%
48	Maintenance Materials	37,797	209,042	209,977	-0.45%	209,042	209,977	-0.45%
49	Contract Maintenance	68,093	769,569	786,947	-2.21%	769,569	786,947	-2.21%
50	<b>Total Routine Maintenance</b>	<b>177,382</b>	<b>1,720,825</b>	<b>1,812,983</b>	<b>-5.08%</b>	<b>1,720,825</b>	<b>1,812,983</b>	<b>-5.08%</b>
	<b>General Expenses</b>							
51	Protective Services	14,156	172,924	169,946	1.75%	172,924	169,946	1.75%
52	Insurance	10,326	165,692	202,837	-18.31%	165,692	202,837	-18.31%
53	Other General Expense	183,779	1,070,285	1,042,568	2.66%	1,070,285	1,042,568	2.66%
54	Payment in Lieu of Taxes	1,199	14,385	12,152	18.38%	14,385	12,152	18.38%
55	Collection Loss	11,508	95,977	39,720	141.63%	95,977	39,720	141.63%
56	Interest Expense	146,272	969,355	940,763	3.04%	969,355	940,763	3.04%
57	<b>Total General Expenses</b>	<b>367,240</b>	<b>2,488,618</b>	<b>2,407,986</b>	<b>3.35%</b>	<b>2,488,618</b>	<b>2,407,986</b>	<b>3.35%</b>
58	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,016,850</b>	<b>\$ 16,345,875</b>	<b>\$ 17,345,436</b>		<b>\$ 16,345,875</b>	<b>\$ 17,345,436</b>	
	<b>Nonroutine Expenditures</b>							
59	Ext. Maint/Fac Imp/Gain/Loss Prop Sale	0	22,628	89,300	-74.66%	22,628	89,300	-74.66%
60	Casualty Losses	(11,574)	3,625	5,000	-27.50%	3,625	5,000	-27.50%
61	Sec 8 HAP Payments	2,436,179	29,669,401	30,908,130	-4.01%	29,669,401	30,908,130	-4.01%
62	<b>Total Nonroutine Expenditures</b>	<b>2,424,605</b>	<b>29,695,654</b>	<b>31,002,430</b>	<b>-4.22%</b>	<b>29,695,654</b>	<b>31,002,430</b>	<b>-4.22%</b>
63	<b>TOTAL EXPENDITURES</b>	<b>4,441,455</b>	<b>46,041,529</b>	<b>48,347,866</b>	<b>-4.77%</b>	<b>46,041,529</b>	<b>48,347,866</b>	<b>-4.77%</b>
64	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(390,484)</b>	<b>1,408,474</b>	<b>548,420</b>	<b>156.82%</b>	<b>1,408,474</b>	<b>548,420</b>	<b>156.82%</b>
65	Debt Service Principal Payments	(398,208)	(516,291)	(517,215)	-0.18%	(516,291)	(517,215)	-0.18%
66	<b>Surplus/Deficit Before Reserve Appropriations</b>	<b>(788,692)</b>	<b>892,183</b>	<b>31,205</b>	<b>2759.10%</b>	<b>892,183</b>	<b>31,205</b>	
67	Reserve Appropriations - Operations	134,504	1,020,223	1,033,704	-1.30%	1,020,223	1,033,704	-1.30%
68	<b>Surplus/Deficit Before Capital Expenditures</b>	<b>(654,188)</b>	<b>1,912,406</b>	<b>1,064,909</b>		<b>1,912,406</b>	<b>1,064,909</b>	
69	Revenue - Capital Grants	239,665	2,211,139	3,585,485	-38.33%	2,211,139	3,585,485	-38.33%
70	Capitalized Items/Development Projects	(525,431)	(3,177,938)	(4,756,276)	-33.18%	(3,177,938)	(4,756,276)	-33.18%
71	Reserve Appropriations - Capital	0	114,791	502,791	-77.17%	114,791	502,791	-77.17%
71	<b>THA SURPLUS/(DEFICIT)</b>	<b>(939,954)</b>	<b>1,060,398</b>	<b>396,909</b>		<b>1,060,398</b>	<b>396,909</b>	

TACOMA HOUSING AUTHORITY			
CASH POSITION - January 2013			
Account Name		Current Balance	Interest
<b>HERITAGE BANK</b>			
Accounts Payable		\$ 1,474,023	0.400%
Section 8 Checking		6,952,679	0.400%
THA Investment Pool		286	0.400%
THA LIPH Security Deposits		93,491	0.400%
THDG - Tacoma Housing Development Group		55,236	0.400%
LF - Stewart Court		36,758	0.400%
LF - Stewart Ct Security Deposit Account		8,861	0.400%
LF - SF 9Homes Alaska		186,413	0.400%
LF - SF 9Homes Alaska Sec Dep Acct		5,829	0.400%
LF - SFH No. Shirley		5,217	0.400%
LF - SFH N Shirley Security Deposit Acct		1,001	0.400%
LF - Wedgewood Homes		42,407	0.400%
Salishan 7		934,400	0.400%
Salishan 7 Security Deposit		25,913	0.400%
Payroll Account		5,725	0.400%
General Fund Money Market		3,527,394	0.400%
<b>WASHINGTON STATE</b>			
Investment Pool		\$ 1,523,630	0.180%
<b>CHASE</b>			
IDA Account		22,665	0.01%
<b>TOTAL THA CASH BALANCE</b>		<b>\$ 14,901,928</b>	
<b>Less:</b>			
<i>MTW:</i>			
<b>MTW Reserves</b>		<b>\$ 7,407,264</b>	
<i>Other Restrictions:</i>			
FSS Escrows		169,970	
VASH, FUP & NED HAP Reserves		212,906	
Mod Rehab Operating Reserves		114,110	
Security Deposit Accounts		135,155	
Salishan Sound Families - 608		179,196	
IDA Accounts - 604,605		22,665	
Paul Allen Foundation - 609		3,834	
Gates Foundation - 622 & 612		183,968	
WA Families Fund - 672, 673, 712		132,920	
Wedgewood Replacement Reserve		702,951	
THDG - 048		55,236	
<i>Total - Other Restrictions</i>		<b>\$ 1,912,911</b>	
<i>Agency Liabilities:</i>			
Windstar Loan - 042		314,397	
Citibank Loan for Area 3 - Guarantee (Current)		1,650,588	
Additional Set Aside Reserves - Salishan		2,400,000	
<i>Total - Agency Liabilities</i>		<b>\$ 4,364,985</b>	
<i>Development Advances/Due Diligence Commitments</i>		<b>\$ 196,491</b>	
<b>Total Restrictions</b>		<b>\$ 13,881,651</b>	
<b>THA UNENCUMBERED CASH</b>		<b>\$ 1,020,276</b>	
Agency Current Commitments:		Board Approval	Obligation Balance
LASA Development advance		\$ 375,000	\$ 248,509
Salishan Campus (2012 exp plus 2013 budget)		\$ 168,000	\$ 98,000
<b>Total Current Commitments outstanding</b>			<b>\$ 196,491</b>
<b>Agency Advances - Reduces Unencumbered Cash</b>			
Hillside Terrace Redevelpmnt - HTF, HOME, CDBG and COT Funds		\$ 492,359	
<b>Total Agency Advances</b>		<b>\$ 492,359</b>	



REAL ESTATE MANAGEMENT  
AND  
HOUSING SERVICES



# TACOMA HOUSING AUTHORITY

Date: February 27, 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

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## 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 January 2013.

OCCUPANCY SUMMARY REPORT					
PROGRAM	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MTH OCCUPIED
All Hillside	64	8	36	56	87.5%
Family Properties	192	16	5	176	94.3%
Salishan	628	52	0	576	91.7%
Senior/Disabled	353	8	0	345	97.7%
All Total	1,251	87	41	1,165	93.5%

### *1.2 Vacant Unit Turn:*

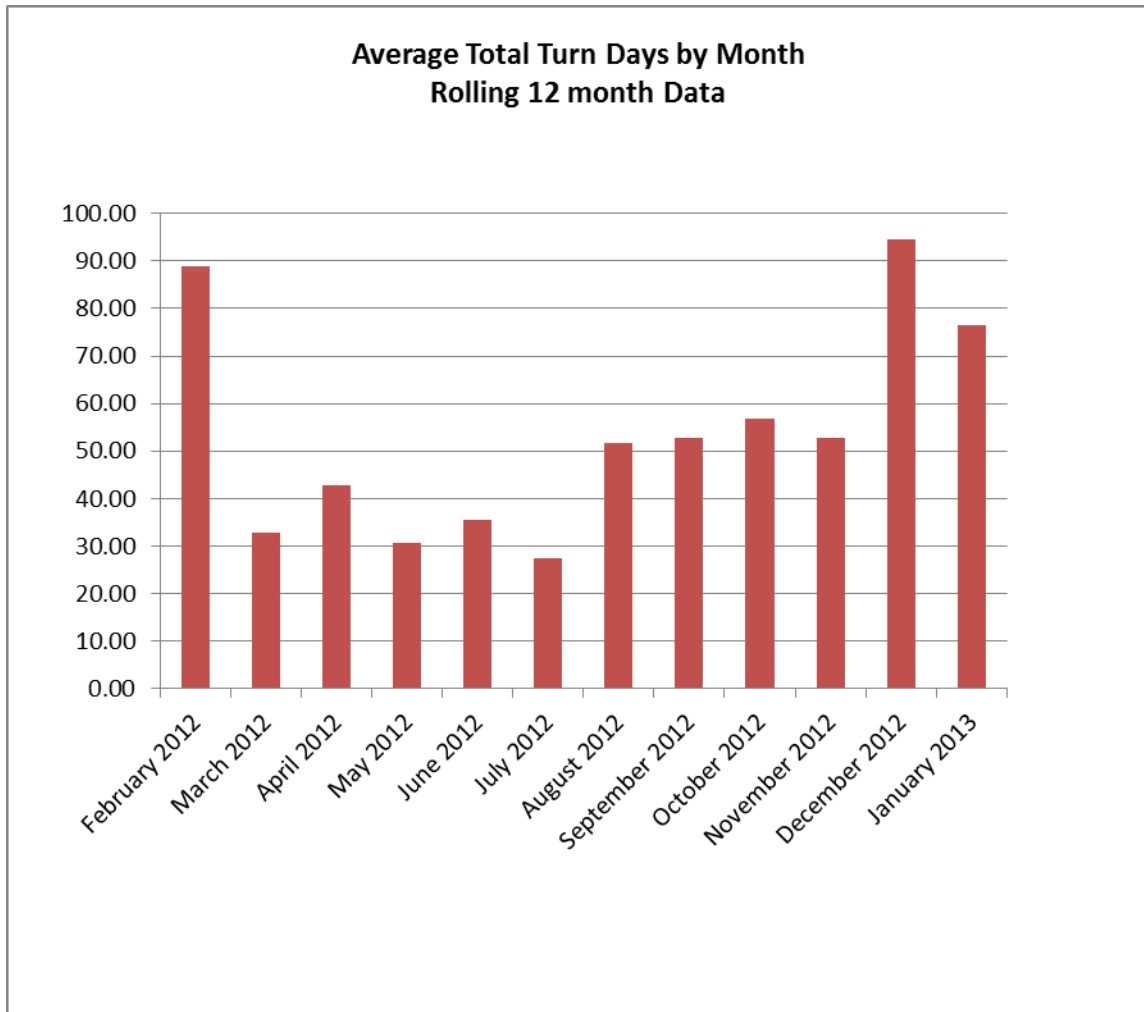
The following page includes a table with all of the units turned in fiscal year 2013. Two (2) units were turned and rented in the month of January. The average unit turn for the month of January was 76.5 days and 76.5 days FYTD. Both units that were turned in January tested clean of methamphetamine but testing caused some delay in the turn. In one case, it took 20 days to complete the testing then a time-intensive unit turn needed to be completed due to it being previously occupied by a heavy smoker. The second unit had a 8 day delay in unit testing and a delay in leasing days because the unit was being held to serve a FIT household.

As of February 15, 2013, there were 113 vacant units in THA's portfolio.

As of February 15, 2013, 47 of the 80 units that have been tested for contamination have tested positive for methamphetamine. This is a 58% positive rate in the 6% of the portfolio that has been tested. To date, nine units have been remediated.

I have attached THA's current meth strategy to this report for your information.

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



*Work Orders:*

In the month of January all emergency work orders were completed within 24 hours. This month, maintenance staff completed 185 non-emergency work orders and a total of 185 for the calendar year. The annual average number of days to complete a non-emergency work order is 12.59.

## Work Order Summary by Portfolio

Portfolio	Completed Work Orders							
	Emergency				Non-Emergency			
	Month		YTD		Month		YTD	
	#	%	#	%	#	Avg	#	Avg
	Completed	Completed	Completed	Completed	Completed	Completion	Completed	Completion
		in 24 Hrs		in 24 hrs (99% HUD Std)		Days		Days
								(25 days HUD Std)
<b>All Hillside</b>								
HILLSIDE TERRACE	0	0.0%	0	0.0%				
HILLSIDE TERRACE 1500 Block	1	100.0%	1	100.0%	22	1.73	22	1.73
HILLSIDE TERRACE PH 1	0	0.0%	0	0.0%	12	0.75	12	0.75
HILLSIDE TERRACE PH II	0	0.0%	0	0.0%	17	0.88	17	0.88
	1	100.0%	1	100.0%	51	1.22	51	1.22
<b>Family Properties</b>								
ALL SCATTERED SITES	0	0.0%	0	0.0%	13	75.92	13	75.92
BERGERSON TERRACE	0	0.0%	0	0.0%	20	18.20	20	18.20
DIXON VILLAGE	0	0.0%	0	0.0%	13	10.38	13	10.38
STEWART COURT APARTMENTS	0	0.0%	0	0.0%	5	2.20	5	2.20
	0	0.0%	0	0.0%	51	29.35	51	29.35
<b>Salishan</b>								
SALISHAN I	0	0.0%	0	0.0%	5	6.20	5	6.20
SALISHAN II	0	0.0%	0	0.0%	9	21.67	9	21.67
SALISHAN III	0	0.0%	0	0.0%	3	10.33	3	10.33
SALISHAN IV	3	100.0%	3	100.0%	5	36.60	5	36.60
SALISHAN V	0	0.0%	0	0.0%	11	1.91	11	1.91
SALISHAN VI	0	0.0%	0	0.0%	3	1.67	3	1.67
SALISHAN VII	3	100.0%	3	100.0%	5	0.40	5	0.40
	6	100.0%	6	100.0%	41	11.41	41	11.41
<b>Senior / Disabled Properties</b>								
6TH AVE	0	0.0%	0	0.0%	7	10.43	7	10.43
E.B. WILSON	3	100.0%	3	100.0%	9	4.67	9	4.67
FAWCETT APARTMENTS	0	0.0%	0	0.0%	3	8.33	3	8.33
LUDWIG APARTMENTS	1	100.0%	1	100.0%	6	2.17	6	2.17
NORTH G ST	1	100.0%	1	100.0%	6	17.33	6	17.33
NORTH K ST	1	100.0%	1	100.0%	5	4.40	5	4.40
WRIGHT AVE	0	0.0%	0	0.0%	6	4.00	6	4.00
	6	100.0%	6	100.0%	42	7.21	42	7.21
Agency Totals:	13	100.0%	13	100.0%	185	12.59	185	12.59

In the report on the following page you will note that we have over 500 open work orders. Maintenance staff are implementing the new preventative maintenance schedule which is generating additional work orders as they see damage within units they enter. HQS inspections are being completed throughout the project-based voucher units in Salishan. These inspections are generating work orders.

Maintenance is also working to install carbon monoxide detectors in all of our units to bring THA in compliance with a new Washington State Law.

Portfolio	Open Work Orders For the month of January 2013				
	Open Emergency WO	Days Open	Open Non- Emergency WO	< 25 Days	>25 Days
<b>All Hillside</b>					
HILLSIDE TERRACE	0		1	1	0
HILLSIDE TERRACE 1500 Block	0	0	4	3	1
HILLSIDE TERRACE PH 1	0	0	0	0	0
HILLSIDE TERRACE PH II	0	0	11	11	0
<b>ALL HILLSIDE TOTALS</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>15</b>	<b>1</b>
<b>Family Properties</b>					
ALL SCATTERED SITES	0	0	19	4	15
BERGERSON TERRACE	0	0	13	2	11
DIXON VILLAGE	0	0	5	3	2
STEWART COURT APARTMENTS	0	0	15	8	7
<b>ALL FAMILY PROPERTIES TOTALS</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>17</b>	<b>35</b>
<b>Salishan</b>					
SALISHAN I	0	0	73	17	56
SALISHAN II	0	0	91	40	51
SALISHAN III	0	0	40	13	27
SALISHAN IV	0	0	78	23	55
SALISHAN V	0	0	38	15	23
SALISHAN VI	0	0	26	7	19
SALISHAN VII	0	0	60	12	48
<b>ALL SALISHAN TOTALS</b>	<b>0</b>	<b>0</b>	<b>406</b>	<b>127</b>	<b>279</b>
<b>Senior / Disabled Properties</b>					
6TH AVE	0	0	15	10	5
E.B. WILSON	0	0	29	9	20
FAWCETT APARTMENTS	0	0	4	1	3
LUDWIG APARTMENTS	0	0	7	3	4
NORTH G ST	0	0	24	7	17
NORTH K ST	0	0	5	2	3
WRIGHT AVE	0	0	11	6	5
<b>ALL SENIOR/DISABLED PROPERTIES TOTALS</b>	<b>0</b>	<b>0</b>	<b>95</b>	<b>38</b>	<b>57</b>
<b>Agency Totals:</b>	<b>0</b>	<b>0</b>	<b>569</b>	<b>197</b>	<b>372</b>

## 2. RENTAL ASSISTANCE DIVISION

Housing Choice Voucher utilization is reported at 96.2% for the month of January 2013. Rental Assistance has been working very hard to reach 100% utilization. This will be the last group of tradition vouchers. 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)	130	97	7
Non-Elderly Disabled Vouchers (NED)	100	87 (13 port outs)	12
Family Unification Program (FUP)	50	41	9
McCarver Program	50	49	0
Life Manor	150	150	0

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

The VA continues to make referrals for the regular VASH program as well as the Project Based units. The VA is still having struggles filling its staff positions which delays referrals mostly due to staffing issues. They assure us that the referrals are their top priority and are working hard to fill staffing needs so new clients can have case management.

The NED units continue to have a large number of turn over mostly due to health problems that require a large amount of services. DSHS continues to supply referrals quickly. They have people waiting and ready as slots come available.



# TACOMA HOUSING AUTHORITY

## THA Strategy Addressing Methamphetamine Contamination in our Housing Portfolio

February 7, 2013

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### 1. BACKGROUND

THA management has made the decision to test all housing units where staff suspect the use, sale or manufacture of methamphetamine. This decision was made based on information it obtained when a unit tested above the state contamination levels for methamphetamine. This unit was tested for contamination by the Tacoma-Pierce County Health Department based on a police report referencing possible manufacture within the unit. Upon testing, the health inspector did not find any evidence of manufacture but did see signs of heavy drug use. Upon further discussion with Tony Ohrazda, Environmental Health Specialist with the Tacoma-Pierce County Health Department, we were told that heavy drug use within a unit can cause as much or more contamination than the manufacture of methamphetamine—a lab will typically test at 5-10  $\mu\text{m}/100\text{ cm}^2$ , the THA unit that was tested had a contamination level of 27; the state threshold is .10.

The Tacoma Pierce County Health Department (TPCHD) has authority for the testing and posting of properties contaminated with methamphetamine. Revised Code of Washington (RCW) 64.44, Washington Administrative Code (WAC) 246-205, Pierce County Board of Health Resolution 2010-4225 and the Model Toxics Control Act (MTCA) (WAC 173-340) grant the authority and detail the related procedures the TPCHD must follow for posting units as Unfit for Use, recording Health Orders on the title of the property, and notifying the owner(s) and other jurisdictions.

The City of Tacoma, under Tacoma Municipal Code chapter 2.01, also has authority to post the property with a building code violation when a unit is ordered as Unfit for Use by the Health Department.

The primary reasons for testing units for contamination are:

- To mitigate the health risks for our residents and staff. Visiting, repairing or re-renting a contaminated unit could expose people to the hazardous effects of methamphetamine. Testing units is the only way to know if contamination exists.
- Enforce THA's zero tolerance policy regarding drug use. Unit testing is a way to confirm the use or manufacture of methamphetamine. Once confirmation is made, THA will evict residents who are engaging in this activity on THA's property.
- To remove the drug and associated crimes off the property. The use or manufacture of methamphetamine brings associated crimes to THA's properties such as drug sales, guns, violence and prostitution. This is a proactive approach to curbing these crimes as well.

- Protecting the properties as an asset. Testing and remediating contamination and curbing crimes to create prosperous communities will help protect THA's most valuable hard assets—its properties.

Staff has also begun testing all vacant units. This is being done because staff members were turning a vacant unit. There had been no suspicion of drug use in the unit. Soon after the unit became vacant, staff who worked in or inspected the unit reported feeling ill after any prolonged time in the unit. Management made the decision to test the unit for contamination. It tested positive. When the remediation contractor bid the work they reported that the unit could not be “cleaned” because the walls had been painted already as part of the turn process. The paint redistributed the contamination in a way that will require the dry wall to be removed. This will be a much more invasive, costly and lengthy remediation than if the unit had been tested prior to unit turn.

### **Communication with Investors and Funders**

During the months of December 2012 and January 2013, Property and Asset Management staff contacted the investors and funders for all of its properties. The reception to this topic was supportive of THA's approach to testing and addressing this issue. . We explained the importance of taking this proactive approach for the sake of current and future residents and staff. Some parties had concerns about excess vacancy and property loss. We explained that vacancy loss is covered through PBV vacancy payments and insurance. Property losses are covered at nearly 100%, less the \$1000 deductible.

We made commitments to communicate on a monthly basis with HUD and WSHFC regarding the number of units vacant for this purpose. This will also relate to THA's request to take these units offline for modernization as outlined in 2.3 below.

We made commitments to notify investors and lenders of units that are unfit in their individual LLCs during our quarterly financial and management reporting. We will also report to the City of Tacoma and State of Washington Department of Commerce on a regular basis regarding properties in their respective portfolios.

### **Communication with Insurance Carriers**

THA's Director of Administration, Todd Craven met with representatives from HAARP and AHAARP in December 2012. .

We received communication in January 2013 that the HAARP board may consider revising its coverage to disallow these types of claims. We continue to wait for word regarding this. In the meantime, staff has been asked to pull their remaining list of suspected units for testing to ensure they are tested before any changes in coverage.

### **Determination of testing method**

Originally, all testing was conducted using a third party, resulting in third party analytical laboratory results. In order to reduce the cost of testing and expedite the testing process,



staff worked with the Tacoma Pierce County Health Department to test the effectiveness of two home testing kits. Based on the outcome of this testing:

- We will use a product from SKC called the MethCheck 50. This product tests for methamphetamine contamination at levels as low as .005ug/100cm<sup>2</sup>.
- One to two staff people will be trained to use the product.
- We will use 4 tests per unit. THA will pay approximately \$25 per test/ \$100 per unit.
- If any of the 4 tests per unit indicate positive results for methamphetamine staff will schedule analytical testing through our third-party contractor.

Tony Ohrazda at the TPCHD has written testing procedures that will be used by the approved THA testers. We will begin using these tests as the preliminary testing mechanism the week of February 11, 2013.

## 2. THE PLAN

### 2.1 Unit Testing

There are over 1,400 units in THA's portfolio. The plan is to test each of those units over time. THA will not, as a regular practice, test units at annual inspections. THA will test units when there is suspicion, vacancy, pending transfer and upon tenant request. Over time this method should capture 100% of the portfolio.

Below is the plan for unit testing:

Unit type	When THA will test	When testing will begin
Units with suspected use, sale or production	Upon receiving enough information to form a plausible suspicion—observation by staff, security or residents	6/29/2012
Vacant units	Before entering the unit to begin the unit turn	10/10/2012
Units occupied by tenants pending a transfer	At the time Leasing identifies the tenant as near the top of the transfer list	10/22/2012
Upon request from tenant	When THA receives a request from a tenant the unit will be added to the list of units to be tested. (This procedure will require further definition and limitation.)	4/1/2013

### **2.1.1 THA Home Testing**

Staff have established procedures for Property Management staff to request unit testing.. In short, a new email address has been set up for staff to submit their requests and our meth team will coordinate home testing and, if needed, third party analytical testing. Units will be tested in the order that requests are received. When a unit tests positive for meth through the home testing kits a third party analytical test will be requested. All test results, including information about the testing location, will be retained in a central meth database.

### **2.1.2 Third party analytical testing and resulting government actions**

THA has secured a contractor, Rainbow International, for testing, abating and restoring the units that test positive for contamination. Able Environmental is Rainbow International's subcontractor that will complete third party analytical testing. TPCHD must approve all pre-testing plans before Able can test a unit. Able must report their results to the TPCHD when they are received.

When a unit tests positive for methamphetamine contamination via this third party analytical testing, the TPCHD will post the unit as Unfit for Use within 24 hours of receiving the results. Once a unit has been posted as unfit for use (also referred to as "red tagged") it is unlawful for any person, including THA staff and the current resident, to enter the unit or remove any belongings. The Unfit for Use Health Order is recorded on the title to the property, sent to the owner, and sent to the City of Tacoma Public Works Office of Community Based Services. The City of Tacoma also tags the property with a building code violation at this time.

Once a unit has been decontaminated and this is confirmed through third party analytical post-samples, the TPCHD will issue a Fit for ReUse notification to the owner and record this on the property's title. The original Unfit for Use Order is not reconveyed, but remains on the property's title to disclose the contamination. The TPCHD and THA maintain a complete file regarding the decontamination.

Once a Fit for Reuse notice has been received, THA will communicate this to the City of Tacoma and request that the building code violation case be closed.

## **2.2 Request that public housing units be taken offline for modernization**

Once a unit has been posted unfit for use the contractor will be responsible for returning the unit to rent ready condition. Because this work could take 90 days or longer, THA will be requesting to take Public Housing units offline for modernization. This will allow THA to continue receiving operating and capital funds for these units while they are being prepared for reoccupancy. In order to take the units offline THA needs to:

- Include language in its MTW Annual Plan (completed for the 2013 Plan);
- Provide HUD with regular updates regarding the unit offline for this purpose. We have agreed to provide a spreadsheet to the local field office every 30 days. The spreadsheet will include the property address, project number, unit number, vacancy date and estimated completion date; and

- Accurately report offline units in PIC.

### **2.3 Notify WSHFC when units become unfit for use**

IRS regulations require that all tax credit units be re-rented within 90 days. Meth contamination will cause units to be vacant for longer than 90 days. The WSHFC has some flexibility regarding the way they report extended vacancies to the IRS when there are extenuating circumstances and there is assurance that the property manager is taking reasonable efforts to turn and re-rent the property. We have agreed to provide the Washington State Housing Finance Commission with data on a monthly basis to keep them apprised of the number and type of tax credit units that are vacant due to meth contamination. Every 30 days THA will send the WSHFC a spreadsheet with the tax credit property identification information, unit address, vacancy date and estimated completion date.

### **2.4 Notify investors and lenders when units become unfit for use**

THA has worked with TPCHD to receive copies of the Unfit and Fit for Re-use notifications as units are deemed “hot” (unfit) and “clean” (refit). We will include copies of these notices with quarterly financial reporting to each of THA’s investors and lenders. Copies of the Building Code Violations from the City of Tacoma will also be provided at this time.

### **2.5 How to determine “suspicion”**

Staff training is scheduled with the Tacoma Police Department for February 27, 2013 at 3:00 pm.

### **2.6 Treatment of positive units where preponderance of evidence points to the current tenant as the cause**

Legal counsel has advised THA that when the Health Department red tags a unit, the lease ends by operation of state law and there is no obligation to provide alternative housing. However, in such a case, THA will determine whether the preponderance of evidence indicates that the current tenant is the cause of the contamination. Evidence to consider for this purpose includes:

- the test result is the most important evidence
- comparison of the test result with baseline tests if available
- other evidence of drug sale or use such as traffic, tenant statements, police reports, neighbor complaints, behavior of tenant.

If the preponderance of the evidence does indicate that the tenant is responsible for the contamination, THA will not offer alternative housing. THA will have a grievance procedure to allow the tenant to contest this determination.

The following procedure pertains to units that have tested positive (above the Health Department's standard for red tagging) for methamphetamine contamination and Property Management has preponderance of evidence that the current tenant is responsible for the contamination:

**2.6.1 Process and steps for processing the positive test results and red tagging:**

- (a) At the time of the notification of the positive test results:
  - i. Notify the Community Liaison Officer (CLO) assigned to the property to notify them of the criminal activity.
  - ii. Request that the CLO accompany staff to the lock out and issue a no trespass notice.
  - iii. Call Child Protective Services to notify them of the risk that the children have been exposed to methamphetamine.
- (b) At the time of lock out:
  - i. Provide a termination notice.
  - ii. Issue the trespass notice.
  - iii. Provide the Community Services list of resources
  - iv. Secure the property using the maintenance task list. This includes securing windows, adjusting the thermostat, and changing the locks. This will be the last opportunity to enter the property prior to remediation.
- (c) Within 72 hours of the lock out:
  - i. Mail the termination notice to the last known address for the tenant. Include the Community Services list of resources.
- (d) Within 14 days of the lock out:
  - i. Issue the estimated statement of tenant charges
  - ii. Move the tenant out of Visual Homes data base; use the red tag date as the move out date.

<b>Action Items pertaining to 2.6.1:</b>
1) Tony Ohrazda, TPCHD to provide his process for communicating with CPS.
2) THA's attorney has prepared a new termination notice. Effective immediately, this needs to be used at all lock-outs where preponderance of evidence exists.
3) Will we need a separate notice when preponderance of evidence does not exist?
4) REMHS will update the Statement of Tenant Charges document to specify that any damage billed to THA's insurance company will also be the tenant's responsibility.

## **2.7 Treatment of positive units where preponderance of evidence *does not* point to the current tenant as the cause**

This section pertains to units that have tested positive for methamphetamine contamination and Property Management does not have evidence of resident drug use and/or manufacture. This situation may occur, for example, when an adjoining unit has had a positive test result and there is a shared ventilating system and/or when a tenant has requested testing for health reasons.

In this circumstance, Property Management will use the emergency transfer procedure.

Tenants will not be allowed to move belongings from the contaminated units into another assisted unit. The belongings are not covered under THA's insurance policy and the tenant would not be reimbursed by THA for the loss of belongings. In these cases, Property Management would refer the tenant to Community Services for assistance replacing their belongings.

Property Management also needs to schedule at least one follow up test of the tenant's new unit 60-90 days after re-occupancy. At this follow up visit, the unit would be tested for methamphetamine using the home testing method. This step is to confirm that the tenant had not caused the contamination in the original unit.

## **2.8 Tracking contaminated units**

THA Administration has created a centralized tracking sheet. REMHS staff will be responsible for entering Property Management data. Todd Craven, Administration, will be responsible for entering risk management data.

Soon Health Department and contractor staff will have access to enter lab result data, estimated testing and clean up dates, and re-fit for use dates.

<b>Action Items pertaining to 2.8</b>
1) THA Administration is working to get TPCHD and Able Environmental access to THA's sharepoint site so they can enter information they control directly into the spreadsheet.



## **2.9 Reporting results to new tenants**

THA's attorney has created a disclosure for new tenants.

<b>Action Items pertaining to 2.9:</b>
• This form needs to be added to all new move in packets no later than 2.19.2013.

### 2.10 Staff protection

We will treat all units as a potential risk to staff health and safety. Staff have been provided with face masks, rubber gloves and booties to wear when entering any occupied unit. Beginning October 22, 2012, all Property Management staff will be required to wear this equipment when entering units.

#### Action Items pertaining to 2.10:

- Property Management and Insp+-----ecti on staff have asked to discuss this again. The PPE can hinder work. We'd like more clarification from Tony regarding the necessity of using this equipment and whether we can use different products or make some of the equipment optional.

### 2.11 Procure and award a contract for third-party unit testing and unit remediation.

Rainbow International, LLC was awarded this contract on December 19, 2012. They will be responsible for third party unit testing, remediation and returning contaminated units to rent-ready condition.

### 2.12 Train all client-interfacing staff on what to look for, health risks, etc.

Tony Ohrazda with the Tacoma-Pierce County Health Department provided training for all client-interfacing staff on November 13, 2012.

There is another training scheduled for February 27, 2013 with the Tacoma Police Department. They will provide training on how to recognize suspicious activity.

### 2.13 Notify all tenants of the unit testing, what to look for, FAQs, etc.

A letter will go to all residents in February 2013 and become part of the new tenant packet moving forward.

#### Action Items pertaining to 2.13:

- The first draft of this letter was prepared by April and Tony and provided to staff for review on January 30, 2013. We will review the second draft at the February 7, 2013 meeting.
- TPCHD needs to provide his availability for evening community meetings.
- The goal is to send this letter out by 2.28.2013
- Michael Mirra, THA Executive Director, will work with the local press to make them aware of this issue before the resident letter is sent.

REAL ESTATE

DEVELOPMENT



# TACOMA HOUSING AUTHORITY

DATE: February 27, 2013

TO: THA Board of Commissioners

FROM: Walter Zisette  
Director of Real Estate Development

RE: Real Estate Development Department Monthly Board Report

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## 1. SALISHAN/HOPE VI

### I. Phase II Construction

#### 1.1.1 *Area 2A, Community Core Development*

The Working Group - consisting of potential tenants of the Core, residents, and other stakeholders - had its fourth meeting for this phase of the project on June 6. The Working Group was reconvened on December 11 in order to provide updates to team members on the project and discuss steps being made by each member. During this meeting a number of “short-term” ideas for starting to attract people to the Core for a variety of activities (i.e. coffee stand, book mobile, farmer’s market, etc.) were generated. We hope to convert these ideas to interim activity program for the Core that will serve condition members of the broader community to begin thinking about the Core as a place to visit. We will more fully develop these ideas at the next meeting of the Core Working Group which will be held in late March.

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

Feasibility studies related to THA’s ability to raise the money necessary to develop the project are now being conducted. THA has procured The Alford Group to assist us in assessing financial feasibility. The first step is a Philanthropic Market Assessment to gauge how the community perceives THA as a philanthropic entity. This will take approximately 16-18 weeks to complete. We have developed a list of community leaders to interview as a part of this Assessment; interviews began in February.

#### 1.1.2 *Area 3 Lot Sales, Citibank Loan*

Due to low sales activity at Salishan, Quadrant had suspended all sales activity in the community effective July 1, after building homes on 6 of the 28 lots they purchased in 2011. They have since sold the remaining 22 lots to Benjamin Ryan, a local developer who will be building single family for sale homes.



The remaining Area 3 lots are listed for sale with Coldwell Banker Commercial. Coldwell Banker has assembled a sales package that it is using to attract home builders to the community. To date, THA has received three offers. Staff is negotiating with one of the offering parties now and should have a mutually agreed upon purchase and sales contract to share with Citibank by the end of February.

1.1.3 *Arlington Rd (Area 4):*

In August 2011, staff issued an RFP for development proposals from Assisted Living Developers for this site. THA did not receive any responses. Staff will conduct an analysis of other feasible real estate development scenarios for this site, and prepare a proposal for moving forward in late 2012.

## **2. PUBLIC HOUSING PROJECTS**

### **2.1 1800/2500 Hillside Terrace**

2.1.1 *Summary of Project Activities.*

THA's architect issued construction documents and the City issued construction permits on January 31, 2013.

HUD is reviewing a Rental Term Sheet submitted to it for the project – HUD's review and approval is expected in March 2013.

The Phase I permanent lender and tax credit investor have completed their due diligence on the project, and their final review of closing documents. The lender and investor are now reviewing the issued construction drawings and specifications.

Closing on all sources of Phase I financing is projected for March 2013. Demolition, site work, and all construction activities will begin immediately thereafter. Staff is working with the Chase Bank (construction lender) to approve the start of hazardous material abatement prior to closing.

2.1.2 *Financing.*

Financial closing is anticipated in March 2013 at the conclusion of HUD's mixed finance review.

2.1.3 *Project Planning.*

None to Report.

- 2.1.4     *Procurement.*  
None
- 2.1.5     *Architecture.*  
GGLO is finalizing the construction documentation. The drawings and specifications were issued for construction January 31, 2013.
- 2.1.6     *Construction.*  
Staff has finished negotiations with Absher Construction. Staff is working with our funding partners and Absher to evaluate the benefit of starting abatement prior to closing.
- 2.1.7     *Demolition/Disposition.*  
Approved by HUD in June. No new report.
- 2.1.8     *Community Meetings.*  
The Construction Oversight Committee continues to meet on the second Wednesday of each month. Last month the Committee approved the By-Laws and the projected goals for the project.

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

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

Part 1: Section 3 Employment Plan - 20 Estimated New Hires  
Part 2: Section 3 Business Concerns Plan - 10%  
Part 3: WMBE Business Utilization Plan - 14% /MBE; 8% /WBE  
Part 4: Apprenticeship Utilization Plan - 10%

- 2.1.9     *Relocation.*  
No report – relocation complete
- 2.1.10    *Community/Education Center.*  
Staff has finalized the Memorandum of Understanding (MOU) with Tacoma Public Schools to provide the Head Start program for Hillside Terrace.

2.1.11 *Project Schedule.*

**HILLSIDE Terrace, Phase I - MAJOR PROJECT MILESTONES THROUGH 2012, EARLY 2013**

Demolition/Disposition approval received from HUD	June
Begin Tenant Relocation Process	June
Phase I Permit Package Submitted to City for Review	July
Section 3 Construction Over Sight Committee Convenes	September
Execute Construction Contract	January 2013
Construction Bidding Process	October
Phase I Project Area Vacated	December
Close on all Financing	March, 2013
1800 & 2500 Blocks Fully Vacated	December
Construction Notice to Proceed	March 2013
Demolition Begins	March 2013
Infrastructure Development Begins	April 2013
Vertical Construction Begins	May 2013

**3. CAPITAL FUNDS**

**3.1 Capital Fund Construction.**

3.1.1. *Public Housing Scattered Site Renovations*

THA has categorized the work in order of importance and according to funding availability. Currently, the categories of work are as follows:

**ROOF AND GUTTER REPLACEMENTS**

Project is closed.

**WINDOW AND SIDING REPLACEMENTS**

Close out documents are in process.

**ROOF AND GUTTER REPAIRS**

Close out documents are in process.

**EXTERIOR PREP AND PAINTING**

Libby Builders has completed six of the twelve scattered sites. A few breaks in the weather have allowed the contractor limited progress. Due to poor weather conditions, Change Order #2 has been issued, extending the completion date to March 29<sup>th</sup>, 2013.

#### MULTI-SCOPE WORK

The Multi-Scope work is being managed in two Phases;

Group A - Four of the Scattered Sites will receive numerous upgrades and repairs including; electrical and HVAC upgrades, structural repairs, plumbing repairs, complete kitchen renovation and numerous flooring replacements. Project Specifications and Scope for Group A are complete and project was let for bid on February 1<sup>st</sup>. Bids are due February 28<sup>th</sup> and contract is scheduled for award March 5th.

Group B – Three Scattered Sites will receive extensive electrical service upgrades, HVAC replacements, venting repairs, structural repairs, Interior and exterior painting and flooring replacement. Specifications and Scope are in process and work is anticipated for an April start.

Note: THA received a High Performer status on its PHAS scores; therefore it will receive a High Performer bonus with its 2012 CFP grant.

#### 4. OTHER PROJECTS

##### 4.1 *Neighborhood Stabilization Program (NSP 1)*

We continue to look for houses to purchase. It has been more difficult to purchase houses due to lack of inventory and more active investors.

THA is going to receive an additional \$960,000 from the City of Tacoma to continue the foreclosure work. The City received additional funding through the Attorney General's office. We anticipate entering into the contract with the City in March. We are waiting for the Attorney General's office to respond to questions submitted by the City of Tacoma about the types of houses we can purchase. The program will run for 36 months.

##### 4.2 *LASA Supportive Housing Project*

Staff is working with a non-profit organization based in Lakewood that provides supportive services to homeless families to develop a 15-unit homeless family housing project on land owned by LASA. We will also be developing a client service center and new office space for LASA. THA will be the developer/owner of this project. LASA will provide case management services and will be the "master tenant" of the project once it is operational.

Project financing is structured as a 9% tax credit transaction. We are now fully funded (i.e., County 2163 funds, City of Lakewood HOME funds, Washington State Housing Trust Funds, and Low Income Housing Tax Credits).

Design development is complete and we have begun construction documents. The

updated cost estimate we received in December was approximately \$400,000 lower than the original cost estimate. We will have next cost estimate in late February and submit for building permits in March. THA Issued an RFP for Investor and Lender on February 13. Responses are due by March 8.

In July 2012, the Board approved predevelopment funds for this project up to \$375,000. We have used most of those funds. In order to keep the project on schedule, we are requesting an additional \$300,000 (board resolution included in packet). The main areas we will be using this money are the following:

Architecture and Engineering Work	\$128,500
Financial Advisors	\$36,000
Legal	\$35,000
Relocation	\$35,000
Permit Fees	\$65,017

#### Project Schedule

Submit Tax Credit Application	January 2013
Begin relocation activities	January 2013
Submit for Building Permit	January 2013
Issue RFP for Investor/Lender	January 2013
Select Investor/Lender	March 2013
Issue ITB for Contractor	March 2013
Award Contractor Contract	April 2013
Financial closing	July 2013
Construction Start	July 2013
Complete Construction	March 2014

#### 4.3 *Stewart Court*

THA's Asset Management Committee is reviewing options for Stewart Court Apartments. These options include fixing it up as it requires or selling the property. The Committee plans to bring a recommendation on this project to the Executive Director soon. Because the rehabilitation and refinancing option being reviewed by the Committee would require an investment of THA funds, the Committee is looking at other options that would be less costly to the agency.

#### DESCRIPTION OF REHABILITATION STRATEGY (UPDATE)

ORB Architects has completed the Design Development phase of services. Staff communicated with the HTF staff and based on HTF's policy to limit award to any one entity to no more than \$2.5M staff reduced the request to \$189,455. Staff requested and received bond cap reservation for the project.

The total project cost is \$9,003,228 Funding sources are:

THA MTW loan	\$ 291,987
Conventional loan	\$2,235,989
Housing Trust Fund	\$ 189,455
Low Income Housing Tax Credits 4%	\$3,277,349
Seller financing Note	\$2,748,000
Deferred Developer Fee	<u>\$ 261,524</u>
Total	\$9,003,228

With the rehabilitation strategy, total construction costs would be \$ 3,659,519, including all contingencies. As required by the Housing Trust Fund commitment to the project, should THA decide to proceed with the rehabilitation of the property, construction is scheduled to begin in June 2013.

Current schedule:

Update residents	October 2012
Apply for LIHTC 4% and bonds	December 2012
Issue RFP for Lender	January 2013
Issue RFP for Investor	January 2013
Lender selection	March 2013
Investor selection	March 2013
Complete Plans and Specs	March 2013
Issue ITB for General Contractor	March 2013
Selection General Contractor	May 2013
Begin Construction	June 2013

## 5. DEVELOPMENT PIPELINE PROJECTS

### 5.1 *Intergenerational Housing at Hillsdale Heights*

Staff is working with that Many Lights Foundation staff to begin community outreach activity and meetings with community leaders to discuss their development proposal for the Hillsdale Heights site.

#### Background

The Many Lights Foundation is considering making an offer to purchase some or all of THA's Hillsdale Heights property at S. 60<sup>th</sup> & McKinley. THA and ManyLights have signed a nonbinding MOU that defines each agency's role in exploring a potential joint venture to develop housing at Hillsdale Heights.

The Many Lights project concept is to develop 48 units of housing that includes a mix of housing affordable to low-income seniors and families caring for foster children. This project concept is based upon successes achieved by several other

similar projects where seniors, families, and foster children live in an affordable, supportive and intentional community.

Board members from the Many Lights Foundation have recently indicated to THA that they will have a refined and specific development program for the Hillsdale Heights site completed by the end of the year. This development program will have two important purposes. First, it will help community members to understand the Many Lights development proposal; and, second, it will help THA to determine how it might formally collaborate with Many Lights and its development team; and it might enable THA to formulate a development concept of its own for the vacant land at Hillsdale Heights not purchased by the Many Lights Foundation.

THA is consulting with its community partners in the McKinley Avenue area about the Many Lights Foundation proposal. THA has made no commitments.

#### 5.2 *City-Owned Browne Star Grill Properties on MLK*

THA's architect has completed its assessment of the physical needs and costs to renovate and return to landmark status the Browne Star Grill and Pochert Buildings located on MLK Way – both of which are the subject of a community application to the City's Landmark Preservation Board for placement on the list of Historic Tacoma Places. Staff is currently evaluating how the cost to preserve and renovate these two buildings will impact THA's larger interest to develop a mixed use workforce housing project on four City-owned parcels at S. MLK Way and S. 12<sup>th</sup> Street.

##### Background

The City owns the four parcels located at the corner of S. 12<sup>th</sup> & MLK way that include the former Browne Star Grill building. THA has proposed to the City and community groups a project that would put 70 workforce apartments above retail on this site. THA is continuing its consultation with the City, and with leaders of the Hilltop community. THA is also consulting with major employers on the Hilltop and with the unions representing their employees. THA is discussing the interest those employees, employers and union may have in this housing and what collaboration in its development that interest might suggest. THA staff and City staff are now working on the specific terms of a potential transfer of this property to THA. Once staff is able to complete a draft term sheet for this transaction, the City Manager will review it.

Staff has recently begun meeting with Hilltop community representatives about the potential for preserving the exterior of the two older buildings on this site – and the impact that preserving these facades might have on a THA project at this site.

On October 23, Staff met with the Board of a local historic preservation

organization, *Historic Tacoma*, concerned with the preservation of the Browne Star Grill building for its historic significance. Staff agreed to assess the feasibility of preserving the building and to report back to *Historic Tacoma* on THA's findings by the end of the year.

#### 5.3 *New Look Apartments/Alberta Canada Building Acquisition*

This 49-unit mixed-use senior housing tax credit project is at the intersection of MLK and 11<sup>th</sup> in the Hilltop. Tax credit investors represented by the National Equity Fund (NEF) own 99% of the partnership that owns the property. Martin Luther King Housing Development Association (MLKHDA) owns 1% and is also the General Partner. MLKHDA is interested in selling its 1% ownership to THA.

In August, THA presented a purchase and sale agreement to MLKHDA for the purchase of the GP interest. Staff has learned from the MLKHDA's Executive Director that the Board of the MLKHDA has approved THA's purchase and sale proposal. Despite weekly inquiries, THA staff has yet to receive a formal response to the purchase proposal submitted to the MLKHDA in August.

#### 5.4 *Multifamily Investment Opportunities*

Staff is tracking current multifamily listings and acquisition opportunities in the Tacoma area that meet the following investment goals: (1) minimal renovations and capital needs; (2) rapid resale potential; (3) reliable cash flows; (4) reliable short term return on investment. Other more specific investment criteria, communicated to staff by the Board's Development Committee, include: (1) 20 – 30 units, (2) \$50 - \$60,000 acquisition cost, and (3) suitable for a 3 – 6 year hold.

Properties that meet these goals might include HUD-assisted housing, housing located near other THA properties (offering management efficiencies), and market rate housing in strong market areas of the City (such as downtown and the Tacoma Mall area). This exercise will help THA determine an optimum real estate investment strategy. It should also inform THA's efforts to invest organizational reserve funds dedicated to real estate investments in its 2012 budget.

THA's real estate brokers are examining current listings and communicating with owners of non-listed properties that meet our buying criteria. THA's brokers have told staff that there have only been four multifamily sales in Pierce County so far in 2012, and that owners are more inclined to hold onto their properties in 2012 than they were in 2011.

## 6. **M/WBE CONTRACT COMPLIANCE and SECTION 3 HIRING**

### 6.1 Hillside Terrace Revitalization Project goals include 20 Section 3 New Hires, 10%



Section 3 Businesses, 14% MBE and 8% WBE as well as 10% Apprenticeship Utilization.

# **7. PHAS INDICATOR FOR MODERNIZATION ACTIVITIES**

The following are the schedules as of February 7, 2013 for THA's obligation and expenditure of the public housing capital funds it receives from HUD.

<b>Grant</b>	<b>Total Grant</b>	<b>Obligation Start Date</b>	<b>Obligated</b>	<b>% Obligated</b>	<b>Obligation Deadline</b>	<b>Expended</b>	<b>% Expended</b>	<b>Expended Deadline</b>
2008 CFP	\$1,849,412	6/13/08	\$1,849,412	100%	06/12/10	\$1,849,412	100%	06/12/12
2009 CFP	\$2,410,953	9/15/09	\$2,410,953	100%	9/14/11	\$2,410,953	100%	9/14/13
2009 CFP (1 <sup>st</sup> R)	\$703,863	9/15/09	\$703,863	100%	9/14/11	\$703,863	100%	9/14/13
2009 CFP (2 <sup>nd</sup> R)	\$54,932	9/15/09	\$54,932	100%	9/14/11	\$54,932	100%	9/14/13
2009 CFP (3 <sup>rd</sup> R)	\$2,724	4/2/10	\$2,724	100%	4/2/12	\$2,724	100%	4/2/14
2010 CFP	\$2,345,627	7/15/10	\$2,345,627	100%	7/14/12	\$1,186,484	51%	7/14/14
2010 CFP (1 <sup>st</sup> R)	\$1,216,978	7/15/10	\$1,216,978	100%	7/14/12	\$808,090	66%	7/14/14
2010 CFP (2 <sup>nd</sup> R)	\$219,721	7/15/10	\$219,721	100%	7/14/12	\$219,721	100%	7/14/14
2011 CFP	\$1,721,353	8/3/11	\$1,325,635	77%	8/2/13	\$35,910	2%	8/2/15
2011 CFP (1 <sup>st</sup> R)	\$736,455	8/3/11	\$443,660	60%	8/2/13	\$443,660	100%	8/2/15
2011 CFP (2 <sup>nd</sup> R)	\$549,895	8/3/11	\$0	0%	8/2/13	\$0	0%	8/2/15
CFCF**	\$1,881,652	8/3/11	\$330,182	17%	8/2/13	\$162,312	8%	8/2/15
2012 CFP	\$1,593,197	3/12/12	\$0	0%	3/11/14	\$0	0%	3/11/16
2012 CFP (1 <sup>st</sup> R)	\$1,026,290	3/12/12	\$441,922	43%	3/11/14	\$0	0%	3/11/16
2012 CFP (2 <sup>nd</sup> R)	\$128,701	3/12/12	\$0	0%	3/11/14	\$0	0%	3/11/16

\*\* Capital Fund Community Facilities Grant

# COMMUNITY SERVICES



# TACOMA HOUSING AUTHORITY

DATE: February 27, 2013

TO: THA Board of Commissioners

FROM: Nancy Vignec  
Community Services

RE: Monthly Board Report

## STRATEGIC OBJECTIVE: ASSISTANCE

THA will provide high quality housing and supportive services. Its supportive services will help people succeed as residents, neighbors, parents, students, and wage earners 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 January and for the calendar year 2013.

#### 1.1 Employment

Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Clients referred for employment services	21	21	130	16%
Clients who received employment services	25	25	120	21%
Clients enrolled in employment readiness soft skills workshops	1	1	80	1%
Clients completed employment readiness soft skills workshops	1	1	50	2%
Enrolled in job readiness training	2	2	20	10%
Job placement	2	2	45	4%
WorkSource Participants Assisted	19	19	100	19%
Entered Apprenticeship	0	0	3	0%
Work Study/Community Jobs/Internships	0	0	30	0%
Earned Income Increased	3	3	35	6%

Average annual increase in earned income in 2012	\$2761.61
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THA is proud to announce a developing partnership with Workforce Central. Workforce Central is actively recruiting individuals from the community to participate in the redevelopment of the New Hillside Terrace. Workforce Central has developed a program called the Construction Academy which will provide soft skill training for individual interested in working on this project. THA will hold several information sessions for the Construction Academy, in order to provide our residents and individuals living in the community the opportunity to participate. A flyer about the Construction Academy is attached to this report.

## 1.2 Education

Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Participating in ESL classes	1	17	15	113%
Completes one or more ESL levels	0	1	5	20%
Adults enrolled in education program	4	4	10	40%
Adults complete education program	0	0	25	0%
Participants attending GED classes	20	20	200	10%
Completes one or more GED tests	1	1	25	4%
Attains GED	2	2	15	13%
FAFSA applications completed	0	0	10	0%

## 1.3 Families in Transition (FIT)

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	13		1		4	
	Jan. 2013	YTD 2013	Jan. 2013	YTD 2013	Jan. 2013	YTD 2013
Entrances	0	0	1	1	0	0
Graduations	0	0	0	0	0	0
Exits	0	0	0	0	0	0
Terminations	1	1	0	0	0	0

#### 1.4 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	Jan. 2013	YTD 2013	Annual goal 2013
Number of households referred for services	0	0	26
Number of successful completions (eviction averted)	0	0	12
Number terminated	0	0	n/a

#### 1.5 MTW Hardship Exemption Casework

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	Jan. 2013	YTD 2013	Annual Goal 2013
Number of households referred for services	0	0	10
Number of successful completions	0	0	8
Number terminated	0	0	n/a

#### 1.7 Preparing for Success

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.

We have begun enrolling the third cohort in this program. We expect the second cohort to complete the program by June 2013.

Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Second year cohort 2012 completed	0	0	15	0%
Third year cohort 2013 enrolled	4	4	25	16%
Third year cohort 2013 completed	0	15	15	100%

### 1.8 Family Self-Sufficiency Program

The THA Family Self-Sufficiency (FSS) program is a five year employment and savings incentive program funded by HUD and the City of Tacoma.

Status	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Current Participants	98	98	153	64%
Graduates	1	1	17	
Removed/Voluntarily Withdrawn	1	1	N/A	
New Contracts Signed	2	2	55	
Escrow Balance	\$193,539.15			

### 1.9 Life Skills and Parenting Classes

THA contracts with Bates Technical College to provide Life Skills classes and parenting support for Families in Transition participants. A Life Skills session began January 9. The next Parenting class will be in April 2013.

Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Life Skills Enrollment	8	8	20	40%
Life Skills Completion	0	0	10	0%
Parenting Enrollment	0	0	75	0%
Parenting Completion	0	0	65	0%

### 1.13 Senior and Disabled Services

The Senior and Disabled Services Program Specialist had 83 client contacts (47 unduplicated) in the month of January. There were eight unduplicated home visits. Eleven residents received 1.1 situational and wellness counseling.

Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Unduplicated client contacts	47	47	260	18%
Referrals	3	3	50	6%
Unduplicated situation/wellness counseling	11	11	140	8%
Assistance with correspondence for Entitlement Programs	2	2	40	5%

In January, the BASH food bank delivered groceries to 200 tenants. The Specialist provided assistance to four tenants who were in danger of losing their housing.

- One tenant was unable to manage his apartment and care for his person. The Specialist helped the individual successfully apply for COPEs and move to an assisted living facility.
- One tenant had no income. The Specialist helped the individual gain DSHS financial assistance to pay the rent.
- The Specialist arranged for services for two tenants with poor housekeeping and hoarding issues. They received help with cleaning their apartments and removing excess items.

### **1.6 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 January 2013, 50 McCarver families are enrolled in the Program. Rental subsidies for participating families will decrease to zero over the five year McCarver project period. 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.

Currently 100% of Program families are able to pay the required 20% of the rent.

All McCarver Program parents participate in monthly parenting classes, either with a speaker at a meeting at McCarver, or through referral to the Positive Parenting Program – an in-home parenting training provided by Tacoma Pierce County Health Department. The classes helped the parents improve communication skills, discipline, and building positive connections with the school. We have seen a substantial increase in parent involvement since the start of this school year. Overall, Program parents are attending training more regularly and are participating more in activities at the school. Five Program participants are on the Board of the McCarver PTA and 30 Program parents attend PTA meetings.

<b>Activities</b>	<b>Jan. 2013</b>	<b>YTD 2013</b>	<b>Annual Goal</b>	<b>% of Goal</b>
Families participating	50	50	50	100%
Families able to pay 20% of their rent (50 of 50)	50	50	50	100%
Families able to pay 40% or their rent (43 of 50)	0	0	43	0%
Average school attendance rate**	n/a	n/a	93%	n/a
Reduction in referrals for discipline**	n/a	n/a	25%	n/a
% students increase scores on district reading test (K-5)*			20%	0%
% students increase scores on district math test (K-5)*			20%	n/a
Average increase in state reading test (Gr. 3-5)*			20%	0%
Increase in average state math test (Gr. 3-5)*			18%	0%

\* These scores are reported annually in the fall of the year.

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

<b>Activities</b>	<b>Baseline 2010-2011</b>	<b>2011-2012</b>
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%

### 1.10 Asset Building

The department provides pre-purchase counseling, 1<sup>st</sup> 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 partnership with Pierce County Asset Building Coalition and Tacoma Goodwill, THA will participate in a pilot project through the National Community Tax Coalition. This pilot is 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 will serve as a Basic Information Site. This means clients who receive tax assistance at THA's VITA site will also receive general information about the college enrollment process. The clients included in this group will receive a "College Bound" booklet that contains information on financial aid and applying to colleges.



Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Financial Education Enrollment	27	27	80	34%
Financial Education Completion	27	27	40	68%
Homebuyers Education Referral	0	0	50	0%
Credit Counseling Enrollment	0	0	15	0%
Credit Counseling Completion	0	0	5	0%
Homeownership Pre-Purchase Counseling	0	0	10	0%
Homeownership Post-Purchase Counseling	4	4	30	13%
Individual Development Account Participants Enrolled	7	7	11	64%
Individual Development Account Counseling (other than homeownership)	2	2	28	7%
Qualified Withdrawals	0	0	7	0%
Home Purchase	0	0	4	0%
Other Asset Purchases	0	0	3	0%
VITA Tax Returns for THA clients	0	0	40	0%
EITC Received (PH only)	0	0	20	0%
Tax Returns for all clients served at VITA Site	0	0	200	0%

This spring we will begin a new matched savings program for McCarver Program participants. We are developing the participation guidelines and securing a bank to accept the deposits. We currently have \$13,000 in matching funds.

Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
McCarver Match Savings Participants Enrolled	0	0	13	0%
McCarver Qualified Withdrawals	0	0	3	0%

### 1.11 Computer Labs

THA has computer labs at Bergerson Terrace, Dixon Village, and Hillside Terrace. The AmeriCorps members assigned to the computer labs are responsible for outreach and computer lab programming. Each lab has scheduled times for adult activities and for youth activities including resume writing, research, and homework assistance.

Activities	Jan. 2013	YTD 2013	Annual Goal	% of Goal
Computer Lab Participation (cumulative visits)	48		1200	0%

## **1.12 Youth Activities**

Write@253 will begin their second year of youth tutoring in Salishan in January and run through the end of the school year. They had a very successful program last year. Our two AmeriCorps volunteers have expanded their tutoring service to our students by working with them at the neighborhood schools in addition to the computer labs. Courtney Lawson is at McCarver Elementary, and Dina Brown is at Grey Middle School.

<b>Activities</b>	<b>Jan. 2013</b>	<b>YTD 2013</b>	<b>Annual Goal</b>	<b>% of Goal</b>
Youth tutoring	18	18	10	180%
Summer youth programming	0		40	0%
Youth leadership mentoring	16	16	45	36%

## **2. PARTNERSHIP WITH CHEF**

THA and the Salishan Association have a very successful partnership with the Comprehensive Health Education Foundation (CHEF). In 2012 CHEF awarded two continuation grants to the Salishan Association: a \$15,000 “Changing Lives” grant and a \$50,000 Community Health Advocate grant. In early 2013, CHEF awarded the Salishan Association two more continuation grants for the same purposes.

### **2.1 Changing Lives Grant**

“Changing Lives” promotes physical activity and healthy nutrition among Salishan residents of all ages. It encourages neighbors to come outside, walk about and get to know each other, their neighborhood and surrounding areas. It encourages small gatherings of neighbors to learn together how to prepare healthy, affordable meals. The project offers opportunities for Salishan residents to help create community gardens and safe outdoor play areas. The project helps the Salishan Community Association further develop a strong and thriving neighborhood.

#### **2.1.1 Community Kitchens**

In 2012, the Salishan Association hosted 31 community kitchen sessions. 470 people attended. Thirty-four attendees had not participated in kitchens previously. WSU Cooperative Extension nutrition staff offered to full 6-week sessions and 14 participants earned certificates of completion. As a result:

- Participants have a better understanding of how to cook healthy meals, the components of a healthy plate.
- Neighbors get to know each other, build relationships around a meal.
- Community Kitchen Leaders learn how to plan a menu, shop and then get the participants involved in the preparation of the meals.
- Community Kitchens are the cornerstone of social life for the participants. They look forward to it all week.

#### 2.1.2 Community Gardens

Residents from International Place and Salishan Gardens apartment buildings participated in the community garden on R Street. The community garden on Metro Parks land just east of Roosevelt Street reopened after being dormant for several years during Salishan construction.

### 2.2 Community Health Advocates

The Community Health Advocate (CHA) project helps Salishan develop as a healthy community. The project assists the Salishan Community Association further develop a strong and thriving neighborhood.

CHA identifies and trains natural leaders within Salishan. Eight of the original CHA cohort are continuing in their positions. During the second year, an additional 12 CHAs were identified and trained. The CHAs form networks and connections among Salishan residents. The CHAs connect Salishan residents with health resources and leadership opportunities. As a result of the project:

- The advocates report that they have made significant changes to their own health. They also reported that they are working with their families, friends and neighbors to tell them about how changing their health behaviors has impacted them and helping those in their circle of influence to make similar changes.
- One advocate lives with her elderly parents and her dad is the go-to guy for the Vietnamese. She has been changing her parents' diet. It is still traditional Vietnamese but with some modification such as brown rice and no fried meats. Her dad has lost a lot of weight and his blood pressure is lower. Since he is the hub of the social network, this change gets a lot of mileage. She can start working on the other people who visit his house. She also takes several of them to Zumba class!

- Many of the advocates were helpful in collaborating with THA and the Health Department to encourage residents to complete Smoke Free Housing surveys. They helped get the word out about the Smoke Free Housing changes. They attended the public meetings and helped people to understand. They are working with the Health Department and other partners to have some resources ready so they can respond when residents are ready to talk about quitting smoking.

# CONSTRUCTION ACADEMY

Get Trained **FOR FREE** for a Brighter Future

**Classes begin March 4**



## Eligibility Requirements

High School Diploma or GED

Meet Section 3 employment qualifications

Enjoy working with your hands

Have transportation to and from work

Able to work flexible schedule

Able to lift materials up to 30 lbs

Pass pre-employment drug screen

Pass reading and writing assessment

Able to work in the United States

## For More Information

Brandon Koenes

253-448-8292

[bkoenes@workforce-central.org](mailto:bkoenes@workforce-central.org)





# SALISHAN COMMUNITY HEALTH ADVOCATES



*Members of the first Salishan Community Health Advocates cohort.*

*The first cohort launched in 2011 with three months of training. Each Advocate has developed expertise in community outreach and engagement, prevention of chronic disease, coordination with community resources, and in supporting others in making lifestyle changes. The second cohort has been identified and trained, expanding the base of Advocates for 2012-13.*

## COMMUNITY-DRIVEN HEALTH IMPROVEMENT

Community Health Advocates help neighborhoods become healthier from within.

They are ordinary people who are trusted by friends and neighbors and empowered through education and training. By improving their own health habits and using their natural influence, they foster healthy eating and active lifestyles in their community.

## CHANGE AGENTS FOR COMMUNITY HEALTH

With training and support, Community Health Advocates serve as change agents who communicate with and influence others in a way that external professionals cannot.

Each advocate initiates activities that will improve the health and well-being of their neighborhood. They focus on the three biggest risk factors for chronic disease: inactivity, poor diet, and tobacco use.

For example, one Advocate might be involved in the following in any given month:

- Help two or three residents address specific health challenges
- Organize and facilitate walking groups, tai chi, and cooking classes
- Host a family night at the elementary school
- Help with the community garden
- Participate in community networks

“WE WANT TO LEARN TO ADDRESS OUR OWN HEALTH ISSUES.”

—Salishan community member



*Once trained, Community Health Advocates create a visible impact. They work with their neighbors, friends, and family members to create a healthy community where it is the norm for people to be physically active, eat healthy foods, connect with their neighbors, and advocate for change in the systems and policies that affect their community.*

# SALISHAN COMMUNITY HEALTH ADVOCATES

“...I NEED TO  
START AS A ROLE  
MODEL.”

— Salishan Community Health Advocate

## ON THE PATH TO LONG-TERM IMPACT

In the project’s first year, 11 Salishan Health Advocates were identified and trained. A thriving community garden, numerous community events, regular exercise classes, advocacy for non-smoking, and a free summertime lunch program provide evidence of success. In addition, an independent evaluation of the project highlighted the following achievements:

**Advocates are committed and enthusiastic.** The retention rate of the original group of Salishan Community Health Advocates has been remarkable, with 10 of the original 11 still participating at the end of their first year. In interviews, they expressed a high level of enthusiasm for continuing into a second year and for taking on new tasks and mentoring the incoming group.

**Advocates are becoming leaders.** By the end of Phase 1, the Advocates were beginning to establish themselves as leaders in health-related activities.

**Project is attracting support.** The project appears to have effectively cultivated several supporters and champions for deepening the work.

Key community leaders clearly identified ways they would like to collaborate with the project, for example, by partnering on proposals to expand this model and move it into new areas. In addition, scaling efforts are currently in discussion.

**Advocates are becoming role models.** The project assumption was that in the first year work would focus on encouraging Advocates to make changes in their own understanding and behavior, so that they could later influence others. This was echoed by participants. As one said, “It needs to start with ourselves. I am proud that I am regular with exercise and eating healthily. When you talk to people about it they become inspired. I need to start as a role model.”

## A COLLABORATIVE MODEL FOR WASHINGTON STATE

The Salishan Community Health Advocates project is a collaboration of the Housing Authority of the City of Tacoma, Comprehensive Health Education Foundation, Tacoma—Pierce County Health Department and Salishan Community Association.

For more information, contact  
Kathy Burgoyne  
Comprehensive Health  
Education Foundation  
kathyb@chef.org / 206.923.1903



COMPREHENSIVE  
HEALTH  
EDUCATION  
FOUNDATION



*Health Advocates are trained in the prevention of chronic disease and coordinate with community resources to provide blood pressure checks, referrals, and other services.*

Beyond exceeding year one program goals, early outcomes show that Salishan Community Health Advocates are reducing barriers between cultural groups within the community.

Each cohort, by design, is comprised of people representing a cross-section of cultures in the community who work together toward a common purpose.

**NEW BUSINESS**



## RESOLUTION #1



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27(1)

**Date:** February 17, 2013

**To:** THA Board of Commissioners

**From:** Michael Mirra  
Executive Director

**Re:** Amending THA's Strategic Objectives and Adopting Performance Measures

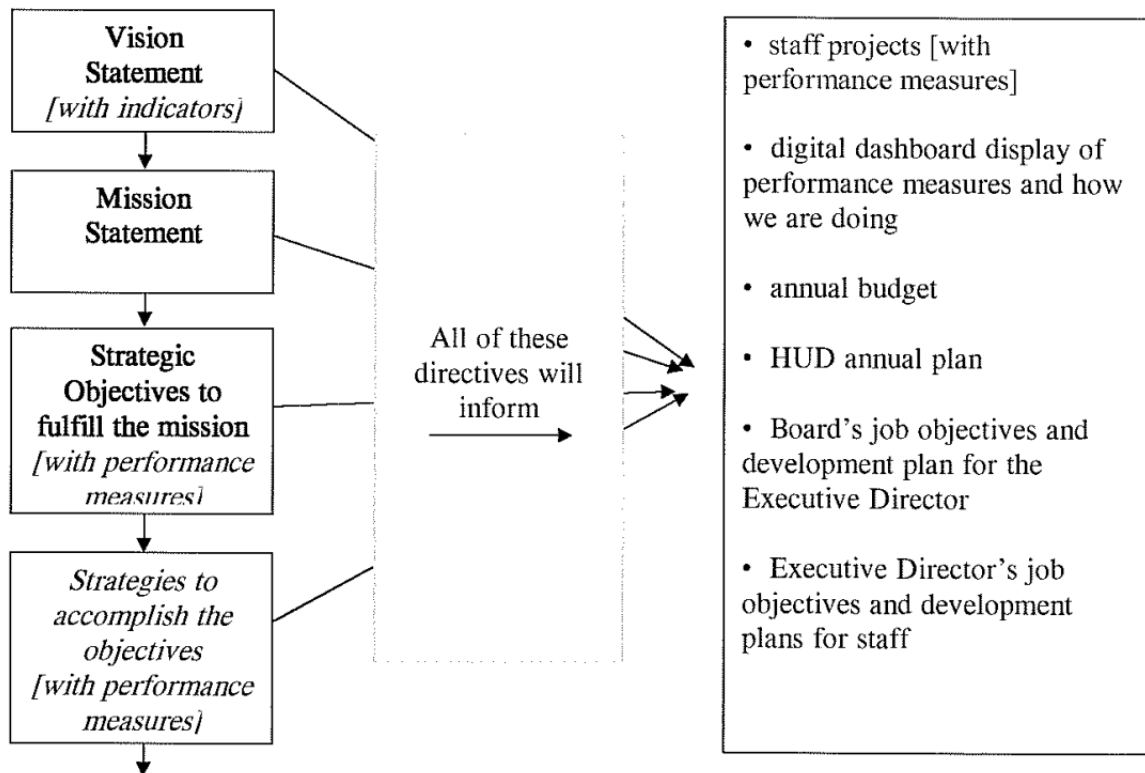
I am very pleased to present this resolution that would have the Board amend THA's strategic directives and adopt performance measures. This proposal denotes a lot of good work by commissioners and staff, including the changes the board directed at the February 1<sup>st</sup> study session. Its adoption will also allow us to move on to the next stage of THA's strategic planning.

### BACKGROUND

THA's strategic understanding of its work come in a cascade of directives, starting with choices the Board makes. This chart shows the various elements and the schedule we are on to review them.

↓	What the Board Chooses:	Status
	THA's Statement of Vision	Adopted in 2008; Reviewed February 2013
	THA Mission Statement	
	Strategic Objectives	
	Performance Measures for each strategic objectives	February 2013
	Choose targets and review schedules for each measure	March 2013
	What the Staff Chooses	
	Strategies to try to attain each strategic objective	Spring 2013
	Performance measures for each strategy	Spring 2013
	Projects, with performance measures	ongoing
	Job objectives	ongoing

Another way to understand how we use these strategic directives shows in the following diagram we used when we began this discussion in 2010:



In 2011, we began to review our strategic directives and to choose performance measures. We wanted to refresh our understanding of the work we do, why we do it and how we will tell if we are effective at it. More specifically, we had the following goals for our review:

- Most importantly, this effort will allow the Board to more fully perform its important job of setting the agency's strategic direction and monitoring our progress.
- This planning will allow us to be more deliberate when we choose what projects or programs to undertake, why and what we seek to accomplish by them.
- We will be better able to tell if and to what extent our efforts have the effect we seek.
- We will more easily understand and communicate our intentions and our results with ourselves and with partners. This will be especially useful for prospective funding partners who increasingly expect these attributes of performance management in the organizations they fund.

- This effort will also improve our ability to address three needs identified in the 2010 cabinet discussions and employee opinion survey: (i) that we choose projects that reflect the appropriate priorities; (ii) that we improve communication about our work with staff, especially improving their understanding of how their work relates to the agency's strategic direction; and (iii) that we improve ways to hold ourselves accountable for what we do and do not achieve.
- Last year we finished our Washington State Quality Awards assessment. This strategic planning and its emphasis on performance management are important elements to the improvements that assessment recommended.

## OUR PROCESS

The proposal in this resolution arises from a detailed array of discussions and consultations. They include:

- A committee for each of the strategic objectives and its performance measures. Staff and commissioners served on each committee.
- Each committee was commissioned to undertake appropriate consultations with community partners and experts. Each committee also referred to pertinent studies or reading material.
- We surveyed a wide variety of community members and partners using Survey Monkey.
- Stevan Gorcester has also been our very helpful advisor. He is the director of the state's Transportation Improvement Board (TIB), a national leader in the effective understanding of performance measures and their use and display. He will be very helpful as we design our dashboard. [Click here for a look at TIB's on-line dashboard.](#)
- These proposals have also received thorough review by the cabinet.
- The Board has received each of the evolving drafts of these proposals over the last year or so. It considered them in two study sessions, most recently on February 1<sup>st</sup>.

All in all, a pretty extensive and thoughtful review informs this proposal.

The board's discussions on February 1<sup>st</sup> emphasized an important way we should treat the performance measures. They must be a dynamic list that will require continual adjustment. Some measures will fall off the list as we realize they are not as useful or as easy to track as we initially thought. We will think of new measures to add to the list. The attached resolution allows staff to make such adjustments without board approval each time. Instead, staff will keep the board informed. These changes will also be evident in the digital dashboard that we are designing largely for the board's use.

## NEXT STEPS

Once the Board adopts this proposal, the next steps will include the following:

Early March	I will distribute the newly amended vision statement, mission statement and statement of values to the listserve of THA friends.
Spring 2013	Staff will propose to the board baselines and targets for each performance measure
Late Spring 2013	Staff will then devise strategies to try to attain the strategic objectives and performance measures the board has chosen. Each strategy will have its own performance measures, baselines and targets.
<p>Once we make our strategic choices and performance measures, we will track our performance and periodically review our choices as part of normal operations. This will keep our choices and our performance front and center for staff as they do their work and for the wider community. In this way, strategic planning will be more of a continual assessment, rather than a single exercise every few years to produce a document of limited value. There are the two main tools that will help us do this.</p> <ul style="list-style-type: none"><li>● <i>Digital Dashboard</i></li></ul> <p>We will design and build a digital dashboard. This work has already started. It will display the targets for each of our performance measures and strategies, and the data showing our actual performance. It will show our performance over time to indicate trends. It will show this information at varying levels of detail. The board will likely be more interested in the overview level of presentation. The greater level of detail may be of more interest to staff. The dashboard will use a variety of infographic techniques to make this information easy to understand. Stevan Gorcester will be very helpful to us as we do this.</p> <p>I think the digital dashboard will change board meetings. It will display on the smart board we purchased for the board room. It will allow the board to spend more time pondering THA's strategic direction, how we are doing according to the performance measures the board will have chosen, and what adjustments might be in order. The digital dashboard will change cabinet meetings in a similar way.</p> <p>We will also put our digital dashboard on our web site. This will make us transparent and accountable to a wider community of citizens, customers, funders and investors.</p> <ul style="list-style-type: none"><li>● <i>Project Data Base</i></li></ul> <p>We will load these strategic choices into the project data base. It is designed to require staff to link their project work to strategies. This makes us more likely to spend our time on projects that further our strategic choices. The project data base can also generate reports showing our work that serves strategic objective and the outcomes project by project.</p>	

## **RECOMMENDATION**

I recommend that the Board approve this resolution affirming THA's present vision statement, amending THA's mission statement and statement of values, amending THA's strategic objectives and adopting performance measures for each objective.



# TACOMA HOUSING AUTHORITY

## **RESOLUTION 2013-2-27 (1)**

### **Amending THA's Strategic Directives and Adopting Performance Measures**

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

**Whereas,** THA's statements of vision, mission and values, and its strategic objectives are important expressions of THA's understanding of its work, why the work is important, how THA seeks to do the work, and what THA hopes to achieve by it.

**Whereas,** these strategic directives are the Board's primary way to set the agency's direction and to express its expectations of staff.

**Whereas,** the Board adopted the present statements of vision, mission and values and strategic objectives in 2008. They have served THA well. Yet it is time to review and refresh them. Over the past year or so, the Board and staff have done so in a detailed process of consultation and discussion.

**Whereas,** in the same process, the Board and staff devised performance measures for each strategic objective. These performance measures will help THA determine if its efforts are effective.

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

1. THA's statements of vision, mission and values are amended as set forth in the attached redlined draft.
2. THA's strategic objectives are amended as set forth in the attached redlined draft.
3. The performance measures for each strategic objective shall be in substantially the form set forth in the attached draft Planning Chart. The Board expects that staff shall treat these performance measures as a dynamic list. The list will require continual adjustment. Some measures on the list will prove less meaningful or harder to track than initially hoped. Other new measures will occur to staff or the Board. Staff does not need to seek Board approval for every such adjustment. Instead, the Board asks staff to keep it reasonably informed about such adjustments.

**Approved: February 27, 2013**

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Janis Flauding, Chair

CERTIFICATE [OPTIONAL SECTION]

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

1. That the attached Resolution No. 2013-2-27(1) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 27<sup>th</sup> day of February, 2013, and duly recorded in the minute books of the Authority.

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

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of February 2013.

---

Michael Mirra, Executive Director of the Authority





# TACOMA HOUSING AUTHORITY

**CLEAN COPY, version 8**

## PLANNING CHART

### THA PERFORMANCE MEASURES for STRATEGIC OBJECTIVES

**Date of Version: February 11, 2013**

Tacoma Housing Authority  
902 South L Street  
Tacoma, WA 98405  
(253) 207-4421  
[www.tacomahousing.org](http://www.tacomahousing.org)

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1. HOUSING AND SUPPORTIVE SERVICES

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

<b>Strategic Objective Indicators [Optional]</b> <i>[indicators are measures of the problem, e.g, changing extent of homelessness in the city of Tacoma; they are not performance measures because they are too far beyond THA’s control; however they are useful to track to help us understand the challenge]</i>	<b>Feasibility of Data Collection</b> <i>Easy Moderate Hard</i>	<b>Baseline</b> <i>[if available]</i>	<b>Target</b>	<b>Review Date</b>

Strategic Objective Performance Measures <i>[performance measures are adequately within THA’s control to be a reasonable tool to assess our effectiveness; they will never be completely within THA’s control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	Feasibility of Data Collection <i>Easy</i> <i>Moderate</i> <i>Hard</i>	Baseline [if available]	Target	Review Date												
<b>NUMBER OF HOUSEHOLDS AND PERSONS RECEIVING HOUSING OR RENTAL ASSISTANCE</b> The number of households and persons receiving THA’s housing or rental assistance, including rental assistance that other organizations provide with THA funds and project based units owned by other organizations. (Project based voucher tenants in THA properties will count as THA tenants and not recipients of rental assistance): <table><tr><td></td><td>THA Tenants</td><td>Recipients of THA Rental Assistance</td><td>Totals</td></tr><tr><td># of households</td><td></td><td></td><td></td></tr><tr><td># of persons</td><td></td><td></td><td></td></tr></table>		THA Tenants	Recipients of THA Rental Assistance	Totals	# of households				# of persons				Easy	2013	MTW targets	Annual
	THA Tenants	Recipients of THA Rental Assistance	Totals													
# of households																
# of persons																

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<b>PARTICIPANTS IN THA SUPPORTED PROGRAMS, BY INCOME AND SPECIAL NEEDS</b> Demographics of the households receiving THA assistance as tenants, voucher holders or recipients of assistance from other organizations that THA funds: <table><tr><th colspan="3">Whom THA Serves by Income and Special Needs</th></tr><tr><td></td><td colspan="2">All Households Assisted by THA Supported Programs</td></tr><tr><td></td><td>Number</td><td>% of Total</td></tr><tr><td colspan="3">INCOME BY HOUSEHOLD</td></tr><tr><td>≤ 30% AMI</td><td></td><td></td></tr><tr><td>&gt; 30% and ≤ 50% AMI</td><td></td><td></td></tr><tr><td>&gt; 50% and ≤ 80%AMI</td><td></td><td></td></tr><tr><td colspan="3">Average Income of all households</td></tr><tr><td colspan="3">Average Income of work-able households</td></tr><tr><td colspan="3">Average Income of senior/disabled household</td></tr><tr><td>SENIORS INDIVIDUALS*</td><td></td><td></td></tr><tr><td>DISABLED INDIVIDUALS*</td><td></td><td></td></tr><tr><td>HOMELESS FAMILIES WITH CHILDREN*</td><td></td><td></td></tr><tr><td>HOMELESS ADULTS WITHOUT CHILDREN*</td><td></td><td></td></tr><tr><td>HOMELESS YOUTH*</td><td></td><td></td></tr><tr><td>HOMELESS VETERANS*</td><td></td><td></td></tr><tr><td>PERSONS COMING OUT OF CORRECTIONS*</td><td></td><td></td></tr><tr><td colspan="3">* served with special programs devoted to these populations</td></tr></table>	Whom THA Serves by Income and Special Needs				All Households Assisted by THA Supported Programs			Number	% of Total	INCOME BY HOUSEHOLD			≤ 30% AMI			> 30% and ≤ 50% AMI			> 50% and ≤ 80%AMI			Average Income of all households			Average Income of work-able households			Average Income of senior/disabled household			SENIORS INDIVIDUALS*			DISABLED INDIVIDUALS*			HOMELESS FAMILIES WITH CHILDREN*			HOMELESS ADULTS WITHOUT CHILDREN*			HOMELESS YOUTH*			HOMELESS VETERANS*			PERSONS COMING OUT OF CORRECTIONS*			* served with special programs devoted to these populations			Easy	2013		Annual
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Comparable Diversity Of Persons In All THA Supported Programs				Easy	2013	City Low Income Population Percentages	Annual
	% of Persons in All THA Supported Programs	% of City	% of Low-Income Pop. of City				
RACES & ETHNICITIES							
Black							
White							
Asian & Pacific Islander							
Hispanic							
Native Americans							
LIMITED ENGLISH PROFICIENT GROUPS							
Vietnamese							
Cambodian							
Spanish							
Russian							
Korean							
PERSONS OVER 62 and older							
PERSONS WITH DISABILITIES							
COMMUNITY SERVICES RECIPIENTS IN THA SUPPORTED PROGRAMS Unduplicated number of persons receiving supportive services that THA provides or arranges for participants in all THA supported programs.				Easy	2013	?	Annual

Strategic Objective Performance Measures <i>[performance measures are adequately within THA’s control to be a reasonable tool to assess our effectiveness; they will never be completely within THA’s control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>				Feasibility of Data Collection <i>Easy</i> <i>Moderate</i> <i>Hard</i>	Baseline [if available]	Target	Review Date
CHANGE IN EARNED INCOME Change in average earned income among work-able persons during their participation in all THA supported housing programs.				Moderate	2013	?	Annual
ASSET ACCUMULATION IN SURVEYED HOUSEHOLDS Assets indicators listed below among work-able households during their participation in THA supported housing programs. <ul style="list-style-type: none"><li>percentage of THA households paying rent by check vs. those paying by money order</li></ul>				Moderate			
EDUCATIONAL OUTCOMES 1. Changes in the following measures of school performance among school age children during their families’ participation in THA public housing and voucher programs: <ul style="list-style-type: none"><li>reading scores</li><li>standardized test scores</li></ul> 2.				Moderate	2013	?	Annual
Education Performance Measures	Children in THA Public Housing and Voucher Programs	All Low-Income Students in Tacoma Public Schools	All Students in Tacoma Public Schools				
Reading Scores							
Standardized Test Scores							
Rates of High School Graduation							

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>SUCCESSFUL EXITS</b> % and number of successful exits from THA housing or rental assistance programs  NOTE: An exit is successful if it occurs for reasons other than eviction, termination or departure after service of an eviction notice, and, for households subject to the 5 year time limit, an exit is successful if upon exit the household's monthly income is at least twice the FMR for its family size.	Moderate	2013	?	Annual
<b>COMMUNITY SERVICES COSTS (Cost for direct service staff, contractors and cash grants)</b> <ul style="list-style-type: none"> <li>average cost per person receiving community services</li> <li>average cost per person in THA's employment programs gaining new or better employment</li> </ul>	Moderate	2013	?	Annual



2. HOUSING AND REAL ESTATE DEVELOPMENT STRATEGIC OBJECTIVE

THA will efficiently develop housing and properties that serve primarily families and individuals unable to find affordable and supportive housing they need. Its work will serve will promote the community’s development. Its properties will be financially sustainable, environmentally innovative, and attractive. ~~THA will efficiently develop housing and other properties that are affordable, high quality, suitable to a range of needs and uses, sustainable and attractive.~~

<b>Strategic Objective Indicators [Optional]</b> <i>[indicators are measures of the problem, e.g. changing extent of homelessness in the city of Tacoma; they are not performance measures because they are too far beyond THA’s control; however they are useful to track to help us understand the challenge]</i>	<b>Feasibility of Data Collection</b> <i>Easy Moderate Hard</i>	<b>Baseline</b> <i>[if available]</i>	<b>Target</b>	<b>Review Date</b>

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g., number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> Easy Moderate Hard	<b>Baseline</b> <i>[if available]</i>	<b>Target</b>	<b>Review Date</b>
<b>TOTAL NUMBER OF UNIT-YEARS IN THA'S PORTFOLIO</b> The total number of unit-years in THA's portfolio.  NOTE: The unit-years for a property denotes the number of units in the property multiplied by the years of service that the property will provide at the standards of quality THA seeks for its properties without needing funds beyond its ordinary maintenance budget and the replacement reserves assigned to that property.  NOTE: THA can increase its total unit-years in various ways. It can build or buy new units or rehabilitate old ones. Its total unit-years can decrease by an unaddressed decline in the condition of a property, or by a sale of a property.	Moderate to Hard	2013	?	Annual
<b>AVERAGE UNIT-YEARS OF UNITS ADDED TO OR SUBJECTED FROM THA'S PORTFOLIO AS COMPARED TO THE PORTFOLIO AVERAGE</b> <ul style="list-style-type: none"> <li>The unit-years of property added to or subjected from THA's portfolio.</li> <li>The average unit-years of the added or removed property compared to the average unit-years for the entire portfolio prior to the addition or removal.</li> </ul> NOTE: These measures denote the financial sustainability of the added properties. A high average unit-years of a property shows sustainability. A low average does not. <b>Second</b> , These measures show whether the added properties for the year strengthened or weaken the portfolio's financial sustainability.	Moderate to Hard	2013	?	Annual

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g., number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> Easy Moderate Hard	<b>Baseline</b> <i>[if available]</i>	<b>Target</b>	<b>Review Date</b>
<b>NUMBER AND TYPE OF UNITS IN THA'S PORTFOLIO</b> The number of units in THA's portfolio counted as follows: <ul style="list-style-type: none"> <li>total units of any type serving any population</li> <li>units affordable and reserved to each of the following income tiers:               <ul style="list-style-type: none"> <li>~ 0% - ≤30% AMI</li> <li>~ 0% - ≤50% AMI</li> <li>~ 0% - ≤80% AMI</li> <li>~ 50% - ≤80% AMI (workforce housing)</li> <li>~ &gt; 81% AMI</li> </ul> </li> <li>units of housing for persons with special needs (e.g. seniors, homeless families, homeless adults)</li> <li>number of bedrooms</li> </ul>	Easy	January 1, 2013 portfolio size		Annual
<b>SQUARE FOOTAGE OF NON-RESIDENTIAL USERS IN THA'S PORTFOLIO</b> The number of square feet of non-residential space in THA's portfolio reserved for use by non-residential users, such as commercial tenants or service providers, whether they pay for the space or not.	Easy	January 1, 2013 portfolio size		Annual

Strategic Objective Performance Measures <i>[performance measures are adequately within THA’s control to be a reasonable tool to assess our effectiveness; they will never be completely within THA’s control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>				Feasibility of Data Collection <i>Easy</i> <i>Moderate</i> <i>Hard</i>																															
<b>QUALITY OF DEVELOPMENT OR PURCHASE</b> The distinction of THA new developments as measured by recognition, certificates or community surveys for the following attributes: <ul style="list-style-type: none"><li>● design</li><li>● affordability</li><li>● environmental innovation</li><li>● construction innovation</li><li>● community acceptance</li><li>● cost containment</li><li>● resident involvement in development activities</li></ul>				Moderate			Annual																												
<b>COST EFFICIENCY AND LEVERAGING OF THA DEVELOPMENTS OR PURCHASES</b> <table><tr><td></td><td>THA Costs</td><td>Total Costs</td><td>Leverage (THA costs/all costs)</td></tr><tr><td>Average cost per square foot purchased</td><td></td><td></td><td></td></tr><tr><td>Average cost per square foot developed</td><td></td><td></td><td></td></tr><tr><td>Average cost per unit purchased</td><td></td><td></td><td></td></tr><tr><td>Average cost per unit developed</td><td></td><td></td><td></td></tr><tr><td>Average cost per unit-year purchased</td><td></td><td></td><td></td></tr><tr><td>Average cost per unit-year developed</td><td></td><td></td><td></td></tr></table>					THA Costs	Total Costs	Leverage (THA costs/all costs)	Average cost per square foot purchased				Average cost per square foot developed				Average cost per unit purchased				Average cost per unit developed				Average cost per unit-year purchased				Average cost per unit-year developed				Moderate			Annual
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Average cost per unit developed																																			
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Average cost per unit-year developed																																			
<b>ASSISTING DEVELOPMENT OF AFFORDABLE HOUSING BY OTHER ORGANIZATIONS</b> The number of affordable square feet, housing units and unit-years that THA helped other organizations to finance or develop through one of the following ways: <ul style="list-style-type: none"><li>● project basing vouchers or other subsidy type</li><li>● development services</li></ul>				Easy	2012	?	Annual																												

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <i>[if available]</i>	<b>Target</b>	<b>Review Date</b>
<b>HEALTHY DEVELOPMENTS FOR PORTFOLIO</b> <ul style="list-style-type: none"><li>• Walking distance to parks, schools, grocery stores and other community amenities promoting health.</li><li>• On-site parks, playground equipment, services, schools, community space and other amenities promoting health.</li></ul>				

3. PROPERTY MANAGEMENT

THA will manage its properties so they are safe, enjoyable places to live, efficient to operate, good neighbors, and attractive assets to their neighborhoods and places where people want to live.

<b>Strategic Objective Indicators [Optional]</b> <i>[indicators are measures of the problem, e.g, changing extent of homelessness in the city of Tacoma; they are not performance measures because they are too far beyond THA's control; however they are useful to track to help us understand the challenge]</i>	<b>Feasibility of Data Collection</b> <i>[Is it feasible to collect this data?]</i>	<b>Baseline</b> <i>[if available]</i>	<b>Target</b>	<b>Review Date</b>

Strategic Objective Performance Measures <i>[performance measures are adequately within THA’s control to be a reasonable tool to assess our effectiveness; they will never be completely within THA’s control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	Feasibility of Data Collection <i>Easy</i> <i>Moderate</i> <i>Hard</i>	Baseline [if available]	Target	Review Date									
<b>OPERATING COSTS PER UNIT PER YEAR (PUPY)</b> The cost per year of operating a THA unit: <ul style="list-style-type: none"><li>• average PUPY for the entire portfolio</li><li>• average PUPY for each property</li></ul>	Easy	2012	?	Annual									
<b>MAXIMUM RENT AND RENT POTENTIAL REALIZED</b> The following measures for the total portfolio and for each property: <table><tr><td></td><td>Public Housing</td><td>Non-Public Housing</td></tr><tr><td>% of maximum rent charged</td><td>n/a</td><td></td></tr><tr><td>% of charged rent collected</td><td></td><td></td></tr></table>		Public Housing	Non-Public Housing	% of maximum rent charged	n/a		% of charged rent collected			Moderate	2012	?	Annual
	Public Housing	Non-Public Housing											
% of maximum rent charged	n/a												
% of charged rent collected													
<b>NET CASH FLOW</b> Net cash flow: <table><tr><td></td><td>Without Additional THA Subsidy</td><td>With Additional THA Subsidy</td></tr><tr><td>Each property</td><td></td><td></td></tr><tr><td>Total portfolio</td><td></td><td></td></tr></table>		Without Additional THA Subsidy	With Additional THA Subsidy	Each property			Total portfolio			Easy	2012	?	Annual
	Without Additional THA Subsidy	With Additional THA Subsidy											
Each property													
Total portfolio													
<b>REAC SCORES</b>	Easy	2011: 3 AMPs over 90	2012: 6 AMPs over 85	Annually									
<b>UNMET CAPITAL NEEDS</b> THA will use its periodic Capital Needs Assessment.													

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>SURVEY OF RESIDENTS OR A SAMPLING OF RESIDENTS ON THEIR RATING OF THE FOLLOWING ON A SCALE OF 1 TO 5:</b> <ul style="list-style-type: none"> <li>• How safe they feel within the property</li> <li>• How safe they feel within the neighborhood</li> <li>• How they rate THA and its management and staff as a landlord               <ul style="list-style-type: none"> <li>~ maintenance</li> <li>~ courtesy</li> <li>~ responsiveness</li> <li>~ fair treatment</li> </ul> </li> <li>• How they rate the property as a place to live</li> <li>• Would they choose to live in the property if they did not need its affordable rents</li> </ul>	Moderate	[from first survey]		Biennial
<b>HEALTHY HOMES AND COMMUNITIES</b> Measure of indoor air quality.	Hard	Current levels of air quality and resident health.[what are the metrics]		Annual
<b>CUSTOMER ORGANIZING AND CONSULTATION</b> The number of boards, councils or equivalent organizations of tenants, voucher holders or voucher landlord that for the year are functioning as indicated by the following: <ul style="list-style-type: none"> <li>• regular meetings</li> <li>• participation in THA decision making</li> </ul>	Easy	2012	?	Annual



4. FINANCIALLY SUSTAINABLE OPERATIONS

THA seeks to be more financially self-sustaining. ~~It seeks to become less dependent on program income, especially program income from the federal government.~~

Strategic Objective Indicators [Optional] <i>[indicators are measures of the problem, e.g, changing extent of homelessness in the city of Tacoma; they are not performance measures because they are too far beyond THA’s control; however they are useful to track to help us understand the challenge]</i>	Feasibility of Data Collection Easy Moderate Hard	Baseline <i>[if available]</i>	Target	Review Date

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>OPERATING SURPLUS/DEFICIT</b> <ul style="list-style-type: none"> <li>Recurring operating expenses vs. recurring incomes</li> <li>End of year variance to budget</li> </ul>	Easy	Breakeven	Surplus on annual basis	Annual - Close of Fiscal Year
<b>OPERATING RESERVES</b> Number of months of operating cash available	Easy	Minimum: <ul style="list-style-type: none"> <li>1 month HAP</li> <li>Properties – 3 month expenses</li> <li>Section 8 Admin – 3 months expenses.</li> <li>Business Activities – \$1,500,000</li> </ul>	Benchmarks set up as optimal, with amount desired for future endeavors [See Budget attachment A]	Annual - Close of Fiscal Year
<b>VALUE OF THA'S LAND and PROPERTY</b> <ul style="list-style-type: none"> <li>Average value per housing unit</li> <li>Total value of all land and property</li> </ul>	Moderate			
<b>NON-HUD INCOME GENERATION</b> <ul style="list-style-type: none"> <li>Non-HUD operating income as % of total operating income.</li> <li>Non-HUD capital income as % of total capital income</li> <li>Total non-HUD income as % of total income</li> </ul>	Easy	TBD	Increasing over time	Annual - Close of Fiscal Year
<b>CHANGE IN INCOME</b> Total income relative to prior years.	Easy		2% increase per year	Annual - Close of Fiscal Year
<b>DEBT SERVICE RATIO</b> $\frac{\text{Total income}}{\text{Total liabilities}}$	Easy		TBD	Annual - Close of Fiscal Year

5. ENVIRONMENTAL RESPONSIBILITY

THA will develop and ~~operate~~manage its propertiesand operations in a way that preserves and protects natural resources. ~~operations to improve the local and global environment. By its example and its expertise, THA will help others do the same.~~

<div>Strategic Objective Indicators [Optional]</div> <div><i>[indicators are measures of the problem, e.g, changing extent of homelessness in the city of Tacoma; they are not performance measures because they are too far beyond THA’s control; however they are useful to track to help us understand the challenge]</i></div>	<div>Feasibility of Data Collection</div> <div>Easy</div> <div>Moderate</div> <div>Hard</div>	<div>Baseline</div> <div><i>[if available]</i></div>	<div>Target</div>	<div>Review Date</div>

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g., number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>ENERGY AND RESOURCE CONSUMPTION</b> <ul style="list-style-type: none"> <li>consumption per bedroom for: electricity, water, sewer, and garbage.</li> <li>consumption per square foot of administrative space for electricity, water, sewer, and garbage.</li> </ul>	<i>[confer with TPU]</i>	Current expenditure levels on public services.		Annually
<b>COMPACT AND LIVABLE COMMUNITIES</b> <ul style="list-style-type: none"> <li>percent of maximum allowable buildable square footage, dwelling units per acre</li> <li>distance of THA developments from essential urban services (e.g., jobs, transportation, healthcare).</li> </ul>				
<b>PURCHASING OF PRODUCTS</b> <ul style="list-style-type: none"> <li>Percent of total maintenance, janitorial and administrative expenditures on products certified by the EPA to be low in volatile organic compounds</li> </ul>				

6.     **ADVOCACY and PUBLIC EDUCATION**

**THA will advocate for the value of THA’s itswork and for the interests of the people it serves. It will be a resource for high quality advice, data and information on housing, community development, and related topics. THA will do this work at the local, state and national level.**

<b>Strategic Objective Indicators [Optional]</b> <i>[indicators are measures of the problem, e.g, changing extent of homelessness in the city of Tacoma; they are not performance measures because they are too far beyond THA’s control; however they are useful to track to help us understand the challenge]</i>	<b>Feasibility of Data Collection</b> <i>Easy Moderate Hard</i>	<b>Baseline</b> <i>[if available]</i>	<b>Target</b>	<b>Review Date</b>
[none]				

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g., number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>PUBLIC REGARD FOR THA</b> The regard for THA's work overall and for its advocacy and public education work in particular as shown in scores from 1 to 5 and comments from the following periodic surveys: <ul style="list-style-type: none"> <li>personal interviews with elected officials and senior staff of the City of Tacoma, Pierce County and the elected officials and their staff for the local delegation to the Washington State legislature and the Congress;</li> <li>electronic survey of non-profit partners; funders; and community leaders and other "friends of THA".</li> </ul>	Easy	4.1 out of 5 [for overall work]  4 out of 5 [for advocacy and public education work]  [These grades are from a Survey-Monkey of stakeholders and officials, August 2011]	Average grade of 4 out of a scale of 5	Annual

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>THA AS AN EFFECTIVE ADVISOR: ADVISORY GROUPS</b> <ul style="list-style-type: none"> <li>• appointment to or service on most of the Advisory Groups convened locally on topics and by persons or groups that matter to THA.</li> <li>• effectiveness of THA's participation in these Advisory Groups as evidenced by (i) brief survey of the appointment authority and Advisory Group members to grade THA on a scale of 1 to 5, and (ii) THA's own assessment.</li> </ul>	Easy	(1) 9/10 = 90%  (2) 3.5  [This is the average grade THA assigns to its efforts on recent , closed, advisory groups projects.]	(1) THA shall participate in 85% of the advisory groups convened on topics and by the groups or persons that matter to THA and its work;  (2) A survey of the appointing authority and group members shall grade THA's participation at least a 4 on a scale of 5; THA will grade its own work a 4 on a scale of 5.	Annual

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g., number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline [if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>THA AS EFFECTIVE ADVOCATE: ADVOCACY EFFORTS</b> <ul style="list-style-type: none"> <li>participation in the local and state focused advocacy efforts affecting public policy on housing, community development, poverty and related matters.</li> <li>effectiveness of THA's participation in these efforts as evidenced by (i) brief survey of the other members of the effort for a grade on a scale of 1 to 5, and (ii) THA's own assessment.</li> <li>the extent of desired outcomes among the focused advocacy efforts identified above in which THA participates</li> </ul>	Easy	7/10  3.8 [This is the average grade THA assigns to its efforts on recent , closed, advisory groups projects.]  Of the 7 focused advocacy efforts, all of them were successes.	(1) THA will participate in 85% of the focused advocacy efforts directly pertinent to its work.  (2) A survey of the appointing authority and group members shall grade THA's participation at least a 4 on a scale of 5; THA will grade its own work a 4 on a scale of 5.	Annual
<b>THA CLIENTS AND VOUCHER LANDLORDS PARTICIPATION IN ADVOCACY</b> The extent of participation in the focused advocacy efforts identified above in which THA participates with the help of persons from the following groups: (i) THA tenants; (ii) Salishan homeowners; (iii) THA voucher holders; (iv) low income Tacoma residents who need THA's housing; and (v) THA voucher landlords.	Moderate	No THA tenant, THA voucher holder or voucher landlord participated in THA's advocacy efforts.	50% of THA's advocacy efforts enjoy active support from persons in one of the three groups	Annual
<b>THA BOARD PARTICIPATION IN ADVOCACY</b> The extent of participation by THA Board members in the focused advocacy efforts identified above.				



<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g., number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>THA ACCESS TO "SUPPORTERS"</b> Number of customers, local, state and federal legislators and officials within each of the following groups THA can consider reliably accessible to it and interested and supportive of its work: <ul style="list-style-type: none"> <li>• THA tenants, voucher holders and voucher landlords</li> <li>• City Council of Tacoma</li> <li>• City of Tacoma staff</li> <li>• Pierce County Council</li> <li>• Pierce County staff</li> <li>• Local delegation to the Washington State legislature</li> <li>• State of Washington Executive</li> <li>• Local congressional delegation and staff</li> <li>• Local philanthropy</li> <li>• Regional philanthropy</li> <li>• National philanthropy</li> <li>• Local business</li> <li>• Tacoma Hilltop</li> <li>• Tacoma Eastside</li> <li>• Downtown</li> <li>• Neighborhood Councils and community groups</li> <li>• Faith community</li> <li>• Labor community</li> </ul>		<ul style="list-style-type: none"> <li>• City Council of Tacoma (9)</li> <li>• City of Tacoma staff (5)</li> <li>• Pierce County Council (2)</li> <li>• Pierce County staff (2)</li> <li>• Local delegation to the Washington State legislature (8)</li> <li>• State of Washington Executive (0)</li> <li>• Local congressional delegation and staff (6)</li> <li>• Local philanthropy (2)</li> <li>• Regional philanthropy (2)</li> <li>• National philanthropy (0)</li> <li>• Local business (1)</li> <li>• Tacoma Hilltop (2)</li> <li>• Tacoma Eastside (2)</li> <li>• Downtown (1)</li> </ul>	40 total; at least one in each group	Annual

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g., number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>THA PARTICIPATION IN ADVOCACY GROUPS</b> Membership and participation in the pertinent and worthwhile advocacy groups on the local, state and federal level.	Easy	TPCAHC PC Coalition for the Homeless PC Coalition for the Human Services WSLIA CLPHA NAHRO NLIHC  [These constitute about 25% of the pertinent and worthwhile advocacy groups on the local, state and federal level.]	THA shall participate as a member in 75% of the groups it identifies as worthwhile to its work	Annual
<b>THA'S RECEIPT OF NEW FUNDING AND GAIN OF NEW PARTNERSHIPS</b> <ul style="list-style-type: none"> <li>• new non-formula dollars received</li> <li>• <u>non-formula grants received</u> non-formula grants submitted</li> <li>• new non-formula vouchers received</li> <li>• <u>new non-formula vouchers received</u> new non-formula vouchers applied for</li> <li>• new partnerships</li> </ul>	Easy			Annual

<b>Strategic Objective Performance Measures</b> <i>[performance measures are adequately within THA's control to be a reasonable tool to assess our effectiveness; they will never be completely within THA's control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>	<b>Feasibility of Data Collection</b> <i>Easy</i> <i>Moderate</i> <i>Hard</i>	<b>Baseline</b> <b>[if available]</b>	<b>Target</b>	<b>Review Date</b>
<b>THA public events</b> Number of THA public events such as: ribbon cuttings, visits by VIPS, public convening.	Easy		2 events 2 press releases	Annual
<b>THA MEDIA MENTION</b> <ul style="list-style-type: none"> <li>number of media mentions of THA or its work.</li> <li>percentage of these mentions that THA's considers to be positive.</li> </ul>	Easy			Annual
<b>REACH OF THA SOCIAL MEDIA</b> number of "hits" or "likes" on THA's web site, facebook page and social media tools.	Easy			Annual

7. ADMINISTRATION

THA will have excellent administrative systems. Its ~~staff~~employees will have skills that make THA highly efficient and effective in the customer service it provides to the public and among its departments. It will provide a workplace that attracts, develops and retains motivated and talented employees.

Strategic Objective Indicators [Optional] <i>[indicators are measures of the problem, e.g, changing extent of homelessness in the city of Tacoma; they are not performance measures because they are too far beyond THA's control; however they are useful to track to help us understand the challenge]</i>	Feasibility of Data Collection	Baseline <i>[if available]</i>	Target	Review Date
	Easy Moderate Hard			

Strategic Objective Performance Measures <i>[performance measures are adequately within THA’s control to be a reasonable tool to assess our effectiveness; they will never be completely within THA’s control, e.g, number of units developed or purchased]</i> <i>[limit to 70 words if possible]</i>		Feasibility of Data Collection <i>Easy</i> <i>Moderate</i> <i>Hard</i>	Baseline [if available]	Target	Review Date								
AUDIT SCORES BY OUTSIDE ENTITIES re THA PROPERTIES AND PROGRAMS <table><tr><td>State of Washington Auditor</td><td>Department of Commerce</td></tr><tr><td>WSHFC</td><td>Investors</td></tr><tr><td>HUD</td><td>Other</td></tr><tr><td></td><td></td></tr></table>		State of Washington Auditor	Department of Commerce	WSHFC	Investors	HUD	Other			Easy	1 finding 2010	0 findings	Annually
State of Washington Auditor	Department of Commerce												
WSHFC	Investors												
HUD	Other												
ADMINISTRATIVE COSTS PER HOUSEHOLD SERVED  Total THA administrative budget <i>(not including cost of housing or rental assistance)</i> Total number of households served <i>(THA tenants, recipients of rental assistance, from THA or THA funded partners)</i>		Easy											
EMPLOYEE SATISFACTION <ul style="list-style-type: none"><li>Scores on the THA employee satisfaction survey</li><li>Rate of response on the THA employee satisfaction survey</li><li>Employee turnover rate</li></ul>		Easy			Every 18 months for suruvey  Annual for turnover rate								
OPERATING EFFICIENCY <u>Costs of Departments of Administration, Finance, HR and Executive</u> Total Operating Expenses <i>(does not include HAP or capital expenditures)</i>		Easy		TBD	Annually - Close of Fiscal Year								



# TACOMA HOUSING AUTHORITY

## Statements of Vision, Mission and Values

Amended by the Board-December 17, 2008; February 27, 2013

### THA's Vision

THA envisions a future where everyone has an affordable, safe and nurturing home, where neighborhoods are attractive places to live, work, attend school, shop and play, and where everyone has the support they need to succeed as parents, students, wage earners and neighbors.

### THA's Mission

THA provides high quality, stable and sustainable housing and supportive services to people in need. It does this in ways that help them prosper and help our communities become safe, vibrant, prosperous, attractive and just~~self-sufficient, that strengthen communities and that use its public and private resources efficiently and effectively.~~

### THA's Values

#### Service

Work in service to others is honorable. We will do it honorably, effectively, efficiently, with pride, compassion and respect.

#### Integrity

We strive to uphold the highest standards of integrity and ethical behavior.

#### Stewardship

We will be careful stewards of the public and private financial and environmental resources entrusted to us.

#### Communication

We value communication. We strive to be open and forthcoming with our customers, employees and colleagues, our partners, and our communities. We will listen to others.

#### Diversity of Staff

We value the diversity of our staff. It makes us stronger and more effective.

#### Collegial Support and Respect

The work we do is serious. We seek to create an atmosphere of teamwork, support and respect. We also value a good humor.

#### Excellence

We strive for excellence. We will always seek to improve.

#### Leadership

Everyone at THA, the Board, management and staff, shares the leadership it will take to extend these values throughout THA's work, to fulfill the mission and to advance the vision for our city.



# TACOMA HOUSING AUTHORITY

## Strategic Objectives

Amended by the Board: December 17, 2008 February 27, 2013

### **Assistance Housing and Supportive Services**

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

### **Housing and Real Estate Development**

THA will efficiently develop housing and properties that serve primarily families and individuals unable to find the affordable and supportive housing they need. Its work will promote the community's development. Its properties will be financially sustainable, environmentally innovative, and attractive. THA will efficiently develop housing and other properties that are affordable, high quality, suitable to a range of needs and uses, sustainable and attractive.

### **Building Communities**

THA, by what it builds and how it builds, will create and strengthen communities and help them be safe, vibrant, prosperous, attractive and just.

### **Property Management**

THA will manage its properties so they are safe, and enjoyable places to live, efficient to operate, good neighbors, and attractive assets to their neighborhoods and places where people want to live.

### **Financially Sustainable Operations**

THA seeks to be more financially self-sustaining. It seeks to become less dependent on program income, especially program income from the federal government.

### **Environmental Responsibility**

THA will develop and operate manage its properties and operations in a way that preserves and protects natural resources to improve the local and global environment. By its example and its expertise, THA will help others do the same.

### **Advocacy and Public Education**

THA will advocate for the value of its work and for the interests of the people it serves. It will be a resource for high quality advice, data and information on housing, community development, and related topics. THA will do this work at the local, state and national levels.

### **Administration**

THA will have excellent administrative systems. Its staff will have skills that make THA highly efficient and effective in the customer service it provides to the public and among its departments. It will provide a workplace that attracts, develops and retains motivated and talented employees.

## RESOLUTION #2





# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27 (2)

DATE: February 27, 2013  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: Housing Opportunity Program (HOP) Policies

This resolution will authorize staff to launch the Housing Opportunity Program (HOP) that the Board has previously approved. The resolution approves some important operational details of HOP.

**Background:** With Board approval, THA proposed a new rental subsidy program in its 2013 MTW plan. The program is called the Housing Opportunity Program (HOP). It will not affect present participants in THA's Housing Choice Voucher Program. THA will not add new households to the voucher program. Instead, all newly assisted households will join the HOP. The main elements of the HOP are as follows:

- Fixed subsidies for all admissions to the HOP dependent on family size at admittance to the program.
- Five year time limits for work-able households admitted to the HOP.
- Offer of enhanced community services for HOP households.

THA proposes these changes for some important reasons we have discussed in detail with the Board. The reasons include:

- To serve more households (20-30 additional households per year).
- To give households on the waiting list an earlier turn at receiving our rental subsidy.
- To give incentives to work-able households to increase their earned income without having a rent increase.
- To create a program that is administratively less burdensome to operate.
- To make it easier to for everyone – households, landlords and staff – to know the subsidy amount that THA will provide.
- To make administrating the program less intrusive into the personal affairs of assisted households.

THA undertook an extensive effort to consult with important community voices. Attached is a summary of the public comments and THA's responses. These efforts included 16 public meetings.

THA managers also met separately with attorneys from Northwest Justice Project, THA's Housing Choice Voucher Landlord Advisory Group, Pierce County Aging and Long Term Care, and the Tacoma Area Coalition of Individuals with Disabilities (TACID). THA conferred with focus groups of persons on its waiting list. It sent notices and information to all persons on the waiting list and all persons presently participating in the Housing Choice Voucher program. The proposal has also appeared on THA's web site. It has been the subject of public meetings of THA's Board of Commissioner. In addition, the proposal has been the subject of extensive discussion and study among THA staff. On September 26, 2012, the THA Board of Commissioners approved the HOP, subject to receiving approval from the Department of Housing and Urban Development (HUD). On January 22, 2013, HUD approved the plan and its associated changes to THA's MTW plan.

**Housing Opportunity Program Proposed Policies:** In order to implement the program, THA must now determine the details of the HOP. They will appear in a new chapter in its Administration Plan governing its HUD funded voucher program. The chart below sets forth the details to be chosen and the proposals for each. Some of this material summarizes extensive material the Board has already seen when it considered and approved HOP.

Issue	Proposal	Pro	Con																														
<b>How will subsidy for HOP be calculated?</b>	<p>Subsidy will be based on 50% of the payment standard at the time the household enters the program. This will apply to all newly admitted households to the HOP starting on 01/01/2013. The subsidy will not go up or down once a household enters the program.</p> <p>The table below demonstrates the difference in subsidy between the 2013 current voucher payment standards and a HOP subsidy:</p> <table><tr><th>Unit Size</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr><tr><td>HOP Payment (50% of payment standards)</td><td>\$390</td><td>\$486</td><td>\$709</td><td>\$798</td><td>\$921</td></tr><tr><td>Current Average HAP</td><td>\$457</td><td>\$577</td><td>\$788</td><td>\$915</td><td>\$998</td></tr><tr><td>As a % of payment standard</td><td>59%</td><td>59%</td><td>56%</td><td>57%</td><td>54%</td></tr><tr><td>THA Payment Standards</td><td>\$780</td><td>\$973</td><td>\$1418</td><td>\$1596</td><td>\$1843</td></tr></table>	Unit Size	1	2	3	4	5	HOP Payment (50% of payment standards)	\$390	\$486	\$709	\$798	\$921	Current Average HAP	\$457	\$577	\$788	\$915	\$998	As a % of payment standard	59%	59%	56%	57%	54%	THA Payment Standards	\$780	\$973	\$1418	\$1596	\$1843	<p>This calculation allows a household to receive the full benefit of any increase in its house income. This removes the present disincentive to increase earned income.</p> <p>The fixed subsidy will remove the manipulation of income and the concealing of income that some households presently commit to lower their share of the rent.</p> <p>This calculation is easy to explain and understand. There is no uncertainty about what THA will pay on behalf of the tenant.</p>	<p>Some landlords may be reluctant to rent to households whose share of the rent may be more than the percentage landlords will allow as part of their assessment of credit worthiness.</p> <p>The subsidy will not change as household income changes. If a household income significantly decreases THA will not pay a higher subsidy.</p> <p>This fixed subsidy applies as well to seniors and disabled persons. Their income is not likely to decrease but it is also not likely to increase. Thus the incentive the fixed subsidy provides for earned income does not apply to them. Instead, the main pertinence to them for the fixed subsidy is the ability it gives to THA to serve more households, including more seniors and disabled persons. THA will move them off the waiting list faster where they are completely unsubsidized. In comparison to their unsubsidized rent, the fixed subsidy will be a significant advantage.</p>
Unit Size	1	2	3	4	5																												
HOP Payment (50% of payment standards)	\$390	\$486	\$709	\$798	\$921																												
Current Average HAP	\$457	\$577	\$788	\$915	\$998																												
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THA Payment Standards	\$780	\$973	\$1418	\$1596	\$1843																												

Issue	Proposal	Pro	Con																		
<b>Will a HOP participant pay more than a voucher participant?</b>	<p>In most circumstances a new HOP participants would pay more than a new voucher participant. However, as a HOP participant’s income goes up their subsidy will remain the same. Under the current voucher program, when a participant’s income goes up their share of the rent goes up.</p> <p>The table below shows the average shelter burden percentage for the current THA population and what the percentage would be if the average household were on the HOP program.</p> <table><tr><th>Bedroom Size</th><th>Shelter Burden% Current</th><th>Shelter Burden% with HOP</th></tr><tr><td>1bd</td><td>26%</td><td>33%</td></tr><tr><td>2bd</td><td>27%</td><td>36%</td></tr><tr><td>3bd</td><td>27%</td><td>33%</td></tr><tr><td>4bd</td><td>25%</td><td>33%</td></tr><tr><td>5bd</td><td>24%</td><td>34%</td></tr></table>	Bedroom Size	Shelter Burden% Current	Shelter Burden% with HOP	1bd	26%	33%	2bd	27%	36%	3bd	27%	33%	4bd	25%	33%	5bd	24%	34%	<p>As household income increases, the subsidy remains the same. This provides an incentive for households to earn more income without seeing a decrease in THA subsidy.</p>	<p>Some households will pay over 30% of their income toward rent during their participation in the program.</p>
Bedroom Size	Shelter Burden% Current	Shelter Burden% with HOP																			
1bd	26%	33%																			
2bd	27%	36%																			
3bd	27%	33%																			
4bd	25%	33%																			
5bd	24%	34%																			
<b>Is there an income limit for admission to the program?</b>	<p>Households that earn no more than 50% of the Area Median Income (AMI) will be eligible for HOP.</p>	<p>The policy will ensure THA serves households most in need of housing services. The limits will also capture important parts of the working poor.</p> <p>This limit will also help ensure that the HOP fixed subsidy will not unduly subsidize higher income households as their incomes increase.</p>	<p>The policy could stop some higher income households from qualifying for the HOP.</p>																		

Issue	Proposal	Pro	Con
<b>Who will be subject to the five year time limit?</b>	<p>All work-able households newly admitted to HOP after 01/01/2013 will be subject to the five year time limit. As a companion to the time limit, THA will enhance its supportive services to help families increase their earned income and assets.</p> <p>This time limit will <b>not</b> apply to senior or disabled households.</p> <p>The 5 year time limit compares with the 8.1 years that is the present average duration of a work-able household's tenure on the tenant based voucher program.</p> <p>THA will have a written hardship policy that will allow households to apply for three months of additional housing assistance at the end of the five years if certain criteria are met.</p>	<p>The term limit serves two main purposes: (i) It gives a turn at rental assistance faster to people on its waiting list; (ii) It gives work-able households a greater reason to increase earned income to be ready for the private rental market in five years.</p>	<p>This might not be enough time for a household to begin earning enough income to comfortably pay full rent.</p> <p>Some landlords may be reluctant to rent to a household nearing the end of its 5 year term.</p>

Issue	Proposal	Pro	Con
<b>What is the definition of non-work-able?</b>	<p>57 years of age or older at time of admission,</p> <p style="text-align: center;"><b>OR;</b></p> <p>All adult household members' income must come from a source that qualifies them as being disabled and or senior, e.g. Social Security, Social Security Disability, Supplemental Security Income.</p>	THA will use this criteria to rely on more expert agencies to determine the household's disability status.	A person who is in the process for applying for disability payments and not receiving an income source due to a disability would be included in the time limits until their disability application is accepted. [This should not present a problem since most people with a disability will be able to apply for disability payments soon enough to learn the answer before their 5 year term ends.
<b>Why is it important to understand the difference between work-able and non-work-able households?</b>	Non-work-able households will not have a time limit.	Elderly and disabled households will not have a time limit.	Having time limits for some participants and not for others could cause some confusion.
<b>Should THA increase the subsidy standard if the household size changes?</b>	<p>THA will not increase the subsidy size after the initial determination.</p> <p>THA will decrease the subsidy standard if the household size decreases.</p>	This policy serves two purposes: While it reduces the value of the subsidy to households, it allows THA to serve more families. It also more closely resembles what households face in the market. Persons in the private market do not automatically receive extra income if the household size increases; therefore they will not receive additional subsidy.	<p>This policy could lead to potential overcrowding.</p> <p>This policy could discourage landlords from accepting the HOP subsidy because of unit wear and tear.</p>

Issue	Proposal	Pro	Con
<b>How much can a family earn while on the program and still remain eligible for rental assistance? (This is also commonly referred to as “incoming out.”)</b>	Households who begin earning at least 80% AMI will receive 90 days’ notice that assistance will end. The assistance will end regardless of whether there is a change of income after the 90 day notice is given.	Some upper income limit is necessary to avoid subsidy to households who do not need the assistance and to free up the subsidy for lower income households who do.,  80% AMI is a reasonable income level for this purpose, for several reasons set forth on the following page.	Any upper income limit will provide a disincentive to households from increasing their earned income above the limit or to manipulate their income so it always remains lower than the limit. The 90 rule will help to address manipulation.
<b>Can a household use HOP in another state or town?</b>	HOP subsidies can only be used in THA’s jurisdiction (the City of Tacoma plus up to 5 miles in unincorporated Pierce County).  The only exception to this rule would be in the case of reasonable accommodations.	THA receives money from HUD to fund affordable housing in Tacoma. Allowing these funds to leave Tacoma reduces the amount of affordable housing in our local community.  Keeping HOP households in Tacoma will also help THA monitor the success and challenges of the program to inform decisions about changing or expanding the program later.	Some households may wish to take their housing assistance to other state and towns to live closer to family and pursue job or educational opportunities. This will limit their ability to do this without applying for housing assistance in the area they wish to live in.

Issue	Proposal	Pro	Con
<b>If a THA must give rental assistance to a public housing tenant on a waiting list to transfer to another unit because of reasonable accommodation purposes or because of over or under housing, and THA does not have appropriate housing in its portfolio will the household receive a HOP subsidy or a Section 8 voucher?</b>	All households on the transfer list that cannot be served within THA's portfolio within a reasonable amount of time will be issued a section 8 (MTW) voucher.	The policy will ensure households who have to move due to THA or HUD regulations are offered housing with a rent calculation similar to their current program.	Section 8 vouchers are more expensive to administer and subsidize.



## SOME MORE DETAIL

**Policy for “Incoming Out” of the program:** If a household’s income rises to or above 80% of the Area Median Income, THA will consider the family a success and transition them off of the program with a 90 day notice. The policy will allow the family to move on and for THA to house another family that has a greater need for assistance. 80% AMI is a reasonable income level for this purpose in several ways. **First**, 80% AMI is a significant income in Tacoma’s rental market when compared to the median renter income of \$31,424<sup>1</sup>. See the chart below for the income levels that constitute 80% A.M.I.. THA and its funders of its self-sufficiency programs would count such an income as a success for a household to attain after starting on the HOP, as the rules will direct, at or below 50% of AMI. Most families will start at much lower income.

**Second**, 80% AMI is the maximum income for a household qualifying to be newly admitted to public housing or the housing voucher programs;

**Third**, HUD has set a standard that a household should pay no more than 30% of their income toward rent. THA has calculated 30% of the gross monthly income of a household earning 80% of AMI below. Based on HUD’s assessment of 2013 fair market rents, this income is more than sufficient to pay market rate rent in the Tacoma area.

Size	1 person	2 person	3 person	4 person	5 person	6 person	7 person
<b>80% AMI Annual income</b>	\$39,350	\$44,950	\$50,550	\$56,150	\$60,650	\$65,150	\$69,650
<b>30% of that gross monthly income</b>	\$984	\$1124	\$1263	\$1403	\$1516	\$1629	\$1741
<b>Fair market rent</b>	1 bedroom: \$740	1 bedroom: \$740	2 bedroom: \$964	2 bedroom: \$964	3 bedroom: \$1421	3 bedroom: \$1421	4 bedroom: \$1707

## Public Comments

THA held four informational meetings in January and February for households on the HOP waitlist. The majority of the comments were specific questions pertaining to a household’s own file. There were a few vocal households who were against the change because they believed they should have had the opportunity to have the traditional Section 8 program.

THA also met with Northwest Justice (NWJ) on 02/04/13. The comments were mostly positive but NWJ did raise some concerns about evictions of HOP clients potentially increasing and the effect on their ability to rent in the future. NWJ recommended that THA track evictions and the reasons for evictions of all HOP clients. NWJ also recommended that THA make it very clear at the briefing that once a household hits 80% of AMI that they will go off of the program. NWJ was

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<sup>1</sup> <http://www.areavibes.com/tacoma-wa/employment/>

concerned that a household might add someone who has a good income and immediately go off of the program without really thinking through the household addition. They were also worried that the 90 day period for going off the program would not be long enough.

THA sent direct mailers to all landlords during the proposal period in the summer and an update in January. The update also invited comment and questions on the proposed changes to the Administrative Plan and invitations to attend public hearings (02/12/13 and 02/13/13). Several landlords showed up at the hearings and had general questions about how the program would work. Landlords that came to the hearings were generally supportive. The Landlord Advisory Committee was consulted during the process with two of the members voicing concerns about the process and the program. They were not supportive of the changes and believe that the program will hurt residents and drive landlords away from using the program. Overall, THA did not receive that response from the overall landlord community.

THA held a follow up meeting with the Landlord Advisory Committee on 02/19/13.

### **Recommendation**

Approve Resolution 2013-2-27 (2) authorizing THA staff to create a new Administrative Plan chapter outlining the Housing Opportunity Program (HOP) policies.

## Public Comments

SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
HOP Waitlist Member	1/16/13	Fixed Subsidy	Does THA know that it is impossible to find a one bedroom for less than \$700?	THA will be monitoring the program to see how long it takes participants to find units. If we find that it's taking a very long time to find an acceptable unit or clients are unable to find one at all given the subsidy amount, we can make adjustments. Other housing authorities have used similar amounts and found the voucher holders were still successful.
HOP Waitlist Member	1/16/13	Fixed Subsidy/Time Limit	Are landlords aware of these changes	Landlords who are currently renting to THA voucher holders were all notified by mail in 2012, were given the opportunity to attend one of many public hearings, and were notified again in early 2013.
HOP Waitlist Member	1/16/13	Miscellaneous	I've been on the waitlist since 2006, Why won't I get a regular voucher?	Anyone issued a subsidy after 1/1/2013 will be a part of the new HOP program. This change was made over the course of almost an entire year. It took many months to plan and everyone on the waitlist was notified by letter and given the opportunity participate a number of public hearings. These changes were made so THA could help more people, quickly.
HOP Waitlist Member	1/16/13	Miscellaneous	How does the lottery work?	Everyone on waitlist is assigned a random number by a computer, no one has any preference.
HOP Waitlist Member	1/16/13	Fixed Subsidy	So with the new program, someone may end up paying more than 30% of their income toward rent?	Yes, depending on what unit they choose.

<b>SOURCE OF COMMENT</b>	<b>DATE</b>	<b>Policy</b>	<b>Comment</b>	<b>THA Response</b>
HOP Waitlist Member	1/16/13	Miscellaneous	What would disqualify someone from the program?	Being over-income or criminal history
HOP Waitlist Member	1/16/13	Future Plans	What about motivating people who have been on Section for years to work?	This is a demonstration program which as of now will be tested on the people on the waitlist. If we find it is successful it could eventually be used for people who are currently on our traditional Section 8 program also.
HOP Waitlist Member	1/16/13	Fixed Subsidy	What about a senior who gets social security and works part-time to supplement	Would be eligible as long as income didn't exceed income limits. Working part-time would not affect the amount of subsidy they receive.
HOP Waitlist Member	1/16/13	HUD Approval	Is the new HOP program approved yet?	It has been approved by HUD
HOP Waitlist Member	1/23/13	Fixed Subsidy	What is the fixed subsidy's based on?	THA's payment standards which are based off of HUD's fair market rents.
HOP Waitlist Member	1/23/13	Time Limit	Waitlist household was concerned that clients will be in the same situation they are in now without assistance after their five year limit ends	THA realizes that some households may not be ready when the time limit comes. However, THA will still end the assistance so another household that has not had that opportunity can have assistance.
HOP Waitlist Member	1/23/13	MTW Plan	Where can I find out about your MTW plan?	You can find the plan on the website or HUD's MTW page.
HOP Waitlist Member	1/23/13	Fixed Subsidy	I am on SSI, how will I afford to rent a unit?	Each household will be able to choose a unit that works best for their household composition and income. THA will provide information about various rental units in the community at different price levels.
HOP Waitlist Member	1/23/13	Miscellaneous	Can I leave program early?	Yes
HOP Waitlist Member	1/30/13	Time Limit	If a family is a senior or disabled, how long can they stay on the program?	They would not have a time limit.
HOP Waitlist Member	1/30/13	Fixed Subsidy	The amount for a one bedroom (\$390.00) does not seem like enough for	That amount is still around 30% of their income based off Market rents.

SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
			a disabled person	
HOP Waitlist Member	1/30/13	Time use subsidy	How many days to find housing after you receive your voucher?	90 days.
HOP Waitlist Member	1/30/13	Time Limit	What happens if there are two adults in a household and one is work able and one is not? They would be considered a work able household.	They would be considered a work able household.
HOP Waitlist Member	1/30/13	Porting	What if I am porting from another Housing Authority?	The section 8 Voucher would still be accepted.
SOURCE OF COMMENT	DATE	2013 MTW Activity	NW Justice Comments Steve Parsons Lawyers	Our Response
Northwest Justice	2/4/13	Non-Workable	NWJ is concerned that the senior and disabled with a fixed income, will have a difficult time if rents continue to go up along with everything else and subsidy does not.	THA will increase the amount of subsidy based on changes in HUD's FMR's each year.
Northwest Justice	2/4/13	Evictions	NWJ is concerned about people being evicted and then being black listed from landlords.	THA will monitor lease up rates, the time it takes to lease up and eviction to see if any changes in the policies or subsidy amounts need to change..
Northwest Justice	2/4/13	Evictions	NWJ would like to see THA track why people are being evicted.	THA will work at getting that data from households who leave the program because of eviction.
Northwest Justice	2/4/13	Income Limits	NWJ is concerned if a new member joins a household and doubles the income, that family could lose their subsidy because of 80%AMI. NWJ believes THA should make this policy clear to anyone coming on the program.	THA will use the briefings to highlight to all families what the income limit is for the program and the policy on incoming out.
Northwest Justice	2/4/13	Income Limits	NWJ concerned that the 90 day policy for incoming out may not be 2/4/13long enough.	THA will monitor this policy if and when a family does income out. However, if a household is making that amount of income,

SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
				they should be able to rent on the private market.
SOURCE OF COMMENT	DATE	2013 MTW Activity	Landlord Email	Our Response
Landlord	1/3/13	HOP	Are there any plans to incorporate or transition existing voucher holders into the HOP program?	At this time there are no plans; however THA will not exclude that as a possibility in the future.
Landlord	1/3/13	HOP	Will existing tenants be migrated if they relocate to the HOP program?	No
Landlord	1/3/13	HOP	Wouldn't it be a logistical nightmare to run two programs?	THA is operating several different programs at this time. THA uses staff specializations to handle the different programs and writes software to handle varying rent calculations.
Landlord	1/2/13	HOP	Overall the idea/implementation has a LOT of foreseeable problems and seems very biased with little/no motivation for preparing families to get off the program.	THA will provide case management services through the community services department. THA will not mandate that a household use these services. THA also recognizes that some families will not be ready at the end of five years. However; THA will still end the assistance at that time and turn the assistance over to a household who has never had housing assistance before.
Landlord	1/2/13	HOP	MTW should have procedures to help transition people off the program-not a fixed subsidy (bonus check) that ends after 60 months.	THA's HOP program will include enhanced services. The fixed subsidy will serve as a motivator to increase earned income for work-able households. For non-work-able households, the HOP program will increase the number of households served.

SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
Landlord	1/2/13	HOP	A household would see a large increase in rent in month 61. It could be more than double what they are actually paying.	THA is marketing this program to tenants and landlords as a five year program. It will be known to both the landlord and tenants that the tenant has a time limit and what date it is. The tenant will need to work on self-sufficiency measures while on the program or work through what unit they could afford if the household is not completely ready to be self-sufficient at the end of the program.
Landlord	1/2/13	HOP	A gradual rent increase over time would make sense instead of a huge shock at the end of 60 months.	THA will be letting tenants know what the time limit date is. The end date will not be a shock. Residents will need to use the five years to improve their situations to be ready for the end date.  THA believes that allowing a tenant to earn more without having the rent go up will encourage residents to earn more income. Increasing the rents each year could serve as a disincentive.
Landlord	1/2/13	HOP	If you really think that people (tenants or owners) understand and plan ahead for things in the future – MOST do not. About 80% of the population (probably 95-100% of those who qualify for a subsidy) live from month to month, check to check. They spend until its gone and hope there is not much month left at the end of the money. This should be obvious from how the utility allowances have worked in the past on the Section 8 vouchers – how many tenants have NOT	THA understands that some families will not be ready at the end of the five years. However; THA intends to turn the assistance over to another household who has never had the opportunity at housing assistance.

SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
			<p>saved the extra utility money they got in the summer months or paid ahead on their utility account to offset for the higher heating costs in the winter. I have personally explained this hundreds of times to tenants when they have trouble with their rent portion due to getting a high utility bill in the winter – and then they are in line for whatever other assistance they can find with MDC, churches, etc. trying to get the bill paid. EXPECTING tenants to plan ahead for a huge financial burden that is years in the future is utopic at best!</p>	
Landlord	1/2/13	HOP	<p>Is there an annual or bi-annual review? If subsidy is not income based, what is purpose of the review (if there is one)?</p>	<p>Annual reviews. This will ensure both the tenant and the landlord know how much time the tenant has on the program. It will also allow THA to monitor the program and offer services on a yearly basis to all work-able households.</p>
Landlord	1/2/13	HOP	<p>What is plan for someone whose income goes over the cap? Do they get to keep assistance constant for full term (not being income based)? Or go from a lot of assistance to zero ? This all or nothing approach seems poor. Also a family that is “work-able” with minimal actual income being considered equal to a family with more income, near but under</p>	<p>Once a household hits 80% of AMI, they will be considered successful and given a 90 day notice. THA will then turn that assistance over to a new household.</p>



SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
			the cap seems extremely biased – if they get the same amount of assistance and it is fixed for the term of their eligibility.	
Landlord	1/2/13	HOP	As a landlord, I would NOT be inclined to accept anyone with less than a couple of years, certainly giving preference to people with more assistance time available, unless they could verify other sources of income that are adequate to cover rent when subsidy expires. Likely would not even count the subsidy towards income qualification if not brand new to the program (having all or most of the full 5 years available). This WILL make it almost impossible to accept a tenant on such a program as they would have to income qualify as if they were not receiving any help – again a guess – but likely landlords will REJECT these applicants – costing the tenants extra screening fees and making it extremely difficult for them to find rental property – thus you will be creating a shortage of available housing for lower income tenants! If you want landlords to absorb this burden and high risk – something needs to	THA will monitor lease up rates and make adjustments as necessary year to year. Other PHA's in the U.S. have implemented similar programs and had similar success rates with lease ups.

SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
			give... lower HQS standards will be necessary to get units to qualify instead of the current trend of using higher standards than HUD requires and nit-picking houses to the point that working with THA is rapidly becoming undesirable from the landlord perspective.	
Landlord	1/2/13	HOP	<p>I think a landlord meeting would be in order BEFORE the program is approved (being there obviously wasn't any landlord involvement in creating the proposal) and you actually are just wanting us to review the communication without analyzing the actual changes being made and how it really affects people.</p> <p>I also would like to be notified of the board meeting/Work Session that this will be DISCUSSED – so that I may address my concerns to the board.</p>	<p>THA will have a landlord meeting before the board meeting which is February 27<sup>th</sup>. THA held a meeting in early 2012 with the landlords to discuss the program in concept and also sent out brochures to all landlords in July of 2012. Before all of the brochures were sent out, the landlord advisory committee received them ahead of time and had a period to offer feedback and comments. There was a landlord public hearing but no attendees.</p>
Public Hearing	2/12/13	HOP	Will added family members to household subsequent a larger bedroom size unit?	No. THA will not increase subsidy size after the initial determination.

<b>SOURCE OF COMMENT</b>	<b>DATE</b>	<b>Policy</b>	<b>Comment</b>	<b>THA Response</b>
Public Hearing	2/12/13	HOP	Does subsidy drop when work able persons move out of household?	If the household no longer qualifies for the unit size they are in, the subsidy would drop.
Public Hearing	2/12/13	HOP	If income increase up to \$40,000 while on the HOP Program will client have to move?	It depends on the household size and the agreement worked between the tenant and landlord. If the household size is one person, the \$40,000 would be past the income limit and the tenant would be given a 90 day notice. The tenant and the landlord could work out an agreement for the tenant to stay at the property, but THA would no longer pay a subsidy.
Public Hearing	2/12/13	HOP	How long is the HOP waitlist?	Currently 1-2 years.
Public Hearing	2/12/13	HOP	If someone who is on the HOP Program and they no longer qualify and move out will they need to reapply or will their name go back on waitlist.	They would have to reapply if the waitlist is open.
Public Hearing	2/12/13	HOP	Will landlords have to adjust the contract rent?	THA is not asking landlords to adjust their contract rents. As long as the rent is reasonable, THA will not tell a landlord what to charge for their units.
Public Hearing	2/13/13	HOP	Can rent increase in their initial first year of their contract time?"	No. That rule will not change.

SOURCE OF COMMENT	DATE	Policy	Comment	THA Response
Public Hearing	2/13/13	HOP	Will HOP participants have to wait until their subsidy expires before signing up for the waitlist again, if it is open?	No. If the waitlist is open, a participant could sign back up for the waitlist.
Public Hearing	2/13/13	Waitlist	Will tenants wait out the SHA, KCHA, PCHA wait lists on HOP	That is a possibility. THA would not prevent a tenant from signing up on other PHA's waitlists or our waitlists if open.
Public Hearing	2/13/13	HOP	If you have a 3 bedroom rental for \$1200 and the subsidy is only \$709 is it ok to ask the tenants to pay the balance	You can charge any rent as long as it meets rent reasonable.
Public Hearing	2/13/13	HOP	Will annual inspections still be done on the units?	Yes.
Public Hearing	2/13/13	HOP	Will tenants have a similar contract to what they bring landlords currently?	THA has created a HOPP contract to replace the HAP contract. Most of the language is the same, but differences between the programs are in the new HOPP contract.



# TACOMA HOUSING AUTHORITY

## Resolution Number 2013-2-27 (2)

### **ADOPTION OF A NEW ADMINISTRATIVE PLAN CHAPTER TO OUTLINE HOUSING OPPORTUNITY PROGRAM POLICIES**

**WHEREAS,** The Administrative Plan relates to the administration of the Housing Choice Voucher Program and it is required by HUD.

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

**WHEREAS,** THA's 2013 MTW Plan included a new program called the Housing Opportunity Program and THA must establish formal policies for administration of this program.

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

Staff is authorized to create and implement a new Administrative Plan chapter outlining the Housing Opportunity Program (HOP) policies substantially as set forth in the attached draft.

**Approved:** February 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

## **Chapter 18 HOUSING OPPORTUNITY PROGRAM**

### **18.I. INTRODUCTION**

This document is meant to guide staff in administering the new Housing Opportunity Program (HOP). The program has significant differences from the traditional Section 8 program and significant differences from THA's original MTW rent reform program. The policies in this policy document will govern the HOP program. Where THA's administrative plan still applies to a certain policy, this document will guide staff to follow that policy and to look it up. In addition, where this policy document is silent to an issue, THA's Administrative plan will govern.

THA will implement a five year term limit on housing assistance for work-able applicants pulled from the tenant based HOP waiting list beginning January 1, 2013. Non-workable households will be excluded from the time limits. This Program will be called the Housing Opportunity Program. The Housing Choice Voucher waiting list will be converted for the use of the Housing Opportunity Program. If an applicant does not meet the verification procedure they may request a review. THA has implemented this program using the flexibility provided to the Agency under the Moving to Work Demonstration. The policies governing the Housing Opportunity Program are included in this chapter. Additionally, many of the Tenant-based Subsidy (TBV) program rules and regulations, including policies implemented using MTW flexibility apply to the Housing Opportunity Program. This chapter will specify where HOP policies differ from the agency's tenant-based subsidy policies that are described within the Administrative Plan. The HOP will only apply to tenant based subsidies pulled from the regular waitlist and not project based subsidies or special program subsidies.

### **18.II. FAIR HOUSING AND EQUAL OPPORTUNITY**

Please see Chapter 2 of THA's administrative plan. All reasonable accommodation policy is covered by the administrative plan.

### **18.III . GENERAL REQUIREMENTS**

THA may use up to 100% of its tenant-based subsidies and/or subsidy authority for the HOP to maintain a comparable mix of families. The ratio will be examined and adjusted on a quarterly basis, depending on the availability of subsidies. THA must comply with all equal opportunity requirements under federal law and regulations in its implementation of the Housing Opportunity Program. This includes the requirements and authorities cited at 24 CFR 5.105(a).

### **18.IV. OVERVIEW OF PARTICIPANT CRITERIA**

Applicants for the HOP assistance must meet the same eligibility requirements as applicants for the tenant-based subsidy program. It is the Housing Authority's objective to ensure that families are placed in the proper order on the waiting list and selected from the waiting list for admissions in accordance with the policies in this Administrative Plan. By maintaining an accurate waiting list, the Housing Authority will be able to perform the activities which ensure that an adequate pool of qualified applicants will be available so that program funds are used in a timely manner. THA will select HOP participants based on need to maintain a comparable mix of families. All applicants who are non-workable will not have time limits placed on them. A household can switch over the course of the program from non-work-able to work-able and from work-able to non-work-able. However; the original date of admission will always be the date used to calculate the five year time limit. If a

non-workable household becomes work-able, the time limit will be calculated off of the original admission date.

**Definition of Non-Workable Household:**

All adult household members in the household are:

- 57 years of age or older at the time of admission and or
- All adult household members have an income source that is due to the person being classified as senior and or disabled.

**Income Limits**

- All households that come on the HOP program must be at or below 50% AMI to be eligible for the program.

**18.V WAITING LIST**

It is the Housing Authority's objective to ensure that families are placed in the proper order on the waiting list and selected from the waiting list for admissions in accordance with the policies in the Administrative Plan. By maintaining an accurate waiting list, the Housing Authority will be able to perform the activities which ensure that an adequate pool of qualified applicants will be available so that program funds are used in a timely manner. Please view chapter 4 of the Administrative plan for the rules governing the handling of the waitlist.

**18.VI MTW PROGRAM TRANSFERS**

A person with a HOP subsidy will not be able to transfer to another THA program or port out of THA's jurisdiction. Current Public Housing residents would transfer to the traditional MTW Section 8 program if approved for a transfer. .

**18.VII COMPLETION OF A FULL APPLICATION AND REQUIRED INITIAL ELIGIBILITY INTERVIEW**

After an applicant is selected from the waiting list, and any preference is verified (if applicable), a full application will be mailed to the applicant in advance of a required interview for completion. All adult members of an applicant's household will be required to participate in a full application interview. During this interview, the household will be required to furnish complete and accurate information verbally as requested by the interviewer. See Chapter 5.I.B of the Administrative plan for the policy on briefings.

The full application interview is used to discuss the family's circumstances in greater detail, to clarify information which has been provided by the family and to ensure that the information is complete. The interview is also used as a vehicle to meet the informational needs of the family by providing information about the application and verification process, as well as to advise the family of other Housing Authority services or programs which may be available.

Chapter 5.I of the administrative plan gives details on the family briefing and family obligations. THA representatives will explain the rules of the HOP program at each briefing. The HOP briefing will differ from the Section 8 briefing where needed to ensure the new program rules and expectations are delineated.

**18.VIII. DWELLING UNITS**

The Housing Quality Standards (HQS) described in Chapter 8, Local Inspection Standards, of this Administrative Plan for the tenant-based subsidy program generally apply to the Housing

Opportunity Program. THA will allow households to lease up in a unit that would not typically be allowed under the traditional voucher program. That will include shared housing units and renting bedrooms. THA will look at each request individually to ensure the unit would be safe, decent and sanitary. All units would have to pass HQS.

## **18.IX . INSPECTIONS**

Please refer to Chapter 8, Local Inspection Standards, of the Administrative Plan for all rules and regulations that apply to Housing Opportunity Program units regarding inspections.

## **18.X. GENERAL LEASING POLICIES:**

Forms and letters will be changed as needed to meet the HOP program needs. .

### **18.X.A HOUSING OPPORTUNITY PROGRAM PAYMENT (HOPP) CONTRACT EXECUTION**

The HOPP contract is a written agreement between the PHA and the owner of the dwelling unit occupied by a HOP assisted family. Under the HOPP contract, the PHA agrees to make housing opportunity payments to the owner on behalf of a specific family occupying a specific unit and obliges the owner to comply with all program requirements.

If the PHA has given approval for the family of the assisted tenancy, the owner and the PHA execute the HOPP contract.

The term of the HOPP contract must be the same as the term of the lease. If a client is at the end of the five years, THA will allow a HOPP contract to be shorter than one (1) year.

The PHA is permitted to execute a HOPP contract even if the funding currently available does not extend for the full term of the HOPP contract.

The PHA must make a best effort to ensure that the HOPP contract is executed before the beginning of the lease term. Regardless, the HOPP contract must be executed no later than 60 calendar days from the beginning of the lease term.

The PHA may not pay any housing opportunity payment to the owner until the HOPP contract has been executed. If the HOPP contract is executed during the period of 60 calendar days from the beginning of the lease term, the PHA will pay housing opportunity program payments after execution of the HOPP contract (in accordance with the terms of the HOPP contract), to cover the portion of the lease term before execution of the HOPP contract (a maximum of 60 days).

Any HOPP contract executed after the 60 day period is void, and the PHA may not pay any HOP payment to the owner before the unit passes inspection.

### **18.X.B. CHANGES IN LEASE OR RENT**

Where the owner is requesting a rent increase, the PHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

Increases will go into effect on the first of the month following the 60 day period after the owner notifies the PHA of the rent change or on the date specified by the owner, whichever is later. There will be NO increase in the amount of subsidy paid to the landlord if a rent increase is approved.



## **18.XI. SUBSIDY STANDARD**

HUD guidelines require that the Housing Authority establish subsidy standards for the determination of family obligations contract, and that such standards provide for a minimum commitment of subsidy while avoiding overcrowding. The standards used for the unit size selected by the family must be within the minimum unit size requirements of THA's Local Inspection Standards. This section explains the subsidy standards which will be used to determine the family obligations contract for families when they are selected from the waiting list, as well as the Housing Authority's procedures when a family's size changes or a family selects a unit size that is different from the family obligations contract issued.

### **18.XI.A . DETERMINATION OF SUBSIDY STANDARD**

THA will base the subsidy standard on the household size. THA allows for two persons per bedroom regardless of age and sex. See below:

<b>Family Size</b>	<b>Voucher Size</b>
1	1
2	1
3	2
4	2
5	3
6	3
7	4
8	4
9	5
10	5

### **18.XI.B CHANGES FOR APPLICANTS**

Subsidy size is determined prior to the briefing by comparing the family composition to the Housing Authority subsidy standards. THA will not increase the subsidy standard after the initial subsidy determination. If the number of members decreases after the initial determination, THA will decrease the subsidy standard for the household.

### **18.XI.C CHANGES FOR PARTICIPANTS**

The members of the family residing in the unit must be approved by the Housing Authority. The family must obtain approval of any additional family members before the new member occupies the unit except for additions by birth, adoption, or court-awarded custody, in which case the family must inform the Housing Authority within ten (10) business days. Subsidy size is determined prior to the briefing by comparing the family composition to the Housing Authority subsidy standards. THA will not increase the subsidy standard after the initial subsidy determination. If the number of members decreases after the initial determination, THA will decrease the subsidy standard for the household.

## **18.XII. PORTS AND MOVES WITH CONTINUED ASSISTANCE**

Participants of the Housing Opportunity Program are not eligible to port out. Households porting in will not be subject to the HOP program. They would be under the traditional MTW program rules.

### **18.XII.A Moves**

Please refer to Chapter 10 of the Administrative Plan for the policy on moves with continued assistance. THA will not increase the subsidy standard for a household that is moving. If the household size decreases, THA will decrease the subsidy size. The HOP program will not allow transfers between programs.

### **18.XIII. LEASE ASSISTANCE PAYMENTS (HOPP) CONTRACT**

THA must enter into a HOPP contract with an owner for units that are receiving fixed subsidy assistance. The Agency may not enter into a HOPP contract until each contract unit has been inspected and THA has determined that the unit passed THA inspection standards. The HOPP contract will provide that the term of THA's commitment is subject to the availability of sufficient appropriated funding as determined by HUD or the Agency in accordance with HUD instructions. For these purposes, sufficient funding means the availability of appropriations and of funding under the Annual Contributions Contract (ACC) from such appropriations to make full payment to the owner for any contract year in accordance with the terms of the HOPP contract. If it is determined that there may not be sufficient funding to continue lease assistance payments for all contract units and for the full term of the HOPP contract, THA may terminate all or part of the HOPP contract by notice to the owner. The termination must be implemented in accordance with HUD instructions. THA may not make any HOPP payment to the owner for a contract unit during any period in which the unit does not comply with THA inspection standards. Abatements and terminations for non-compliant units will be administered in accordance with the policies used in the tenant-based subsidy program that are listed in Chapter 8 of the Administrative Plan. THA may amend the terms and contents of the HOPP contract to reflect conditions granted using MTW authority. THA will allow for shorter HOPP contract terms if a household is near the end of their time limit and cannot sign a 1 year lease or have a 1 year HOPP contract executed.

### **18.XIV. DETERMINING CONTRACT RENT AND RENT TO OWNER**

#### **18.XIV.A. RENT TO OWNER IN THE HOUSING OPPORTUNITY PROGRAM**

The rent to owner is limited by rent reasonableness. The Housing Authority must demonstrate that the rent to owner is reasonable in comparison with rent for other comparable unassisted units. Initial contract rent to owner will be based on 50% of the payment standard. THA will pay 50% of the payment standard to the landlord, and the tenant will be responsible for the remaining rent portion. During the initial term of the lease, the owner may only request a raise in the rent to owner as permitted by the Housing Opportunity Program Payment (HOPP) contract. If an owner wishes to request an increase in the rent to owner from THA, it must be done in accordance with Chapter 8 of the Administrative plan. An increase in rent will not result in an increase in the fixed subsidy. If there is a decrease in the subsidy to owner, as established in accordance with THA Payment Standards, the subsidy must be decreased regardless of whether the owner requested a rent adjustment. If there is a decrease in the subsidy due to a change in the family composition, the landlord will be notified 30 days prior to the decrease in subsidy. The rent to owner is re-determined by a written notice by THA to the owner specifying the amount of the re-determined rent. The THA notice of rent adjustment constitutes an amendment of the rent to owner specified in the HOPP contract. The rent to owner will be the lesser of contract rent and the eligible subsidy standards.

#### **18.XIV.B. PAYMENTS TO OWNER**

During the term of the HOPP contract, THA must make payments (fixed subsidy) to the owner in accordance with the terms of the HOPP contract. During the term of the HOPP contract, payments must be made for each month that a contract unit complies with THA Local Inspection Standards and is leased and occupied by an eligible family. The HOP payment must be paid to the owner on or about the first day of the month for which payment is due, unless the owner and THA agree on a later date. THA must not make any HOP payment to the owner for any month after the month when the family moves out of the unit (even if household goods or property are left in the unit).

Using MTW flexibility, THA has created a fixed subsidy. It will be established by approved unit size, based on 50% of the current payment standard. All landlords with HOP tenants will receive the HOP payments. In order to receive HOP payments, the owner must comply with all provisions of the HOPP contract. Unless the owner complies with all provisions of the HOPP contract, the owner does not have a right to receive HOP payments. The family is not responsible for the portion of the rent to owner that is covered by the HOP payment and the owner may not terminate the tenancy of an assisted family for nonpayment by THA. Likewise, THA is responsible only for making the HOP payment to the owner in accordance with the HOPP contract. THA is not responsible for paying tenant rent, or any other claim by the owner, including damages to the unit.

#### **18.XV. RECERTIFICATION**

THA will conduct annual recertifications for HOP households. THA will send a notice each year to notify the household and landlord how much time is left in the Housing Opportunity Program if applicable. THA will also request household income information and run an EIV to monitor increases in earned income. There will be no interim recertifications in the Housing Opportunity Program. Tenant rent will be based solely on the size of the unit the household qualifies for. If at any review or move, a household's total income is at or above 80% of the Area Median Income (AMI) THA will end the HOP assistance. The family will receive a 90 days' notice that the HOP assistance will end. At that point the household will not be able to stay on the program regardless of income changes.

#### **18.XV.A. MIXED FAMILIES**

THA will subtract \$50 of subsidy each month for each member of the household that is not an eligible citizen.

#### **18.XVI. NOTIFICATIONS**

Every year, participants and landlords will receive a letter that details the remaining number of years they may continue to receive rental assistance. Approximately six months prior to the end of the assistance, families and landlords will receive an additional notification. At the expiration of the HOPP contract, if the participant desires to continue occupancy, the owner and the participant must make separate leasing arrangements.

#### **18.XVII. TERMINATION OF ASSISTANCE AND TENACY**

This section calls out differences between the HOP program and THA's administrative plan. Any topic not specifically covered in this section will be governed by Chapter 12 of THA's administrative plan.

#### **18.XVII.A. FAMILY NO LONGER REQUIRES ASSISTANCE**

If at any recertification event the household's income has reached 80% of the Area Median Income (AMI) the assistance will terminate. The household will be given a 90 days' notice.

#### **18.XVIII. OWNERS**

Owners who accept tenants with a HOP subsidy will be governed by the HOPP contract. Chapter 13 of the administrative plan discusses owners in THA programs. Owners can have clients under the Housing Choice Voucher program and the Housing Opportunity Program. There will be different forms and letters used for these programs.

#### **18. XIX. PROGRAM INTERGERITY**

Please see chapter 14 of THA's administrative plan.

#### **18.XX. PROGRAM ADMINISTRATION.**

Unless specifically called out in this section, please see chapter 16 of THA's administrative plan.

#### **18.XXI. UTILITY ALLOWANCES**

The HOP program will have no utility allowances.

#### **18.XXII. HARDSHIP POLICY**

A hardship policy has been established that defines the circumstances under which households may request an extension to the term limit. Families that would like to request a term limit extension need to apply eight months prior to the end of term. A committee will be established to review each request and the families will be provided an opportunity to present justification for their request. If approved by the committee, a three month extension may be granted to the family.

#### **18.XXIII. ALL OTHER POLICY QUESTIONS:**

If a subject is not covered in this document, the Administrative Plan will be used to govern.

## RESOLUTION #3



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27 (3)

DATE: February 27, 2013  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: Inter-local Agreement with King County Housing Authority for the purpose of Vehicle Management/Maintenance

### **Background**

This resolution would authorize me to sign the agreements necessary to use a vehicle management/maintenance firm for our fleet of vehicles that the King County Housing Authority (KCHA) uses. This arrangement would address serious shortcomings in our present services from the City of Tacoma. It will also save money. The Board considered and tabled this resolution at its January meeting. It asked the staff to provide more information about the proposal. That information appears below. I hope this additional information answers the Board's questions adequately to permit its approval of this resolution.

Currently Tacoma Housing Authority does not have a formal process of maintaining and managing our fleet of vehicles. THA staff has met with Automotive Resource International (ARI) to discuss the possibility of obtaining their services to manage THA's vehicles. ARI is currently contracted with King County Housing Authority (KCHA) to manage KCHA's 200 plus vehicles.

ARI services will include:

- Purchasing vehicles at a lower cost by using their buying power with manufacturers and doing the research to find the lowest price available;
- A vehicle management/maintenance contract system will keep track of when the vehicles should be serviced;
- The ability to use any auto repair/service in the State of Washington as well as nationwide, including deeper discounts on their contracted pricing with major repair shops; and
- A Customer Service department that has ASE Certified mechanics that have the ability to verify and approve that the cost of a given repair is within industry standards to avoid large repair bills.

THA currently uses the City of Tacoma's fleet department and, for work that cannot be completed by fleet, Courtesy Auto for vehicle maintenance. In 2012, THA spent approximately \$25,000 on routine and extraordinary vehicle maintenance.

THA does not currently have a vehicle management program. The City does not provide this service. We are excited to use the service ARI has available for this. THA will pay \$5-\$10 per vehicle per month for this service. ARI will track the mileage and fuel use for each THA vehicle and provide reminders for routine maintenance services. Using this service will also allow THA to move away from the fleet fuel card system that requires THA to purchase fuel from specific vendors. ARI will provide a fuel management system that will allow staff to purchase fuel at any service station; making it more convenient and efficient for staff.

During the January Board meeting, commissioners asked for detail about the wage rates of City of Tacoma fleet staff versus vendors that THA would use with ARI. Below is a table comparing City of Tacoma's fleet department to two other ARI vendors for an oil change service:

	<b>Average Employee Hire /Hr. Rate</b>	<b>Average hourly rate charged to THA</b>	<b>Cost of Materials</b>	<b>Total Average Cost to THA</b>	<b>Time</b>	<b>Benefit to THA</b>
<b>City of Tacoma (Vehicle &amp; Equip shop Attendant)</b>	\$22.40	\$88.00	\$32.57	75.00	3 days or more	
<b>Jiffy Lube</b>	\$18.54	\$29.95	Included with Contracted price	\$30.00	30 minutes	Contracted price with ARI; less THA employee down time without a vehicle
<b>Courtesy Auto</b>	\$19.95	Flat Rate of \$12.00	28.23	\$40.00	1 hour	Less THA employee down time without a vehicle

Importantly, the City will outsource body work and major repairs to local mechanics, likely using the same type of private firms that ARI would suggest. Yet the City would still charge its markup rates. When the City outsources work, THA has no control over the prices THA is charged or wages outsourced labor is receiving. The ARI contract would give THA more control over this.

Commissioners had expressed concern that ARI vendors might not be earning a "living wage" as compared to City of Tacoma staff. The average Jiffy Lube wage is \$38,563 per year. 30% of the gross monthly income for a household making \$38,563 is \$964, which is equal to the fair market rent for a 2 bedroom apartment in Tacoma.

Another issue with continuing to use the City of Tacoma's fleet service is the amount of time it takes to complete the work. A vehicle will be out of service for up to 3 days even for an oil change, and around 20 days for major work. There is competition with other City of Tacoma departments that utilize the fleet services such as Public Works, Tacoma Police, etc. The City's own vehicles get first priority. In addition, the City of Tacoma will outsource certain services because they do not perform them. These tasks include:

- Body work if the vehicle was in an accident. With fleet, the vehicle is sent to a body shop for body work and painting. With the ARI contract we can work directly with a body shop of our choice minimizing the down time of the vehicle.
- Major repairs such as engine and transmission replacement.

Overall, THA will get a better scope of service, more affordable rates, and faster turnaround time by engaging in ARI's services. We will also gain a management service that is not in place today.

Signing an Inter-local Agreement with KCHA will allow THA to combine its vehicles with KCHA's vehicles under one contract with ARI. The larger volume of vehicles under contract will bring down the monthly cost of the management service.

Fleet management and maintenance costs are included in the 2013 budget.

The THA Asset Management Committee supports this proposal.

### **Recommendation**

Approve Resolution 2013-2-27 (3) authorizing the Executive Director to execute an Inter-Local Agreement with King County Housing Authority to contract with ARI for vehicle maintenance and management services.







# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27 (3)

### **INTER-LOCAL AGREEMENT WITH KING COUNTY HOUSING AUTHORITY FOR THE PURPOSE OF VEHICLE MANAGEMENT/MAINTENANCE**

**WHEREAS,** Tacoma Housing Authority currently does not a formal fleet vehicle management/maintenance program in place;

**WHEREAS,** Automotive Resource International (ARI) is currently contracted with King County Housing Authority (KCHA) for their vehicle maintenance/management program;

**WHEREAS,** this agreement will allow THA to use of any auto repair/service shop in the State of Washington;

**WHEREAS,** this agreement will allow THA to have a vehicle management program for its fleet of vehicles;

**WHEREAS,** fleet management and maintenance costs are included in the 2013 budget.

**WHEREAS,** entering into this Inter-Local Agreement combines KCHA vehicles and THA vehicles resulting in a lower monthly rate for vehicle maintenance and fleet management.

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

Approves Resolution 2013-2-27 (3) authorizing the Executive Director to execute Agreement to execute an Inter-Local Agreement with King County Housing Authority (KCHA) for the purposes of contracting with ARI for a vehicle management program.

**Approved:** February 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

## RESOLUTION #4



## TACOMA HOUSING AUTHORITY

### RESOLUTION No. 2013-2-27(4)

DATE: February 27, 2013  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: LASA Lakewood Project

In July 2012, the Board passed a resolution authorizing staff to apply for funding for this 15-unit homeless project and to enter into a Memorandum of Understanding (MOU) with LASA. The board also authorized \$375,000 in predevelopment funding for the project in the form of a loan to be repaid from the project's financing sources. This resolution would authorize THA to commit an additional loan of \$300,000 upon certain conditions that the executive director would be authorized to judge. All sums, both the original amount and the additional amount, would be repaid to THA from financing sources already committed to the project.

To date, we have expended most of the initial \$375,000 on due diligence and predevelopment work, including Architecture & Engineering, appraisal, market study, Phase I report, legal and financial advisory costs. In order to keep the project on schedule we are requesting an additional \$300,000 to cover at least the following expenses:

Architecture & Engineering	\$128,500
Financial Advising	\$ 36,000
Legal	\$ 30,000
Relocation expenses	\$ 35,000
Permit Fees	\$ 65,017

The housing portion of the project is fully funded. The project has been awarded 2163 funds, HOME funds, Housing Trust Fund award and 9% tax credits.

This resolution would authorize the additional predevelopment loan on two conditions that the executive director is authorize to judge: (i) LASA and THA sign a development agreement, which the board would approve by separate resolution; (ii) LASA's prospects are adequate to raise the funds needed for its portion of the project – office space and client service center. In addition to the sources listed below, they are working on another 11 grants for more than \$230,000. In case these grant sources do not provide the necessary funds, LASA is seeking a construction bridge loan.

City of Lakewood	\$250,000	<b>committed</b>
Pierce County	\$250,000	<b>committed</b>
Norcliffe	\$50,000	pending
Milgard	\$175,000	pending
Bridge Loan	\$400,000	in process

The additional funds that this resolution would authorize will enable the project to stay on schedule and close the first week of July 2014. The project schedule is as follows:

Submit Tax Credit Application	January 2013
Begin relocation activities	January 2013
Submit for Building Permit	January 2013
Issue RFP for Investor/Lender	January 2013
Select Investor/Lender	March 2013
Issue ITB for Contractor	March 2013
Award Contractor Contract	April 2013
Financial closing	July 2013
Construction Start	July 2013
Complete Construction	March 2014

THA expects to earn approximately \$294,443 in developer fee on the housing portion of the project and \$61,000 in project management and construction manage fees on the office portion of the project.

### **Recommendation**

Approve Resolution 2013-2-27(4) authorizing the Executive Director to approve an additional \$300,000 in pre-development funding once LASA and THA signs a development agreement and once the executive director judges that LASA shows adequate prospects for raising the full funding for the office and client service center portion of the project.



## TACOMA HOUSING AUTHORITY

### RESOLUTION NO. 2013-2-27(4)

(LASA Lakewood Project)

A RESOLUTION of the Housing Authority of the City of Tacoma authorizing the Executive Director to approve the expenditure of Authority funds for pre-development costs relating to the project upon two conditions that the executive director is authorized to judge: (i) LASA and THA execute a development services agreement; and (ii) LASA shows adequate prospects of its ability to raise all the funding needed for the office space and client service center portion of the project.

**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 Authority’s area of operation; and

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority may “prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof . . .”; and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”; and

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

**WHEREAS**, the Authority has an opportunity to participate in the development of an affordable rental housing project for homeless persons on property (the “Property”) in the City of Lakewood, Washington, owned by the Living Access Support Alliance (“LASA”), which development will contain approximately 25 housing units (the “Project”); and

**WHEREAS**, the Authority has determined that it will further the mission of the Authority if development of the Project is undertaken by the Authority, while LASA retains fee title to the Property; and

**WHEREAS**, financing for the Project will require several sources of funds, including low income housing tax credits and a Housing Trust Fund loan; and

**WHEREAS**, THA has executed an MOU with LASA that is being turned into a development service agreement to formalize the commitments made in the MOU and to provide THA with security for the predevelopment loan THA has made to the project; and

**WHEREAS**, the Board of Commissioners of the Authority (the “Board”) has determined that it is necessary to use Authority funds to pay certain predevelopment costs relating to the Project pending receipt of permanent financing; NOW, THEREFORE,

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

1. Advancing Funds for Pre-development Costs. The Authority is authorized to use available housing authority funds, in a combined amount from all sources not to exceed an additional \$300,000 to pay predevelopment costs for the Project upon two conditions that the executive director is authorized to judge: (i) LASA and THA execute a development agreement; (ii) LASA shows adequate prospects of its ability to raise all the funding needed for the office space and client service center portion of the project.
2. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the acting Executive Director of the Authority.
3. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
4. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the City of Tacoma at an open public meeting this 27<sup>th</sup> day of February 2013.

HOUSING AUTHORITY OF THE CITY  
OF TACOMA

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Janis Flauding, Chair

## CERTIFICATE

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

1. That the attached Resolution No. 2013-2-27(4) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on February 27, 2013, and duly recorded in the minute books of the Authority; and

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

IN WITNESS WHEREOF, I have hereunto set my hand this 27<sup>th</sup> day of February 2013

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

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Executive Director



## RESOLUTION #5



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27 (5)

**Date:** February 27, 2013  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** THA-LASA Development Services Agreement

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### **Background**

This resolution would authorize me to execute a development services agreement with LASA for the Prairie Oaks project that THA is developing for LASA. It would be in substantially like the attached draft.

On July 27, 2012, the Board authorized the executive director to execute a Memorandum of Understanding (MOU) with LASA to develop this project in partnership with LASA. The project includes 15 units of permanent housing for homeless families that will be funded with 9% low income housing tax credits, HOME funds through the City of Lakewood, Pierce County 2163 grant and an award from the Housing Trust Fund. An LLLP will own the housing portion of the project. THA will be the general partner. THA, acting as a developer for LASA, will also construct new office space for LASA as well as a client service center. LASA is responsible for the funding for this portion of the project. This portion will require \$1 million. To date LASA has raised \$250,000 from the City of Lakewood and \$250,000 from Pierce County, for a total of \$500,000. They are applying for additional grants as well as securing a bridge loan from a bank. LASA is using a consultant to secure the bridge financing. In addition to the housing and office space, there will be 29 parking space and open green space

Attached is a draft development agreement. It formalizes the deal structure outlined in the MOU. The project will use a condominium structure. LASA will own the commercial condo unit and the Gravelly Lake LLLP will own the housing condo unit. THA is the General Partner of the LLLP and the Developer of the entire project. The common elements (i.e. janitor closet, electrical room, riser room, trash area) will be cared for based on a pro rata split of expenses (i.e. each party will pay condo fees to maintain the common elements).

**Predevelopment Costs:** In July 2012, the Board approved spending \$375,000 in THA funds as a loan to the project for predevelopment costs project. Accompanying this resolution is one that would provide an additional \$300,000, for a total of \$675,000, in order to keep the project on schedule. THA will be repaid for the predevelopment expenses through the permanent funds of

the project, from both housing sources and office space (LASA) sources. If the project is terminated because funding cannot be obtained for the project, LASA and THA will evenly split the costs incurred to date. If LASA terminates the project prior to closing, LASA shall reimburse THA for all costs THA has incurred to date. To secure this obligation, LASA will provide to THA a Pre-Closing Note which is secured by property owned by LASA. If, for some reason, the project does not move forward, THA is reliant upon LASA's ability repay 50% of 100% of the predevelopment costs incurred to date. The amount is based on when the project gets cancelled. LASA does not have that much cash on hand which will result in us needing to take property they own and/or wait for them to come up with the funds.

THA will be responsible for managing the construction of the entire site in its role as Developer for the office portion and General Partner of the LLLP/owner of the housing portion. This includes monitoring the pace and quality of construction, packaging draw requests and maintaining financial records of money spent.

There are 2 families living on site that will need to be relocated before construction can begin. LASA and THA will work together to relocate the families. Relocation activities have begun. The costs of doing the relocation are included in the housing budget.

In our role as Owner/Developer of the housing, THA will earn a fee of approximately \$294,432 out of the total developer fee on the housing portion of \$368,040. (LASA will earn a fee of \$73,608) In our role as Developer of the office portion, THA will earn a project management fee of approximately \$50,324 and a construction management fee of \$11,500

### **Recommendation**

Approve Resolution 2013-2-27(5) authorizing the executive director to execute a development services agreement in a form substantially the same as the draft attached to this resolution.



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27(5)

### Authorization to Sign Agreement Regarding Allocation of Responsibilities

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

**Whereas**, THA and LASA have entered into a Memorandum of Understanding dated July 27, 2012 for the development of mixed use project which includes permanent housing for homeless families and office space for LASA; and

**Whereas**, THA and LASA desire to formalize the relationship and the responsibilities of each party as it relates to the development, including THA's fees and securitizing the loans THA have made to the project for predevelopment costs;

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

1. The executive director is authorized to enter into a development services agreement in a form substantially the same as the attached draft.
2. 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.
3. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
4. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: February 27, 2013**

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Janis Flauding Chair

CERTIFICATE [OPTIONAL SECTION]

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

1. That the attached Resolution No. 2013-2-27(5) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 27<sup>th</sup> day of February 2013, and duly recorded in the minute books of the Authority.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 27<sup>th</sup> day of February 2013.

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Michael Mirra, Executive Director of the Authority

AGREEMENT REGARDING ALLOCATION OF RESPONSIBILITIES  
(Gravelly Lake Drive Project)

THIS AGREEMENT REGARDING ALLOCATION OF RESPONSIBILITIES (this "Agreement") is made as of \_\_\_\_\_, 2013 (the "Effective Date"), by and between Living Access Support Alliance, a Washington nonprofit corporation ("LASA"), and the Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington ("THA" and, collectively with LASA, the "Parties").

**Recitals**

A. LASA is a community supported agency committed to the prevention of both homelessness and recurrent homelessness in and around Pierce County, Washington. LASA has provided supportive services to homeless and formerly homeless persons in Pierce County.

B. THA is a public housing authority that own (whether in its individual capacity or through partnerships and limited liability companies) approximately 1,400 units of affordable rental housing, the majority of which it developed.

C. LASA owns land located at 8954, 8956 and 8960 Gravelly Lake Drive SW in Lakewood, Washington (the "Property"). The Parties seek to demolish existing structures on the Property and develop a mixed-use development, including rental housing for formerly homeless families, office space for LASA, and a client services center (such new development, excluding the Property, is referred to as the "Project").

D. It is anticipated that LASA will create a two-unit condominium that includes all or a portion of the Property, and that one of the condominium units will be developed as a 15-unit low-income rental housing project for the homeless (the "Housing Project"), and the other condominium unit will be developed as a facility for LASA's operations, including office space and a client services center (the "LASA Facility"). LASA is expected to provide certain support services at the LASA Facility to the residents of the Housing Project and homeless persons within the Lakewood community.

E. THA caused Gravelly Lake Limited Liability Limited Partnership (the "Partnership") to be formed as a Washington limited liability limited partnership on September 26, 2012, by filing the Partnership's certificate of limited partnership with the Washington Secretary of State. The Parties expect that the Partnership will own, construct, operate and maintain the Housing Project. The Partnership will apply to the Washington State Housing Finance Commission for an allocation of federal low-income housing tax credits ("Credits") with respect to the Housing Project. An investor is expected to be admitted as the Partnership's limited partner at the time one or more commercial loans for the Project initially are closed. The admission of the investor as the Partnership's limited partner is referred to herein as the "Closing." The Parties expect that Closing will occur on or about June 21, 2013.

F. The total cost of constructing and equipping the Housing Project is anticipated to be \$[4,872,261], which will be financed by the Partnership with numerous sources of funds, including a commercial construction loan in the anticipated amount of \$[1,300,000], a loan or grant from the Washington Department of Commerce ("Commerce") in the anticipated amount of \$[2,209,736], a

loan or grant of “2163” funds in the anticipated amount of \$[558,697] from Pierce County (the “County”), a loan or grant of HOME funds in the anticipated amount of \$[250,000] from City of Lakewood (“Lakewood”), and capital contributions to the Partnership from its partners.

G. The total cost of constructing and equipping the LASA Facility is anticipated to be \$[1,100,000], which will be financed by LASA with numerous sources of funds, including a commercial loan in the anticipated amount of \$\_\_\_\_\_, grants in the anticipated amount of \$\_\_\_\_\_, capital campaign funds in the anticipated amount of \$\_\_\_\_\_, and other available funds.

H. The Property currently is encumbered by deeds of trust (the “Existing Deeds”) in favor of \_\_\_\_\_ (the “Bank”) securing loans incurred by LASA (the “Existing Loans”). LASA believes the outstanding principal balance of the Existing Loans to be \$\_\_\_\_\_ on the date hereof.

I. The Parties entered into a Memorandum of Understanding on July 27, 2012 (the “MOU”), regarding the Project, and the Parties have determined that it is appropriate to enter into this Agreement to further develop the rights and duties of the Parties with respect to the Project.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

Section 1. Formation of Condominium. LASA will cause the Property to be subject to a condominium regime by creating a condominium before Closing that has separate condominium units for the Housing Project (the “Residential Unit”) and the LASA Facility (the “Commercial Unit”). LASA will cause the condominium declaration and the articles and bylaws of the condominium association to be submitted to THA, for THA’s review and approval, before LASA records the condominium declaration or files the articles of incorporation. THA will not unreasonably delay, condition or withhold its consent of such documents.

Section 2. Existing Loans. LASA will provide THA with all records relating to the Existing Loans (including, but not limited to, loan agreements, copies of promissory notes, copies of deeds of trust, and payment records). LASA authorizes THA to contact the Bank to negotiate the release of any encumbrances on the Property securing such indebtedness. Notwithstanding the foregoing, LASA shall be responsible for causing the Bank to release the Existing Deeds from the Residential Unit on or before the date of Closing.

Section 3. Project Ownership. LASA shall sell the Residential Unit to the Partnership on the Closing date for a price equal to the product of multiplying: (i) the outstanding principal balance of the Existing Loans and the accrued and unpaid interest thereon, each as of the Closing date; by (ii) a ratio, the numerator of which is the aggregate floor space (using a square foot measurement) of the Residential Unit, and the denominator of which is the aggregate floor space (using a square foot measurement) of the Residential Unit and the Commercial Unit. On the date hereof, the Parties estimate that such purchase price will not exceed \$374,525. LASA will retain ownership of the Commercial Unit. As additional consideration for the Partnership’s purchase of the Residential Unit and promise to construct the Residential Unit, LASA shall provide THA at

Closing with an option and right of first refusal to purchase the Commercial Unit from LASA for the fair market value of the Commercial Unit, which option and right of first refusal shall be substantially in the form attached to this Agreement as Exhibit A.

#### Section 4. Access to the Property Before Closing.

(a) From and after the Effective Date, at any time prior to the Closing (the “Access Period”), provided that this Agreement has not been terminated pursuant to its terms, THA, its agents and representatives shall be entitled to enter upon the Property for all lawful purposes, including, without limitation, to conduct such tests, inspections, examinations, surveys, analyses, investigations and inquiries with respect to the physical condition of the Property and the economic feasibility of the Project as THA, in its sole and absolute discretion, deems necessary or desirable, including, without limitation, soil tests, borings and Hazardous Substance (as defined herein) studies.

(b) During the Access Period, LASA shall furnish to THA all information concerning the Property that THA may reasonably request. LASA hereby grants THA free and complete access during normal business hours to all documentation, agreements and other information in the possession of LASA or any employee, agent or independent contractor of LASA pertaining to the ownership, use or operation of the Property; and THA shall have the right to make copies of same at the expense of THA.

(c) THA shall indemnify LASA, to the extent provided by law, against and defend and hold LASA harmless from any liens, claims, losses or liabilities (collectively, “Costs”) arising out of THA exercising its right and privilege to go upon the Property; *provided, however*, that this indemnity shall not apply to the extent such Costs arise in connection with LASA’s negligence or misconduct. Notwithstanding the foregoing indemnity, THA shall have no liability to LASA or to any other person or entity by reason of, nor shall THA have any duty to indemnify, defend or hold any person or entity harmless from or against, any Costs, including, without limitation, any claim for diminution in value of the Property or for environmental remediation or clean-up costs arising out of or in connection with the mere fact of having discovered and/or reported (as may be required by law) any adverse physical condition, title condition, environmental condition or other defect with respect to the Property. Any claim for indemnification under this paragraph (c) must be made within one (1) year after the date of Closing or termination of this Agreement.

#### Section 5. Title and Survey.

(a) Title Commitment and Title Policy. If not already provided to THA, then within 15 days after the Effective Date, THA shall obtain a current title commitment or commitments (the “Title Commitment”) for an owner’s extended coverage policy of title insurance (the “Title Policy”), to be issued by Chicago Title Company (the “Title Company”) at its then current standard rates without any special premium, in an aggregate amount of not less than \$\_\_\_\_\_ (*i.e.* the currently anticipated purchase price of the Residential Unit), with copies of all exceptions and encumbrances to title shown therein, committing Title Company to issue such Title Policy to the Partnership.



(b) Boundary Survey; ALTA Survey. If not already provided to THA, then within 15 days after the Effective Date, LASA shall provide to THA a boundary line survey of the Property showing the true and correct boundaries of each of the parcels within the Property, together with corresponding tax account information and verification of the acreage of each such parcel (the "Boundary Survey"). THA may thereafter elect an ALTA survey of the Property to be completed (the "ALTA Survey"). The Boundary Survey and ALTA Survey are collectively referred to herein from time to time as the "Surveys".

(c) Review of Title Commitment and Surveys. THA shall be entitled, in its sole and absolute discretion, to terminate this Agreement if THA objects to any of the matters disclosed by the Title Commitment or Surveys (each, an "Objection" and collectively, the "Objections"). THA shall provide written notice to LASA (the "Objection Notice") of each Objection that THA requires to be released, discharged or removed prior to the Closing. Any matters revealed by the Title Commitment and/or Surveys to which THA does not object by the Closing shall be deemed, as between the Parties, to be permitted exceptions.

(d) Title Fees. In the event this Agreement is terminated other than by reason of a default by any Party under this Agreement, any cancellation fee or other costs of Title Company shall be borne in equal shares by the Parties. In the event this Agreement is terminated by reason of a default by any Party under this Agreement, any cancellation fee or other costs of Title Company shall be borne by the defaulting party.

#### Section 6. Project Feasibility and Entitlements.

(a) Project Development Due Diligence. THA shall take the lead in performing review of all site evaluations and cost reviews. LASA will provide to THA all relevant property and Project information it has in its possession. THA will share copies of all due diligence material with LASA.

(b) Community Involvement. LASA will be primarily responsible for providing all necessary community notifications in connection with the development of the Project and use its best efforts to involve the public in the Project to engender community and neighborhood support of the Project. THA will provide one or more representatives, upon reasonable notice, to attend any scheduled community or neighborhood meetings regarding the Project.

(c) Zoning; Permits. THA will be primarily responsible for evaluating the status of zoning of the Property, necessary land use approvals, applicable building codes and necessary building permits, and for coordinating with Lakewood and/or the County regarding obtaining necessary zoning and land use approvals, and building permits. LASA will assist THA in fulfilling such responsibilities.

(d) Project Schedule; Development Budgets. THA will prepare a Project schedule, development budgets for the Housing Project and the LASA Facility. LASA will review such schedule and budgets, and will provide comments pertaining thereto.

(e) Retention of Project Professionals. THA will identify, interview, pre-qualify and recommend professionals (*e.g.* architect, engineers, surveyors, environmental experts) for the Project using procurement processes THA customarily undertakes for its tax credit developments. Prior to retaining any such professional, THA representatives will meet with LASA representatives and discuss the qualifications of such professional. Based on such input from LASA, THA will develop and negotiate contracts for an appraisal, architectural schematic design, a third-party construction estimate, a Phase I environmental report, a geotechnical report, lead and asbestos testing, and a site survey.

#### Section 7. Financing and Payment of Project Costs and Expenses.

(a) Pre-Closing Costs. THA will advance money to pay development costs paid before Closing pursuant to a line of credit loan from THA to LASA in a principal amount not to exceed \$375,000 (the "Pre-Closing Loan"). The Pre-Closing Loan will be evidenced by a promissory note in the form attached as Exhibit B (the "Pre-Closing Note") and secured by a deed of trust on the Property or other property acceptable to THA (the "Pre-Closing Deed of Trust"), which Pre-Closing Deed of Trust may, if necessary, be subordinate to other obligations secured by the property subject to the Pre-Closing Deed of Trust. The Pre-Closing Loan will be repaid to THA at Closing from Project financing sources.

(i) If the Parties terminate the Project before Closing because the Parties cannot secure the necessary financing for the Project, the costs incurred by the Parties up to the date the Parties terminate the Project will be split evenly between THA and LASA.

(ii) If LASA terminates the Project before Closing (other than pursuant to paragraph (a)(i) of this Section), LASA shall reimburse THA for all of the costs that THA shall have incurred by that date.

(iii) Upon receipt by THA of the required payment from LASA pursuant to paragraphs (a)(i) or (a)(ii) of this Section 7, as applicable, LASA will own the work product of arising from such costs. Until such time as THA receives such payment from LASA, THA will own all work product arising from Project costs incurred by THA. Notwithstanding anything to the contrary in the foregoing, costs paid by THA before Closing shall not exceed \$375,000 without the prior written consent of LASA. Payment to THA of the amounts due to it under this paragraph (a) will be secured by the Pre-Closing Deed of Trust.

(b) Construction and Permanent Financing.

(i) Housing Project Loan Financing. THA will apply, on the Partnership's behalf, for construction funding for the Housing Project from Commerce, the County, Lakewood, and one or more commercial lenders. THA also may, in its discretion, cause the Partnership to apply for permanent loan financing for the Housing Project from the Washington Community Reinvestment Association. All or any portion of the loans obtained by the Partnership to finance

the construction costs of the Housing Project also may remain in place as permanent loans once the Housing Project has been placed in service. The Parties agree that money received from the Commerce, County and Lakewood for the Housing Project may be re-loaned or assigned by the recipient thereof to the Partnership. THA will select commercial lender(s) with whom THA will negotiate, on behalf of the Partnership, the loan documents relating to the Housing Project. THA will consult with LASA regarding the selection of such commercial lender(s). The selection of the commercial lender(s) will be based, among other things, on the maximum amount to be loaned, the loan repayment terms, the loan security provisions, and the proposed financial covenants to be imposed on the Partnership.

(ii) Housing Project Equity Financing. THA will solicit not less than four investors regarding their interest in participating as limited partners of the Partnership, and will select the investor with whom THA will negotiate the Partnership's limited partnership agreement and ancillary documents. THA will consult with LASA regarding the selection of the investor. The selection of the investor will be based, among other things, on the amount of capital to be contributed to the Partnership, the investor's proposed contribution schedule, and the terms of the right of first refusal to be provided to one or more of the Parties. Capital contributions made by the investor will be used to pay costs of the Housing Project. The Parties acknowledge and agree that, as a condition to Closing, THA and/or the Partnership must have obtained financing for the full amount of the anticipated costs of constructing, installing, furnishing and equipping the Housing Project (whether such financing is in the form of grants, loans or any combination thereof).

(iii) LASA Facility Financing. LASA expects to finance the costs of constructing, equipping and furnishing the LASA Facility with grants, donations received on account of LASA's capital campaign, and commercial loans. In the furtherance of the foregoing, LASA will apply for grants and will use its best efforts to solicit donations (and collect on pledges) for the LASA Facility. LASA also will apply for construction funding for the LASA Facility from one or more commercial lenders, and will select the commercial lender(s) with whom LASA will negotiate the loan documents relating to the LASA Facility. LASA will consult with THA regarding the selection of such commercial lender(s). The selection of the commercial lender(s) will be based, among other things, on the maximum amount to be loaned, the loan repayment terms, the loan security provisions, and the proposed financial covenants to be imposed on LASA. LASA shall not finance any portion of the LASA Facility with proceeds of obligations the interest on which is exempt from gross income for purposes of Section 103 of the Internal Revenue Code of 1986, as amended (*e.g.* tax-exempt bonds), if the Partnership receives an allocation of "9%" Credits for the Housing Project. THA will notify LASA if the Partnership receives an allocation of "9%" Credits for the Housing Project. The Parties acknowledge and agree that, as a condition to Closing, LASA must have obtained financing for the full amount of the anticipated costs of constructing, installing, furnishing and equipping the

Commercial Unit (whether such financing is in the form of grants, loans or any combination thereof).

(iv) Construction Draw Schedule. THA will establish a construction draw schedule for the Project that reasonably allocates Project costs, the timing of draws on available construction funds, and the sources of funding such draws. LASA will review and provide comments regarding such draw schedule.

#### Section 8. Construction Management.

(a) Retention of the General Contractor. THA will develop and manage a process to select a general contractor for the Project, which may include a bid process or a negotiated process. Prior to retaining any such general contractor, THA representatives will meet with LASA representatives and obtain approval by LASA of the selection process to be followed. THA thereafter will implement the selection process, negotiate the terms and conditions of the construction contract, and coordinate the execution of the construction contract with the general contractor.

(b) Development Agreements. As of the Effective Date, THA and LASA will enter into an LASA Facility Development Agreement in the form attached to this Agreement as Exhibit C, and THA and the Partnership will enter into a Housing Project Development Agreement in the form attached to this Agreement as Exhibit D.

(c) Insurance. THA will cause the Partnership to maintain, or cause to be maintained, builders risk, contractor's liability, and workers compensation insurance required by law, by the Project lenders, and by the Partnership's investor limited partner with respect to the Housing Project. LASA will maintain, or cause to be maintained, builders risk, contractor's liability, and workers compensation insurance required by law and by the Project lenders with respect to the LASA Facility.

#### Section 9. Accounting; Records.

(a) Copies of Project Documents. THA will make available to LASA, upon request, copies of all contracts, option agreements, construction financing commitments, budgets, plans and specification or other items prepared for or obtained by THA with respect to the Project.

(b) Construction Records. THA will coordinate the transmittal of change orders, change proposals, and budget adjustments among the Parties, the Project lenders and the Partnership's partners.

(c) System of Contract Administration. THA will develop and implement a system of general contract administration for review and processing of payments and change orders for the Project, including compliance with federal, state and local wage and employment requirements. LASA shall be provided with an opportunity to review and comment upon such system of general contract administration before it is implemented.

(d) Inspection Reports. THA will deliver to LASA copies of all inspection reports provided to THA with respect to Project.

(e) Payment Applications. THA will process applications for payments made by the architect, engineer(s), contractor(s) and consultants. THA will verify applications by contractor(s) for payment against the progress of construction, as indicated by periodic inspections. THA will make available to LASA, upon request, copies of all applications for payments made by the architect, engineer(s), contractor(s) and consultants.

(f) Separate Books. THA will keep, or cause to be kept, separate accounts and cost records with respect to the design, engineering and construction of the Housing Project and the design, engineering and construction of the LASA Facility.

(g) Construction Reports. THA will prepare and furnish to LASA, upon request, financial and progress reports and statements with respect to construction of the Project.

Section 10. Initial Property Manager of the Housing Project. THA will procure the initial property manager for the Housing Project, which may be THA or one of THA's affiliates. THA will consult with LASA before retaining the initial property manager for the Housing Project.

Section 11. Partnership Structure. THA is the Partnership's general partner. Subject to investor and lender approvals, the Parties anticipate that LASA will replace THA as the Partnership's general partner at some point after the Housing Project has been placed in service and achieved stabilized operations. The Parties agree to negotiate in good faith with investors and lenders in an effort to allow LASA to replace THA as the Partnership's general partner. If the Partnership and/or the investor limited partner provides THA and LASA an option and/or right of first refusal to purchase the Housing Project or the investor's limited partner interest, the Parties agree that the following shall govern which Party will have priority over the other Party in exercising such option or right of first refusal:

(a) The Party serving in the capacity as the Partnership's general partner at the time the option or right of first refusal can first be exercised has priority over the other Party;

(b) Notwithstanding subsection 11(a), the Party to whom the Partnership owes the greatest amount of money at the time the option or right of first refusal can first be exercised has priority over the other Party (provided, for purposes of making the determination required by this subsection, loans to the Partnership funded with grants or "forgivable" loans made to the lender Party shall be disregarded); and

(c) Notwithstanding subsections 11(a) and 11(b), the Party that has honored the greatest amount of guarantee obligations to the Partnership, the Partnership's partners and the Partnership's lenders, suppliers and other creditors at the time the option or right of first refusal can first be exercised has priority over the other Party.



Section 12. LASA Representations, Warranties and Covenants. LASA represents, warrants and covenants to THA:

(a) Power and Authority. LASA is a nonprofit corporation of the State of Washington. LASA has taken all necessary legislative actions and met all necessary statutory and other requirements to enter into this Agreement and to consummate the transaction provided for herein. This Agreement and all other documents executed and delivered by LASA constitute legal, valid, binding and enforceable obligations of LASA, and there are no claims or defenses, personal or otherwise, or offsets whatsoever to the enforceability or validity of this Agreement. The person executing this Agreement on behalf of LASA has been duly authorized to do so.

(b) No Violations or Actions. The execution, delivery and performance by LASA of its obligations under this Agreement will not conflict with or result in a breach of any law, governmental rule, ordinance, regulation, judgment, decree or order by which LASA or the Property is bound, or any contract to which LASA is a party or by which LASA or the Property is bound. There is no action, suit, proceeding or investigation pending, or to LASA's knowledge threatened, before any agency, court or other governmental authority that relates to the Property or the use thereof.

(c) Condemnation; Moratorium. There are no condemnation or eminent domain proceedings pending, or to LASA's knowledge threatened or contemplated, against the Property or any part thereof, and LASA has not received any notice, oral or written, of the desire of any public authority or other entity to take or use the Property or any part thereof. LASA shall give THA prompt written notice of any actual, or if known to LASA any threatened or contemplated, condemnation or eminent domain proceeding against any part of the Property. No moratorium, statute, order, regulation, ordinance, legislation, judgment, ruling or decree of any court or governmental agency has been enacted, adopted, issued, entered or is pending or in effect that could materially and adversely affect the Property and/or THA's ability to develop, open and operate the Project as contemplated herein.

(d) Compliance. The Property complies (or by the date of Closing will comply) with all applicable governmental requirements in respect of the use, occupation and construction thereof, including, without limitation, environmental, zoning, subdivision and other land use requirements, and LASA has received no notice of and has no knowledge of any violations relating thereto. Any violations thereof that occur before the Closing, whether now noted or issued, shall be complied with by LASA, so that the Residential Unit shall be conveyed free of the same at the Closing. There is no default or breach by LASA under any covenant, condition, restriction, right-of-way or easement that may affect the Property or any portion thereof.

(e) Zoning and Use. The current zoning for the Property would allow for the Project to be developed and operated on the Property. The Property is not located in any conservation or historic district. No buildings or other improvements of any kind encroach on the Property.

(f) Work. No work has been performed or is in progress at, and no materials have been furnished to, the Property that have not been paid for or will not be paid for in full prior to the Closing date.

(g) Assessments. No special or general assessments have been levied, other than as shown in the Title Commitment, or to LASA's knowledge are threatened, against all or any part of the Property.

(h) Access. The right of ingress and egress from the public roadways to and from the Property are as depicted in the Boundary Survey and are not restricted or limited in any manner. No condition exists that would result in the termination or impairment of access to the Property.

(i) Leases; Contracts; Agreements; Obligations. Except for residential leases for \_\_\_\_ housing units that currently exist on the Property, there are no leases or other agreements that provide for use or possession of the Property, service contracts or other agreements affecting the Property or the operation or maintenance thereof that will be binding upon the Partnership after the Closing. There are no other obligations in connection with the Property, including, without limitation, easements, declarations, use restrictions or other similar agreements, that will be binding upon the Partnership after the Closing.

(j) Relocation. LASA will vacate and relocate its offices prior to the Closing. The Parties will work together to relocate existing tenants of the Property to be completed in accordance with all applicable laws at or prior to the Closing. LASA shall be responsible for all costs incurred in connection with the relocation its offices. THA will cause costs incurred under applicable laws to relocate existing residential tenants to be paid from the amounts available for the Housing Project.

(k) Flood Plain. LASA will provide written documentation satisfactory to THA evidencing that no portion of the Property is within either of a mapped 100-year floodplain or floodway as those terms are used and defined by the Federal Emergency Management Agency.

(l) Foreign Person or Entity. LASA is not a foreign person, nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder.

(m) Marketable Title. LASA has, as of the Effective Date, good, marketable and indefeasible title to the Property. Without in any way limiting the generality of the foregoing representation, LASA further represents and warrants to THA that (i) no understanding, agreement (either express or implied) or reasonable expectancy of agreement with respect to sale, lease or other transfer of the Property (or any portion thereof) exists between LASA and any third party, and (ii) LASA is in no way restricted from negotiating and entering into this Agreement with THA and selling the Residential Unit to the Partnership.

(n) Misrepresentation and Adverse Facts. LASA has made no untrue statements or representations in connection with this Agreement, and all items delivered to THA on or before the Closing are and shall be true, correct and complete copies of what they purport to be. Said items have not been amended or modified, other than as also delivered to THA, and no items that should have been set forth as exhibits thereto or delivered to THA on or before the Closing have not been so set forth or delivered. LASA has not failed to state or disclose any material fact in connection with the transaction contemplated by this Agreement. LASA knows of no fact, nor has LASA failed to disclose any fact, that would prevent the Partnership from using and operating the Residential Unit after the Closing in the manner in which it is intended to be operated by the Partnership.

(o) Hazardous Substances. Attached to this Agreement as Exhibit E is a list of all reports, correspondence or tests prepared for LASA or in LASA's possession or control with respect to the compliance of the Property with any Environmental Laws or the presence or use of Hazardous Substances on the Property. All such reports, correspondence and tests listed on Exhibit E have been provided to THA for THA's review. Except as disclosed in the reports listed on Exhibit E, LASA warrants and represents that:

(i) the Property does not contain, and has not contained, any Hazardous Substance;

(ii) neither LASA nor, to LASA's knowledge, any prior owner, user or occupant of the Property, has conducted or authorized the generation, transportation, storage, treatment or disposal at or from the Property of any Hazardous Substance;

(iii) there is no pending, or to LASA's knowledge threatened, litigation or proceeding before any court or any governmental or administrative agency in which any person or entity alleges the presence, release, threat of release, placement on, in or from the Property or any adjacent Property, or the generation, transportation, storage, treatment or disposal at the Property or any adjacent Property of any Hazardous Substance;

(iv) LASA has not received any notice of, and has no actual or constructive knowledge that, any governmental authority or employee or agent thereof is investigating, has determined or threatens to determine the presence of, release or threat of release or placement on, in or from the Property or any adjacent Property, or the generation, transportation, storage, treatment or disposal at the Property or any adjacent Property, of any Hazardous Substance;

(v) there are no actions, communications or agreements with any governmental authority or agency (federal, state or local) or any private entity, including, without limitation, any prior owners of the Property, relating in any way to the remediation, presence, release, threat of release or placement on, in or from the Property or any adjacent Property, or the generation, transportation,



storage, treatment or disposal at the Property or any adjacent Property, of any Hazardous Substance;

(vi) LASA has owned and operated the Property in compliance with all Environmental Laws (as defined herein), has obtained all necessary permits under the Environmental Laws for LASA's operations on the Property and has not has incurred any liability under any Environmental Laws with respect to the Property; and

(vii) Except as disclosed in the Phase 1 environmental report for the Property provided to THA, there are no underground storage tanks located on the Property and no underground storage tanks have been removed from the Property.

For purposes of this Agreement, the following terms shall have the following meanings:

"Environmental Laws" means all federal, state and local environmental, hazardous waste or substance, health and/or safety laws, rules, statutes, directives, binding written interpretations, binding written policies, ordinances and regulations or common law doctrines issued by any governmental authorities and in effect as of the Effective Date with respect to or which otherwise pertain to or affect the Property or any portion thereof, the use, ownership, occupancy or operation of the Property or any portion thereof, or THA, as same have been amended, modified or supplemented from time to time prior to the date of the Closing, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), comparable state and local laws, and any and all rules and regulations that have become effective prior to the Closing date under any and all of the aforementioned laws.

"Hazardous Substances" means all (1) electromagnetic waves, urea formaldehyde foam insulation and transformers or other equipment that contains dielectric fluid containing polychlorinated biphenyls, (2) any solid, liquid, gaseous or thermal contaminant, including, without limitation, smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, petroleum products or byproducts or fractions thereof, asbestos, asbestos containing materials, radioactive materials, PCBs, phosphates,

lead or other heavy metals, chlorine, mold, radon gas and any indoor air contaminant, (3) any solid or liquid wastes (including hazardous wastes), hazardous air pollutants, hazardous substances, hazardous chemical substances and mixtures, toxic substances, pollutants and contaminants, as such terms are defined in any Environmental Law, and (4) any other chemical, material or substance, the use or presence of which, or exposure to the use or presence of which, is prohibited, limited or regulated by any Environmental Laws.

Section 13. THA's Representations, Warranties and Covenants. THA represents, warrants and covenants to LASA:

(a) Power and Authority. THA is a public body corporate and politic of the State of Washington. THA has the authority and power to enter into this Agreement and to consummate the transaction provided for herein. This Agreement and all other documents executed and delivered by THA constitute legal, valid, binding and enforceable obligations of THA, and there are no claims or defenses, personal or otherwise, or offsets whatsoever to the enforceability or validity of this Agreement. The person executing this Agreement on behalf of THA has been duly authorized to do so.

(b) No Violations or Actions. The execution, delivery and performance by THA of its obligations under this Agreement will not conflict with or result in a breach of any law, governmental rule, regulation, judgment, decree or order by which THA is bound, or any contract to which THA is a party or by which THA is bound, or THA's certificate of incorporation or bylaws.

Section 14. LASA's Obligations Pending Closing. From and after the Effective Date until the Closing or termination of this Agreement as herein provided, LASA covenants to perform in accordance with the following obligations:

(a) Sell or Encumber Property. LASA shall not sell, assign or convey any right, title or interest whatever in or to the Property to any third party or create or permit to exist any lien, encumbrance or charge on the Residential Unit that will not be paid in full at the Closing. To the extent that any easements or declarations are proposed that will affect the Property, LASA shall neither execute said easements and declarations, nor suffer the execution of same by or on behalf of LASA, without THA's prior written consent, which consent may be withheld by THA in its sole discretion.

(b) Representations and Warranties. LASA shall not take any action, or omit to take any action, which action or omission would have the effect of violating or rendering untrue any representation, warranty, covenant or agreement contained herein. LASA shall give THA prompt written notice of any change in any of LASA's representations or warranties set forth in this Agreement.

(c) Payments. LASA shall make any and all payments due and owing with respect to the Property, including, without limitation, payments on the Existing Loans, real estate taxes or assessments to the extent due or payable, charges, fees, levies and impositions, insurance premiums, service contracts, management fees and payments for

materials and materialmen, prior to the due date for such payment and will, upon THA's request, deliver to THA evidence reasonably satisfactory to THA of payment thereof.

(d) No Change in Physical Condition. LASA will keep and maintain the Property in good order and condition and will not permit any waste with respect thereto. LASA will not make any change to the physical condition of the Property except as contemplated by this Agreement or as otherwise approved by THA.

(e) Governmental Orders; Compliance with Laws. LASA shall not violate any lawful order or directive of a governmental agency with respect to the Property and shall at all times comply with all laws applicable to the Property. LASA shall promptly, and in any event prior to Closing, correct any violation of which LASA becomes aware.

(f) Exclusive Agreement. LASA shall not negotiate with third parties for the transfer of any interest in the Property or the Partnership.

Section 15. Indemnification. LASA shall indemnify, defend, and hold THA harmless for any claims, liabilities or damages arising out of the environmental condition of the Property, except to the extent any such claim arises out of THA's gross negligence or willful misconduct in performing its obligations as the Project developer. THA shall indemnify, defend and hold LASA harmless for any claims, liabilities or damages arising out of THA's gross negligence or willful misconduct on the Property or in connection with its activities as developer of the Project (except to the any such claim also arises out of LASA's negligence or willful misconduct).

Section 16. Public and Community Relations. Each Party will distribute to each other Party drafts of any press releases, articles, neighborhood mailings or other publicly distributed media that describes the Project to the public and give such other Party an opportunity to comment on such draft materials. The Parties will work together to represent the Project in any community or public presentations related to the development and operation of the Project, and related to any Project financing proposals.

Section 17. Expedited Dispute Resolution Provisions. Any dispute arising out of this Agreement shall be subject to expedited mediation and arbitration.

(a) Mediation. The Parties shall use good faith efforts to resolve disputes and all matters in question between the Parties through non-binding mediation. In the event that the Parties cannot agree upon mediation or a mediator within seven (7) days from the date of the first written request for mediation made by either Party, then either Party may bring a motion requesting the Superior Court of the State of Washington in Pierce County to select the mediator and the court-selected mediator shall determine what rules shall govern the mediation, provided, however, in no event shall such mandatory mediation be binding. Only after the mediation has concluded may either Party seek resolution of the matter in dispute through arbitration. Each Party shall pay one half of the mediation fees and costs. A Party may request mediation concurrently with the filing of a demand for arbitration, but the arbitration shall be stayed for a period of 45 days, unless stayed for a longer period by mutual agreement of the Parties.

(b) Arbitration. Disputes not resolved by mediation shall be determined by arbitration in Pierce County, Washington, in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in force, provided that the arbitration shall be administered by the arbitrator rather than the American Arbitration Association. The arbitrator shall be an attorney with at least twelve (12) years of experience in construction contract disputes. If within seven (7) days after delivery of demand for arbitration the Parties have not agreed as to the arbitrator, either Party may apply to the Pierce County Superior Court for appointment of the arbitrator. The Parties shall be entitled to the following discovery: production of relevant documents and three (3) depositions each. The arbitrator may authorize additional discovery as necessary to ensure a fair hearing consistent with an efficient and expedited dispute resolution process. The arbitrator shall hold a hearing within 120 days of the initial demand for arbitration, conclude the hearing within 5 days, and issue a written decision and final award in accordance with this Agreement and applicable law within 14 days after the hearing; however these time limits are not jurisdictional. The arbitrator's fees shall be paid equally by the Parties, provided that the arbitrator's award may reallocate such fees. The agreement to arbitrate shall be specifically enforceable, and judgment upon the arbitrator's award may be entered in any court having jurisdiction.

Section 18. Miscellaneous.

(a) Notices. Any notice, demand, request or other communication which any Party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three business days after mailing (c) if by Federal Express or other reliable overnight courier service, on the next business day after delivered to such courier service or (d) if by facsimile transmission, on the day of transmission so long as copy is sent on the same day by overnight courier as set forth below:

If to LASA: Living Access Support Alliance  
P.O. Box 98619 (if by mail)  
8956 Gravelly Lake Drive SW (if by delivery)  
Lakewood, Washington 98499 (if by mail)/98496 (if by delivery)  
Attention: Executive Director  
Telephone: (253) 581-8689  
Facsimile: (253) \_\_\_\_\_

If to THA: Tacoma Housing Authority  
902 South L Street  
Tacoma, WA 98405  
Attention: Executive Director  
Telephone: (253) 207-4429  
Facsimile: (253) 207-4465

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

Each Party shall provide the other Party with written notice of any change in its address for notice purposes hereunder.

(b) Applicable Law. This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Washington.

(c) Binding Agreement; Benefit. This Agreement shall be binding on the Parties, their heirs, executors, personal representatives, successors and assigns. This Agreement is made for the sole benefit of Parties, and no other person or persons shall have any benefits, rights or remedies under or by reason of this Agreement, or by reason of any actions taken by either Party pursuant to this Agreement.

(d) Survival. All of the representations, warranties and covenants of LASA and THA contained in this Agreement shall be true and correct as of the Effective Date. The Parties' rights to enforce such representations, warranties and covenants shall survive the Closing and such rights to enforce shall not be merged into any documents delivered at the Closing. It is expressly agreed and understood that no examination or investigation of the Property by or on behalf of THA prior to the Closing shall in any way modify, affect or diminish LASA's obligations under the representations, warranties, covenants and agreements contained in this Agreement.

(e) Modification; Waiver. No modification, waiver, amendment or discharge of this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of such modification, waiver, amendment or discharge is sought.

(f) No Partnership or Fiduciary Relationship. Each Party, by taking any action pursuant to this Agreement (other than the formation of the Partnership), shall not be deemed a partner or a joint venturer with or fiduciary of other Party.

(g) Recitals. The recitals set forth at the beginning of this Agreement are true and correct, and are incorporated herein by this reference.

(h) Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

(i) Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

(j) Partial Invalidity; Severability. If any of the provisions of this Agreement, or the application thereof to any person, party or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision or provisions to persons, parties or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(k) Construction. the Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement (including the exhibits) or any amendments hereto, and the same shall be construed neither for nor against either Party, but shall be given a reasonable interpretation in accordance with the plain meaning of its terms and the intent of the Parties.

(l) Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the Parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(m) Entire Agreement. This Agreement embody the entire agreement between the Parties regarding the matters set forth herein and supersede all prior agreements, written or oral, relating to the subject matter hereof (including, without limitation, the MOU).

*[Remainder of this page intentionally left blank.]*



IN WITNESS WHEREOF, the Parties have caused this Agreement Regarding Allocation of Responsibilities to be duly executed as of the date first written above.

LASA:

LIVING ACCESS SUPPORT ALLIANCE, a  
Washington nonprofit corporation

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Janne Hutchins, Executive Director

THA:

HOUSING AUTHORITY OF THE CITY OF  
TACOMA, a public body corporate and politic of  
the State of Washington

---

Michael Mirra, Executive Director

EXHIBITS:

- Exhibit A - Option and Right of First Refusal Agreement
- Exhibit B - Pre-Closing Note
- Exhibit C - LASA Facility Development Agreement
- Exhibit D - Housing Project Development Agreement
- Exhibit E - Hazardous Substance Reports

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## EXHIBIT A

### OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (Gravelly Lake Drive Project)

THIS OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this "Agreement") is dated effective as of the \_\_\_\_ day of \_\_\_\_\_, 2013, and is entered into by and between Living Access Support Alliance, a Washington nonprofit corporation ("LASA"), and the Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington ("THA" and, collectively with LASA, the "Parties").

#### RECITALS

A. LASA and THA are the parties to that certain Agreement Regarding Allocation of Responsibilities dated as of \_\_\_\_\_, 2013, pursuant to which LASA agreed, among other things, to create a two-unit condominium on certain land in Lakewood, Washington, to sell one of the condominium units to a limited partnership of which THA is the general partner, and to provide THA with both an option and the right of first refusal to acquire the condominium unit legally described in Exhibit A hereto (the "Commercial Unit").

B. This Agreement is part of the consideration for the Partnership's purchase of the Residential Unit and promise to construct the Residential Unit.

C. LASA now wishes to grant to THA an option and a right of first refusal to purchase the Commercial Unit under the terms and conditions set forth herein.

#### AGREEMENT

1. Grant of Option. LASA hereby grants to THA an option to purchase the Commercial Unit at any time, for the fair market value of the Commercial Unit at the time such option is exercised. The fair market value of the Commercial Unit shall be determined by an MAI-certified appraiser selected by the parties not more than thirty (30) days after THA provides LASA with written notice that it elects to exercise such option. The title to the Commercial Unit shall transfer from LASA to THA not more than [six (6)] months after the appraiser provided the Parties with the appraiser's determination of the fair market value of the Commercial Unit. The option granted by this paragraph shall expire on December 31, 2045.

2. Grant of Right of First Refusal. If at any time prior to December 31, 2045, LASA elects to sell all or any portion of the Commercial Unit, LASA hereby grants to THA the first right to purchase such interest on the terms offered by LASA. It is understood and agreed that THA shall have thirty (30) days after receipt of a written notice from LASA detailing the specific terms of such offer which LASA intends to accept in which to make its determination to purchase and if it does not elect to purchase by providing LASA with written notice within such thirty (30) day period (or if THA provides no notice to LASA within such thirty (30) day period), then LASA shall have the right to sell such interest to any other person, firm or corporation on the same terms and at a purchase price no less than that offered to THA. Any reduction in the original purchase price which LASA would otherwise accept shall be resubmitted to THA for its determination as set forth herein. It is further understood and agreed that all offers received by LASA from third persons which

LASA intends to accept shall first be submitted to THA for its determination in accordance with the terms outlined herein.

3. Notices. Any notice, demand, request or other communication which any Party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three business days after mailing (c) if by Federal Express or other reliable overnight courier service, on the next business day after delivered to such courier service or (d) if by facsimile, on the day of transmission so long as copy is sent on the same day by overnight courier as set forth below:

If to LASA: Living Access Support Alliance  
P.O. Box 98619 (if by mail)  
8956 Gravelly Lake Drive SW (if by delivery)  
Lakewood, Washington 98499 (if by mail)/98496 (if by delivery)  
Attention: Executive Director  
Telephone: (253) 581-8689  
Facsimile: (253) \_\_\_\_\_

If to THA: Tacoma Housing Authority  
902 South L Street  
Tacoma, WA 98405  
Attention: Executive Director  
Telephone: (253) 207-4429  
Facsimile: (253) 207-4465

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice. Each Party shall provide the other Party with written notice of any change in its address for notice purposes hereunder.

4. Captions. The captions of the various paragraphs are for convenience and ease of reference only, and do not define, limit, augment or describe the scope, content or intent of this Agreement or of any part or parts of this Agreement.

5. Exhibits. Any exhibit to which reference is made in this Agreement is incorporated in this Agreement by the respective references to them. References to "this Agreement" include matters incorporated by reference.

6. Not Assignable. THA may not assign or transfer its rights under this Agreement without LASA's prior written consent, which may be withheld at LASA's sole discretion.

7. Warranty of Authority. The persons executing and delivering this Agreement on behalf of LASA and THA each represent and warrant that each of them is duly authorized to do so and that the execution of this Agreement is the lawful and voluntary act of the person on whose behalf they purport to act.

8. Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable, all other provisions shall nevertheless continue in full force and effect.

9. Relationship of Parties. Nothing contained in this Agreement shall be construed to create, nor shall either party represent the existence of, a partnership, a joint venture, an association, a corporation, a trust or entity, nor to constitute either party the agent of the other.

10. Modifications for Prospective Legal Events. If any federal, state or local law or regulation, now existing or enacted or promulgated after the effective date of this Agreement is interpreted by judicial decision, a regulatory agency or legal counsel to any party in such a manner as to indicate that a provision of this Agreement may be in violation of such law or regulation, the parties shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements among the parties.

11. No Brokers. LASA and THA each represents and warrants to the other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees from LASA or THA in respect of the negotiation, execution or delivery of this Agreement. LASA and THA shall each indemnify and hold harmless the other against any loss, cost, liability or expense incurred by the other as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of LASA or THA, as applicable. LASA shall not be required to pay any broker's or finder's fees or commissions in connection with this Agreement.

12. Conflicts. To the extent that there is a conflict between the terms and provisions of any future written agreements between the parties and those of this Agreement, the terms and provisions of this Agreement shall govern unless the parties expressly provide otherwise in said future written agreements.

EXECUTED effective as of the date first above written.

LASA:

LIVING ACCESS SUPPORT ALLIANCE, a  
Washington nonprofit corporation

---

Janne Hutchins, Executive Director

THA:

HOUSING AUTHORITY OF THE CITY OF  
TACOMA, a public body corporate and politic of  
the State of Washington

---

Michael Mirra, Executive Director

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF PIERCE )

I certify that I know or have satisfactory evidence that Janne Hutchins is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Executive Director of LIVING ACCESS SUPPORT ALLIANCE, a Washington nonprofit corporation, to be the free and voluntary act of such nonprofit corporation for the uses and purposes mentioned in the instrument.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Washington,  
residing at \_\_\_\_\_.

\_\_\_\_\_  
Name (printed or typed)  
My appointment expires: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF PIERCE )

I certify that I know or have satisfactory evidence that Michael Mirra is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Executive Director of HOUSING AUTHORITY OF THE CITY OF TACOMA, a public body corporate and politic of the State of Washington, to be the free and voluntary act of such housing authority for the uses and purposes mentioned in the instrument.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Washington,  
residing at \_\_\_\_\_.

\_\_\_\_\_  
Name (printed or typed)  
My appointment expires: \_\_\_\_\_

EXHIBIT A TO  
OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

Legal Description of Commercial Unit

[To be inserted.]

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## EXHIBIT B

### AMENDED AND RESTATED PROMISSORY NOTE (Gravelly Lake Drive Project – Predevelopment Costs)

Not to Exceed \$375,000

\_\_\_\_\_, 2013  
Tacoma, Washington

FOR VALUE RECEIVED, the undersigned (“Maker”) promises to pay the Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington (“Payee”), the principal amount of not to exceed \$375,000, or so much as has been expended by Payee for predevelopment costs of the Gravelly Lake Drive Project described in the Agreement Regarding Allocation of Responsibilities (the “Agreement”) between Maker and Payee dated as of \_\_\_\_\_, 2013 (the “Agreement”), together with interest on the unpaid principal balance, pursuant to the terms set forth herein. Capitalized terms used but not defined herein have the meanings assigned to them in the Agreement.

Section 1. Interest. No interest shall be payable on this Note until the Conversion Date or the Termination Date (each as defined below). Interest on the principal amount hereof shall begin to accrue on the Conversion Date or the Termination Date, as applicable, at the rate of \_\_\_\_% *per annum*, except that upon the occurrence of an event of default hereunder interest shall accrue at the rate of 12% *per annum* from and after the date of the event of default.

Section 2. Payment of Principal and Interest. It is anticipated that Payee will receive reimbursement for all predevelopment costs paid by Payee upon admission of an investor partner into the Partnership, in which case such reimbursement shall constitute payment of this Note. If no investor is admitted to the Partnership by December 31, 2013 (as such date may be extended by the parties, the “Conversion Date”), then Maker shall pay to Payee an amount equal to one-half of the amount of predevelopment costs paid by Payee on or before the Conversion Date. All payments shall be applied first to accrued but unpaid interest, and then to principal. Notwithstanding the foregoing, if the Maker terminates the Project as described in Section 7(a) of the Agreement, Maker shall pay to Payee an amount equal to the full amount of predevelopment costs paid by Payee on or before the date of such termination (the “Termination Date”).

All unpaid principal of and accrued interest on this Note shall be due and payable on December 31, 2017.

Section 3. Prepayment. This Note may be prepaid in whole or in part at any time. Any prepaid amounts shall be applied first to accrued and unpaid interest, if any, and then to principal.

Section 4. Security. This Note is secured by a deed of trust dated the date hereof.

Section 5. Default. Any default by Maker in the payment or performance of any obligation under this Note shall constitute an event of default. Upon the occurrence of an event of default, this Note shall become immediately due and payable without presentment, demand, protest or notice of any kind. In the event of default hereunder, the undersigned Maker promises and agrees to pay all collection expenses, including reasonable attorneys’ fees incurred with or without suit and on appeal.

Section 6. Governing Law. This Note is made with reference to and is to be construed in accordance with the laws of the State of Washington.

Maker:

LIVING ACCESS SUPPORT ALLIANCE, a  
Washington nonprofit corporation

---

Janne Hutchins, Executive Director

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## EXHIBIT C

### LASA FACILITY DEVELOPMENT AGREEMENT

THIS LASA FACILITY DEVELOPMENT AGREEMENT (this “Agreement”) is made as of \_\_\_\_\_, 2013, by and between Living Access Support Alliance, a Washington nonprofit corporation (“LASA”), and Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington (“Developer”).

#### Recitals

A. LASA is a community supported agency committed to the prevention of both homelessness and recurrent homelessness in and around Pierce County, Washington.

B. Gravelly Lake Limited Liability Limited Partnership (the “Partnership”) and Developer have entered into that certain Residential Unit Development Agreement dated \_\_\_\_\_, 2013 (the “Housing Contract”), pursuant to which Developer is responsible for providing certain development services relating to the Partnership’s construction, equipping and furnishing of a 15-unit residential rental project for the homeless in a condominium unit located in the 8900 block of Gravelly Lake Drive SW in Lakewood, Washington (the “Housing Project”). LASA is expected to provide certain support services to the residents of the Housing Project.

C. LASA is constructing office space for LASA and a client services center (collectively the “Project”) in a condominium unit located adjacent to, and developed simultaneously with, the Housing Project.

D. Developer has experience managing and administering the process of constructing, equipping and furnishing mixed-use projects involving affordable rental housing and commercial uses. The Partnership has retained Developer to develop the Housing Project. LASA desires to retain Developer to develop the Project on LASA’s behalf pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

#### Section 1. Development Services—Developer.

(a) LASA hereby appoints Developer as the developer for LASA to perform certain services in connection with oversight of the design and construction of the Project, to perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and to perform such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by LASA. Developer’s obligation to provide services shall cease after receipt of the final certificate of occupancy for the Project and completion of all punch list items. Developer shall not be deemed in default hereof and Developer’s duties, responsibilities and rights hereunder shall not be terminated by LASA, except for “cause” as finally determined by a court of competent



jurisdiction. For purposes hereof, “cause” shall mean fraud, dishonesty and intentional misconduct after at least 30 days’ prior written notice and opportunity to cure.

(b) Developer’s services shall be performed in the name and on behalf of LASA and shall consist of the duties set forth in this Agreement. Developer has performed or shall perform the following:

(i) Assist LASA in dealing with neighborhood groups, local organizations, abutters and other parties interested in the design and construction of the Project;

(ii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

(A) coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants engaged in connection with the design or construction of the Project;

(B) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(C) the rendering of advice and recommendations as to the selection procedures for and selection of construction subcontractors and suppliers;

(D) the review and submission to LASA for approval of all requests for payments under any loan agreements with any lending institutions providing funds for the benefit of LASA for the design and construction of the improvements comprising the Project;

(E) the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

(F) applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project, including, but not limited to building permits;

(G) compliance with all terms and conditions applicable to LASA or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project during construction, or in any surety bond obtained in connection with the construction of the Project;

(H) furnishing such consultants and advice relating to the design and construction of the Project as may be reasonably requested from time to time by LASA;

(I) keeping LASA fully informed on a regular basis of the progress of the design of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by LASA;

(J) giving or making LASA's instructions, requirements, approvals and payments provided for in the agreements with the Project architect and other professionals and consultants retained for the design and construction of the Project; and

(K) at LASA's expense, filing on behalf of and as the attorney-in-fact for LASA any notices of completion required or permitted to be filed upon the completion of any improvements and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of dwelling units and other space in the Project.

(iii) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design and construction of the Project;

(iv) If requested to do so by LASA, perform on behalf of LASA all obligations of LASA with respect to the design and construction of the Project contained in any loan agreement or security agreement entered into in connection with any construction financing for the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such design and construction, provided that copies of such agreements have been provided by LASA to Developer or LASA has otherwise notified Developer in writing of such obligations;

(v) To the extent requested to do so by LASA, prepare and distribute to LASA a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design and construction cost estimates as required by LASA, and financial accounting reports, including monthly recommendations as to the drawing of funds from any loans arranged by LASA to cover the cost of design and construction of the Project;

(vi) Assist LASA in obtaining and maintaining insurance coverage for the Project, LASA and its partners during the construction phase of the Project, in accordance with an insurance schedule approved by LASA, which insurance shall include comprehensive liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Project;

(vii) Assist LASA in complying with all applicable laws, ordinances, orders, rules, regulations and requirements (hereinafter called "laws") of all federal, state and municipal government, courts, departments, commissions, boards and offices, any

national or local Board of Fire Underwriters or Insurance Services Offices having jurisdiction in the county in which the Project is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for LASA or the Project, which may be applicable to the Project or any part thereof during construction of the improvements. Any such compliance undertaken by Developer on behalf of and in the name of LASA, in accordance with the provisions of this Agreement, shall be at LASA's expense;

(viii) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out Developer's functions hereunder;

(ix) Coordinate and administer the design of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by LASA with respect to the leasing of space in the Project, whether involving building standard or non-building standard work;

(x) Use commercially reasonable efforts to accomplish the timely completion of the construction of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by LASA;

(xi) At the direction of LASA, implement any decisions of LASA made in connection with the design and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities;

(xii) Assist LASA by identifying women-owned business firms and minority owned business firms which may be available to contract with the general contractor in order to satisfy applicable requirements of applicable governmental authorities and assist the general contractor in evaluating such businesses; and

(xiii) Cause the Project to be completed in a good and workmanlike manner, free and clear of all mechanics', materialman's or similar liens, and equip the Project or cause the same to be equipped with all necessary and appropriate fixtures and equipment, all in accordance with the applicable construction loan documents and substantially in accordance with the Plans and Specifications.

Section 2. Construction Management Services. LASA hereby appoints Developer as LASA's construction manager for the Project. In such capacity, Developer shall perform the following services (in the name and on behalf of LASA) in addition to those specified in Section 1 of this Agreement:

(a) Administer any construction contracts on behalf of LASA, including reviewing and submitting to LASA, for approval, all requests for payments under any general construction contract or other construction contracts for the construction of the improvements comprising the Project;

(b) Keep LASA fully informed on a regular basis of the progress of the construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by LASA;

(c) Give or make LASA's instructions, requirements, approvals and payments provided for in the agreements with the general contractor and other contractors retained for the construction of the Project;

(d) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction and verify that the same is being carried out substantially in accordance with the plans and specifications approved by LASA or, in the event that the same is not being so carried out, to promptly so notify LASA and to take action on behalf of LASA to correct any noncompliance with the plans and specifications;

(e) Prepare and distribute to LASA monthly progress reports on the quality, progress and cost of construction;

(f) Coordinate and administer the construction of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by LASA with respect to the leasing of space in the Project, whether involving building standard or non-building standard work;

Section 3. Limitations and Restrictions. Notwithstanding any provisions of this Agreement, Developer shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, or incur any obligation with respect to any of the following matters unless and until the same has been approved by LASA:

(a) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction of the improvements contemplated thereby, except for such matters as may be expressly delegated in writing to Developer by LASA;

(b) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by LASA, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to Developer by LASA; or

(c) Expending more than what Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of LASA or otherwise in connection with the design and construction of the Project.

Section 4. Accounts and Records. Developer, on behalf of LASA, shall keep such books of account and other records in connection with the design, construction financing and construction as may be required and approved by LASA. Developer shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by LASA, covering all collections, if any, disbursements and other data in connection with design and construction of the Project prior to final completion of the Project. All accounts and records relating to the design and construction of the Project, including all correspondence, shall be surrendered to LASA upon demand without charge therefor.

#### Section 5. Developer Compensation.

(a) In consideration of the performance by Developer of the services described in Section 1 of this Agreement, LASA shall pay to Developer a fee (the "Project Management Fee") in the amount of \$61,000. The Project Management Fee will be paid at the times and in the installments as set forth below:

(i) Fifty percent (50%) of the Project Management Fee will be paid on December 31, 20\_\_;

(ii) Twenty-five percent (25%) of the Project Management Fee will be paid upon the earlier of the (a) the Completion Date, or (b) December 31, 2017; and

(iii) Twenty-five percent (25%) of the Project Management Fee will be paid upon the earlier of the (a) six months after the Completion Date, or (b) December 31, 2018.

(b) In consideration of the performance by Developer of the construction management services described in Section 2 of this Agreement, LASA shall pay to Developer a construction management fee in an amount equal to two percent (2%) of the general construction contract amount, which fee shall be paid to Developer in monthly installments during construction of the Project on the basis of the amount invoiced to LASA each month by the general contractor.

Section 6. Housing Project Development Services—LASA. LASA agrees to provide Developer with the following services to assist Developer in fulfilling Developer's obligations to the Partnership under the Housing Contract:

(a) Assist Developer in dealing with neighborhood groups, local organizations, abutters and other parties interested in the design and construction of the Housing Project;

(b) Participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design of the Housing Project in light of the targeted population thereof and the reasonably expected needs of such tenants; and

(c) The submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Housing Project;

Section 7. LASA Compensation. In consideration of the performance by LASA of the services described in Section 6 of this Agreement, Developer shall pay to LASA a fee equal to twenty percent (20%) of the "Development Fee" paid to Developer under the Housing Contract [(subject to refund to Developer in a prorated amount based on any reduction of said "Developer Fee" pursuant to Section 4(d) of the Housing Contract)], which amount shall be paid to LASA in two equal installments, the first of which is payable when Developer receives the first installment of the "Development Fee" under the Housing Contract and the second of which is payable when Developer receives the [second] installment of the "Development Fee" under the Housing Contract.

Section 8. Applicable Law. This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Washington.

Section 9. Binding Agreement. This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns.

Section 10. Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 11. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 12. Benefit. The parties hereto do not intend to create a partnership or any similar association for any purpose. Developer shall be an independent contractor for all purposes. The obligations and undertakings of Developer set forth in this Agreement are made for the benefit of LASA and shall not inure to the benefit of any creditor of LASA other than a partner, notwithstanding any pledge or assignment by LASA of this Agreement or any rights hereunder.

IN WITNESS WHEREOF, the parties have caused this LASA Facility Development Agreement to be duly executed as of the date first written above.

LASA:

LIVING ACCESS SUPPORT ALLIANCE, a  
Washington nonprofit corporation

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Janne Hutchins, Executive Director

DEVELOPER:

HOUSING AUTHORITY OF THE CITY OF  
TACOMA, a public body corporate and politic of  
the State of Washington

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Michael Mirra, Executive Director

## EXHIBIT D

### HOUSING PROJECT DEVELOPMENT AGREEMENT

THIS HOUSING PROJECT DEVELOPMENT AGREEMENT (this "Agreement") is made as of \_\_\_\_\_, 2013, by and between Gravelly Lake Limited Liability Limited Partnership, a Washington limited liability limited partnership (the "Partnership"), and Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington ("Developer").

#### Recitals

A. The Partnership was formed to acquire, develop, construct, improve, maintain, own, operate, lease and dispose of a 15-unit residential rental project located in the 8900 block of Gravelly Lake Drive SW in Lakewood, Washington, to provide residential housing for the homeless (the "Project"), which Project is intended to be rented and managed in order that the housing portions thereof will qualify for the low-income housing tax credit provided in Section 42 of the Internal Revenue Code of 1986, as amended (the "Code").

B. Developer has experience managing and administering the process of constructing, equipping and furnishing residential rental projects for low-income families.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

#### Section 1. Development Services.

(a) The Partnership hereby appoints Developer as the developer for the Partnership to perform certain services in connection with oversight of the design and construction of the Project, to perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and to perform such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by the Partnership. Developer's obligation to provide services shall cease after receipt of the final certificate of occupancy for the last unit in the Project and completion of all punch list items. Developer shall not be deemed in default hereof and Developer's duties, responsibilities and rights hereunder shall not be terminated by the Partnership, except for "cause" as finally determined by a court of competent jurisdiction. For purposes hereof, "cause" shall mean fraud, dishonesty and intentional misconduct after at least 30 days' prior written notice and opportunity to cure.

(b) Developer's services shall be performed in the name and on behalf of the Partnership and shall consist of the duties set forth in this Agreement. Developer has performed or shall perform the following:

(i) Assist the Partnership in dealing with neighborhood groups, local organizations, abutters and other parties interested in the design and construction of the Project;

(ii) Assist the Partnership in identifying sources of construction financing for the Project and negotiate the terms of such financing with lenders;

(iii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

(A) coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants engaged in connection with the design or construction of the Project;

(B) administration of any construction contracts on behalf of the Partnership;

(C) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(D) the rendering of advice and recommendations as to the selection procedures for and selection of construction subcontractors and suppliers;

(E) the review and submission to the Partnership for approval of all requests for payments under any architectural or engineering services agreement, general construction contract, other construction contracts or any loan agreements with any lending institutions providing funds for the benefit of the Partnership for the design and construction of the improvements comprising the Project;

(F) the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

(G) applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project, including, but not limited to building permits;

(H) compliance with all terms and conditions applicable to the Partnership or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project during construction, or in any surety bond obtained in connection with the construction of the Project;

(I) furnishing such consultants and advice relating to the design and construction of the Project as may be reasonably requested from time to time by the Partnership;

(J) keeping the Partnership fully informed on a regular basis of the progress of the design and construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by the Partnership;



(K) giving or making the Partnership's instructions, requirements, approvals and payments provided for in the agreements with the Project architect, general contractor, and other contractors, professionals and consultants retained for the design and construction of the Project; and

(L) at the Partnership's expense, filing on behalf of and as the attorney-in-fact for the Partnership any notices of completion required or permitted to be filed upon the completion of any improvements and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of dwelling units and other space in the Project.

(iv) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design and construction of the Project, and in addition to verify that the same is being carried out substantially in accordance with the plans and specifications approved by the Partnership or, in the event that the same is not being so carried out, to promptly so notify the Partnership and to take action on behalf of the Partnership to correct any noncompliance with the plans and specifications;

(v) If requested to do so by the Partnership, perform on behalf of the Partnership all obligations of the Partnership with respect to the design and construction of the Project contained in any loan agreement or security agreement entered into in connection with any construction financing for the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such design and construction, provided that copies of such agreements have been provided by the Partnership to Developer or the Partnership has otherwise notified Developer in writing of such obligations;

(vi) To the extent requested to do so by the Partnership, prepare and distribute to the Partnership a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design and construction cost estimates as required by the Partnership, and financial accounting reports, including monthly progress reports on the quality, progress and cost of construction and recommendations as to the drawing of funds from any loans arranged by the Partnership to cover the cost of design and construction of the Project;

(vii) Assist the Partnership in obtaining and maintaining insurance coverage for the Project, the Partnership and its partners during the construction phase of the Project, in accordance with an insurance schedule approved by the Partnership, which insurance shall include comprehensive liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Project;

(viii) Assist the Partnership in complying with all applicable laws, ordinances, orders, rules, regulations and requirements (hereinafter called "laws") of all federal, state and municipal government, courts, departments, commissions, boards and offices, any national or local Board of Fire Underwriters or Insurance Services Offices having jurisdiction in the county in which the Project is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for the Partnership or the Project, which may be applicable to the Project or any part thereof during construction of the improvements. Any such compliance undertaken by Developer on behalf of and in the name of the Partnership, in accordance with the provisions of this Agreement, shall be at the Partnership's expense;

(ix) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out Developer's functions hereunder;

(x) Coordinate and administer the design and construction of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by the Partnership with respect to the leasing of space in the Project, whether involving building standard or non-building standard work;

(xi) Use commercially reasonable efforts to accomplish the timely completion of the construction of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by the Partnership;

(xii) At the direction of the Partnership, implement any decisions of the Partnership made in connection with the design and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities;

(xiii) Assist the Partnership by identifying women-owned business firms and minority owned business firms which may be available to contract with the general contractor in order to satisfy applicable requirements of applicable governmental authorities and assist the general contractor in evaluating such businesses; and

(xiv) Cause the Project to be completed in a good and workmanlike manner, free and clear of all mechanics', materialman's or similar liens, and equip the Project or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all in accordance with the applicable construction loan documents and substantially in accordance with the Plans and Specifications.

(c) Developer shall not, when acting pursuant to this Agreement, perform any services relating to the acquisition of the Project, the organization of the Partnership, the syndication of interests in the Partnership, or the obtaining of permanent financing for the Project.

Section 2. Limitations and Restrictions. Notwithstanding any provisions of this Agreement, Developer shall not take any action, expend any sum, make any decision, give any

consent, approval or authorization, or incur any obligation with respect to any of the following matters unless and until the same has been approved by the Partnership:

(a) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction of the improvements contemplated thereby, except for such matters as may be expressly delegated in writing to Developer by the Partnership;

(b) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by the Partnership, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to Developer by the Partnership; or

(c) Expending more than what Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of the Partnership or otherwise in connection with the design and construction of the Project.

Section 3. Accounts and Records. Developer, on behalf of the Partnership, shall keep such books of account and other records in connection with the design and construction as may be required and approved by the Partnership. Developer shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by the Partnership, covering all collections, if any, disbursements and other data in connection with design and construction of the Project prior to final completion of the Project. All accounts and records relating to the design and construction of the Project, including all correspondence, shall be surrendered to the Partnership upon demand without charge therefor.

#### Section 4. Compensation

(a) In consideration of the performance by Developer of the design, construction and construction services described herein, the Partnership shall pay to Developer a fee (the "Development Fee") in the amount of \$294,432.

(b) The Partnership and Developer acknowledge that the Development Fee payable to Developer shall be deemed to have been earned as follows:

(i) For those services set forth above in connection with the selection of the architect and execution of the architect contract, delivery of preliminary drawings illustrating the scale and relationship of the components of the Project, receipt of commitment for construction financing, and delivery of schematic design drawings and of drawings and other documents to fix and describe the size and character of the Project as to architectural, structural, mechanical and electrical systems, materials and such other elements as may be appropriate, rendered as of the date of this Agreement, \$\_\_\_\_\_ of the Development Fee shall be deemed earned as of such date;

(ii) Seventy percent (70%) of the Development Fee shall be fully earned at such time that fifty percent (50%) of the construction of the Project is physically

completed in accordance with the plans and specifications therefore, as determined by the Project architect.

(iii) The balance of the Development Fee shall be fully earned on the date the Project is suitable for occupancy in accordance with applicable state or local law (the "Completion Date"), as evidenced by either (a) an AIA certificate of completion (*e.g.* an AIA Form G704 Certificate of Substantial Completion) prepared and executed by the Project architect, or (b) a certificates of occupancy (or local equivalent) for all Housing Projects in the Project.

(c) The Development Fee will be paid at the times and in the installments as set forth below:

(i) Fifty percent (50%) of the Development Fee (determined without regard to any reduction to such fee required by Section 4(d)) will be paid upon the earlier of the (a) the date a new limited partner is admitted to the Partnership, or (b) December 31, 2015;

(ii) Twenty-five percent (25%) of the Development Fee (determined without regard to any reduction to such fee required by Section 4(d)) will be paid upon the earlier of the (a) the Completion Date, or (b) December 31, 2017;

(iii) Twenty-five percent (25%) of the Development Fee (determined without regard to any reduction to such fee required by Section 4(d)) will be paid upon the earlier of the (a) the date the Partnership's construction loan is repaid or converts to a permanent loan, or (b) December 31, 2018; and

(vi) the balance of the Development Fee which is not fully paid by the time specified in Section 4(c)(iii) will be deferred, will bear interest at the rate of 5% *per annum* until paid in full, and will be paid from available net income of the Project (after payment of operating expenses). If not paid in full earlier, the Development Fee and all interest accrued thereon shall be paid no later than the 15<sup>th</sup> anniversary of this Agreement.

(d) Notwithstanding anything to the contrary set forth herein, if the Project is funded with proceeds of tax-exempt bonds, the Developer agrees that in the event that at any time the accountants determine that less than fifty percent (50%) of the aggregate basis of the Project has been or will be financed by the proceeds of tax-exempt bonds (for which volume cap has been allocated pursuant to Section 146 of the Code), the Development Fee payable by the Partnership to the Developer shall be reduced to the extent necessary to eliminate such condition.

Section 5. Applicable Law. This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Washington.

Section 6. Binding Agreement. This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns.

Section 7. Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 8. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 9. Benefit. The parties hereto do not intend to create a partnership or any similar association for any purpose. Developer shall be an independent contractor for all purposes. The obligations and undertakings of Developer set forth in this Agreement are made for the benefit of the Partnership and its partners and shall not inure to the benefit of any creditor of the Partnership other than a partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

IN WITNESS WHEREOF, the parties have caused this Housing Project Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

GRAVELLY LAKE LIMITED LIABILITY  
LIMITED PARTNERSHIP, a Washington limited  
liability limited partnership

By: Housing Authority of the City of Tacoma, a  
public body corporate and politic of the State of  
Washington, its general partner

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Michael Mirra, Executive Director

DEVELOPER:

HOUSING AUTHORITY OF THE CITY OF  
TACOMA, a public body corporate and politic of  
the State of Washington

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Michael Mirra, Executive Director

EXHIBIT E  
HAZARDOUS SUBSTANCE REPORTS

[None.]

DRAFT