



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

March 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, March 27, 2013

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

The meeting will be held at:

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

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

I, Christine Wilson, certify that on or before March 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

Christine Wilson
Executive Administrator



TACOMA HOUSING AUTHORITY

**AGENDA
REGULAR MEETING
BOARD OF COMMISSIONERS
March 27, 2013, 4:45 PM
902 South L. Street**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING**
 - 3.1 Minutes of February 1, 2013 – Special Session
 - 3.2 Minutes of February 27, 2013 - Regular Meeting
- 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 2013-3-27 (1), Adoption of Policies Governing Expenditures on Employee Recognition and Appreciation and Non-Travel Meals and Light Refreshments
 - 8.2 2013-3-27 (2), Property Upgrades and Renovations at Four Scattered Sites.
 - 8.3 2013-3-27 (3), Eastside Community Center Feasibility Study
 - 8.4 2013-3-27 (4), Approval of Tenant Account Receivable Write-off's
 - 8.5 2013-3-27 (5), Prairie Oaks – Tax Credit Investor and Construction Lender Selection (LASA) **(WALK ON)**
 - 8.6 2013-3-27 (6), Hillside Terrace Phase I – 2500 Yakima Apartments, Obligate MTW Funds as a Reserve Guarantee For Future RHF Funds
 - 8.7 2013-3-27 (7), Increase in Contract Amount for Pierce County Special Program Housing Contract—Youth and Young Adults **(WALK ON)**
- 9. COMMENTS FROM THE COMMISSIONERS**
- 10. EXECUTIVE SESSION**

Discussion of Real Estate Transactions.
- 11. ADJOURNMENT**

MEETING MINUTES



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
Commissioners Janis Flauding, Chair Greg Mowat, Vice Chair Arthur C. Banks, Commissioner (arrived at 12:20 PM)	Stanley Rumbaugh, Commissioner 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 @ 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, including its use of surveys. 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

7. ADJOURNMENT

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

APPROVED AS CORRECT

Adopted: March 27, 2013

Janis Flauding, Chair



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, February 27, 2013

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 602 South Wright Avenue, Tacoma, WA at 4:45 PM on Wednesday, February 27, 2013.

1. CALL TO ORDER

Vice Chair Mowat called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:45 PM.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
	Janis Flauding, Chair
Greg Mowat, Vice Chair	
	Arthur C. Banks, Commissioner
Stanley Rumbaugh, Commissioner (arrived at 4:59 PM)	
Rose Lincoln Hamilton, Commissioner	
Staff	
Michael Mirra, Executive Director	
Christine Wilson, Executive Administrator	
Ken Shalik, Finance Director	
April Davis, REMHS Director	
Barbara Tanbara, Human Resources Director	
Nancy Vignec, Community Services Director	
Walter Zisette, RED Director	
Todd Craven, Administration Director	

Vice Chair Mowat declared there was not a quorum present @ 4:46 PM and proceeded. A quorum was present at 4:59 PM. No actions were taken prior to receiving a quorum.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Vice Chair Mowat asked for any corrections to or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, January 23, 2013. Commissioner Rumbaugh 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.

The February 1 Special Session minutes were tabled and will be reviewed at the March 27 board meeting.

4. GUEST COMMENT

Leroy Brown, resident of Wright Street Apartments, asked the board for an update regarding his family's need for a larger unit. Director Black responded that the THA policy allows for up to a 24-month wait time for tenant transfers. Hope Rehn, resident of Wright Street Apartments, addressed the board stating the SAFE By-Laws have been completed and adopted by the SAFE board. Barbara Colburn, resident of Wright Street Apartments, addressed the board stating her concerns that the exterior doors to her building are being left open by residents. She stated non-residents are entering the building without permission from residents. Director Black reminded tenants to make sure and call the building security when this activity occurs and to notify the building representative.

5. COMMITTEE REPORTS

Real Estate Development Committee – Commissioner Rumbaugh provided the report. The committee has not met, but he has been in conversations with ED Mirra regarding the Salishan lot sales.

Finance Committee – Commissioner Mowat announced that he and Commissioner Lincoln Hamilton attended the last committee meeting. He reported that she has agreed to fill the duties of Chair for this committee. He added the financial documents presented at the meeting are in good order.

Citizen Oversight Committee – Commissioner Mowat provided a report for Commissioner Banks. The committee is currently reviewing the Section 3 requirements for the Hillside Terrace Project.

6. ADMINISTRATIVE REPORTS

Executive Director

ED Mirra referred the board to his report and welcomed questions. ED Mirra and Director Shalik reviewed the sequestration document that was included with the 2013 THA Budget the Board adopted in December, 2012. He stated sequestration will go into effect on March 1st at midnight if Congress is unable to agree on an alternative. The next deadline will be

March 27th with the expiration of the present continuing resolution. ED Mirra added that THA will be able to withstand a year long sequestration in reasonable order if the we stay on our path of expenditure delays and changes to our housing programs that include decreases in the value of the rental assistance households receive from us. This path will allow us to avoid cutting anyone from our programs, to add more assisted households and to resume some of the expenditure delays because the sequestration cuts are not as deep as THA had anticipated.. Tonight he is requesting consensus from the board to move forward reinstating funding for the first 12 priorities on the THA 2013 Budget sequestration list. These priorities represent \$1M in funding. ED Mirra states he favors this spending for three main reasons; first this amount reflects that the cuts are not as deep as THA planned they would be; THA's reserves can cover the spending with funds above optimal levels; the spending will allow us to serve more households, including those to be served by the launch of the Housing Opportunity Program (HOP). Director Shalik added the MTW reserve amounts have also increased and he believes spending these dollars will provide a realistic balance for the MTW reserve account. Director Shalik agrees with ED Mirra's recommendation to reinstate these funds into the THA 2013 budget. Commissioner Rumbaugh commented on the MTW reserves and agreed with the proposal. The sequestration funds are unencumbered reserves that could be used for capital development purchases. Commissioner Rumbaugh voiced his support to use these funds for such purchases. Director Shalik stated the reserve level would be maintained, and explained the sequestration would not absorb those funds. He also stated the funds must be used for low income housing purchases. Commissioner Mowat asked for clarification on the funds. He understands that a portion of the funds can be allocated for rapid re-housing. Director Shalik stated that is correct. Commissioner Lincoln Hamilton stated the board adopted the 2013 budget with the sequestration list in December, 2012. Director Shalik confirmed her comment. ED Mirra asked for direction to spend the \$1M on the sequestration high priorities list funding priorities 1-12 on the list. The board provided consensus to fund the sequestration priorities 1-12.

Finance

Director Shalik referred the board to his report. He stated the 2012 financial books have been closed and thanked his staff for another outstanding job. He reported the cash position has increased and reviewed deficit/surplus expenditures. Director Shalik read a letter from HUD related to the rebenchmarking issue. The HUD attorneys continue to review this issue with HUD officials. ED Mirra and Commissioner Rumbaugh will be in Washington, DC in mid-March and will use this time to meet with Senator Murray's staff and review this latest rebenchmarking information.

Commissioner Rumbaugh moved to ratify the payment of cash disbursements totaling \$3,953,707 for the month of January, 2013. Commissioner Lincoln Hamilton seconded.

Upon roll call, the vote was as follows:

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

Motion Approved

Real Estate Management and Housing Services

Director Black directed the board to her report. She reviewed the THA Strategy Addressing Methamphetamine Contamination in our Housing Portfolio documentation that she included in her report. Commissioner Rumbaugh stated his appreciation for Director Black's leadership with this very difficult issue. Director Black thanked Commissioner Rumbaugh for his kind words and acknowledgment of this very difficult situation. She will pass this along to her staff. She mentioned that staff has been trained and will begin field testing for meth. This interenal testing program will help reduce costs. Staff completed workplace safety training. Director Black noted the recent training from the Tacoma Police Department on how to defuse difficult encounters with customers and members of the public. The preventative maintenance program is underway. Director Black also reports staff readiness for Housing Opportunity Program and pulling households off the waitlist. THA will also be reopening the waitlist for the HOP. This reopening of the waitlist will be paperless. ED Mirra reported the Seattle Housing Authority and the King County Housing Authority conducted their first paperless waitlist opening. They will be a good resource for getting this done.

Real Estate Development

Director Zisette directed the board to his report. THA received an offer to buy Salishan lots. Director Zisette reviewed the details of the offer with CitiBank. The Hillside Terrace Project abatement of soils has been delayed. The site will be fenced off by March 11th. He reviewed a discussion with HUD about whether THA is fulfilling the terms of the grant for the community building. There are two issues: must THA include public housing units in its redevelopment of Hillside; must THA make sure that 50% of the people who use the center are public housing residents. MLKHDA Board has approved THA's purchase and sale agreement for the New Look Apartments. THA is waiting for an official response from MLKHDA.

Community Services

Director Vignec directed the board to her report. This is the beginning of the 12 month reporting cycle. She directed her staff to review THA's grant obligations. Director Vignec directed the board to the tables in her board report. The Workforce Central partnership is offering the Construction Academy classes beginning March 4. This is a meaningful partnership with the redevelopment of New Hillside Terrace. This academy will provide soft skill training for individuals interested in working on this project. Last month she reported REMHS difficulty referring tenants to CS. Director Vignec stated Property Management staffing levels and the meth issues have made these referrals hard to arrange. She recently met with PM and CS managers within the past two weeks and they assured her those referrals are forthcoming. Salishan Community Health Advocates (CHA) assists the Salishan Community Association further develop a strong and thriving neighborhood. CHA identifies and trains natural leaders within Salishan.

7. OLD BUSINESS

None.

8. NEW BUSINESS

8.1 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.

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

AYES: 3
NAYS: None
Abstain: None

Absent: 2

Motion Approved: February 27, 2013

Janis Flauding, Chair

8.2 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.

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

Upon roll call, the vote was as follows:

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

Motion Approved: February 27, 2013

Janis Flauding, Chair

8.3 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.

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

Upon roll call, the vote was as follows:

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

Motion Approved: February 27, 2013

Janis Flauding, Chair

8.4 RESOLUTION 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 ha 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 27th day of February 2013.

HOUSING AUTHORITY OF THE CITY OF TACOMA

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

Upon roll call, the vote was as follows:

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

Motion Approved: February 27, 2013

Janis Flauding, Chair

8.5 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.

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

Upon roll call, the vote was as follows:

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

Motion Approved: February 27, 2013

Janis Flauding, Chair

9. COMMENTS FROM COMMISSIONERS

Commissioner Rumbaugh discussed the upcoming CLPHA conference. Large Housing Authorities are looking to THA as the innovators. Commissioner Lincoln Hamilton would like the board to consider adding a consent agenda to the board meeting agenda. She believes this will allow more time for other board discussions. Commissioner Mowat thanked staff for their hard work.

10. EXECUTIVE SESSION

11. ADJOURNMENT

There being no further business to conduct the meeting ended at 6:35 PM.

APPROVED AS CORRECT

Adopted: March 27, 2013

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: March 19, 2013
Re: Executive Director's Report

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

1. CLPHA MEETING IN WASHINGTON, D.C.

On March 14th and 15th, in Washington D.C., Commissioner Stan Rumbaugh, Ken Shalik, April Black and I attended the Spring conference of the Council of Large Public Housing Authorities (CLPHA). We also attended some important meetings with HUD officials and with our congressional offices. It was a busy, worthwhile visit.

- There was much conference discussion about the renewed legislative proposals to expand the Moving to Work (MTW) program. This has been an eight-year effort. It remains a controversial proposal. Influential advocates oppose MTW and seek to limit its expansion or diminish the flexibility that it would give to MTW agencies. HUD seems to favor expansion. At least the calls to eliminate MTW have ended. The prospects for a bill to expand MTW seem as uncertain as all other controversial legislature in this bitterly divided Congress.
- The conference presented several panels about the current budget discussions in Congress. I did not hear too many confident predictions about what is likely to happen or when. Most people seemed to believe that Congress would avoid a governmental shutdown on March 28th. That is good because although THA's budget choices will allow us to weather a yearlong sequestration cut, we have no plan for a prolonged shutdown of the national government.
- At least one panel offered a long look ahead for federal budget policy. Overall, the prospects over the next ten years seem gloomy. It justifies the changes we have made in our own programs to "thin the soup." This will certainly get us through this year without having to terminate anyone's assistance and instead we will be able to add households to our rental assistance programs.
- We also visited with HUD officials. We discussed our current disagreement with HUD over whether we need to add public housing units to New Hillside Terrace and what efforts must we make to insure that public housing residents constitute at least 50% of the users of its new community center. Those discussions were not as useful as we had hoped. The HUD officials remain insistent on their position. I append my follow up letter of March 20, 2013 to HUD. If we have to

add public housing units, the challenge will be to make them financially sustainable. We had thought we could supplement these units with MTW dollars. Yet, HUD's rules for doing this are complicated, restrictive and hard to understand. We had several separate meetings about these rules, including meetings with our attorneys in D.C.. Those discussions were more hopeful.

- We also had hopeful discussions with other HUD officials and congressional staff about HUD's "rebenchmarking" of THA's voucher allocation. We may have news by the time of the board meeting. I attach my November 11, 2012 letter to HUD describing the issue.
- We met with Congressmen Derik Kilmer and Denny Heck, their staff and in separate meetings with the staff of Senators Murray and Cantwell.
- Finally, we met with staff of the Corporation of Enterprise Development (CFED). CFED is helping THA design and launch our matched savings account project for the children of Salishan.

2. EVALUATION SERVICES FOR THA's PROGRAM: TALKS WITH UWT

We are having interesting and exciting discussions with Chancellor Debra Friedman of the University of Washington at Tacoma. We are exploring whether UWT can become the general evaluator of THA's programs and a source of expertise in our program design. I append a paper I wrote that describes the evaluative services and expertise we need. It discusses whether UWT would fit the bill. It discusses how we would pay for its services. I hope to have some news on these discussions sometime this Spring.

3. STATE AUDITOR FINDING: THA RESPONSE; DISCUSSIONS WITH SAO

This month has a resolution proposing two policies. One would govern expenditures for non-travel meals and light refreshments. The other would govern expenditures for activities to recognize and express appreciation for the efforts of staff. Both of these policies respond to the recommendation of the state auditor. In its recent audit, the auditor issued a finding against THA because of these sorts of expenditures. The audit finding did not recommend against such expenditures. Instead, it stated that if THA were to spend money for these purposes it recommended that THA have policies to govern them. The policies serve at least purposes: to ensure that such expenditures result from an intentional consideration that they serve a public purpose; to ensure that the money spent is not excessive.

As the Board knows, we did not agree with the finding. I attach a letter and memorandum I sent to the State Auditor. The letter asks for a meeting with him to discuss the finding. Perhaps a meeting will help us understand it better.



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

March 20, 2013

By email: [Dominique G. Blom@hud.gov](mailto:Dominique.G.Blom@hud.gov)

Ms. Dominique Blom
Deputy Assistant Secretary for Public Housing and Investments
Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410

RE: Hillside Terrace CFCF Community/Education Facility

Dear Dominique:

Thank you for the discussion last week. THA Commissioner Stan Rumbaugh, Ken Shalik, April Black and I appreciated that time with you and your staff to discuss THA's CFCF grant for Hillside Terrace. As busy as you are, you were gracious to let us visit.

As we discussed, I write to confirm the proposal we made to resolve the two matters at issue. Recognizing that we appear to disagree on these matters, I summarize why we think our proposals are a reasonable approach to the situation. I do this to help you, if you are willing, to reconsider your reservations about our proposals. I also write to convey our intention to honor whatever your directives turn out to be and to do our best to fulfill them on both issues. I also wish to accept your kind offer to help us make them work in a financially sustainable and sensible way.

1. **Public Housing Units at New Hillside Terrace**

The first issue is whether THA must add public housing units to New Hillside Terrace. It is an issue only because of a mention we made in our application for the CFCF grant. Our mention stated the following:

The **current plan** is to accomplish the redevelopment of the remaining sites in phases, which will include the construction of the Community Education Building, demolition and replacement of 104 units of affordable housing in the 2500 block with replacement housing or comparable affordability, including **retaining 26 public housing units**), and demolition and future use of the 1800 block. (page 23)(emphasis added).

The CFCF NOFA did not require public housing units. Its main reference to public housing units requires only that the "CFCFs must be located within a public housing development, on PHA real

property, or within ½ mile to the PHA development so that participants can walk to the facility.” (NOFA, section II,2b). In discussions last summer, your staff clarified that it was enough that the facility be within ½ mile of a single public housing unit. We satisfy this requirement in two ways: the Hillside facility will be on PHA real property; it also satisfies the ½ mile rule because it would be two blocks away from 37 public housing units.

This means that we did not have to mention public housing units as we did. The mention appears to be our gratuitous candor about unnecessary details that we can now regret. At the time we indeed considered public housing units. We thought we could use Local Blended Subsidy (LBS) techniques to make them financially sustainable. Subsequently, however, HUD clarified the LBS rules. It also clarified or changed what LBS does to our MTW baseline. Both clarifications or changes mean that making public housing units financially sustainable would be hard to do. In particular, we must now worry what type of guarantees investors and lenders will require for years after 2018 when our MTW contract may expire. As a result, we pulled the public housing units out of our plans. In 2012 we submitted our demolition application to HUD stating that New Hillside Terrace would have no public housing units. HUD approved this application. That happened on June 11, 2012.

In February 2013, your office let us know of your concern that the omission of the public housing units violated the terms of the NOFA and our application. At our discussion last week, you explained that, although the NOFA did not require public housing units, our mention of them in our application makes them mandatory. You were not persuaded by either the contingent nature of that mention or its gratuitous appearance in a response to a NOFA that did not require it. Instead, you reported the real consideration you gave to rescoring our application and perhaps withdrawing our grant award. I asked your staff on what grounds could they deduct points for a matter that the NOFA did not mention and, if indeed this was possible, how many points were at issue. (Allow me to note that they chose not to answer that question.)

I proposed what I still think to be a reasonable approach to the situation: let us jointly determine the presence and number of public housing units in later phases of Hillside Terrace once we know their effect on the financial stability of the project. In particular, we need to know what guarantees the investors and lenders will require. That information will allow us to make such an important decision when we are adequately informed.

You explained that you will not require us to include the public housing units in Phase 1. I am grateful for that. As you know, that would have thoroughly derailed the project. You did state your intention to direct us to include the 26 public housing units in later phases of Hillside Terrace. If that remains your view, we will honor your directive.

You also graciously offered to work with us to puzzle through the HUD rules on LBS and MTW baselines. Those rules will determine whether these units are financially sustainable. I appreciate this offer very much. Those rules are indeed puzzling for us. They also seem in some flux. Perhaps you can also help us figure out if RAD or other HUD techniques would be useful. If despite your help these units prove to put the project’s operation at risk, we would then seek to resume this discussion. We hope that will not be necessary.

2. Public Housing Residents as the Predominant Users of the Community Facility

The second issue also arose last month when your office stated its view that the NOFA required that public housing residents be the predominant users of the community facility. In my February 11, 2013 letter to Jeff Riddel of your office, and in subsequent phone discussions with Jeff, I explained our different understanding of the NOFA. At our discussion last week, I noted that the NOFA could have been clearer on the matter. It required only that the facility be for the predominant use of “**PHA residents**”(emphasis added). We understood, naturally I think, that PHA residents referred to people who were our tenants, whether or not their tenancies received public housing subsidies. “Public housing authority residents” are a broader group than “public housing residents”. The NOFA and the Q&A’s also made clear that voucher holders did **not** count as “public housing residents” for these purposes. This did not disturb our understanding. Voucher holders generally are not PHA tenants. They usually live in the private rental market, renting from private landlords. Not counting them as public housing residents still left ample room to count other voucher holders as “PHA residents” if they are THA tenants, either in project-based or tenant based voucher units.

At our discussion last week, we also emphasized some practical aspects of the question that I had hoped would have more influence with you than they appear to have had. **First**, I noted that when we applied for the grant all the residents of Hillside Terrace were public housing residents (as well as “PHA residents”). We have relocated all of them to make way for the demolition and construction. On the moment before their departure, they were still all public housing residents. When they return, they will be the same people with the same demographics and the same “socioeconomic profile” that the NOFA required. The only change will be that they will then be project-based voucher residents and not “public housing residents” (but still “PHA residents”). Only the most fastidious of them will care about this change. They will mainly care that they be able to use the snappy new community facility that they helped us plan for their new community.

The **second** practical aspect I mentioned was the unsavory prospect that we would have to stand at the door of the facility and question people about the subsidy their tenancy received and, even worse, to bar their entry if they were the wrong sort. This would be especially troublesome for the Head Start Program that the Tacoma School District will administer in the building. The School District will not allow us to direct which children it will enroll.

At the meeting, we proposed what I still think is a reasonable balance of the various factors. I proposed that we ensure that the predominant programming of the building, by its substantive content, THA’s marketing and THA’s enrollment preferences, be targeted to “public housing residents.” This proposal also helpfully acknowledges that while we can control the programming we cannot control who will actually show up.

Our proposal did not seem to appeal to you. You noted that the CFCF money is public housing money. You offered your view that the NOFA was clear in its focus on “public housing residents.” You explained that you will have to insist that they predominate among the actual users. You did helpfully acknowledge that it is up to THA to so manage the facility to arrange for that. You and I also noted that the NOFA and THA’s application already directs the type of documentation THA must compile about the users. You indicated that it was adequate for the situation. We ask that you leave it as it is.

We will honor your decision, although perhaps you would be willing to reconsider it. If not and if at some later time our practical concerns come to pass in a serious way, we hope you will be amenable to resuming this discussion and this joint search for the available flexibility within the boundaries of the NOFA, reasonably understood.

While we stand ready to honor your decisions on the two issues, I invite you to reconsider your views for the reasons I recount in this letter. When we met you emphasized legal concerns as a significant basis for your thinking on the issues. I ask that our attorneys, Paul Casey and Amy McClain of Ballard Spahr, have a chance to confer with your attorney. Perhaps that would be clarifying for both of us. You or your attorney can reach them at:

Paul: (410) 528-5694; caseyp@ballardspahr.com

Amy: (410) 528-5592; mcclaina@ballardspahr.com

Thank you again for your willingness to hear our concerns and reconsider our proposals. With the path now clear for the Phase 1 closing in a week or so, we have time for this further consideration.

Cordially,

TACOMA HOUSING AUTHORITY



Michael Mirra
Executive Director


cc: Paul Casey and Amy McClain, Ballard Spahr LLP
Jeff Riddel, HUD



TACOMA HOUSING AUTHORITY

Michael Mirra
Executive Director

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November 12, 2012

By email: sandra.b.henriquez@hud.gov

Ms. Assistant Secretary Sandra Henriquez
U.S. Department of HUD
451 7th Street, SW, Room 100
Washington, DC 20410

Re: THA: HUD's "rebenchmarking"

Dear Assistant Secretary Henriquez:

As you know, HUD has "rebenchmarked" the Tacoma Housing Authority's ("THA") baseline that determines our Housing Choice Voucher funding under our Moving to Work Agreement (the "MTW Agreement"). As a result, HUD reduced this funding in 2012 by about \$600,000 below what we had received last year under the same MTW Agreement. This reduction is significant and harmful. It means the equivalent of serving 75 fewer households. It is the equivalent of the annual housing cost of our innovative McCarver Elementary School Project, a model we hope to expand. We believe HUD has deducted this amount pursuant to a mistaken interpretation of the Agreement and the appropriations act language. We need to resolve this matter as soon as possible so that THA can continue with its important initiatives.

While we do not agree with HUD's interpretation, I am pleased to write with a proposal that fully accommodates it while restoring our baseline funding for 2013. We would do this with a change to our Agreement to correct the error in it that HUD now states it has made and to restore the Agreement to what it should have been. While we are revising the Agreement for this purpose, we also renew requests for other changes to add a provision that other MTW agencies have in their Agreement that are necessary for further innovation THA seeks to try. I describe all these proposed changes below.

I would like to visit with you in Washington D.C to discuss this. I will be there for the CLPHA conference on November 14th through the 16th. If that would be convenient for your schedule and that of your staff whom you may wish to include in the discussion, please let me know. THA's finance director and director of housing programs, a commissioner and Stephen Holmquist will also be there with me. All of them have participated in these discussions from our end. I know you are very busy with greater urgencies. If the CLPHA meeting is not a good time, then we would be pleased to travel to D.C. on another occasion.

THE ISSUE

A short review of the issue would be helpful. For reference, I have attached a copy of my June 4, 2012 letter to Ivan Pour, MTW Program Director. That letter outlines THA's understanding of the problem. To summarize, THA joined the MTW program under Section 236 of the fiscal year 2009 HUD appropriations act¹. THA and HUD executed our MTW Agreement on August 23, 2010, in the middle of the year. As you are aware, the MTW program gives participating PHAs the ability to operate under a single fund budget, or "block grant", which combines funding from the public housing Operating Fund and Capital Fund with funds from the Section 8 voucher program. The block grant makes the use of the combined funds fungible between the public housing and Section 8 programs. It also permits their use outside of either program under certain circumstances. That fungibility, along with the authority to set rents outside of standard public housing and voucher rules, necessitates a separate funding mechanism for MTW agencies. Under that mechanism, funding is established for a base year, which then, in general, is inflated by an adjustment factor for future years.

The Agreement establishes the voucher funding mechanism for THA's participation in MTW. It expressly provides the way to calculate that funding for THA's initial year of MTW participation:

Initial year (CY 2011) HCVP housing assistance payments (HAP) subsidy will be based on the greater of actual HAP expenses incurred by the Agency as reported in the Voucher Management System (VMS) in the base period (FFY 2010) or what the Agency was eligible to receive in calendar year 2010 adjusted via the renewal annual adjustment factor provisions that are effective for CY2011.

[MTW Agreement, Attachment A, section C.3]

We believe that the Agreement provides this option so that THA's funding would not be lower as an MTW agency than if THA were not an MTW agency in the event that HAP expenses had increased between the beginning of FFY 2010 and the date it became an MTW agency. We also understand that non-MTW agencies were afforded similar protection from increased costs. We note, further, that the MTW statute provides that an MTW agency's funding shall not be diminished due to its participation in MTW.² My June 4, 2012 letter sets forth our view of why the Agreement is written that way and why it provides the answer to this issue we face.

We now understand that HUD has concluded that it erred in drafting our MTW Agreement. In HUD's new view, Subsection C.3 of Attachment A is invalid because it is inconsistent with the general provision of the 2009 appropriations act regarding the method for renewal of voucher funds and also with Section 236, which states that no PHA selected for MTW under that section "shall receive more funding than they otherwise would have received

¹ Omnibus Appropriations Act, 2009, Pub. Law 111-8 (March 11, 2009)

² Section 204(f), Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996

absent this designation.” By this reasoning, Subsection C.3 needs revision. If this is the case, then Sections C.1 and C.2 of Attachment A also are invalid and need revision as well.

RESOLUTION

Although we do not share HUD’s interpretation of the applicable statutes and appropriations act language, we are ready to discuss revisions to the Agreement that conform to it and that also account for THA’s needs. Any revision to the contract must account for the following varying provisions:

- Section 236 provides that THA will not receive more funding as a result of its MTW designation.
- Section 204(f) of the MTW statute, as noted above, provides that an MTW agency’s funding shall not be diminished as a result of its participation in MTW.
- Further, the appropriations acts for 2009, 2010, and other years direct HUD to fund MTW PHAs according to their contracts.

The only way to reconcile these various statutory provisions as HUD interprets them is to revise the Agreement to fund THA upon its entrance into the MTW program in its Initial Year in the same manner and amount as if it had not entered MTW, and then to apply the renewal methodology in the MTW Agreement in CY2011 and beyond.

THA was selected for MTW under the FY 2009 appropriations act and began participating in MTW in 2010. From that point on, it had all the requisite authority to block grant its funds, use them fungibly, and set rent policies outside of standard rules. Thus, FFY 2009 should be THA’s “Base Year” and calendar year 2010 should be its “Initial Year” under MTW. The Base Year functions as a “control year” in that its purpose is to establish a normalized funding level prior to the introduction of policy variables through MTW that would affect the normal operation of the standard funding formulas. Therefore, despite what Subsection C.2 presently says, since THA signed its MTW agreement in FFY2010, and since it was allowed to experiment under MTW immediately upon execution of the agreement, FFY2010 cannot also be the Base Year for purposes of determining funding levels. The Base Year, rather, should be FFY2009, making the Initial Year CY2010, not CY2011 as Subsection C.1 says.

For this reason, THA should have received its FY 2009 funds under the general provision of the 2009 appropriations act for renewal of voucher funding, which used VMS data from October 1, 2008 through September 30, 2009, and those funds should be THA’s Base Year funds for MTW purposes. That is the only way to reconcile the 2009 appropriations act, the MTW statute, and the MTW Agreement, so that THA is funded as if it were not in MTW for its Base Year. For the Initial Year in which it began participating in MTW, which was calendar year 2010, THA should have been funded along with all other MTW agencies pursuant to the proviso in the account language for Tenant-Based Rental Assistance in the 2009 appropriations act (as well as prior and subsequent appropriations acts). That reads as follows:

“Provided further, That public housing agencies participating in the Moving to Work demonstration shall be funded pursuant to their Moving to Work agreements and shall be subject to the same pro rata adjustment under the previous provisos...”

However, in THA’s case, notwithstanding that language, in CY2012 HUD retroactively “re-benchmarked” THA’s voucher funding in FFY 2011, even though it was a participant in MTW and had an executed contract in place at the commencement of FFY2011. As a general matter, because of the statutory language, HUD does not re-benchmark MTW agencies and, to our knowledge, it did not re-benchmark any other MTW agency. Yet HUD’s calculations had the effect of reducing THA’s voucher funding by \$613,778, in contradiction of the MTW statute, cited above, which prohibits the diminishment of an MTW agency’s funding by its participation in MTW.

THA acknowledges that it became an MTW agency during the course of 2010 rather than at the beginning of it. However, upon entering MTW, even during the year, it had full MTW authority to operate under the waiver of various HUD rules in its MTW Agreement, including the funding provisions. By its own terms, the MTW Agreement was effective upon execution and was not delayed until the beginning of the next year or some other future date. We believe that for HUD to assert otherwise would now be arbitrary and not consistent with the MTW Agreement.

To correct this, we should now revise Subsections C.1, C.2, and C.3 by providing, respectively, that THA’s MTW Initial Year was Calendar Year 2010 not 2011, and its Base Year was FY 2009 not 2010. We calculate that this would restore our funding level to something closer to what it would have been and, by this reason, what it should have been.

ADDITIONAL CHANGES TO THA’S MTW AGREEMENT

While we are revising the MTW Agreement, we propose some additional changes that are necessary to make our contract the same as other MTW contracts and more useful for the innovation we seek to try. In particular, we would like to revisit the language of Section A of Attachment A. The language contained in this section provides that THA’s Operating Subsidy “will continue in accordance with applicable operating subsidy formula law and regulations.” This language provides a disincentive for THA to implement any rent reform activities in its Public Housing portfolio because any increase in tenant rent results in a decrease in operating subsidy. THA is interested in participating in the HUD Rent Reform Demonstration through the MTW office but we need some assurance that this participation will be beneficial for THA’s tenants, the portfolio and the agency.

THA would also like to test whether MTW can allow an agency the flexibility they need to create an Asset Management model that will work. In an environment where THA’s Allowable Expense Level (AEL) equates to less than 60% of the area Fair Market Rent (FMR), THA needs a combination of rent reform and stable operating subsidy to test the benefits of MTW flexibility to see if these properties can cash flow and leverage the debt needed to maintain the properties and address deferred maintenance items.

For these purposes, we propose that HUD replace the language in THA's MTW Agreement Attachment A Section A with language that appears in at least two other MTW agreements (Lincoln and Lawrence-Douglas). This language reads:

The calculation of the Operating Subsidy under the Performance Funding System will be modified in the following manner.

Initial year of MTW participation:

Take the average dwelling rental charge per unit (Line 14) of the approved HUD-52723 for the most recently completed Agency fiscal year. Multiply this figure by the inflation factor (line 06 of the HUD 52723) for the HA's initial fiscal year under the MTW demonstration. The result of this calculation is the per unit dwelling rental income for all MTW units (MTW PUM).

Combine the MTW PUM in a weighted average with the PUM for all non-MTW units in the Agency's stock. Enter the results in this calculation (the Agency's MTW-weighted average dwelling rental charge per unit) on line 14 of the HUD-52723.

Second and Subsequent Years of MTW Participation:

Repeat the calculation procedure from the initial year, except that, in each year, the MTW PUM will be the product of the previous year's MTW PUM multiplied by the current inflation factor (Line 06 of the HUD-52723).

This language may need to be amended to reflect today's HUD-52723 but we are asking that the spirit of this language be added to THA's contract.

We ask that FFY2009 be used for the "most recently completed Agency fiscal year." We will not ask that past funding be recalculated. We do ask that the new language be effective FFY2012 forward and that HUD use an amortized calculation that takes the FFY2009 multiplied by the FFY2010, FFY2011 and FFY2012 inflation factors to establish the 2013 funding.

In light of the rent reform activities that we have already undertaken in the Voucher program, we view this requested revision to Attachment A to be critical for our ability to test rent reform in our Public Housing program. We ask for your support by allowing this additional revision.

COMPENSATING FOR ERRONEOUS FY2011 RE-BENCHMARKING

Although our proposed revision to Section C of Attachment A accepts HUD's interpretation of the matter, we continue to believe this interpretation to be mistaken. In any case, HUD acknowledges that the language of the Agreement was written in error. Either way, we have lost \$600,000 in FY 2012. We have been attempting to resolve this issue as soon as we heard about it from HUD in March 2012. You have explained that by now it is too late to reimburse THA because HUD has appropriated all of this year's funds. We understand this but since we were not at fault for the loss, we ask you to consider other ways we may recoup our loss. In the past when HUD erroneously deprived THA of funds that it could not reimburse for the same reason that we face now, HUD awarded THA additional vouchers to recoup. In this case 75 vouchers would be the rough equivalent of the lost \$600,000. We would like to discuss this or some other equivalent recoupment.

We hope that you find our proposal congenial and workable. It acknowledges your interpretation of the matter. It resolves the matter with a revision to the Agreement that HUD states to be necessary. It restores THA to the position it should have occupied from the beginning.

Please let us know your views. We look forward to discussing the matter with you either next week or at some other time when your schedule will allow.

Thank you.

Cordially,

TACOMA HOUSING AUTHORITY



Michael Mirra
Executive Director

Enclosure

cc: Jonathan Harwitz, Deputy Chief of Staff, HUD
Stephen Holmquist, Reno & Cavanaugh
Stan Rumbaugh, THA Commissioner



TACOMA HOUSING AUTHORITY

Evaluation of THA's Programs and Projects:

THA's Need for Evaluation and Research Services.

Types and Frequency of Such Services

Possible Sources of Such Services

How THA Might Pay for These Services

January 23, 2013

By Michael Mirra

This memorandum reviews THA's need to evaluate the effectiveness of its programs and projects and to learn from the literature of data and research describing the experience of others. It also discusses how THA might do this, how it might pay for doing it, and other related issues.

THA's strategic directives guide a wide range of activities. Attached is a copy of THA's present statements of mission, vision and values, and its eight (8) strategic objectives. Changes to these directives and proposed performance measures for the strategic objectives are pending before THA's board. A copy of the proposal is also attached. THA's efforts to serve these directives and meet these performance measures are innovative, complex and ambitious. THA has become a testing ground for an array of strategies to serve various objectives. Some examples of these objectives are: increasing the earned income of families, increasing their accumulation of assets, improving school performance of the children that THA serves, improving performance of the schools that serve THA's communities, and increasing the efficiency of THA's portfolio. THA's status as a Moving to Work (MTW) housing authority allows it a broad flexibility for these purposes.

THA needs the capacity to evaluate whether its strategies work. It needs the capacity to learn from experiences elsewhere by consulting the research literature. It needs to imbed these capacities into its program and project design work and operations.

Section 1 below reviews why THA needs these capacities. Section 2 reviews the important elements of these capacities and estimates how much and how often THA needs them. Section 3 discusses who should do this work. For example, it reviews the advantages and disadvantages of having or developing an in-house capacity. It also reviews the interesting and appealing possibility that the University of Washington at Tacoma (UWT) might serve as THA's outside evaluator and the advantages of such a relationship. Section 4 below discusses how THA might pay for these services, whether THA does them in-house or relies on outside evaluator like UWT.

1. THA's NEEDS FOR EVALUATION AND RESEARCH SERVICES

1.1 Evaluation Services

THA needs to evaluate the outcomes of its programs and projects for four main reasons:

- *Evaluation is necessary to test whether THA programs and projects work*

Evaluation is necessary to find out if THA's programs or projects work for the reasons THA does them. THA does its work to achieve effects stated in its strategic directives and accompanying performance measures. Here are some examples:

sample strategic directive	sample draft performance measure
develop and provide high quality housing and rental housing to needy households	<ul style="list-style-type: none">● total number of units and unit-years in THA's portfolio and change in those numbers● number of households and persons receiving housing or rental assistance● number of participants in THA supported programs, by income and special needs
help assisted households succeed as tenants, parents, students, wage earners, students and builders of assets	<ul style="list-style-type: none">● successful exits from THA programs● change in earned income during household participation in THA programs● change in asset accumulation during household participation in THA programs● change in educational outcomes during household participation in THA programs
manage its properties so they are safe, efficient to operate, good neighbors, attractive assets to their neighborhoods and places where people want to live.	<ul style="list-style-type: none">● operating costs per unit per year (PUPY)● maximum rent and rent potential realized● survey of residents or a sampling of residents on their rating of the following on a scale of 1 to 5:

- *Evaluation is necessary for program or project design*

Evaluation lets THA adjust its programs or projects to make them more effective. Evaluation also informs the design of future programs and projects. For the same reason, THA needs the related capacity to find and learn from the data and literature describing experiences from elsewhere. Imbedding these capacities into its operations will help make THA an organization that learns from its own experience and puts that learning to good use. This learning ability is especially important for MTW housing authorities. They have the flexibility to experiment. This gives them important choices to make. Evaluation, data and research are necessary to inform those choices.

- *Evaluation is necessary to make THA accountable*

THA, to do its programs and projects, spends other people's money. This money comes from public and private sources. THA is accountable to these sources to spend their money wisely and to good effect. Doing this is part of the "stewardship" that THA has written into its statements of values. ("We will be careful stewards of the public and private financial and environmental resources entrusted to us.") This accountability requires evaluations of whether THA's efforts are working as THA and its funders intended. Neither THA nor its funders expect success in all its efforts. They and we do expect, however, to know whether or not an effort succeeded. Evaluation is necessary for this purpose.

- *Evaluation makes THA more appealing to potential funders*

Evaluation is necessary for THA's ability to raise money for its programs and projects. Grant sources and investors increasingly require evaluations of the activities they fund. They will be more willing to fund organizations that can show evaluation to be imbedded into operations.

For these reasons, THA needs the capacity to evaluate the effectiveness of its program and projects.

1.2 Effective and Affordable Access to Data and Research Literature

For similar reasons, THA also needs a capacity closely related to evaluation. THA needs effective and affordable access to the data and research literature that describes the experiences of programs and projects from other places. This information will greatly enhance THA's program and project design choices. The experience from other places, examined by well-equipped professional evaluators and researchers and published in peer reviewed journals, may actually be more valuable for these purposes than THA's own evaluated experiences. THA will never likely match the range, quality or scope of the best of the research available in the literature.

As with evaluation, the finding, understanding and using of this data and research literature should be an important, and standard, part of THA's program and project design.

2. TYPES AND FREQUENCY OF EVALUATION AND RESEARCH SERVICES?

2.1 Types and Frequency of Evaluation and Research Services

THA designs an array of programs and projects to further its strategic objectives. It needs data and research information that would be useful to do this. It then needs to evaluate these efforts. This chart shows some prominent examples. It also shows the likely frequency.

Program/Project	Description	Performance Measures to Evaluate	Frequency
Housing Development	THA purchases, develops, and rehabilitates housing.	<ul style="list-style-type: none">• change in number of units• change in number of unit-years• cost per unit• cost per unit-year	<ul style="list-style-type: none">• annually• each development deal
Provision of Housing and Housing Assistance	THA provides two types of housing assistance: it rents units; it provides rental assistance to help households rent other people's housing.	<ul style="list-style-type: none">• number of households served in various ways• demographics of households served	<ul style="list-style-type: none">• annually
Property Management	THA will manage its properties so they are safe, efficient to operate, good neighbors, and places where people want to live.	<ul style="list-style-type: none">• operating costs per unit• % of maximum rent charged• % of charged rent collected• unmet capital needs• resident responses to surveys	<ul style="list-style-type: none">• monthly• annually• biannually

Program/Project	Description	Performance Measures to Evaluate	Frequency
5 Year Time Limit	Starting in 2013, THA will put a 5-year limit on the duration of its rental assistance to newly assisted work-able households.	<ul style="list-style-type: none"> ● Effect on household's earned income. ● Household housing prospects after the expiration of the 5-year term. ● Effect on the number of households served from the waiting list, the time on the waiting list and their housing and earned income. <p>NOTE: This change will apply only to newly assisted households and not to currently assisted households. These two groups may provide a contrast useful for evaluation purposes.</p>	uncertain
Fixed Rental Subsidy	Starting in 2013, for newly assisted households, THA is changing its formula for setting the value of a rental assistance voucher. It will no longer derive from the household's income. Instead, it will be an amount set by the household's size regardless of income.	<ul style="list-style-type: none"> ● Effect on household's earned income. ● Effect on household's ability to find suitable housing. ● Effect on household's rent burden. ● Effect on THA's costs. <p>NOTE: This change will apply only to newly assisted households and not to currently assisted households. These two groups may provide a contrast useful for evaluation purposes.</p>	uncertain

Program/Project	Description	Performance Measures to Evaluate	Frequency
Scholars Incentive Program (SIP)	THA presently enrolls 100% of its 8 th graders every year in the state's College Bound Scholarship program (CBS). It is designing a program that would devise for each student a road map from the 8 th grade to enrollment in a post-secondary education or certificate program. The road map will designate milestones along the way, e.g, attendance measures, certain grade point average, taking the ACT/SAT, applying to colleges or other programs, filing the FAFSA. Upon the attainment of each milestone, THA will pay the student two cash amounts. The first will go to the student directly. The second will go into an escrow account in his or her name. The balance in the escrow will grow as he or she attains further milestones. He or she will receive the escrow balance for education or employment purposes only if he or she completes the road map.	<ul style="list-style-type: none"> ● Effect on middle and high school performance (attendance, discipline, grades) ● Effect on high school graduation rates ● Effect on enrollment rates in post-secondary. 	uncertain
Salishan Children's Matched Savings Accounts Program	THA is designing a Matched Savings Account program for every child born into Salishan or who moves into Salishan. Every such child will receive a Matched Savings Account in his or her name with a beginning balance. THA will match the family's ongoing contribution to the balance. The balance will be available only for education or employment purposes for the child.	[same as above]	uncertain

Program/Project	Description	Performance Measures to Evaluate	Frequency
McCarver Elementary School Project	THA, and 30 community partners, assists a cohort of 50 homeless families with children who at the start of the program were enrolled in kindergarten, 1 st or 2 nd grade. The assistance includes 5 years of rental assistance (in declining values), intensive case management, and an array of supportive services for the children and the parents. These include services to strengthen the parents' educational and employment prospects. The Tacoma School District is also committing the investment to turn McCarver into an International Baccalaureate Primary Grade Program.	<ul style="list-style-type: none"> • An array of metrics for the cohort children and for the whole school, including: turnover rates; attendance; discipline; test scores. • Effect on parents' earned income. • Effect on household's ability to pay full rent after 5 years • Effect on teacher turnover. <p>NOTE: We will need to assess whether the outcomes justify an expansion of the program either at McCarver or at another elementary school, or both, and if so we will need to design the expansion using what the McCarver experience is teaching us.</p>	Annually for five years
Tacoma Community College Student Assistance Project	Tacoma Community College (TCC) has a significant number of homeless students. THA is planning a project that will provide them with rental assistance for the duration of their enrollment. The assistance will be conditioned in some way on their adequate academic success.	<ul style="list-style-type: none"> • Effect on student's academic success. • Effect on degree attainment rates. 	uncertain

Program/Project	Description	Performance Measures to Evaluate	Frequency
Family Self-Sufficiency Program	THA administers a program that is meant to encourage tenant or rental assistance households to increase their earned income. Under THA's normal rent rules, when a household's income increased, their share of the rent would go up. Under the normal rules of the Family Self-Sufficiency Program, this increase would go into an escrow account for the family. The family would get the escrow balance at the end of its successful completion of their "self-sufficiency" plan. THA is changing the escrow calculation. It will now be based upon the household's attainment of milestones that an individualized plan will identify, <i>e.g.</i> , job training, increasing earned income, getting a G.E.D., getting a post-secondary degree or certificate.	<ul style="list-style-type: none"> ● Effect on household's earned income. ● Effect on educational outcomes. ● Effect on THA costs. 	uncertain
Development of New Programs or Projects	THA will continually develop new programs or projects, each with discrete performance measures.		Program design phase Evaluation phase
Community Surveys	Several of THA's performance measures will require surveys of various audiences and then the compilation and interpretation of the results.		Annually

2.2 Expertise and Skills

The services of evaluation and data and literature research seem to require the following expertise and skill sets:

2.2.1 *Evaluation expertise*

Evaluation is its own specialty. We need someone with this expertise.

2.2.2 *Statistics*

Evaluation and research requires an ability to collect, order, and interpret data. The ability to see patterns within data, for example, may be the essence of evaluation.

2.2.3 *Research*

The capacity to find, understand and evaluate useful data and information from the broad research literature on experiences elsewhere is also its own expertise. It requires an expert acquaintance with the literature and an ability to find what is pertinent, to read it critically and to derive the correct lessons.

2.2.4 *Infographics*

THA needs the capacity to present complex data and information in ways that convey their pertinent message effectively for a wide range of audiences. This requires an expert facility with infographics and related techniques.

2.2.5 *Survey design*

Several of THA's performance measures rely on surveys and an assessment of survey responses. The design and interpretation of surveys is also an expertise.

In addition to the expertise in the skills listed above, THA also seeks expertise in the following substantive areas of study:

2.2.6 *Behavioral economics*

The discipline of behavioral economics is growing in its significance for the design of programs and projects to address poverty. It is useful for its insights into how and why people do or do not make choices and how to influence those choices, sometimes with inexpensive changes in how those choices are presented. Concepts of "choice architecture" and "nudge" are important elements to these insights. Richard Thaler of the University of Chicago is a notable leader in this field. His book "Nudge" is a good introduction.

THA has already started to apply the insights of behavioral economics. Its College Bound Scholarship Enrollment initiative is a recent successful use. We could have handed each parent a flyer explaining the substantial benefits of this program and urging them to sign up, referring them to their middle school counselor or to the state's web site. That would be the normal

approach and it normally does not work too well. Another traditional approach might have us pay families money to sign up. Instead, we simply added the application for the College Bound Scholarship to the pile of papers we ask parents to sign every year for purposes of our housing programs. It became yet another form to fill out at a time when the parent is filling out forms anyway. It takes advantage of the insight that a person is more likely to sign a form if they are already signing other forms. By that simple expedient, THA now signs up nearly 100% of THA's eight graders each year. This is an example of how minor changes in how we present choices can determine the outcome. We could do the same with voter registration forms and other opportunities that people for many reasons will otherwise forego. In general, the challenge is to present choices in a way that encourages the outcomes we seek, and yet do so within the guardrails of other important values and within available resources. (We would not, for example, wish to force people to participate in some programs. And we do not have a lot of money to "purchase" compliance.)

THA is interested in applying the concepts of behavioral economics more widely and with a greater expertise.

2.2.7 Real estate and housing development and asset management

THA develops and manages real estate. Much of its need for evaluation and research services pertain to these activities. An expertise in these areas would be useful.

2.2.8 Education policy

Several of THA's important strategic objectives pertain to education. For this reason, an expertise in educational policy is necessary, especially as it relates to poverty, communities of color, and immigrant communities.

2.2.9 Poverty studies

THA's primary mission is to provide housing and supportive services to people in poverty and to do it in a way that helps the work-able among them to prosper. There is an extensive array of disciplines and a large literature that studies how to do this.

3. POSSIBLE SOURCES OF EVALUATION AND RESEARCH SERVICES

THA can get its evaluation and research services from several sources. The main division among them is between in-house staff and outside parties. Traditionally, THA's staff have done most of the evaluation and research. While they do have some of the necessary expertise, they have generally done the work largely for lack of alternatives and despite a lack of expertise or other limitations. THA has used outside party evaluators on discrete projects generally when funding sources paid for it. For example, THA has an outside evaluator for its McCarver Elementary School Project. The Bill & Melinda Gates Foundation provides important funding for both the project and the evaluation. The Gates Foundation is also funding an outside evaluation for THA's general Education Project as part of an evaluation of similar initiatives among THA, the Seattle

Housing Authority and the King County Housing Authority. THA has never had a sustained relationship with an outside party to provide on-going evaluation and research services.

The best source of evaluation and research services will balance the following factors:

- **Necessary expertise and time?**
In general, THA does not have most of the expertise that professional evaluation requires. It would have to acquire it in order to conduct this work in-house. Whether it should do that depends on other factors.
- **Independence of the Evaluator**
In general, evaluation is more credible if an outside party does it. Outside evaluation provides some measure of independence from the people whose programs and efforts are being evaluated. The evaluation would be even more independent and credible if someone other than THA paid for it.
- **Advantage of a Single Outside Evaluator**
A single outside evaluator for all purposes offers several advantages over multiple outside evaluators for discrete projects. A single evaluator would develop a helpful acquaintance with THA's business. A continuous relationship makes it easier to accumulate a body of experience from evaluation to evaluation over time and to apply that experience to the design of future programs.
- **University of Washington at Tacoma**
UWT has some additional appeal as THA's single outside evaluator. It is a major university with access to a faculty in Tacoma and Seattle that should offer a wide range of expertise. (We would need more discussion to determine if this range can cover the array of expertise THA seeks.) UWT is a community-based institution committed to serving Tacoma. This is especially true under its new Chancellor. In this way, UWT and THA share a similar mission. UWT is a stable organization that is equipped for a long term relationship with THA. It is also nearby. More particularly, UWT has plans to create a unit to make evaluation services available to community organizations.

Catholic Charities has such a relationship with the University of Notre Dame. Notre Dame established its Lab for Economic Opportunity (LEO) to provide its evaluation and research services for Catholic Charities programs throughout the nation. See <http://leo.nd.edu/>.

About 7 years ago, THA contracted with the University of Washington School of Social Work to evaluate parts of the Salishan redevelopment project. The experience will help us devise a more effective partnership with UWT. An initial question will be whether THA can afford UWT. The School of Social Work fees that THA paid would not now be affordable.
- **Cost**
The cost of evaluation, whether using in-house staff or outside partners, and the money THA can find for the purpose will likely determine THA's choices.

4. HOW MIGHT THA PAY FOR EVALUATION AND RESEARCH SERVICES?

THA may have several ways to pay for evaluation and research services:

- **THA funding**
THA may have some funds to pay for evaluation and research services. It effectively spends money on this now to the extent it uses staff for the purpose. THA's ability to designate significant amounts is not clear. As of this writing, THA still does not know what its FY 2013 federal allocation will be. Congress may not clarify that for a while. The long-term prospects are not encouraging.
- **Grant Funding Project By Project**
Funders of THA's discrete projects sometimes also provide money for evaluation. The Gates Foundation has done this for THA's education projects. This would not sustain on-going relationship for general evaluation and research services with a single outside party.
- **Grant Funding for General Evaluation**
The most promising source of evaluation money is probably grant funding focused on evaluation and research services. Grant money for this purpose may be available. The MacArthur Foundation, for example, has become a significant source of such funding. A partnership between THA and UWT may be particularly attractive for such funders. Perhaps the prospects of grant funding would be better still if THA and UWT applied together.



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

March 11, 2013

By email: kelleyt@sao.wa.gov

By mail

Mr. Troy Kelley
Auditor
State Auditor's Office for the State of Washington
Insurance Building
P.O. Box 40021
Olympia, Washington 98504-0021

Re: SAO Recent Accountability Finding Against Tacoma Housing Authority
Some Questions for SAO

Dear Mr. Kelley:

On January 28, 2103, your office issued its report for its annual audit of the Tacoma Housing Authority (THA). The audit covered the 18-month period from July 1, 2010 through December 31, 2011. The audit report included a finding in its accountability section. I enclose a copy of the finding, which includes THA's response.

I write to ask if Mr. Stan Rumbaugh, one of THA's commissioners, Ken Shalik, THA's Finance Director, and I may visit with you. We wish to discuss this finding. In general, we need some help to understand it. I enclose a memo I wrote that shows our efforts to date and the further assistance we might need. At least a discussion may help you appreciate our puzzlement, and concern.

The title of finding reads as follows:

"The Housing Authority spent public funds meant for the administration of low-income, public housing programs on **food and entertainment for its employees.**" (emphasis added)

This title, which is as far as some people ever care to read to reach their own judgments or prejudgments, can be misleading. It does not convey what your office knew well when it issued the finding: that the expenditures were for three all-staff events convened for several purposes: staff training, planning and coordination, team building and staff appreciation. The expenditures on these events were modest. They were within conservative IRS standards. Their annualized total of \$26,000 constituted .058% or .00058 of THA's annual \$45 million budget.

Your office has the important responsibility to review whether these expenditures are objectionable on either or both of two grounds: (1) that their purpose constitutes an impermissible use of public funds, even if the amount was reasonable or trivial; or (2) that the amount spent was excessive even if the purpose was permissible. Your finding suggests the one objection and directly states the other. We will need help to understand either objection as measured by the governing law, the pertinent auditing standards, and the mainstream and well-established practices of responsible employers, both public and private, including it appears the SAO.

We look forward to discussing this matter with you. Please let me know if we may visit with you for that purpose, and if so, some times that would suit your schedule.

Thank you.

Cordially,

TACOMA HOUSING AUTHORITY



Michael Mirra
Executive Director



TACOMA HOUSING AUTHORITY

To: State Audit Finding File: Audit July 2010 – December 2011
From: Michael Mirra
Date: March 11, 2013
Re: Understanding the Audit Finding

On January 28, 2013, the State Auditor's Office (SAO) issued its annual audit of the Tacoma Housing Authority (THA). The audit covered the 18-month period from July 1, 2010 through December 31, 2011. The Accountability Audit Report included a finding concerning money THA spends on staff training, planning, coordination, team building and appreciation. I attach a copy. (There was no finding in the financial section.) The Report also includes THA's response. THA has questions about the basis for the finding, the manner of its issuance and what it may suggest about the SAO's relationship with the organizations that it audits. These questions and their answers will help THA understand the finding, comply with the auditor's recommendations, help ensure against a repeat finding and still preserve THA's necessary prerogatives as a responsible employer of a talented and effective staff.

THA AND ITS VALUABLE PARTNERSHIP WITH THE SAO

THA's values impose high standards for its use of the public resources entrusted to its care. It has written these standards into its Statement of Values. The pertinent parts read as follows:

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.

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.

We take these values seriously. All staff are schooled in their meaning when they join THA. THA's Finance Department is alert to any question about expenditures. Its staff are experienced and highly capable. Its director and manager singly, and together, have decades of public experience in such matters. Its manager used to be a public auditor for the SAO.

We regard the SAO as a valuable partner in the effort to reflect these values in our work. Its annual audit of THA is an important safeguard against instances where we might fall short and, when we do, to correct and improve. THA benefits in the same way from the many other audits and oversight processes by its various funders and regulators (e.g, HUD, funders, investors, lenders.) THA's relationship with its local SAO auditors has been productive, enjoyable and animated by shared ethical standards. We have been impressed by their professionalism, their close attention, and their high standards. Our partnership has been a good match of values.

With the help of the SAO, THA has done pretty well. Over the years we have had few findings, and they have been mainly technical in nature. As the finding notes, "[t]his year's finding is the first for the Housing Authority since fiscal year 2001." Accountability Audit Report, page 4. THA is a high performing public housing authority with a national reputation for the innovative ways its tries to fulfill a difficult and important mission.

For all these reasons, THA, its Board and staff are poised to feel some chagrin over the finding this year. First, however, we have to understand it better.

THE FINDING

The title of the finding states as follows:

"The Housing Authority spent public funds meant for the administration of low-income, public housing programs on food and entertainment for its employees."

This title, which is as far as many people ever care to read to form their own judgments or prejudgments, invites misunderstanding. It does not convey the purpose of the expenditures that the finding contests. Instead, the title sounds like THA paid for belly dancers to amuse staff as they dined and cavorted on junkets. In fact, the finding pertains to agency expenditures on three staff events that THA has long convened annually for several purposes that responsible organizations and employers, including the SAO as it turns out, would recognize: to train staff; to plan and coordinate their efforts, especially among a staff scattered among several locations in the city; to build their loyalty to the THA team that they constitute; and to show THA's appreciation for their collective and individual efforts doing hard work very well. The following information about these three events was available to the auditors:

- **All Staff Retreat**

THA convenes its entire staff for a full day of learning, training, planning, and building teams. This retreat also provides one of the only two times a year when the executive director can address the assembled staff. To do this, we need to rent a place big enough to hold the entire staff of about 105 people. We have always

chosen public facilities for their reasonable expense and the public association they provide. In recent years, we convened at the meetings rooms at Titlow Park Lodge (Metro Parks), the Point Defiance Zoo (Metro Parks) or, during this particular audit period, at Cheney Stadium (City of Tacoma). At this event, we paid for a catered lunch and snacks during the working day.

- **Summer Staff Picnic**

THA hosts an all-staff picnic for half a day, also with food. We generally meet at Titlow Park or Point Defiance Park in Tacoma.

- **All Staff Appreciation Lunch**

Sometime between Thanksgiving and Christmas, THA generally hosts a staff lunch at a local restaurant. Its purpose is to further build the team, to give out service awards to staff members, to thank staff as a whole for their work, and to allow the executive director the second and final chance during the year to address the assembled staff. The past few years we have met at Shenanigan's restaurant on Ruston Way. This is a good choice for its reasonable cost, the adequate size of its lunch room, and its location.

The expenditures at issue totaled \$39,000 for the 18-month period of the audit or about \$26,000 for a 12-month period. This constitutes .058% or .00058 of THA's annual budget of \$45 million. [Those zeroes are correct.]

The finding does not directly state that the expenditures were impermissible. Instead it expresses concern that THA lacks a policy governing them:

The Housing Authority's Board has not adopted a policy relating to using public money to provide food, drink and entertainment for its employees. Such a policy would require documentation of a public purpose, would specify the types and amounts of expenditures and would establish who may participate in the events.
Id. at page 5.

The report recommends that THA's Board adopt such a policy

We recommend the Authority Board and management educate itself about the propriety and legality of spending public money on food and entertainment for employees. If the Board decides to authorize the use of public money for these events, it should adopt a policy that addresses the following elements:

- The public purpose.
- The types of events for which such expenditures may be made, and the allowable types and amounts of expenditures.
- Requiring documentation relating to who will consume the food and beverages.

Id. at page 6.

The report also offers the view the following expenses were “excessive”:

- “● \$3,693 for catering and facility rental for a staff retreat at a local sports stadium.
- “● \$2,395 on catering for an employee picnic at a local park.
- “● \$3,263 on catering at a local, waterfront restaurant.
- “● \$250 for a professional photographer.”

Id. at page 5. The audit report cited no basis for the view that these expenses were “excessive”.

THA’s BOARD POLICY

The audit recommendation for a THA Board policy is a good one. The Board will certainly do that. As part of its annual budget process, the Board already had approved all of the expenditures at issue in the finding. Moreover, since the audit, we discovered that in 1993 the Board approved expenditure on an annual staff appreciation lunch.¹ Even so a further policy will provide an additional layer of guidance and safeguard against excess. We appreciate the auditor’s recommendation that we do this.

THE BASIS FOR THIS FINDING

It is the auditor’s important responsibility to consider whether any public expenditure is objectionable on two grounds: (1) that its purpose constitutes an impermissible use of public funds, even if its amount was reasonable or even trivial; (2). that the amount spent was excessive even if the purpose was permissible. The finding suggests, but does not state, the first objection: that the expenditures may not have served a public purpose.² It directly states the second objection: that some of the amounts were excessive. *Id.* at page 5. We will need help to understand either objection under the governing law, the governing auditing standards, and the mainstream and well-established practices of responsible employers, both public and private, including it appears the SAO.

For authority on these questions, the finding cites two informal memoranda from the State Attorney’s General Office (AGO), one dated May 14, 1987 and the other dated March 13, 1998. I attach a copy of each. The finding does not cite to any other authority. For this reason, these memoranda are important to the discussion and to our better understanding. In ways I review below, they appear to support THA’s expenditures. The AGO memos also draw some lines around the auditor’s role that the finding seems to have crossed.

¹ On November 24, 1993, by motion, the THA Board approved “an Annual Employees Appreciation Luncheon”. The discussion noted that THA has hosted such a luncheon in December for the previous two or three years “as a way by which the Board could tell its employees that it recognizes that staff has worked hard this past year and it wants to show its appreciation for such an effort.”

² “Housing Authority management made expenditures for employee events without evaluating the appropriateness or legality of using public money for such events.” *Id.* at page 5.

“When it uses public money to host employees with no apparent public purpose, the Housing Authority risks violating state law prohibiting gifts of public funds.” *Id.* at page 6.

Staff Training, Planning, Team Building and Appreciation as Legitimate Public Purposes

The March 13, 1998 AGO's memo states the principles and analysis for determining if an expenditure is a permissible use of public money. The memo derives them from two provisions of the Washington State constitution, and court cases interpreting those provisions:

The purpose of these provisions was to prevent the use of public funds to benefit private interests under circumstances where the public interest is not primarily being served. Historically, the framers of the constitution were deeply concerned about the effects on the public purse of granting public subsidies to private commercial enterprises, primarily railroads. They were not concerned about the non-speculative transfer of money from one nonprofit government agency to another. There are several other exceptions to the prohibition against gifts and loans of public property and credit written into the constitution in addition to intergovernmental transfers and the support of the poor and infirm. . . .

Generally, the State Supreme Court has applied the constitutional prohibitions narrowly, apparently trying to limit their scope to the evil the framers intended to prevent, that of granting public subsidies to private commercial enterprises. The Court has long held that the constitutional prohibitions do not apply to recognized governmental functions. Among the factors used to determine a fundamental governmental function is whether an activity was historically engaged in by local government, whether it is so furnished today, and whether it could not be performed as well by a private corporation. Expenditures for other than a recognized governmental function are valid only if there is no donative intent and the consideration is "legally sufficient" for the expenditure. Consideration is a bargained-for act or forbearance which the municipality receives in exchange for its expenditure. The courts do not require equivalency of consideration, but must receive some quantifiable economic benefit. *Id.* at pages 2-3 (citations omitted).

THA spent money on events for staff training, planning, team building and appreciation. The main question under the AGO's analysis is whether these are "recognized governmental functions." The finding suggests, but does not declare, that these expenditures were for "no apparent public purpose". Finding, page 6. To help answer this question, the AG's analysis poses the following **five** questions in the following order:

"(1) Does the transaction involve the transfer of money or property to a private individual, association, company or corporation?"

Most of THA's expenditures in this case do not seem to constitute a transfer of money or property to private people or companies. It is clear from the AG's opinion and the cases it cites that the law is not concerned with THA's expenditures to purchase services from other public entities such as Metro Parks or the City of Tacoma:

The purpose of these provisions was to prevent the use of public funds to benefit private interests under circumstances where the public interest is not

primarily being served. Historically, the framers of the constitution were deeply concerned about the effects on the public purse of granting public subsidies to private commercial enterprises, primarily railroads. They were not concerned about the non-speculative transfer of money from one nonprofit government agency to another. *Id.* at page 2.³

For these reasons, the concern about the money spent to rent the meeting rooms and the catering services from public entities seems misplaced. Those expenditures constitute most of the amounts at issue.

The only private persons or private entities that might count for these purposes as recipients of transferred public money would be the THA staff who attended the staff events and the various private persons or businesses we used for various purposes associated with the events (*e.g.*, the person we hired for \$100 to provide the sound system so the staff can hear the speakers, the photographer we hired for \$250 to take an all-staff photo and to make copies enough for each staff person, the restaurant we used for the staff lunch at a cost of \$3,263) To assess the appropriateness of these expenditures we move to the next question in the AG's analysis.

- “(2) *Is the expenditure for one of the recognized exceptions?*
- (a) *intergovernmental transfer*
 - (b) *necessary support for poor or infirm*
 - (c) *promotional hosting (for ports and agricultural commodity commissions)*
 - (d) *residential energy conservation*
 - (e) *nonrecourse revenue bonds*
 - (f) *investment of pension/ industrial insurance trust funds*

The second exception on this list, “(b) necessary support for the poor or infirm”, pertains to this discussion because THA's mission is to provide housing and supportive services to people in need. This mission obviously requires expenditures beyond money and services we deliver directly to our clients. More particularly, this mission requires staff. Staff, in turn, require tools, office space, shop space, heat and light for those spaces, vehicles, supplies and of course salaries. Other than direct costs of services and subsidies to clients, these staff costs constitute the majority of the money we spend. The auditor has never questioned these expenditures and would have no grounds to do so. The present question is whether on the same grounds expenditures are appropriate for the training, planning, team building and staff appreciation necessary so staff can be effective in their use of the time, tools and other resources we purchase. A casual acquaintance with the practices of public or private employers engaged in our work or any other work requiring staff would reveal these expenditures to be decidedly necessary, and routine. The finding suggested an opposite conclusion but did not appear to offer any authority other than the AG memoranda that raised the question to be answered.

³ The AG's next factor, stated below, also makes an exception for “intergovernmental transfers.”

The audit finding also seems to denote a particular concern about the money spent on food for staff at the three events. To assess the appropriateness of those expenditures we can turn to the AG's informal memorandum of May 14, 1987 on "eating and drinking at public expense" and to RCW 43.03.050. Citing "the later Roman Empire" the memo begins by noting that "[t]he consumption of nourishment is perhaps the classic example of what is ordinarily to be regarded as a private, personal and not public activity. . . . Thus, to pay for food and drink with public money is very much the exception rather than the rule." *Id.* at pages 1-2. The memo then states that there are "recognized exceptions to the general rule" and that they make "it almost impossible to generalize about those circumstances under which it is appropriate to pay for food and drink at public expense." *Id.* It offers the following analysis to answer the question in a particular circumstance:

The question can only be answered with reference to a specific fact situation and generally only after answering the following questions:

1. Who consumed this food and drink?
2. What was the nature of the occasion for the consumption?
3. What public purpose or policy objective was served?
4. Was the consumption of food and beverages an appropriate way to carry out the legal or policy objective in question?
5. Was the expenditure of public funds for the food and beverages in question somehow inconsistent with some constitutional or statutory provision or public policy?"

[*Id.* at page 2.]

These factors restate the question posed by the other AG memo: whether THA's expenditures on food were an appropriate part of its staff events. In our discussions with the auditors and in our response to the finding, we noted why we thought so.

It is widely held that food facilitates meetings and discussions. Serving food also solves a logistical problem. We use mealtime as part of the event agenda for speeches, presentations and discussions. Doing this also saves time and spares the need to reconvene to a restaurant where staff, paying for their own food, could eat at the same time. [THA's Response, State audit finding, page 7]

The AG's memo contemplated just this sort of expenditure for non-travel meals:

It is always important of course to analyze what sort of business is being conducted at a meal paid for with public funds. Typically one would expect that the business would consist of a meeting conducted during the meal or so near just before or just after the meal as to justify treating the meal as a part of the meeting. *Id.* at page 6.

In support, the AG's memo discusses various state laws on this question. Most notably it cites RCW 43.05.050 that at the time of the memo in 1987 restricted non-travel expenditures for

food for state employees while on official business. *Id. at 5*. Importantly, the memo notes that those restrictions do not apply to employees of local governments:

The statutes authorizing expense reimbursement for local governments, however, do not contain similar limitations, so that, if properly authorized by local ordinance or policy, municipal officers and employees can claim reimbursement for meals consumed on official business but not necessarily in the course of official travel. *Id. at page 5*.

Significantly, since the AG's 1987 memo, the 1990 legislature amended RCW 43.050.050 to read as it presently does to allow state agencies to pay for "meals, coffee and light refreshments" "regardless of travel status" during meetings held for official state business. *See Washington State Legislature, Session Laws 1990, chapter 30, § 1*⁴

- "(3) Are the funds being expended to carry out a fundamental purpose of the government?
 "(a) if yes, no further analysis need be done as there is no gift of public funds."*

This next question in the AG's analysis of March 13, 1998 arises even if the expenditure does not fit one of the exceptions listed in the previous factor. Even in that case, the expenditure would still be permissible if made to carry out a "fundamental purpose of government." In THA's case, the answer appears to depend, again, on how a public employer in carrying out its public purpose should value the benefits of staff training, planning, team building and appreciation. THA, in its response to the audit finding, stated its view of this question. *See above*. We do not think an organization would be able to reasonably fulfill its governmental, purpose without training the staff who do the work, allowing them to plan their efforts, having them act as a team, and helping them feel their employer appreciates their efforts. The finding apparently suggests a different conclusion, without stating any authority other than the AG's opinion that only poses the question.

⁴ " (3) The director of financial management may prescribe reasonable allowances to cover reasonable expenses for meals, coffee, and light refreshment served to elective and appointive officials and state employees regardless of travel status at a meeting where: (a) The purpose of the meeting is to conduct official state business or to provide formal training to state employees or state officials; (b) the meals, coffee, or light refreshment are an integral part of the meeting or training session; (c) the meeting or training session takes place away from the employee's or official's regular workplace; and (d) the agency head or authorized designee approves payments in advance for the meals, coffee, or light refreshment. In order to prevent abuse, the director may regulate such allowances and prescribe additional conditions for claiming the allowances.

(4) Upon approval of the agency head or authorized designee, an agency may serve coffee or light refreshments at a meeting where: (a) The purpose of the meeting is to conduct state business or to provide formal training that benefits the state; and (b) the coffee or light refreshment is an integral part of the meeting or training session. The director of financial management shall adopt requirements necessary to prohibit abuse of the authority authorized in this subsection.

- “(4) *Are the funds being expended to carry out a public or proprietary purpose of the government? If yes,*
(a) *is the transfer without consideration and with donative intent?*
If no, then look to (b).
(b) *is the consideration legally sufficient?*
(i) *is there a bargained-for act or forbearance which the local government receives in exchange for the expenditure?*

“(5) *Unless the consideration is "grossly inadequate" and there is evidence of donative intent, there is no gift of public funds. The receipt of fair market value for the expenditure is not necessary, however, the public entity must receive some quantifiable economic benefit.*

These final two factors in the AG’s analysis state that a public agency must get something of value in exchange for money it gives to a private persons or companies, even for public purposes. The AG’s opinion makes clear that the value need not be “fair market”. It need only be enough to constitute a consideration in exchange. In THA’s case, this is not an issue. The money THA spent on the three events were in exchange for services of fair market value, *e.g.* rental of meeting rooms, food, sound system and photographer services. The finding does not suggest otherwise.

THA’s Expenditures Were Not Excessive

The AG’s analysis also correctly notes that even if expenditures are for permissible public purposes, they should not be “excessive”. AGO Memo, (May 14, 1987), page 5. The Finding “identified the following items as examples of excessive expenses”:

- \$3,693 for catering and facility rental for the staff retreat at Cheney Stadium
- \$2,395 on catering for the staff picnic
- \$3,263 for the staff lunch at Shenanigans.
- \$250 for a photographer to take a group picture and copies enough for all.

The finding cites **no** authority for its assertion that these expenses are excessive. It is difficult to understand them as excessive for the following reasons.

- Under the fourth and fifth factor of the March 13, 1998 AGO memo, discussed above, it is enough to know that THA received consideration in some measure for its money. Indeed, THA paid and received fair market value. The finding does not contest this.
- The food and rental costs come to between \$21 and \$32 per employee. This is within the conservative IRS definition of fringe benefit excluded from taxable income because they are “de minimis”. *See* 26 U.S.C. §132.
- The annual aggregate of these expenditures (\$26,000) constituted .058% or .00058 of THA’s annual budget of \$45 million.

By any measure, these amounts seem a modest expenditure to train staff who do the work, to help them plan and coordinate their efforts so they are more effective at getting it done, to instill a necessary loyalty to their THA team and to let them know that their employer appreciates their creativity, focus and commitment to a challenging mission, even in the face of others who seem ready to presume that they spend time being entertained for no public purpose.

The Auditor's Role

The AG's analysis sets forth the questions that the auditor must answer in assessing THA's expenditure. THA acknowledges that opinions might vary on those answers. Perhaps the SAO places a different value on staff training, planning, team building or staff appreciation. Yet, the AG's memo of May 14, 1987 makes a final and determinative point: it is not the auditor's job to substitute his or her judgment for the reasonable judgment of the organization that must manage its staff and perform its mission:

In my opinion, a limiting term such as "reasonable" or "necessary" was not intended to allow the state auditor or another reviewing party to substitute his or her own judgment for the judgment of the officer who had authorized the payment in question. At the same time, the words do underscore the public fiduciary responsibility that officers have in disbursing public funds. Close questions should undoubtedly be resolved by deferring to the judgment of local officers, but where a particular incurrence of expenses was either patently unnecessary or patently excessive, there is authority to criticize or question the payment, the payment level, or the method of payment selected by the municipality. AG Memo, (May 14, 1987) page 5.

Again, local officials should be given the broad benefit of any doubt, and are primarily answerable to their voters. In egregious circumstances, however, the auditor should consider audit criticism of expenses which appear to be excessive and unreasonable or make public comment so that the voters know what they are paying for. *Id.* at page 6.

Perhaps the finding acknowledged this limitation on the auditor's role when it recommended not that THA discontinue the expenditures but only that it adopt a policy to govern them and better ensure that they result from an intentional consideration about their purpose and extent.

The Helpful Example of the State Auditor's Office

Since the audit finding, we have benefited from a better and illuminating understanding of how the SAO spends money on its own staff training and appreciation. On February 7, 2013, Chuck Pfeil, Director of State and Local Audit for SAO made a helpful presentation in Olympia to the quarterly meeting of the Association of Washington Housing Authorities (AWHA). (A representative from the SAO does this periodically.) On this occasion, about 25 executive directors from housing authorities around the state were present. I was among them. Among other topics, Chuck mentioned the recent finding against THA. I took that opportunity to offer my view of the finding. Chuck graciously allowed me to inquire about the practices of the SAO. His answers

made clear that the SAO also spends money on state training. He confirmed that the training sometimes occurs in staff convenings for the purpose. Sometimes these conferences last all day long. When they do, he confirmed that the state pays for food and snacks. He also confirmed that the state spends money to express its appreciation for the efforts of its hard working staff. All of this is at state expense, including staff time.

THE MANNER OF THIS FINDING

The manner of the audit finding also raises some issues. I note that our questions denote no criticism of the local auditors in this case. They have shown a never failing competence and courtesy. Instead, our concerns pertain to some matters that we understand occurred at the direction of the Olympia office. We have three concerns:

- Within the year or so prior to the finding, our local auditors mentioned their concern about some expenditures and a lack of a policy governing them. The main concern pertained to THA expenditures to send staff to events or conferences hosted by other organizations that we found to provide valuable and inexpensive opportunities to train and inspire staff and allow them to meet with their peers doing similar work in the community. They are also good chances for THA to showcase its own work. Because of the auditor's concerns we stopped these expenditures pending the drafting of a policy. In anticipation of that drafting I wrote our local auditor a letter dated September 13, 2012 outlining the policy I proposed to present to THA's board. I append a copy. My letter also proposed a policy on use of food and other expenditures. I asked for their views to help me refine the proposal for the board. I never received a reply or acknowledgement, written or verbal. Instead, the next communication I received was the audit finding of January 10, 2013. When I expressed my concern about whether this was a useful way for partners to communicate, I was told that the SAO rules do not allow staff to reply to such requests for advice and direction. I do not know if the SAO rules also prohibit its staff from at least making that clear.

- We also understand that the SAO central office directed the finding itself rather than a management letter or other lesser caution.

- The local auditors were gracious enough to share their proposed finding with us. We objected to the use of the word "entertainment" as a misleading characterization of the expenditures at issue. We understand that the central SAO office insisted on using that word. Since the audit finding, we were unhappily confirmed in our worry that such a word determines how a wider audience, not inclined to inquire further, will understand or misunderstand the finding. We would need help to understand the need for this word.

FINANCE



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$3,708,438 for the month of February, 2013.

Approved: March 27, 2013

Janis Flauding, Chair

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

		Check Numbers				
		From	To	Amount	Totals	
A/P Checking Account						
Low Rent Module Checks	Check #'s	2,735	-	2,736	522	
Accounts Payable Checks	Check #'s	78,712	-	78,939		
Business Support Center				282,618		Program Support
Moving To Work Support Center				34,562		
Section 8 Programs				32,192		Section 8 Operations
SF Non-Assist Housing - 9SF Homes				13,112		
Stewart Court				77,626		Local Funds
Wedgewood				452		
Salishan 7				35,231		
Salishan Developer Fee				482		
Hillside Terrace 2500 Yakima Relocation				1,138		
Salishan Area 3				8,009		
Development Activity				1,597		
Salishan Area 2B-Dev				3,495		Development
Salishan Area 4				300		
Hillside Terrace Development				1,986		
Hillside Terrace 2500 Court G Development				555		
Hillside Terrace 2500 Yakima Development				3,838		
Weyerh. Homeless Grant				907		
Community Services MTW Fund				5,227		
Paul G. Allen Foundation Grant				2		
Gates Scholar Incentive Grant				26		
Gates Ed Grant				304		Community Service
ROSS Svc Coord				6		
WA Families Fund				619		
WA Families Fund - Systems Innovation				514		
AMP 1 - No K, So M, No G				42,011		
AMP 2 - Fawcett, Wright, 6th Ave				30,894		
AMP 3 - Lawrence, Orchard, Stevens				17,635		
AMP 4 - Hillside Terr - 1800/2500				17,521		
AMP 6 - Scattered Sites				29,922		
AMP 7 - HT 1 - Subsidy				5		
AMP 8 - HT 2 - Subsidy				3		
AMP 9 - HT 1500 - Subsidy				1		Public Housing
AMP 10 - SAL 1 - Subsidy				13		
AMP 11 - SAL 2 - Subsidy				13		
AMP 12 - SAL 3 - Subsidy				10		
AMP 13 - SAL 4 - Subsidy				10		
AMP 14 - SAL 5 - Subsidy				10		
AMP 15 - SAL 6 - Subsidy				10		
Allocation Fund				78,503		Allocations-All Programs
THA SUBTOTAL				721,884		
Hillside Terrace 1 through 1500				1,807		
Salishan I - through Salishan 6				475		Tax Credit Projects - billable
Salishan Association - Operations				5,996		
TAX CREDIT SUBTOTAL (Operations - billable)				8,278		730,162
Section 8 Checking Account (HAP Payments)						
SRO/HCV/TBRA/VASH/FUP/NED	Check #'s	476,738	-	477,347	972,114	
	ACH	42,025	-	42,894	1,514,779	\$ 2,486,893
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				24,725		\$ 43,833
TOTAL DISBURSEMENTS					\$	3,708,438



TACOMA HOUSING AUTHORITY

Date: March 27, 2013

To: THA Board of Commissioners

From: Ken Shalik
Director of Finance

Re: Finance Department Monthly Board Report

1. FINANCIAL STATEMENT COMMENTS

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

The Finance Department is submitting the financial statement for the month of January, 2013. As this is the initial financial report for the new fiscal year I am not overly concerned about any overages/underages for any particular line item at this point in time. I view the three month mark is the first real period that will identify if there are patterns that need to be addressed. I have made some adjustments for YTD as appropriate, but have not necessarily adjusted for Capital Expenditure or other areas where there is not information, or where funding is not obligated. For the month of January, on Line 71, the THA surplus for the month of January is \$49,865 as compared to a \$224 budget. I am initially projecting a \$3,700 surplus for the year against a \$2,685. I expect the projected actual to change as the year progresses and more information clarifies.

As far as funding is concerned, sequestration took effect on March 1st. HUD will commence reducing our funding for Section 8 Housing Assistance Payments (HAP), Admin Fees and Public Housing subsidy. I factored in decreases from budget to take sequestration into account. On the Section 8 HAP we have approximately \$600,000 of 2012 funding at HUD that we can draw on if sequestration continues. We will stay on top of the unfolding of events and keep the Board informed of its effect on the THA budget and financial information.

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 continue to be without resolution on the issue to our satisfaction. Discussion with HUD officials continue, and we still have hopes these funds will be reinstated.

2. INVESTMENTS

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

3. AUDIT

We are waiting to hear from the auditors to when the 2012 audit will start. We are not anticipating they will be here until sometime in February.

4. BUDGETS

We are operating using the 2013 budget. Sequestration took effect on March 1st, and we are assuming a 5.1% reduction in Federal Funding at this point.. We will continue monitoring the situation, and will continue discussing the long term effects of sequestration. This discussion will include our current reserve levels and how to proceed in the event sequestration does or does not continue. We do not want to be in a position where we have withheld spending to a level we have created other challenges by withholding moving forward in certain areas due to the fear of sequestration continuing throughout the entire year. We have released certain items, but will keep other expenditures on hold pending additional information as the year progresses. We have a mid-year budget study session scheduled for July 12.

5. YEAR END CLOSING UPDATE

There is no update at this time.

**TACOMA HOUSING AUTHORITY
AGENCY WIDE**

	January, 2013				Thru 12/31/2013		
	CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED YTD	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
OPERATING RECEIPTS							
1 Tenant Revenue - Dwelling rent	297,470	297,470	294,231	1.10%	3,569,640	3,530,777	1.10%
2 Tenant Revenue - Other	6,245	6,245	1,419	340.18%	74,940	17,025	340.18%
3 HUD grant - Section 8 HAP reimbursemen	2,725,938	2,725,938	2,905,741	-6.19%	33,611,256	34,868,890	-3.61%
4 HUD grant - Section 8 Admin fee earned	200,321	200,321	232,469	-13.83%	2,403,852	2,789,629	-13.83%
5 HUD grant - Public Housing subsidy	210,164	210,164	193,269	8.74%	2,171,968	2,319,224	-6.35%
6 HUD grant - Community Services	6,878	6,878	11,749	-41.46%	82,536	140,984	-41.46%
7 HUD grant - Capital Fund Operating Reve	1,001	1,001	112,629	-99.11%	1,036,103	1,351,548	-23.34%
8 Management Fee Income	270,290	270,290	291,761	-7.36%	3,243,480	3,501,128	-7.36%
9 Other Government grants	8,590	8,590	19,286	-55.46%	85,733	231,432	-62.96%
10 Investment income	5,033	5,033	4,246	18.54%	60,396	50,950	18.54%
11 Fraud Recovery Income - Sec 8	1,604	1,604	5,000	-67.92%	19,248	60,000	-67.92%
12 Other Revenue- Developer Fee Income	0	0	24,833	-100.00%	0	298,000	-100.00%
13 Other Revenue	43,341	43,341	64,244	-32.54%	520,092	770,926	-32.54%
14 TOTAL OPERATING RECEIPTS	3,776,875	3,776,875	4,160,876	-9.23%	46,879,244	49,930,513	-6.11%
OPERATING EXPENDITURES							
<i>Administrative Expenses</i>							
15 Administrative Salaries	298,599	298,599	356,449	-16.23%	4,181,783	4,277,385	-2.24%
16 Administrative Personnel - Benefits	133,734	133,734	145,499	-8.09%	1,604,808	1,745,985	-8.09%
17 Audit Fees	4,886	4,886	5,912	-17.35%	70,942	70,942	0.00%
18 Management Fees	220,525	220,525	223,894	-1.50%	2,646,300	2,686,722	-1.50%
19 Rent	23,526	23,526	23,525	0.00%	282,312	282,299	0.00%
20 Advertising	0	0	1,554	-100.00%	9,325	18,650	-50.00%
21 Information Technology Expenses	25,019	25,019	23,019	8.69%	275,228	276,227	-0.36%
22 Office Supplies	1,552	1,552	6,753	-77.02%	74,496	81,037	-8.07%
23 Publications & Memberships	27,306	27,306	4,522	503.84%	52,672	54,265	-2.94%
24 Telephone	9,145	9,145	9,799	-6.67%	109,740	117,589	-6.67%
25 Postage	3,661	3,661	3,328	10.01%	43,932	39,935	10.01%
26 Leased Equipment & Repairs	9,488	9,488	4,174	127.33%	56,928	50,085	13.66%
27 Office Equipment Expensed	7,279	7,279	6,599	10.31%	87,348	79,184	10.31%
28 Legal	5,490	5,490	7,716	-28.85%	90,880	92,595	-1.85%
29 Local Milage	337	337	1,282	-73.71%	12,132	15,383	-21.13%
30 Staff Training/Out of Town travel	4,341	4,341	16,801	-74.16%	156,276	201,616	-22.49%
31 Administrative Contracts	12,128	12,128	32,159	-62.29%	327,456	385,910	-15.15%
32 Other administrative expenses	5,127	5,127	7,856	-34.74%	61,524	94,270	-34.74%
33 Due diligence - Perspective Development	1,275	1,275	42,500	-97.00%	15,300	510,000	-97.00%
34 Contingency	0	0	8,329	-100.00%	0	99,950	-100.00%
35 Total Administrative Expenses	793,418	793,418	931,669	-14.84%	10,159,382	11,180,029	-9.13%

		January, 2013				Thru 12/31/2013		
		CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
	Tenant Service							
36	Tenant Service - Salaries	54,793	54,793	79,362	-30.96%	812,313	952,339	-14.70%
37	Tenant Service Personnel - Benefits	24,446	24,446	33,050	-26.03%	323,352	396,603	-18.47%
38	Relocation Costs	1,577	1,577	1,618	-2.50%	18,924	19,410	-2.50%
39	Tenant Service - Other	2,958	2,958	42,352	-93.02%	235,496	508,225	-53.66%
40	Total Tenant Services	83,774	83,774	156,381	-46.43%	1,390,085	1,876,577	-25.92%
	Project Utilities							
41	Water	8,858	8,858	9,693	-8.61%	106,296	116,310	-8.61%
42	Electricity	25,031	25,031	17,004	47.21%	225,372	204,050	10.45%
43	Gas	6,707	6,707	5,456	22.93%	80,484	65,470	22.93%
44	Sewer	27,451	27,451	28,885	-4.97%	329,412	346,625	-4.97%
45	Total Project Utilities	68,047	68,047	61,038	11.48%	741,564	732,455	1.24%
	Ordinary Maintenance & Operations							
46	Maintenance Salaries	50,608	50,608	50,137	0.94%	657,904	601,649	9.35%
47	Maintenance Personnel - Benefits	16,783	16,783	15,319	9.56%	201,390	183,822	9.56%
48	Maintenance Materials	11,661	11,661	17,017	-31.47%	139,932	204,200	-31.47%
49	Contract Maintenance	73,891	73,891	71,084	3.95%	886,692	853,002	3.95%
50	Total Routine Maintenance	152,943	152,943	153,556	-0.40%	1,885,918	1,842,673	2.35%
	General Expenses							
51	Protective Services	12,269	12,269	11,950	2.67%	147,228	143,400	2.67%
52	Insurance	12,894	12,894	14,047	-8.20%	154,728	168,558	-8.20%
53	Other General Expense	91,223	91,223	91,440	-0.24%	1,094,676	1,097,280	-0.24%
54	Payment in Lieu of Taxes	1,199	1,199	1,205	-0.50%	14,388	14,461	-0.50%
55	Collection Loss	0	0	3,606	-100.00%	50,000	43,268	15.56%
56	Interest Expense	48,870	48,870	76,207	-35.87%	886,440	914,486	-3.07%
57	Total General Expenses	166,455	166,455	198,454	-16.12%	2,347,460	2,381,453	-1.43%
58	TOTAL OPERATING EXPENSES	\$ 1,264,637	\$ 1,264,637	\$ 1,501,099		\$ 16,524,409	\$ 18,013,187	
	Nonroutine Expenditures							
59	Ext. Maint/Fac Imp/Gain/Loss Prop Sale	0	0	10,083	-100.00%	90,000	121,000	-25.62%
60	Casualty Losses	34,265	34,265	3,921	773.92%	61,180	47,050	30.03%
61	Sec 8 HAP Payments	2,446,295	2,446,295	2,628,501	-6.93%	29,955,540	31,542,010	-5.03%
62	Total Nonroutine Expenditures	2,480,560	2,480,560	2,642,505	-6.13%	30,106,720	31,710,060	-5.06%
63	TOTAL EXPENDITURES	3,745,197	3,745,197	4,143,604	-9.61%	46,631,129	49,723,247	-6.22%
64	OPERATING SURPLUS/(DEFICIT)	<u>31,679</u>	<u>31,679</u>	<u>17,272</u>	<u>83.41%</u>	<u>248,115</u>	<u>207,266</u>	<u>19.71%</u>
65	Debt Service Principal Payments	(5,070)	(5,070)	(44,987)	-88.73%	(539,844)	(539,844)	0.00%
66	Surplus/Deficit Before Reserve Appropriations	26,609	26,609	(27,715)	-196.01%	(291,729)	(332,578)	
67	Reserve Appropriations - Operations	24,743	24,743	30,439	-18.71%	296,916	365,263	-18.71%
68	Surplus/Deficit Before Capital Expenditures	<u>51,352</u>	<u>51,352</u>	<u>2,724</u>		<u>5,187</u>	<u>32,685</u>	
69	Revenue - Capital Grants	15,181	15,181	(1,259,425)	-101.21%	60,000	(15,113,100)	-100.40%
70	Capitalized Items/Development Projects	75,241	(75,241)	1,144,842	-106.57%	(181,487)	13,738,100	-101.32%
71	Reserve Appropriations - Capital	58,573	58,573	112,083	-47.74%	120,000	1,345,000	-91.08%
71	THA SURPLUS/(DEFICIT)	<u>200,347</u>	<u>49,865</u>	<u>224</u>		<u>3,700</u>	<u>2,685</u>	

TACOMA HOUSING AUTHORITY				
CASH POSITION - February 2013				
Account Name		Current Balance		Interest
HERITAGE BANK				
Accounts Payable		\$	1,014,622	0.400%
Section 8 Checking			7,344,917	0.400%
THA Investment Pool			286	0.400%
THA LIPH Security Deposits			93,520	0.400%
THDG - Tacoma Housing Development Group			55,253	0.400%
LF - Stewart Court			64,234	0.400%
LF - Stewart Ct Security Deposit Account			8,864	0.400%
LF - SF 9Homes Alaska			193,072	0.400%
LF - SF 9Homes Alaska Sec Dep Acct			5,831	0.400%
LF - SFH No. Shirley			5,688	0.400%
LF - SFH N Shirley Security Deposit Acct			1,001	0.400%
LF - Wedgewood Homes			42,420	0.400%
Salishan 7			1,011,318	0.400%
Salishan 7 Security Deposit			25,919	0.400%
Payroll Account			4,967	0.400%
General Fund Money Market			3,528,476	0.400%
WASHINGTON STATE				
Investment Pool		\$	1,523,823	0.150%
CHASE				
IDA Account			22,665	0.01%
TOTAL THA CASH BALANCE		\$	14,946,876	
Less:				
MTW:				
MTW Reserves		\$	7,585,478	
Other Restrictions:				
FSS Escrows			169,970	
VASH, FUP & NED HAP Reserves			136,528	
Mod Rehab Operating Reserves			103,360	
Security Deposit Accounts			128,815	
Salishan Sound Families - 608			178,728	
IDA Accounts - 604,605			22,665	
Paul Allen Foundation - 609			37,296	
Gates Foundation - 622 & 612			163,692	
WA Families Fund - 672, 673, 712			114,718	
Wedgewood Replacement Reserve			703,144	
THDG - 048			55,253	
Total - Other Restrictions		\$	1,814,170	
Agency Liabilities:				
Windstar Loan - 042			315,055	
Citibank Loan for Area 3 - Guarantee (Current)			1,625,863	
Additional Set Aside Reserves - Salishan			2,400,000	
Total - Agency Liabilities		\$	4,340,919	
Development Advances/Due Diligence Commitments		\$	196,491	
Total Restrictions		\$	13,937,057	
THA UNENCUMBERED CASH		\$	1,009,819	
Agency Current Commitments:		Board Approval	Expended	Obligation Balance
LASA Development advance		\$ 375,000	\$ 248,509	\$ 126,491
Salishan Campus (2012 exp plus 2013 budget)		\$ 168,000	\$ 98,000	\$ 70,000
Total Current Commitments outstanding				\$ 196,491
Agency Advances - Reduces Unencumbered Cash				
Hillside Terrace Redevlpmnt - HTF, HOME, CDBG and COT Funds		\$	496,199	
Total Agency Advances		\$	496,199	

REAL ESTATE MANAGEMENT
AND
HOUSING SERVICES



TACOMA HOUSING AUTHORITY

Date: March 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

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 February 2013.

OCCUPANCY SUMMARY REPORT					
PROGRAM	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MTH OCCUPIED
All Hillside	62	9	36	53	85.5%
Family Properties	192	18	4	174	90.6%
Salishan	628	60	0	568	90.5%
Senior/Disabled	353	13	0	340	96.3%
All Total	1,249	102	40	1,147	91.8%

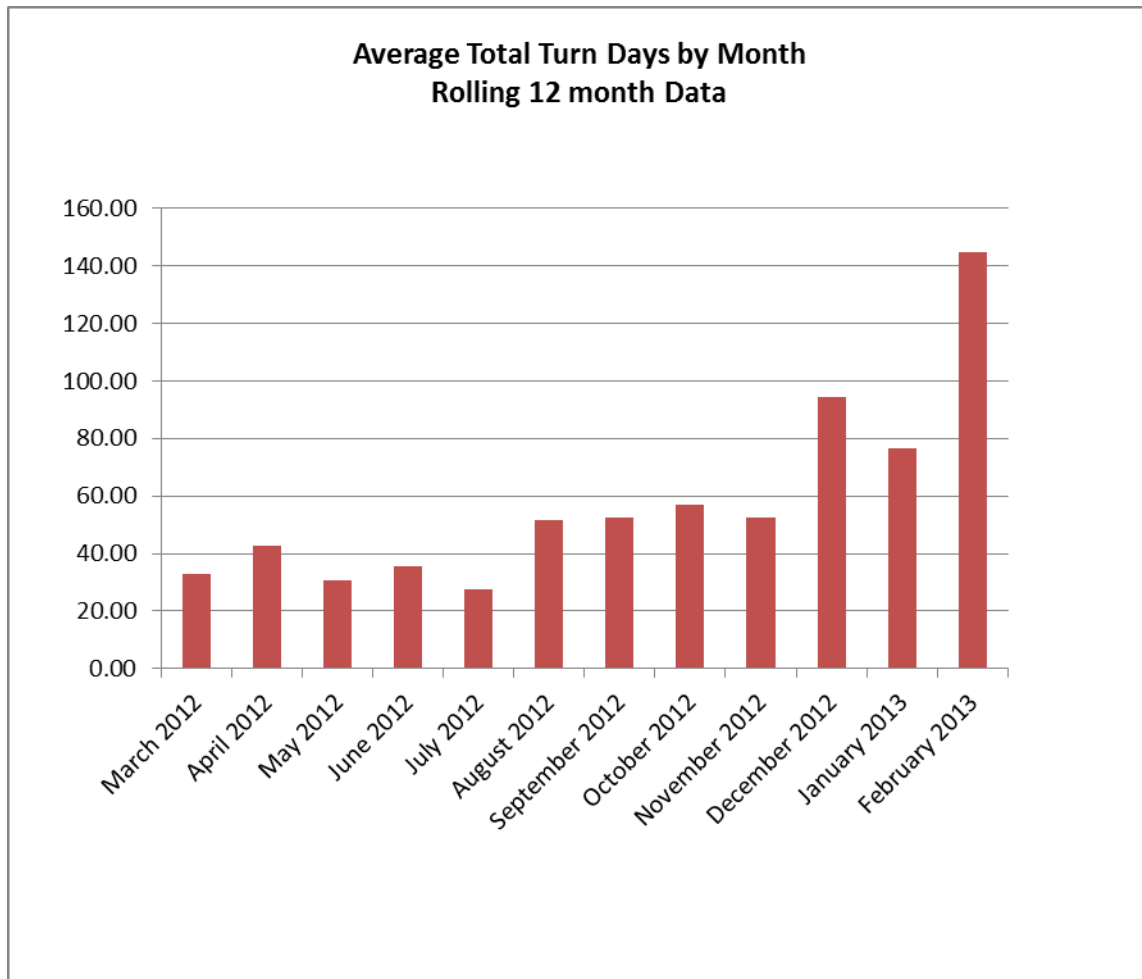
1.2 Vacant Unit Turn:

The following page includes a table with all of the units turned in fiscal year 2013. Five (5) units were turned and rented in the month of February. The average unit turn for the month of February was 144.60 days and 74.40 days FYTD. Three of the units that were turned in February had tested positive for meth and needed to be remediated.

As of March 8, 2013, there were 117 vacant units in THA's portfolio.

As of March 8, 2013, 51 of the 97 units that have been tested for contamination have tested positive for methamphetamine. This is a 53% positive rate for the units that have been tested. About half of the units that have been tested were tested due to suspicion; the remaining units that were tested were tested due to vacancy or pending transfer. Most of the units that were tested due to suspicion have been contaminated. Staff have identified approximately a dozen more suspected units that will be tested in the coming weeks. Once that list has been completed we will be on more of a "maintenance mode;" testing units as new information and suspicions arise. To date, 9 units have been remediated.

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



Work Orders:

In the month of February all emergency work orders were completed within 24 hours. This month, maintenance staff completed 152 non-emergency work orders and a total of 359 for the calendar year. The annual average number of days to complete a non-emergency work order is 17.93.

Work Order Summary by Portfolio

Portfolio	Completed Work Orders							
	Emergency				Non-Emergency			
	Month			YTD	Month		YTD	
	#	%	#	% Completed	#	Avg	#	Avg Completion
	Completed	Completed	Completed	in 24 hrs	Completed	Completion	Completed	Days
		in 24 Hrs		(99% HUD		Days		(25 days HUD Std)
All Hillside								
HILLSIDE TERRACE	0	0.0%	0	0.0%				
HILLSIDE TERRACE 1500 Block	0	0.0%	1	100.0%	11	1.64	33	1.70
HILLSIDE TERRACE PH 1	2	100.0%	2	100.0%	24	1.00	36	0.92
HILLSIDE TERRACE PH II	1	100.0%	1	100.0%	36	1.75	53	1.47
	3	100.0%	4	100.0%	71	1.48	122	1.37
Family Properties								
ALL SCATTERED SITES	0	0.0%	0	0.0%	6	90.17	19	80.42
BERGERSON TERRACE	0	0.0%	0	0.0%	21	40.95	42	29.14
DIXON VILLAGE	0	0.0%	0	0.0%	12	51.42	26	28.96
STEWART COURT APARTMENTS	1	100.0%	1	100.0%	9	16.11	23	26.17
	1	100.0%	1	100.0%	48	45.06	110	37.34
Salishan								
SALISHAN I	0	0.0%	0	0.0%	4	1.00	11	5.55
SALISHAN II	0	0.0%	0	0.0%	2	2.00	12	16.83
SALISHAN III	1	100.0%	1	100.0%	7	24.43	12	16.83
SALISHAN IV	0	0.0%	3	100.0%	2	0.00	10	18.30
SALISHAN V	0	0.0%	0	0.0%	5	1.40	18	2.06
SALISHAN VI	0	0.0%	0	0.0%	10	24.90	13	19.54
SALISHAN VII	1	100.0%	4	100.0%	2	0.50	7	0.43
	2	100.0%	8	100.0%	32	13.63	83	11.35
Senior / Disabled Properties								
6TH AVE	0	0.0%	0	0.0%	0		8	14.00
E.B. WILSON	1	100.0%	4	100.0%	0		9	4.67
FAWCETT APARTMENTS	0	0.0%	0	0.0%	0		3	8.33
LUDWIG APARTMENTS	0	0.0%	1	100.0%	0		6	2.17
NORTH G ST	1	100.0%	2	100.0%	0		6	17.33
NORTH K ST	1	100.0%	2	100.0%	0		5	4.40
WRIGHT AVE	0	0.0%	0	0.0%	1	21.00	7	6.43
	3	100.0%	9	100.0%	1	21.00	44	8.25
Agency Totals:	9	100.0%	22	100.0%	152	17.93	359	15.54

In the report on the following page you will note that we have over 700 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.

Open Work Orders

for the Month of February 2013

Portfolio	Open Emergency WO	Days Open	Open Non- Emergency WO	< 25 Days	>25 Days
All Hillside					
HILLSIDE TERRACE	0		1	0	1
HILLSIDE TERRACE 1500 Block	0	0	1	0	1
HILLSIDE TERRACE PH 1	0	0	0	0	0
HILLSIDE TERRACE PH II	0	0	2	2	0
	0	0	4	2	2
Family Properties					
ALL SCATTERED SITES	0	0	20	5	15
BERGERSON TERRACE	0	0	17	3	14
DIXON VILLAGE	0	0	3	0	3
STEWART COURT APARTMENTS	0	0	8	6	2
	0	0	48	14	34
Salishan					
SALISHAN I	0	0	86	15	71
SALISHAN II	0	0	133	43	90
SALISHAN III	0	0	43	8	35
SALISHAN IV	0	0	82	11	71
SALISHAN V	0	0	63	28	35
SALISHAN VI	0	0	43	19	24
SALISHAN VII	0	0	67	9	58
	0	0	517	133	384
Senior / Disabled Properties					
6TH AVE	0	0	26	12	14
E.B. WILSON	0	0	42	13	29
FAWCETT APARTMENTS	0	0	8	4	4
LUDWIG APARTMENTS	0	0	11	4	7
NORTH G ST	0	0	29	5	24
NORTH K ST	0	0	12	7	5
WRIGHT AVE	0	0	17	6	11
	0	0	145	51	94
Agency Totals:	0	0	714	200	514

2. RENTAL ASSISTANCE DIVISION

Housing Choice Voucher utilization is reported at 97.3% for the month of February 2013. Rental Assistance has been working very hard to reach 100% utilization. The Leasing Department has sent out 147 update packets to begin issuing HOP subsidies. The first briefing for this group will begin approximately March 20th. There are some form changes and changes to our briefing that are currently being addressed. Resident Services will be involved with this briefing to provide assistance to our work able clients. 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	94	2 shoppers and 6 referrals pending
Non-Elderly Disabled Vouchers (NED)	100	88 (112 port outs)	6
Family Unification Program (FUP)	50	43	4
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. We continue to discuss the lack of referrals from the VA. After providing our report to HUD regarding utilization of these vouchers, the referrals have begun. The VA has a plan in place to have 13 referrals to us in March. 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. The turn over average is around 12%. This is due to increased health problems and service requirements of the clients. DSHS continues to supply referrals quickly. We meet regularly with the DSHS staff. They provide excellent customer service to our clients and continue to be extremely responsive to our requests.

REAL ESTATE

DEVELOPMENT



TACOMA HOUSING AUTHORITY

DATE: March 27, 2013

TO: THA Board of Commissioners

FROM: Walter Zisette
Director of Real Estate Development

RE: Real Estate Development Department Monthly Board Report

1. SALISHAN/HOPE VI

1. Phase II Construction

1.1.1 *Area 2A, Community Core Development*

The Working Group - consisting of potential tenants of the Core, residents, and other stakeholders – met on December 11 to 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 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 was 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. At the end of March, staff expects that 30-40% of the 40 interviews planned for this phase of the project will be complete.

1.1.2 *Area 3 Lot Sales, Citibank Loan*

Benjamin Ryan, LLC, a local builder, has purchased 22 of the 28 lots purchase by Quadrant in 2011. Benjamin Ryan is now actively building and marketing homes along Roosevelt.

To date, staff has negotiated a Purchase and Sale offer with DR Horton for

the 143 remaining lots in Area 3. THA received disposition amendment approval from HUD for Area 3 on March 14. Negotiations with Horton on the PSA are now complete. Staff will seek the Board's approval of the Horton PSA once a settlement with Citibank has been achieved. Closing on the Horton transaction, and concurrent termination of the Citibank loan is now expected to take place by May 15.

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.*

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

The lender and investor has completed their review of the construction documentation and contracts.

Closing on all sources of Phase I financing is projected for March 27 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 27, 2013 at the conclusion of HUD's mixed finance review. On March 13, 2013 HUD had provided initial review comments. Staff and legal team are addressing HUD's review comments and making adjustments in the documentation.

2.1.3 *Project Planning.*

None to Report.

2.1.4 *Procurement.*
None

2.1.5 *Architecture.*
None to report

2.1.6 *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.*
No new report.

2.1.8 *Community Meetings.*
The Construction Oversight Committee continues to meet on the second Wednesday of each month..

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

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

Part 1: Section 3 Employment Plan - 20 New Hires, or 77% of total 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

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 27, 2013
1800 & 2500 Blocks Fully Vacated	December
Construction Notice to Proceed	April 1, 2013
Demolition Begins	April 1, 2013
Infrastructure Development Begins	May 2013
Vertical Construction Begins	June 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

Project is closed.

ROOF AND GUTTER REPAIRS

Project is closed.

EXTERIOR PREP AND PAINTING

Libby Builders has completed exterior painting at all of the twelve scattered sites. The Punch walk was completed on March 7th, 2013 with minimal

findings. Libby Builders performed the work satisfactorily. Work was completed on time and under budget.

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. Three bids were submitted February 28th and all were responsive and responsible. The apparent low responsive, responsible bidder is Libby Builders. The Notice of Intent, pending board approval has been sent to Libby Builders. Resolution 2013-3-27 (2) will be submitted at the March 27th Board meeting and upon board approval, work will start April 2nd, 2013.

Group B – Three Scattered Sites will receive extensive electrical service upgrades, HVAC replacements, venting repairs, structural repairs, interior and exterior painting and floor covering replacement. Specifications, Scope and bid documents are complete and the project was advertised for bid March 13th, 2013. A start date of April 16th, 2013 is anticipated.

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 I)*

THA has a contract to purchase 4825 E L Street. Staff hopes to close on this transaction by the end of March. This will be the last NSP house THA purchases. THA will be returning the balance of funds to the City of Tacoma.

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).

THA Issued an RFP for Investor and Lender on February 13. Responses were due March 8. A resolution recommending that the Board authorize the Executive Director to select an investor and lender for the project is being presented at this month’s meeting of the Board.

To date LASA has received \$500,000 toward the \$1.2 million needed for the office side for the project. These funds have come from the City of Lakewood and Pierce County. LASA has another \$375,000 in grant requests outstanding. In addition, they are working with the City of Lakewood on a Section 108 loan, to complete the financing needed for the commercial component of the project. Last month, the Board approved an increase in reimbursable predevelopment funds to the project by the amount of \$300,000 under the condition that the Executive Director finds that LASA has adequate prospects for fully funding the work needed to complete the commercial spaces it will control (i.e., administration offices and client services center).

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 the Stewart Court Apartments. These options include fixing it up as it requires and selling the property. Staff is currently evaluating its options to sell the property and a Letter of Intent to purchase Stewart Court, received from a private investor. 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)

No updates.

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*

In March, the Board of the Many Lights Foundation met with staff to extend an offer to THA to serve as the developer of the project they seek to build at Hillsdale Heights. Many Lights also offered to purchase the land it seeks to build upon at Hillsdale Heights. Staff agreed to evaluate these offers and to respond at a later date.

Background

The Many Lights Foundation is considering making an offer to purchase some or all of THA's Hillsdale Heights property at S. 60th & 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. 12th Street.

Background

The City owns the four parcels located at the corner of S. 12th & 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 11th 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. In early March, staff received comments from MLKHDA on the proposed purchase agreement sent to the MLKHDA in August of last year. A representative for the MLKHDA that staff has met with has indicated that the MLKHDA is motivated and eager to sell its GP interest to THA.

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 March 4, 2013 for THA's obligation and expenditure of the public housing capital funds it receives from HUD.

Grant	Total Grant	Obligation Start Date	Obligated	% Obligated	Obligation Deadline	Expended	% Expended	Expended Deadline
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 st R)	\$703,863	9/15/09	\$703,863	100%	9/14/11	\$703,863	100%	9/14/13
2009 CFP (2 nd R)	\$54,932	9/15/09	\$54,932	100%	9/14/11	\$54,932	100%	9/14/13
2009 CFP (3 rd 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 st R)	\$1,216,978	7/15/10	\$1,216,978	100%	7/14/12	\$808,090	66%	7/14/14
2010 CFP (2 nd 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	\$1,338,606	78%	8/2/13	\$51,091	3%	8/2/15
2011 CFP (1 st R)	\$736,455	8/3/11	\$443,660	60%	8/2/13	\$443,660	100%	8/2/15
2011 CFP (2 nd R)	\$549,895	8/3/11	\$0	0%	8/2/13	\$0	0%	8/2/15
CFCF**	\$1,881,652	8/3/11	\$1,841,802	98%	8/2/13	\$163,312	9%	8/2/15
2012 CFP	\$1,593,197	3/12/12	\$0	0%	3/11/14	\$0	0%	3/11/16
2012 CFP (1 st R)	\$1,026,290	3/12/12	\$441,922	43%	3/11/14	\$0	0%	3/11/16
2012 CFP (2 nd 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: March 27, 2013

TO: THA Board of Commissioners

FROM: Nancy Vignec
Community Services

RE: Monthly Board Report

STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

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

1. 2013 GOALS

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

1.1 Employment

Activities	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Clients referred for employment services	23	44	130	34%
Clients who received employment services	21	46	120	38%
Clients enrolled in employment readiness soft skills workshops	2	3	80	4%
Clients completed employment readiness soft skills workshops	1	2	50	4%
Enrolled in job readiness training	4	6	20	30%
Job placement	6	8	45	18%
WorkSource Participants Assisted	15	34	100	34%
Entered Apprenticeship	0	0	3	0%
Work Study/Community Jobs/Internships	1	1	30	3%
Earned Income Increased	8	11	35	17%

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

Activities	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Participating in ESL classes	0	17	15	113%
Completes one or more ESL levels	0	1	5	20%
Adults enrolled in education program	8	8	10	80%
Adults complete education program	0	0	25	0%
Participants attending GED classes	21	41	200	21%
Completes one or more GED tests	3	4	25	16%
Attains GED	4	6	15	40%
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	
	Feb. 2013	YTD 2013	Feb. 2013	YTD 2013	Feb. 2013	YTD 2013
Entrances	1	1	0	1	0	0
Graduations	0	0	0	0	0	0
Exits	0	0	0	0	0	0
Terminations	0	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	Feb. 2013	YTD 2013	Annual Goal 2013
Number of households referred for services	0	1	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	Feb. 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

1.6 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	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Second year cohort 2012 completed	3	3	15	20%
Third year cohort 2013 enrolled	4	8	25	32%
Third year cohort 2013 completed	0	0	15	0%

1.7 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	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Current Participants	96	98	153	64%
Graduates	3	4	17	24%
Removed/Voluntarily Withdrawn	2	3	n/a	
New Contracts Signed	0	2	55	4%
Escrow Balance	\$160,615.58			

1.8 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	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Life Skills Enrollment	0	8	20	40%
Life Skills Completion	3	3	10	30%
Parenting Enrollment	0	0	75	0%
Parenting Completion	0	0	65	0%

1.9 Senior and Disabled Services

The Senior and Disabled Services Program Specialist had 35 client contacts (28 unduplicated) in the month of February. There were two unduplicated home visits. Three residents received one to one situational and wellness counseling.

Activities	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Unduplicated client contacts	28	75	260	29%
Referrals	3	6	50	12%
Unduplicated situation/wellness counseling	3	13	140	9%
Assistance with correspondence for Entitlement Programs	0	2	40	5%

1.10 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.

Activities	Feb. 2013	YTD 2013	Annual Goal	% of Goal
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	94%	94%	93%	101%
Reduction in referrals for discipline*	n/a	n/a	25%	n/a
% students increase scores on district reading test (K-5)	22%	22%	20%	110%
% students increase scores on district math test (K-5)**	n/a	n/a	20%	n/a
Average increase in state reading test (Gr. 3-5)	24%	24%	20%	120%
Increase in average state math test (Gr. 3-5)	-16%	-16%	18%	-89%

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

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

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

1.11 Asset Building

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

Activities	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Financial Education Enrollment	0	27	80	34%
Financial Education Completion	0	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	1	1	10	10%
Homeownership Post-Purchase Counseling	4	8	30	27%
Individual Development Account Participants Enrolled	7	7	11	64%
Individual Development Account Counseling (other than homeownership)	1	3	28	11%
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	27	27	40	68%
EITC Received (PH only)	9	9	20	45%
Tax Returns for all clients served at VITA Site	99	99	200	50%

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 \$3,000 in matching funds.

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

1.12 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	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Computer Lab Participation (cumulative visits)	39	87	1200	7%

1.13 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.

Activities	Feb. 2013	YTD 2013	Annual Goal	% of Goal
Youth tutoring	18	18	10	180%
Summer youth programming	0		40	0%
Youth leadership mentoring	16	16	45	36%

2. VISITORS

2.1 I Have a Dream Foundation

On February 27, representatives of the I Have a Dream Foundation (IHDF) of Portland, Oregon came to Tacoma to learn about how THA and Tacoma Public Schools are integrating housing and education support for low income families through the McCarver Special Housing Program. They heard about our work from Home Forward of Portland staff who visited THA in the fall of 2012. IHDF provides academic and social support to low income students in Portland Public Schools. They are talking with Home Forward to determine if housing support can become part of their wrap-around services for families. We will keep in touch with them to see what we can learn from each other. More information about IHDF can be found at www.ihaveadreamoregon.org/about-us/fast-facts.

2.2 Senator Patty Murray Visits McCarver

McCarver elementary school students welcomed Senator Patty Murray as she arrived on Friday, February 10th, to learn about the McCarver Special Housing Program. THA provides rental assistance to 50 families at McCarver in order to decrease student turnover and increase student achievement. Participating families agree to keep their children at McCarver, be involved in their children's education, engage in case management and improve their economic status through education and employment. One of our program's students, Dymond, is a member of ASB and was present for Senator Murray's arrival.



Senator Murray with McCarver students and staff

That day, our program office was filled with excitement as the senator asked intriguing questions and displayed her interest in how our program works.

Other participants in the visit included City Councilmember Lauren Walker, Tacoma School Board member Kurt Miller, Assistant Superintendent Josh Garcia and THA's Executive Director Michael Mirra. Senator Murray toured the school and greeted some of the McCarver Peace Makers on the front steps, along with McCarver counselor "RG" and vice principal, Mr. Knuckles.

NEW BUSINESS

RESOLUTION #1



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (1)

DATE: March 27, 2013
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Adoption of Policies Governing Expenditures on Employee Recognition and Appreciation and Non-Travel Meals and Light Refreshments

BACKGROUND

On January 10, 2013, the Washington State Auditor's Office in its annual Accountability Audit Report for THA issued a finding. It pertained to THA expenditures on staff events for training and appreciation. The finding in particular mentioned the use of agency funds for food at such events. In a March 11, 2013 response to the auditor's office, THA disputed the finding. The finding did not directly recommend that THA discontinue such expenditures. Instead, it recommended as follows:

"We recommend the Authority Board and management educate itself about the propriety and legality of spending public money on food and entertainment for employees. If the Board decides to authorize the use of public money for these events, it should adopt a policy that addresses the following elements:

- "The public purpose.
- "The types of events for which such expenditures may be made, and the allowable types and amounts of expenditures.
- "Requiring documentation relating to who will consume the food and beverages."

Id. at page 6.

Since the audit, we discovered that in 1993 the Board approved expenditure on an annual staff appreciation lunch.

On November 24, 1993, by motion, the THA Board approved "an Annual Employees Appreciation Luncheon". The discussion noted that THA has hosted such a luncheon in December for the previous two or three years "as a way by which the Board could tell its employees that it recognizes that staff has worked hard this past year and it wants to show its appreciation for such an effort."

I attach two draft policies implementing the recommendation. The policies give guidance on allowable expenses and require approval by the Department Director. THA's attorney has reviewed and approved these drafts. In addition to the policies, THA will write procedures that more specifically define the restrictions on the amounts of the expenditures.

RECOMMENDATION

Approve Resolution 2013-3-27(1) adopting the draft policies in substantially the attached form governing expenditures on (1) expenditure on non-travel meals and light refreshments; and (2) employee recognition.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (1)

ADOPTION OF THE EMPLOYEE RECOGNITION AND APPRECIATION POLICY PLUS THE REFRESHMENTS AND NON-TRAVEL MEALS POLICY

Whereas, The Authority desires to follow the recommendation of the Washington State Auditor's Office Accountability Audit Report;

Whereas, The attached draft policies governing expenditures on Employee Recognition and Appreciation and Expenditures on Non-Travel Meals and Refreshments would conform to the audit recommendation and the rules and standards governing such matters;

Whereas, THA intends to distribute and train all employees on the Employee Recognition and Appreciation policy and Refreshments and Non-Travel Meals policy;

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

The Board adopts the "Expenditures on Employee Recognition and Appreciation" policy and the policy on "Expenditures on Non-Travel Meals and Light Refreshments" in substantially the form set forth in the attached drafts, allowing for changes to format and procedures, and other changes pursuant to THA Policy G-01 on the Adoption, Amendment and Promulgation of Policies.

Approved: March 27, 2013

Janis Flauding, Chair



TACOMA HOUSING AUTHORITY

Policy No.	HR-10.15
Policy	Expenditures on Employee Recognition and Appreciation
Date	March 17, 2013

1. Purpose

The Tacoma Housing Authority embraces a culture of excellence, collaboration, innovation and appreciation. THA's strategic objectives states: "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." To maintain such a culture, and to show appreciation to employees for serving THA residents and the community, THA will maintain programs that recognize employee service and achievement.

2. Sources for Policy

- *THA Statement of Vision, Mission and Values and Strategic Objectives*
- *RCW 41.60 Recognition Awards*
- *THA Policy HR-20.35 Variable Pay*
- *THA Policy F-30.05 Expenditure on Non-Travel Meals and Refreshments*
- *IRS Fringe Benefits – IRC §1.132-6(e)*

3. Scope of Policy

This policy applies to all THA Staff.

4. Who is Responsible for Implementing Policy

Who	Responsibilities
<i>Human Resources Department</i>	Human Resources will maintain service records of employees, and coordinate longevity recognition in accordance with budget availability. HR will also coordinate and promote programs as determined appropriate in accordance with budget availability.
<i>Finance Department</i>	It is the responsibility of Accounts Payable to review purchase card receipts and/or reimbursement requests to assure compliance with this policy.
<i>Directors and Managers</i>	Directors and managers are responsible to know and understand this policy. They retain the responsibility to create an environment at THA where employees know their efforts are valued and appreciated on a regular basis.

5. Definitions

NA

6. Forms Associated with this Policy

<i>THA Form F-30.05(1)</i>	<i>Expense Approval</i>

7. Policy

7.1 Authorized Employee Programs or Appreciation/Recognition Events

THA has a business interest in encouraging employee commitment, productivity, engagement and morale. There is substantial evidence that recognition events and awards and team building activities work for these purposes.

7.2 Meals and Light Refreshments

Meals or light refreshments may be purchased with THA funds for employee recognition or training and team building events as allowed under *THA Policy F-30.05 Expenditures for Non-Travel Meals and Light Refreshments*.

7.3 Facility Rental

THA may rent a facility for an employee appreciation or training or team building function where doing so would benefit THA's interests. The meeting selection criteria outlined in this policy will be used to guide the choice of locations for such purposes. Elements to be considered:

- (a) Does the facility meet the needs of the event e.g. break-out rooms, rest rooms, etc?
- (b) Is it a public facility, which is preferred if one can be found
- (c) What is the cost of the facility? Is it reasonable?
- (d) Is it convenient access for THA employees?
- (e) Does it provide access to meals or light refreshments, if necessary?
- (f) What is availability of free parking in or near the venue?
- (g) Does it have the infrastructure needed to utilize current technology needed for event?
- (h) Does it provide for the personal safety and comfort of the meeting participants?

7.4 Specific Activities Approved

7.4.1 Annual Staff Appreciation Lunch

THA may host a staff lunch annually to show appreciation to a talented staff doing challenging work well, to present length of service awards and to allow the executive director an opportunity to address the full assembly of staff.

7.4.2 Length of Service Awards

Employees who have reached key milestones such as anniversaries of 5, 10, 15, 20, 25, 30, 35, and 40 years of service and beyond will be recognized by THA with appropriate actions such as recognition cards, awards, and certificates.

Length of Service awards may not exceed two hundred dollars in value per award and should follow the service award amounts listed below. Such awards may include, but not be limited to such items as personal items, plaques, pins, framed certificates, clocks, etc.

5-Year Service Award (Cost up to \$35.00)

10-Year Service Award (Cost up to \$45.00)

15 and 20 Year Service Award (Cost up to \$70.00)

25 Year and above Service Award (Cost up to \$90.00)

Length of service recognition may also occur at official retirements, where a separating employee is applying for PERS retirement and or social security, or when a long tenured employee is separating from the THA.

7.5 Exceptional Job Performance Recognition

THA has a policy, *THA Policy HR-20.35 Variable Pay*, which provides for financial recognition of exemplary employee performance.

7.6 Approval Documentation Required

Aggregate expenditures under this policy shall conform to an annual budget approved by THA's board.

Events, training and other meeting expenditures that fall under this policy must receive approval from the Director responsible for the event following the guidelines in *THA Policy F-30.05 Expenditures on Non-Travel Meals and Light Refreshments*. For occasions where spending is over \$500, pre-approval is required using *THA Form F-30.05(1) Approval for Expense*. The request requires a clear explanation of the business purpose of the meeting. At the time of reimbursement, a roster of those attending the meeting must be attached to the receipt to document the expense.



TACOMA HOUSING AUTHORITY

Policy No.	F-30.05
Policy	Expenditures on Non-Travel Meals and Refreshments
Date	March 17, 2013

1. Purpose

The purpose of this policy is to establish guidelines regarding THA expenditures on non-travel meals, light refreshments, beverages and miscellaneous expenses. This policy does not apply to, nor supersede, any policies related to employee travel and training expenses.

THA is limited in its authority to spend public funds for employees and clients for non-travel meals and light refreshments. THA expenses for non-travel meals and light refreshments must be directly related to or support THA business or programmatic interests. In addition, the expenditure of such funds should be cost-effective and in accordance with the best use of public funds.

This policy seeks to implement two of the values stated in THA's Statement of Values:

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.

2. Sources for Policy

- THA's Statement of Values
- *Washington State Attorney General Informal Opinion on Eating and Drinking at Public Expense, May 14, 1987*
- *OFM Policy Manual 70.15.10 Reimbursement for meals with meetings*
- *IRS Fringe Benefits – IRC §1.132-6(e)*
- *THA Policy F-30.01 Travel*
- *THA Policy HR-10.15 Employee Recognition and Appreciation*

3. Scope of Policy

This policy applies to all THA Staff.

4. Who is Responsible for Implementing Policy

Who	Responsibilities
HR Department	The HR Department is responsible for reviewing and authorizing or obtaining advance approval for all food and beverage expenses related to agency-wide training and recognition events.

Directors	Directors are responsible for reviewing and providing advance approval for all food and beverage expenses and assuring that necessary signatures are obtained in a timely manner.
Managers	Managers are responsible for minimizing actual expense and for ensuring agency paid food and beverages are only for legitimate business reasons.

5. Definitions

Authorized Personnel	The individuals designated by the Executive Director to authorize and approve food and beverage expenses include all members of the Executive Team (i.e. Executive Director, Executive Administrator, and Department Directors). Designees may authorize expenses only for themselves or employees under their direct or indirect supervision. Employees are advised to seek a predetermination prior to incurring any substantial expense if there is a question as to whether an expense would be a covered expense under this policy.
Light Refreshments	Beverages and snacks that may be served between meals, e.g., coffee, tea, juice, non-alcoholic punch, vegetables, fruit, cheese, cake, or other snack-type foods, and related expenses such as paper plates and napkins.
Non-Travel Meals	Meals that are not related to travel. For information regarding meals related to travel, see THA Policy F-30.01 Travel.

6. Forms Associated with this Policy

THA Form F-30.05(1) Expense Approval

7. Policy

7.1 Allowable Purchases

Expenses for meals and/or light refreshments and the following activities are permissible, but should be reasonable to the event, and there must be sufficient budget remaining in the appropriate line item budgets to cover the expenses without jeopardizing other budgeted or planned activities:

7.1.1 Public Meetings:

Light refreshments may be provided at public meetings, such as THA Board of Commissioner meetings when such expenditures serve an agency purpose. Limited, incidental consumption by public employees is acceptable in this context.

7.1.2 Non-Public Meetings or Training:

Meals, light refreshments, and miscellaneous condiments may be provided at meetings for employees, volunteers and official guests provided all of the following conditions are met:

- a. The meeting or training is a special situation or occasion outside the normal daily business of THA employees; and
- b. Meals, light refreshments and miscellaneous condiments must be an integral or useful part of the event; e.g., a lunch speaker, obtaining meals or refreshments away from the meeting location is disruptive to event continuity, etc.; and
- c. Attendance by the individuals is advantageous to THA and its business; and
- d. The purpose of the event must be to conduct official THA business or to provide formal training; and
- e. Authorized personnel have provided advance approval and ensure adequate, itemized documentation to support the expenditure is provided.

7.1.3 *Client Events and Activities.*

Certain expenditures for food and other sundry supplies will be allowed when they are necessary for the well-being of THA clients, tenants or a housing project. Examples of needs and activities that may meet the above criteria include:

- a. Agency sponsored open houses, town hall meetings, special community events, and the like in order to induce client participation, outreach or education.
- b. Social gatherings for clients that foster neighborhood spirit and assist in tenant retention.
- c. Meetings that bring clients or tenants together to discuss any business aspect of a property or changes in THA programs.
- d. THA sponsored, budgeted, and programmed cultural or recreational events for clients hosted by the Community Services Department.

7.1.4 Periodic management team or Board of Commission retreats. The decision as to the appropriate level of expense is at the discretion of the Executive Director.

7.1.5 Expenditures specifically spelled out in special purpose grants received by the Authority that result in meeting grant goals.

7.1.6 *Parking.*

Parking or parking vouchers may be provided for meeting attendees where necessary to serve THA's business or programmatic interests.

7.1.7 *De Minimis Provisions.*

De minimis employee benefits are consistent with the goal of maintaining a good working environment. Therefore, to enhance the

working environment for all employees, the Authority will make the following available at no charge:

- Water Cooler
- Tea
- Hot chocolate
- Supplies such as filters, sugar, creamer, stirrers and cups
- Other related di minimis supplies

7.1.8 Funds will be provided by business activities that generate income for the agency, or from unrestricted grants that include funding for any specific activity identified above. Funds from Federal sources will not be used to pay for any of the expenditures above.

7.2 Non-Allowable Meals or Light Refreshments

The following types of activities shall not be supported with THA funds:

- a. Normal daily business of THA employees (e.g., daily coffee, etc.);
- b. Regularly scheduled meetings such as routine staff meetings;
- c. Hosting activities. Hosting includes, but is not limited to, those activities that are intended either to lobby a legislator or a governmental official, or are to be a social rather than governmental business event, and include expenditures for meals for those whom THA is not legally authorized to reimburse.
- d. Alcoholic beverages;
- e. Birthday celebrations;
- f. Celebrations for departing employees except official retirement parties, or separations of long-tenured employees as provided in THA Policy HR-10.15 Employee Recognition and Appreciation Section 7.5;
- g. Meals that are primarily social in nature.

7.3 Approval Documentation Required

Aggregate expenditures under this policy shall conform to an annual budget approved by the THA Board of Commissioners.

Events, training and other meeting expenditures that fall under this policy must receive approval from the Director responsible for the event. For occasions where spending is over \$500, pre-approval is required using *THA Form F-30.05(1) Approval for Expense*. The request requires a clear explanation of the business purpose of the meeting. At the time of reimbursement, a roster of those attending the meeting must be attached to the receipt to document the expense.

7.4 No Obligation Established

This policy does not obligate the THA to provide meals or light refreshments under any circumstances.

DRAFT

RESOLUTION #2



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (2)

Date: March 27, 2013
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Property Upgrades and Renovations at Four Scattered Sites

Background

On February 1, 2013 THA issued an Invitation to Bid (ITB) for the upgrade and renovation of 6438 S. Puget Sound, 5801 Roosevelt, 120 E. Bismark and 6413 S. Pine. Work will include, structural repairs, plumbing repairs, new plumbing fixtures and upgrades, electrical repairs and upgrades, new lighting fixtures, HVAC service and replacement, interior painting, kitchen renovation, new appliances, new floor coverings, new energy efficient windows and exterior caulking and other minor improvements.

The RFP was posted on the Blue Book, the Washington Electronic Business Solutions and THA's websites.

A pre-bid conference was held on February 13, 2013. The Project Manager reviewed the scope of work and the bidding process at the conference. Eleven (11) firms attended the conference. Questions were answered via one Addendum.

Three (3) responsive bids were submitted by the deadline, February 28, 2013.

The three (3) bids were evaluated to determine the lowest responsible and responsive bidder. All three (3) bids were responsive and responsible. Staff recommends awarding the contract to Libby Builders Inc.

The bid results from lowest to highest bid are as follows:

Company	Base Bid	Deductive Bid Alt. #1	Deductive Bid Alt. #2	Deductive Bid Alt. #3	Responsive-Responsible Y / N
LIBBY BUILDERS INC	\$104,600.00	\$1,600.00	\$3,000.00	\$2,000.00	Y
STETZ CONSTRUCTION	\$128,520.00	\$2,880.00	\$3,600.00	\$3,895.00	Y
D&B ROOFING SERVICES	\$154,909.00	\$4,275.00	\$7,873.00	\$7,292.00	Y

Libby Builders Inc. is located in Enumclaw, Washington and has completed numerous successful projects for Tacoma Housing Authority for over 10 years. Their scope of work includes siding and window replacement, and complete interior renovations. Their past experience with THA has always been commendable.

The budget in Capital funds for this project is \$111,505.00. This amount includes contingency funds of \$15,380.00.

Recommendation

Approve Resolution 2013-3-27- (2) authorizing the Executive Director to negotiate and if those negotiations are successful to award a Contract to Libby Builders Inc. for site upgrades and renovations included in the scattered sites; multi-scope group A project in the bid amount of \$104,600.00 with a not-to-exceed amount of \$120,000.00 including contingency. If those negotiations are not successful the executive director may if he chooses negotiate and execute a contract with the next lowest responsive and responsible bidder.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (2)

PROPERTY UPGRADES AND RENOVATIONS AT FOUR SCATTERED SITES

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

Whereas, On February 1, 2013 THA issued an Invitation to Bid (ITB) for the upgrade and renovation of 6438 S. Puget Sound, 5801 Roosevelt, 120 E. Bismark and 6413 S. Pine;

Whereas, The RFQ was posted in the Blue Book, Washington Electronic Business Solutions and on THA's website;

Whereas, Three firms (3) submitted proposals by the deadline of February 28, 2013;
The bid results from lowest to highest bid are as follows:

Company	Base Bid	Deductive Bid Alt. #1	Deductive Bid Alt. #2	Deductive Bid Alt. #3	Responsive- Responsible Y / N
LIBBY BUILDERS INC	\$104,600.00	\$1,600.00	\$3,000.00	\$2,000.00	Y
STETZ CONSTRUCTION	\$128,520.00	\$2,880.00	\$3,600.00	\$3,895.00	Y
D&B ROOFING SERVICES	\$154,909.00	\$4,275.00	\$7,873.00	\$7,292.00	Y

Whereas, Staff determined the lowest responsive and responsible bidder is Libby Builders Inc.;

Whereas, Total financing for the work is from Capital Funds;

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

authorize the Executive Director to negotiate and if those negotiations are successful to award a Contract to Libby Builders Inc. for site upgrades and renovations included in the scattered sites; multi-scope group A project in the bid amount of \$104,600.00 with a not-to-exceed amount of \$120,000.00 including contingency. If those negotiations are not successful the executive director may if he chooses negotiate and execute a contract with the next lowest responsive and responsible bidder.

Approved: March 27, 2013

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. 2013-3-27 (2) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 27th day of March 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 27th day of March 2013.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

Michael Mirra, Executive Director

RESOLUTION #3



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (3)

DATE: March 12, 2013
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Eastside Community Center Feasibility Study

Background

This resolution would state THA's support for a joint planning effort among THA, City of Tacoma, Tacoma School District and Metro Parks to study how to develop and finance a community center for East Tacoma near Salishan. Metro Parks would manage the study. It would cost \$60,000 to \$80,000. Each partner's share would be \$15,000 - \$20,000. This resolution also would authorize THA to contribute that share. The money would come from the executive director's contingency fund.

In 2011, THA engaged in a six-month community input process and community survey to find out what community facilities, services, activities and uses Eastside residents would like to see in the area located along East 44th Street between East Q and East R Streets at Salishan. This area is intended for non-residential uses and is called the Salishan core. The survey was distributed through Lister, Roosevelt and Blix elementary schools and First Creek Middle School. It was also available electronically via Survey Monkey and was mailed to all Salishan households, with additional copies available at the Salishan Association Office and the Family Investment Center. The most frequently requested uses identified in the survey were:

- Library
- Music/art activities for children
- Organized/structured activities for children
- Job training
- Daycare
- Early childhood education
- Gym/exercise equipment
- Coffee/sandwich shop

THA incorporated many of these requested uses in its proposed plan for the Salishan core facilities. We considered including a gym in the Salishan core plans but determined that the space available was not large enough for the type of recreational facility that would best serve the community.

In 2012, representatives from THA, Metro Parks Tacoma, the City of Tacoma and Tacoma Public Schools began discussions about a possible recreational facility and community center to be co-located on the First Creek Middle School campus near Salishan. Representatives from Team BillyRay also participated in these discussions. (Team BillyRay is a group of young people, led by a Salishan resident, advocating for a new center on the Eastside.)

Staff leaders from Metro Parks, THA, TPS and the city agreed on the need for a feasibility study to identify costs to build the center, costs to operate the center once it is built, and potential funding sources. The feasibility study would identify long-term, non-profit rental and food vendor opportunities to help subsidize center operations; create a sustainable business model; and include a capital replacement fund and capital funding strategy. Anticipated cost of the study is \$60,000 - \$80,000. Each of the organization representatives expressed intent to contribute funding for the feasibility study. Metro Parks Tacoma will coordinate the study and anticipates the following timeline:

Statement of Qualifications	April 2013
Interviews and Selection of Firm	May 2013
Inventory and Programming	May – June 2013
Analyze Costs and Develop Design Concepts	June – Aug. 2013
Draft Plan and Final Report	Aug. – Oct. 2013

Metro Parks Tacoma will provide project updates to the funding partners throughout the feasibility study process and anticipates completing the feasibility study by October of 2013.

Recommendation

Approve Resolution 2013-3-27 (3) expressing support for the Metropolitan Park District of Tacoma (“Metro Parks Tacoma”) Eastside Community Center Feasibility study; and dedicating up to \$20,000 in funds to match investments by the Metro Parks Tacoma, Tacoma Public Schools, and the City of Tacoma.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (3)

EASTSIDE COMMUNITY CENTER FEASIBILITY STUDY

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

Whereas, THA's 2011 Salishan core community input process and survey identified a community recreational facility as a high priority for Tacoma's Eastside;

Whereas, Tacoma Public Schools, Metro Parks Tacoma, the City of Tacoma and THA desire to study the feasibility of a community recreational facility to be co-located on the First Creek Middle School campus near Salishan;

Whereas, Tacoma Public Schools, Metro Parks Tacoma, the City of Tacoma and THA jointly believe that a feasibility study will identify opportunities to consolidate and replace existing facilities; prioritize program, service and facility needs; identify opportunities to leverage existing public resources, including existing community facilities; identify strategies and funding needs to allow sustainable operations; and identify strategies to raise necessary capital funding, and

Whereas, Metro Parks Tacoma has committed to complete a feasibility study with the funding assistance from the other partner agencies;

Whereas, cost of the proposed feasibility study is \$60,000 - \$80,000;

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

1. Tacoma Housing Authority supports the Metro Parks Tacoma Eastside Community Center feasibility study.
2. The executive director is authorized to enter into a funding agreement to provide up to \$20,000 in funds to match investments by Metro Parks Tacoma, Tacoma Public Schools, and the City of Tacoma for the feasibility study.

Approved: March 27, 2013

Janis Flauding, Chair

RESOLUTION #4



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (4)

DATE: March 27, 2013
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Approval of tenant account receivable write offs

Background

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

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

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

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

Recommendation

Approve Resolution 2013-3-27(4) authorizing THA to write off tenant accounts totaling: \$65,508.41.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (4)

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

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

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

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

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

Debt to be Written off and sent to Collections		
M-O Project	Client #	Balance
M St. Apts.	140624	\$233.08
	Subtotal	\$233.08
Fawcett Apts.	122683	\$185.00
	102829	\$1,436.08
	Subtotal	\$1,621.08
Wright St. Apts.	141065	\$1,420.83
	143817	\$55.71
	00000146	\$194.00
	144754	\$1,014.19
	Subtotal	\$2,684.73
Lawrence St. Apts.	00000457	\$230.14
	141653	\$4,594.05
	120054	\$654.96
	Subtotal	\$5,479.15

6th Ave Apts.	141920	\$95.39
	143044	\$374.91
	143420	\$260.32
	Subtotal	\$730.62
Hillside Terrace Apts.	143669	\$1,077.85
	Subtotal	\$1,077.85
Bergerson Terrace	144490	\$67.46
	Subtotal	\$67.46
Scattered Sites	115908	\$293.89
	139054	\$434.94
	131661	\$1,311.85
	Subtotal	\$2,040.68
Dixon Village	133352	\$312.25
	143948	\$1,071.96
	139422	\$260.15
	Subtotal	\$1,644.36
Alaska Homes	xx000448	\$4,222.00
	xx000994	\$2,711.50
	xx000839	\$5,564.00
	Subtotal	\$12,497.50
Stewart Court Apts.	xx001041	\$2,367.83
	xx000777	\$3,379.77
	xx000953	\$1,959.06
	xx000263	\$1,020.82
	xx001215	\$1,766.85
	Subtotal	\$10,494.33
Section 8	128911	\$1,455.00
	129338	\$5,406.00
	129675	\$399.00
	133591	\$243.36
	142373	\$422.00
	713851	\$1,230.00
	714714	\$1,036.00
	714923	\$5,148.00
	715124	\$1,420.00
	715239	\$1,030.00
	716001	\$750.00
	716980	\$1,150.00
	717177	\$1,150.00

	<i>Subtotal</i>	<i>\$20,839.36</i>
Agency Recievables		\$0.00
	<i>Subtotal</i>	<i>\$0.00</i>
	<i>Debts sent to Collection</i>	<i>\$59,410.20</i>

Write off debt and take no further action

M-O Project	Client #	Balance
M St. Apts.	140993	\$1.16
	117844	\$1.26
	127658	\$508.16
	133056	\$764.57
	137525	\$874.28
	<i>Subtotal</i>	<i>\$2,149.43</i>
Fawcett St. Apts	111356	\$42.57
	<i>Subtotal</i>	<i>\$42.57</i>
Lawrence St. Apts.	124614	\$164.48
	119872	\$19.00
	<i>Subtotal</i>	<i>\$183.48</i>
6th Ave Apts.	125135	\$463.50
	<i>Subtotal</i>	<i>\$463.50</i>
Bergerson Terrace	138923	\$109.56
	138777	\$1,198.51
	124864	\$1,075.05
	<i>Subtotal</i>	<i>\$2,383.12</i>
Scattered Sites	138888	\$804.93
	<i>Subtotal</i>	<i>\$804.93</i>
Stewart Court	xx000274	\$6.18
	xx000231	\$65.00
	<i>Subtotal</i>	<i>\$71.18</i>
	<i>Debts not sent to collections *</i>	<i>\$6,098.21</i>

*This total includes accounts where tenant is deceased or the balance is under \$30.

Approved: March 27, 2013

Janis Flauding, Chair

RESOLUTION #5
This is a walk on Resolution



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (5)

Date: March 27, 2013

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Prairie Oaks – Tax Credit Investor and Construction Lender Selection (LASA)

BACKGROUND

LASA, a local nonprofit, has engaged THA to develop LASA's property in the City of Lakewood into a building for permanent housing for 15 homeless families and community and office space for LASA and its supportive service activity. This project has been the subject of several previous board resolutions committing THA funds for predevelopment expenses to be repaid from financing that this new resolution will select.

This resolution would give the executive director authority to negotiate with PNC for the tentative commitment of both a construction loan and a tax credit equity investment. A selection committee of THA and LASA staff, and consultants, chose PNC over other candidates. The final agreement would come back to the board for its final approval. **NOTE:** The project's financing for the community and office space is still uncertain. That financing is necessary before we can commit to the housing financing because both are part of the same building. The executive director, and the board, will not commit to any agreement for loans or tax credit equity for the housing portion until the necessary financing for the community and office space is in place. The resolution makes that clear by authorizing me only to execute a nonbinding letter of intent.

The Prairie Oaks financing structure includes 9% tax credit equity and construction financing. On February 14, 2013, THA issued a Request for Letters of Intent/Interest for the Construction Lender and the equity investor.

THA sent a Request for Letters of Intent/Interest to eighteen (18) tax credit investors and syndicators and eight (8) lenders. THA also advertised on WEBS and on our website. THA received two investor/lender joint proposals and one lender only proposal.

A committee consisting of THA staff (Walter Zisette, Ken Shalik/Duane Strom, Sandy Burgess and Roberta Schur) reviewed the proposals. THA's financial advisor, CSG Advisors advised the committee. Janne Hutchins, LASA's executive director, also participated in the review. The

committee conducted interviews on March 20, 2013.

The results from lowest to highest based only on total cost are as follows:

NAME	PNC	Key Bank	Boston Capital	PNC	Boston Capital
Lenders					
Ranking	1	2	3		
Total loan,	\$1,530,331	\$1,430,000	\$1,428,662		
Difference from Lowest	\$0	\$10,144	\$43,660		
Investors					
Ranking				1	2
Net Present Value,				\$1,836,976	\$1,795,006
Difference from highest				\$0	\$41,970

Based on the above rankings as well as other factors described below, Staff recommends that the Board authorize the executive director to negotiate with PNC for both the debit and equity and if these negotiations are successful to execute a nonbinding letter of intent.

LENDERS

The committee evaluated the written proposals based on the following criteria:

1. Financial terms and structure;
2. Terms of guarantees, if any, and amount and terms of required reserves
3. Qualifications, experience and capacity of the Respondent, its assigned personnel and third party professionals
4. Reasonableness of due diligence requirements and conditions to closing

Financial Terms and Structure

PNC will lend up to \$1,530,331 for construction. The terms of the construction loan are 24 months at 2.70 % based on the rate as of March 1, 2013. The origination fee is .50 %. The legal fees associated with the construction loan are capped at \$16,000

Terms of Guarantees

THA will be the guarantor during construction.

TAX CREDIT INVESTOR

The committee evaluated the written proposals based on the following criteria:

1. Financial terms and structure, including proposed equity pay in amount and timing
2. Terms of guarantees, if any, required of any entity, and amount and terms of operating or other reserves required
3. Qualifications, experience and capacity of the Respondent, its assigned personnel and third party professionals
4. Reasonableness of the due diligence requirements and conditions to closing

The proposal from PNC offers a purchase price of \$.88 per \$1 of tax credits for a total equity contribution to Gravelly Lake LLLP of \$ 1,947,562.

THA, as the General Partner of the LLLP will need to provide a Completion Guarantee and a Guarantee to cover any development cost overruns. In addition, THA will need to provide an unlimited operating deficit guarantee for five years. These are typical guarantees for a development project. THA will have a right of first refusal and a purchase option. We anticipate that LASA will replace THA as the General Partner at some point within the 15 year compliance period.

PNC has a great deal of experience working on mixed finance transactions with housing authorities and other developers. They are a national organization that provides debt and equity to projects across the country. PNC will be a direct investor in the project.

RECOMMENDATION

Approve Resolution 2013-3-27(5) authorizing THA's executive director to negotiate, and if those negotiations are successful, to execute a nonbinding letter of intent with PNC for the following: (a) construction loan for Prairie Oaks, (b) purchase of low income housing tax credits to be allocated to Prairie Oaks (Gravelly Lake LLLP), and (c) Amended and Restated Partnership Agreement between THA as General Partner and PNC as Investor Member. If negotiations are not successful, the executive director may negotiate and execute a nonbinding letter of intent with the firms next on the above list.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-37(5)

Prairie Oaks – Tax Credit Investor and Construction Lender Selection

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

Whereas, The Housing Authority of the City of Tacoma (the “Authority”) on February 14, 2013 solicited Letters of Intent/Interest for the construction financing and the purchase of low income housing tax credits for Prairie Oaks; and

Whereas, THA sent a Request for Letters of Intent/Interest to eight (8) lenders and eighteen (18) low income housing tax credit investors and syndicators, advertised on WEBS and on the Authority’s website; and

Whereas, THA received two (2) joint equity and debt proposals investors and one proposal from a construction lender; and

Whereas, the selection committee in consultation with CSG Advisors determined that the combined debt and equity proposal from PNC offers the best combination of terms and experience for construction lending and for the purchase of Low Income Housing Tax Credits; and

Whereas, the Contracting Officer, Michael Mirra, has reviewed the results of the evaluation committee and concurs that the committee’s recommendation be accepted;

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

1. The executive director has the authority to negotiate and, if those negotiations are successful, to execute a nonbinding letter of intent with PNC for (a) the construction loan for Prairie Oaks; (b) the purchase of low income housing tax credits to be allocated to Gravelly Lake LLLP for Prairie Oaks; (c) an Amended and Restated Partnership Agreement between THA as General Partner and PNC as Investor Member. If negotiations are not successful, the Executive Director may negotiate and execute a nonbinding letter of intent with the firms next on the list.

Approved: March 27, 2013

Janis Flauding, Chair

RESOLUTION #6



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (6)

Date: March 27, 2013

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: HILLSIDE TERRACE, PHASE I – 2500 YAKIMA APARTMENTS
OBLIGATE MTW FUNDS AS A RESERVE GUARANTEE FOR FUTURE RHF
FUNDS

Background

This resolution would reserve \$1.232 million of our MTW reserves to guarantee construction costs on the Hillside Terrace Phase 1 project should HUD not provide the funding we are due to receive. Our lenders on that project are requiring that we do this. It appears that the lender has lost some confidence in congressional budget decision making. The guarantee would need to last only until the HUD money becomes available to the agency. That should happen this fall for most of the money and next fall for the rest of it.

On January 23, 2013 the Board of Commissioners approved Resolution 2013-1-23 (3) Omnibus Financing Authorizations, which included approval of Master Loan Documents. As a part of that Master Loan, HUD Replacement Housing Factor (RHF) funds will fund a portion of a Sponsor Loan in 2013 and 2014. Our lender is requiring that THA insure that it has at least \$1.232 million in liquidity to fund the Sponsor Loan in the event that the HUD does not give THA the RHF funds when they are due. This amount may be reduced by the amount of RHF funds as we receive it. We expect to receive \$867,000 of RHF money in early Fall 2013. We expect the balance of \$365,000 in early fall of 2014.

The source of funds to be restricted for this purpose will be Moving to Work funds (MTW). We have enough in reserves (over \$7.5 million).

Recommendation

Approve Resolution No. 2013-3-27(6) which restricts the use of MTW funds in the amount of \$1,232,000 as a Reserve Guarantee for future RHF funds for Hillside Terrace Phase I – 2500 Yakima Apartments until such time as the RHF funds are available for drawdown by THA.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-27-(6) (Hillside Terrace Phase I – 2500 Yakima Apartments)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma (1) authorizes the Board Chair, the Executive Director, and their respective designees, to approve the use of Unrestricted MTW funds in the amount of \$1,232,000 as Reserve Guarantee for future RHF funds for Hillside Terrace Phase I – 2500 Yakima Apartments.

Whereas, THA is the General Partner in a LLLP of 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, funds from THA’s future RHF grant is budgeted, and will be required to complete the redevelopment project.

Whereas, the Guarantee of Payment document within the Project’s closing documents provides that THA, as the Guarantor, shall maintain, on a combined basis, Unencumbered Liquid Assets equal to \$1,232,000 prior to the conversion date. The Unencumbered Liquid Assets may be reduced by the amount of RHF funds when they become available for drawdown from HUD.

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

\$1,232,000 of THA’s MTW reserves are restricted as a Reserve Guarantee for future RHF funds for Hillside Terrace Phase I – 2500 Yakima Apartments until such time as the RHF funds are available for drawdown by THA.

Approved: March 27, 2013

Janis Flauding, Chair

RESOLUTION #7
This is a walk on Resolution



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (7)

DATE: March 27, 2013
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Increase in Contract Amount for Pierce County Special Program Housing Contract—Youth and Young Adults

Background

The THA Board of Commissioners approved Resolution 2012-9-26 (4) allowing the Executive Director to execute a contract with Pierce County to provide rental assistance for unaccompanied youth and young adults (under 25 years of age) in the amount of \$187,500.

The contract negotiation between THA and Pierce County has been lengthy and we are nearing agreement on the contract terms. Concurrent with the months of negotiation, THA has been under-utilizing its housing assistance payments (HAP) funds as we awaited the results of sequestration and finished our plans for the HOP program. Now that our budget picture is somewhat clear, we would like to use some of the excess funds we have accumulated to increase the value of this contract and increase the number of homeless young people who can be served with existing services.

This resolution will allow THA to increase the value of the contract to \$250,000 and increase the number of youth or young adults served from 25 to 40.

Other City, County, State and Federal funds that will pay for supportive services and administrative support needed to administer this contract. All THA funds will be used for rental assistance.

The Board will remember that this contract is important to our effort to make THA's resources accessible to a growing and worrisome population of homeless youth and young adults in our City.

Terms

The initial contract will be for twelve months with the option to renew on an annual basis.

This resolution would increase the value of the initial contract from \$187,500 to \$250,000. We had originally intended the \$187,500 to cover a fifteen month period in order to serve an average of 25 households per month. The increased value should allow providers to serve 40 households

per month. The service providers are also reporting that the average value of the rental assistance is \$533 per month and the average move in costs per household is \$655. For this reason, we have increased the budgeted average value of the rental assistance at \$600 per youth per month rather than the \$500 we had originally anticipated.

Under the terms of the contract, short term rental assistance valued at an average of \$600 per month per youth or young adult for up to 24 months.

Reporting Requirements and Evaluation

Pierce County, through its subcontracted service providers, will be required to report on a quarterly basis on the following metrics:

- The number of households served
- Monthly subsidy paid on behalf of each household
- Length of time each household spends on the program
- In-kind value of casework provided
- Each household's income at entry to program
- Each household's income at exit from program
- Change in household income
- Change in household earned income
- Each household's housing stability 3, 6 and 12 months after exit from the program
- Number of households transitioning to another rent subsidy program upon exit

THA will aggregate this data and include it in its MTW Annual report.

Recommendation

This increase in the contract amount will benefit unaccompanied youth and young adults in our community who are homeless. The increase in households served in this way should also help THA meet its MTW baseline.

The money for this contract is included in the REMHS Rental Assistance HAP budget line item.

I recommend approving Resolution 2013-3-27(7) authorizing me to execute a contract with Pierce County in the amount of \$250,000 for the purpose of providing rental assistance to homeless unaccompanied youth and young adults.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-3-27 (7)

WHEREAS, the City of Tacoma has a worrisome and growing population of unaccompanied homeless youth and young adults (youth and young adults without families);

WHEREAS, THA's mainline housing programs are generally inaccessible to these young persons. They face the normal difficulty of ever getting on our waiting lists, which are generally closed. In addition, their youth and inexperience makes them unlikely even to apply. Even if they got on our waiting lists, by the time they ever got to the top of a waiting list, they would not be young anymore. Moreover, when young, they need support in addition to housing and help finding a houser to rent to them.

WHEREAS, Tacoma Housing Authority (THA) has an approved Moving to Work (MTW) activity allowing it to use a regional approach for administering its special purpose housing programs for service to such populations of needy persons;

WHEREAS, THA has chosen Pierce County to oversee some of THA's special programs, to select qualified service providers to administer the programs, and to comply with all State and Federal regulations connected with THA's Moving to Work funds;

WHEREAS, Pierce County has conducted a competitive process and selected qualified service providers to administer these funds for rental assistance for homeless unaccompanied youth and young adults;

WHEREAS, this contract is intended to provide rental assistance for at least 40 homeless unaccompanied youth and young adults each year;

WHEREAS, this contract will have a term of January 1, 2013 through December 31, 2013 and may be extended for one year terms upon mutual agreement by Pierce County and THA;

WHEREAS, the contract amount exceeds the \$100,000 spending limit for the Executive Director.

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

1. The executive director is authorized and directed to execute a contract with Pierce County in the amount of \$250,000 for the purpose of providing rental assistance to homeless unaccompanied youth and young adults.

Approved: March 27, 2013

Janis Flauding, Chair