



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS

BOARD PACKET

OCTOBER 26, 2022



**Tacoma
Housing
Authority**

Executive Director
April Black

Board of Commissioners
Shennetta Smith, Chair | Dr. Minh-Anh Hodge, Vice Chair
Stanley Rumbaugh | Derek Young | Pastor Michael Purter

REGULAR MEETING Board of Commissioners

OCTOBER 26, 2022

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold a Regular Meeting on **Wednesday, October 26, 2022, at 4:45 pm via Zoom and at 902 South L Street, Tacoma, WA 98405.**

<https://us02web.zoom.us/j/88913547854> / Meeting ID: 889 1354 7854 / Dial: (253) 215-8782

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

I, Sha Peterson, certify that on or before October 19, 2022, I FAXED/EMAILED, the preceding PUBLIC MEETING NOTICE before:

City of Tacoma	747 Market Street, Room 800 Tacoma, WA 98402	CityClerk@cityoftacoma.com
Northwest Justice Project	715 Tacoma Avenue South Tacoma, WA 98402	
KCPQ-TV/Channel 13	1813 Westlake Avenue North Seattle, WA 98109	tips@q13fox.com
KSTW-TV/CW 11	1715 East Madison Street Seattle, WA 98122	cw11@kstwtv.com
KNKX	930 Broadway Tacoma, WA 98402	info@knkx.org
Tacoma News Tribune	2602 S. 38 th Street, Suite A PMB3 Tacoma, WA 98409	newstips@thenewstribune.com
The Tacoma Weekly	2599 Pacific Highway E Fife, WA 98424	

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

Sha Peterson
Executive Initiatives Officer



TACOMA HOUSING AUTHORITY

AGENDA

REGULAR BOARD OF COMMISSIONERS MEETING

October 26, 2022, 4:45 PM

Zoom: <https://us02web.zoom.us/j/88913547854> / Meeting ID: 889 1354 7854 / Dial: (253) 215-8782

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
 - 3.1 Minutes of September 28, 2022—Regular Meeting
4. **GUEST COMMENTS**
5. **COMMITTEE REPORTS**
 - 5.1 Real Estate Development Committee
 - 5.2 Finance and Audit Committee
 - 5.3 Community Partnerships and Advocacy Committee
 - 5.4 Education, Housing, Services and Partnerships Committee
 - 5.5 Diversity, Equity, Inclusion and Belonging Committee
6. **PRESENTATION: Rental Market Analysis and Payment Standard Revisions**
7. **AGENCY MONTHLY REPORT**
8. **FINANCE REPORT**
 - 8.1 Ratifying Cash Disbursements for September 2022
9. **NEW BUSINESS**
 - 9.1 2022-10-26 (1) Omnibus THA Housing Hilltop
 - 9.2 2022-10-26 (2) Bond Resolution THA Housing Hilltop 2022A & 2022B
 - 9.3 2022-10-25 (3) Update to Payment Standards
 - 9.4 2022-10-26 (4) Forgiveness of Debts Accumulated by THA Portfolio Residents During the Pandemic
10. **EXECUTIVE SESSION, if any**
11. **COMMENTS FROM THE COMMISSIONERS**
12. **ADJOURNMENT**



TACOMA HOUSING AUTHORITY

MINUTES



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, SEPTEMBER 28, 2022

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session via Zoom and at 902 South L Street, Tacoma, WA 98405 at 4:45 pm on Wednesday, September 28, 2022.

1. CALL TO ORDER

Chair Smith called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:48 pm.

2. ROLL CALL

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

PRESENT	ABSENT
Commissioners	
Chair Shennetta Smith	
	Vice Chair Dr. Minh-Anh Hodge
Commissioner Stanley Rumbaugh (arrived late at 4:52 pm)	
Commissioner Derek Young	
Commissioner Pastor Michael Purter	
Staff	
April Black, Executive Director	
Sha Peterson, Executive Initiatives Officer	
Julie LaRocque, Interim Deputy Executive Director	
Jorge Perez, Finance Director	
Jeanne Thurston, Human Resources Director	
Aley Thompson, Interim Rental Assistance Director	
Marquis Jenkins, Property Management Director	
Cacey Hanauer, Client Support and Empowerment Director	
Sandy Burgess, Administrative Services Director	
William Morse, Director/CIO	
Adam Ydstie, Policy, Innovation, and Evaluation Director	

Chair Smith declared there was a quorum present @ 4:49 pm and proceeded.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Smith asked for any corrections to or discussion of minutes for the Special Session of the Board of Commissioners for Tuesday, August 23, 2022. Commissioner Young moved to adopt the minutes. Commissioner Purter seconded.

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 1 (Commissioner Rumbaugh was not yet in attendance)

Motion approved.

Chair Smith asked for any corrections to or discussion of minutes for the Annual Meeting of the Board of Commissioners for Wednesday, August 24, 2022. Commissioner Young moved to adopt the minutes. Commissioner Purter seconded.

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 1 (Commissioner Rumbaugh was not yet in attendance)

Motion approved.

4. GUEST COMMENTS

None.

5. COMMITTEE REPORTS

Real Estate Development Committee—Commissioner Rumbaugh, Commissioner Young

The committee met a couple of weeks ago to discuss agency goals, Housing Hilltop and continuing another acquisition.

Finance Committee—Vice Chair Hodge and Commissioner Young

The committee did not meet this month.

Education, Housing Services and Partnerships Committee—Chair Smith, Vice Chair Hodge

The committee met and the primary focus was on College Housing Assistance Program (CHAP) and next steps. More information will be coming to the Board.

Community Partnerships and Advocacy Committee—Chair Smith, Commissioner Purter

The committee attempted to meet but was unable to due to conflicting schedules.

Diversity, Equity and Inclusion Committee—Chair Smith, Vice Chair Hodge

The commissioners agreed during the special session on how to include staff on working agreements. There is not enough training provided internally for staff to be familiar with the language used during the exercise. Tacoma Housing Authority (THA) will focus on brining training in through committees and staff. Chair Smith thanked The Lindsay Group for their work.

6. ANNUAL PLANNING.

ED Black went over the Annual Planning document included in the Board's packet. It was an attempt to align THA goals through basic categories, consolidate the report that is easily understood, and show that THA is moving as one agency. ED Black's report also included goals. Chair Smith thanked ED Black for her tremendous work on her report. Commissioner Rumbaugh noted that the Development Committee looks quite optimistic but it is doable in a 5-year span. "We don't know what's going to happen," added Commissioner Young. Commissioner Purter thanked ED Black for her report as it answered all his questions.

ED Black would like to publish the THA goals widely and the Board is in full support. ED Black thanked the Board for their support and the staff for their hard work.

7. AGENCY MONTHLY R EPORT

ED Black thanked Katie Escudero who served as Interim Policy, Innovation and Evaluation Director and has been an incredible leader in the past year. She is grateful for Katie stepping in. Adam Ydstie will be moving into the director role for that team. Amber Prentice has been promoted to associate director for Rental Assistance; she has worked many different desks at THA. Marquis Jenkins was just named director of Property Management.

Next month, THA will focus on Rental Assistance programs, leasing goals, and how that will impact the budget.

8. FINANCE REPORT

8.1 Ratifying Cash Disbursement for August 2022

Finance Department Director Jorge Perez directed the Board to the finance report. Returns of cash flow will be roughly 4%. Commissioner Rumbaugh asked if Moving to Work (MTW) unencumbered held by Housing and Urban Development (HUD) was included. "No," responded Director Perez.

The audit went well, and THA received a report with no comments or observations. This is another demonstration of staff's hard work. THA audits are consistently without comments which means everyone knows what they are doing.

Commissioner Rumbaugh moved to ratify the payment of cash disbursements totaling \$7,537,048 for the month of August, 2022. Commissioner Young seconded.

Upon roll call, the vote was as follows:

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

Motion Approved.

9. NEW BUSINESS

8.1 RESOLUTION 2022-09-28 (1) Certifications of Compliance

**Annual Moving to Work Plan Certifications of Compliance
U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

**Certifications of Compliance with Regulations: Board Resolution to
Accompany the Annual Moving to Work Plan**

CERTIFICATIONS OF COMPLIANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OFFICE OF PUBLIC AND INDIAN HOUSING

Certifications of Compliance with Regulations: Board Resolution to Accompany the Annual Moving to Work Plan

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chair or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the MTW PHA Plan Year beginning (01/01/2023), hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

- (1) The MTW PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the MTW PHA conducted a public hearing to discuss the Plan and invited public comment.
- (2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board or Boards) before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan.
- (3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).
- (4) The MTW PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
- (5) The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
- (6) The Plan contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan.
- (7) The MTW PHA will affirmatively further fair housing by fulfilling the requirements set out in HUD regulations found at Title 24 of the Code of Federal Regulations, including regulations in place at the time of this certification, and any subsequently promulgated regulations governing the obligation to affirmatively further fair housing. The MTW PHA is always responsible for understanding and implementing the requirements of HUD regulations and policies, and has a continuing obligation to affirmatively further fair housing in compliance with the 1968 Fair Housing Act, the Housing and Community Development Act of 1974, The Cranston-Gonzalez National Affordable Housing Act, and the Quality Housing and Work Responsibility Act of 1998. (42 U.S.C. 3608, 5304(b)(2), 5306(d)(7)(B), 12705(b)(15), and 1437C-1(d)(16)). The MTW PHA will affirmatively further fair housing by fulfilling the requirements at 24 CFR 903.7(o) and 24 CFR 903.15, which means that it will take meaningful actions to further the goals identified in its Analysis of Impediments to Fair Housing Choice(AI),Assessment of Fair Housing (AFH), and/or other fair housing planning documents conducted in accordance with the requirements of 24 CFR Part 5, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o), and will address impediments to fair housing choice identified in its AI, AFH, and/or other fair housing planning documents associated with any applicable Consolidated or Annual Action Plan under 24 CFR Part 91.
- (8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at 24 C.F.R. Part 146.
- (9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identity, or marital status.
- (10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

- (11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 75.
- (12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
- (13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.
- (14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
- (15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
- (16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.
- (17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
- (18) The MTW PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
- (19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
- (20) The MTW PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 225 (Cost Principles for State, Local and Indian Tribal Governments) and 2 CFR Part 200.
- (21) The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of Housing Quality Standards, as defined in 24 CFR Part 982 or as approved by HUD, for any Housing Choice Voucher units under administration.
- (22) The MTW PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.
- (23) All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its Plan and will continue to be made available at least at the primary business office of the MTW PHA.

Housing Authority of the City of Tacoma

WA005

MTW PHA NAME

MTW PHA NUMBER/HA CODE

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).

Shennetta Smith

Chair

NAME OF AUTHORIZED OFFICIAL

TITLE

September 28, 2022

SIGNATURE

DATE

* *Must be signed by either the Chair or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chair or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.*

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

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

Motion Approved: September 28, 2022

Shennetta Smith, Chair

8.2 RESOLUTION 2022-09-28 (2)
(Authorized Signers for Financial Institution Accounts)

WHEREAS, The Board selects its chair and vice chair at its annual meeting. When these Board officers change, THA needs a resolution changing the authorized signatures for its accounts at its various financial institutions; and

WHEREAS, This resolution does that and replaces Resolution 2021-06-23 (4), which had authorized previous officers as signers; and

WHEREAS, The Board of Commissioners needs to formally authorize the financial institutions and the authorized signers on the accounts; now, therefore, be it

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

The funds of THA are hereby authorized by the laws of the State of Washington and the regulations of the Department of Housing and Urban Development to be utilized, held and invested and that said funds may be deposited with any or all of the following institutions:

BANK OF AMERICA
BANNER BANK

**HERITAGE BANK
KEY BANK
J.P. MORGAN CHASE BANK
U.S. BANK
THE BANK OF NEW YORK MELLON TRUST CO.
WASHINGTON STATE INVESTMENT POOL**

Or such other institutions as may be found to provide the highest interest rate and/or are beneficial to THA's operational goals.

Be it further resolved that any of the below designated individuals are authorized to enter into any and all transactions relating to the above-mentioned institutions as they exist now or may be created in the future upon signature of any two (2) of the following designated individuals:

Shennetta Smith	Chair _____
Dr. Minh-Anh Hodge	Vice Chair _____
April Black	Executive Director _____
Jorge Perez	Director of Finance _____
Duane Strom	Comptroller _____

Be it further resolved that this resolution replaces any and all previous resolutions designating authorized financial institutions.

Be it further resolved that the authorized signers acknowledge and accept Heritage Bank's policy of accepting any check with one authorized signature.

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

Upon roll call, the vote was as follows:

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

Motion Approved: September 28, 2022

Shennetta Smith, Chair

10. EXECUTIVE SESSION

The Board went into executive session at 5:35 pm 1 hour and 20 minutes to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. The Board came back to regular session at 6:15 pm.

9. COMMENTS FROM COMMISSIONERS

None

11. ADJOURNMENT

There being no further business to conduct the meeting ended at 6:16 pm.

APPROVED AS CORRECT

Adopted: October 26, 2022

Shennetta Smith, Chair



**Tacoma
Housing
Authority**

Executive Director
April Black

Board of Commissioners
Shennetta Smith, Chair | Dr. Minh-Anh Hodge, Vice Chair
Stanley Rumbaugh | Derek Young | Pastor Michael Purter

Real Estate Development Committee

Commissioner Stanley Rumbaugh
Commissioner Derek Young
April Black
Sandy Burgess
Richard Deitz
Julie LaRocque

Finance and Audit Committee

Commissioner Derek Young
Vice Chair Minh-Anh Hodge
April Black
Jorge Perez
Duane Strom
Julie LaRocque

Community Partnerships and Advocacy Committee

Chair Shennetta Smith
Commissioner Pastor Michael Purter
April Black
Nick Tolley
Marquis Jenkins
Julie LaRocque

Education, Housing, Services and Partnerships Committee

Chair Shennetta Smith
Vice Chair Minh-Anh Hodge
April Black
Katie Escudero
Jess Thompson
Aley Thompson
Julie LaRocque

Diversity, Equity, Inclusion and Belonging Committee

Chair Shennetta Smith
Vice Chair Minh-Anh Hodge
Cacey Hanauer
Sharrall Madden
Marquis Jenkins
Katie Escudero
Jess Thompson
Aley Thompson
Julie LaRocque



TACOMA HOUSING AUTHORITY

PRESENTATION

**Rental Market Analysis and
Payment Standard Revisions**

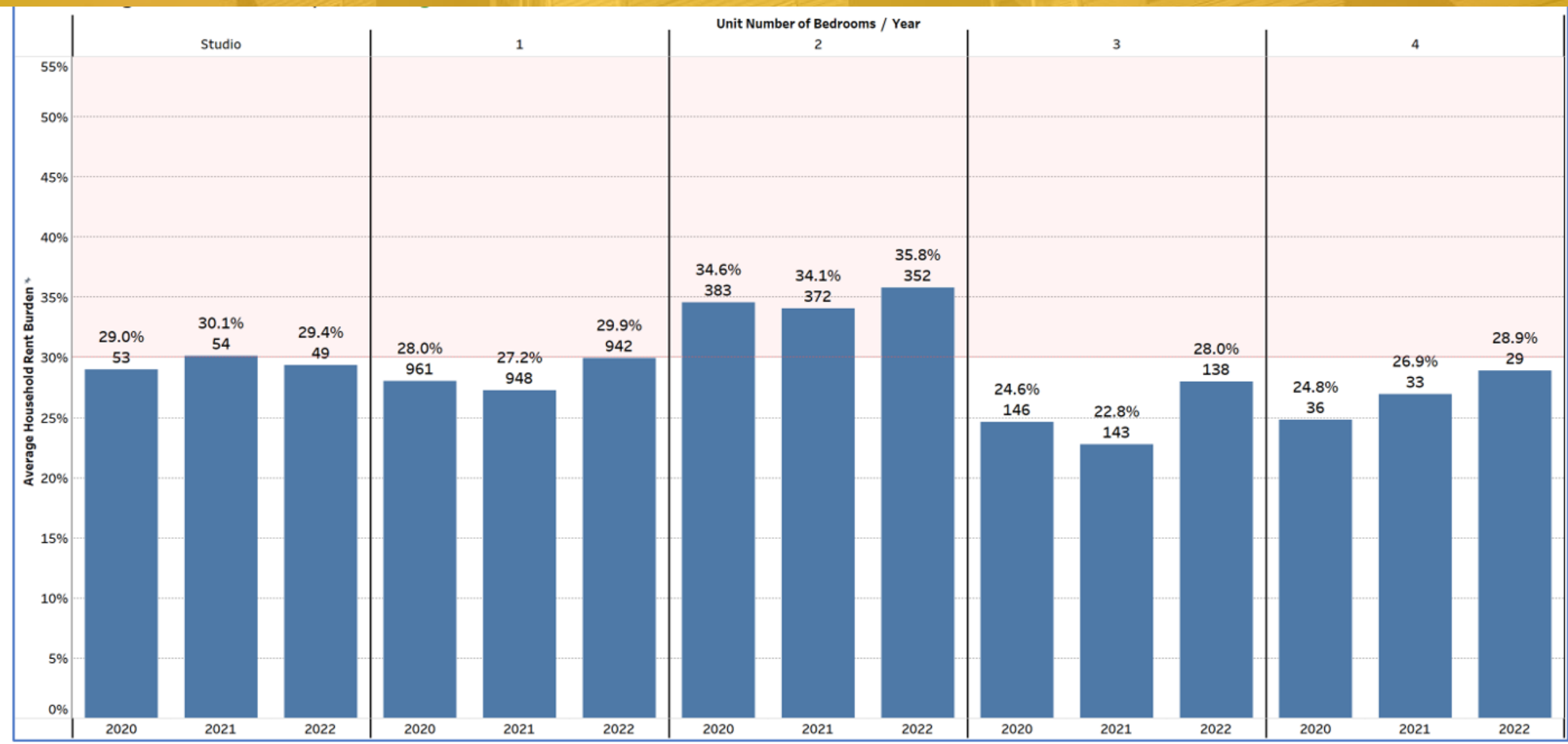


2022 Fall Payment Standards Analysis



We aim to:

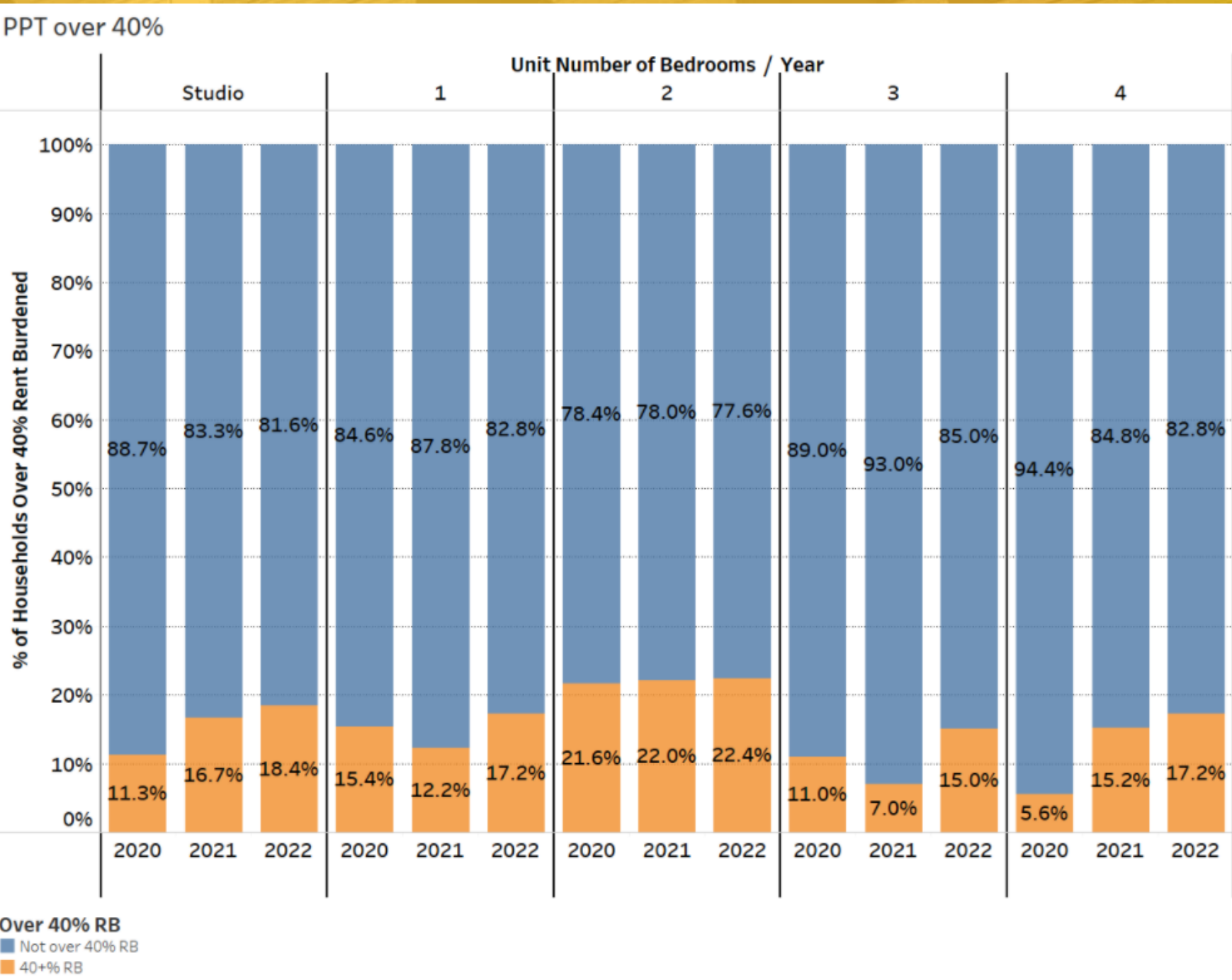
- Reduce Rent Burden**
- Increase Housing Choice**
- Reduce Unplanned Relocation**
- Increase Housing Success**



Average Household Rent Burdened Is Increasing For Most Bedroom Sizes

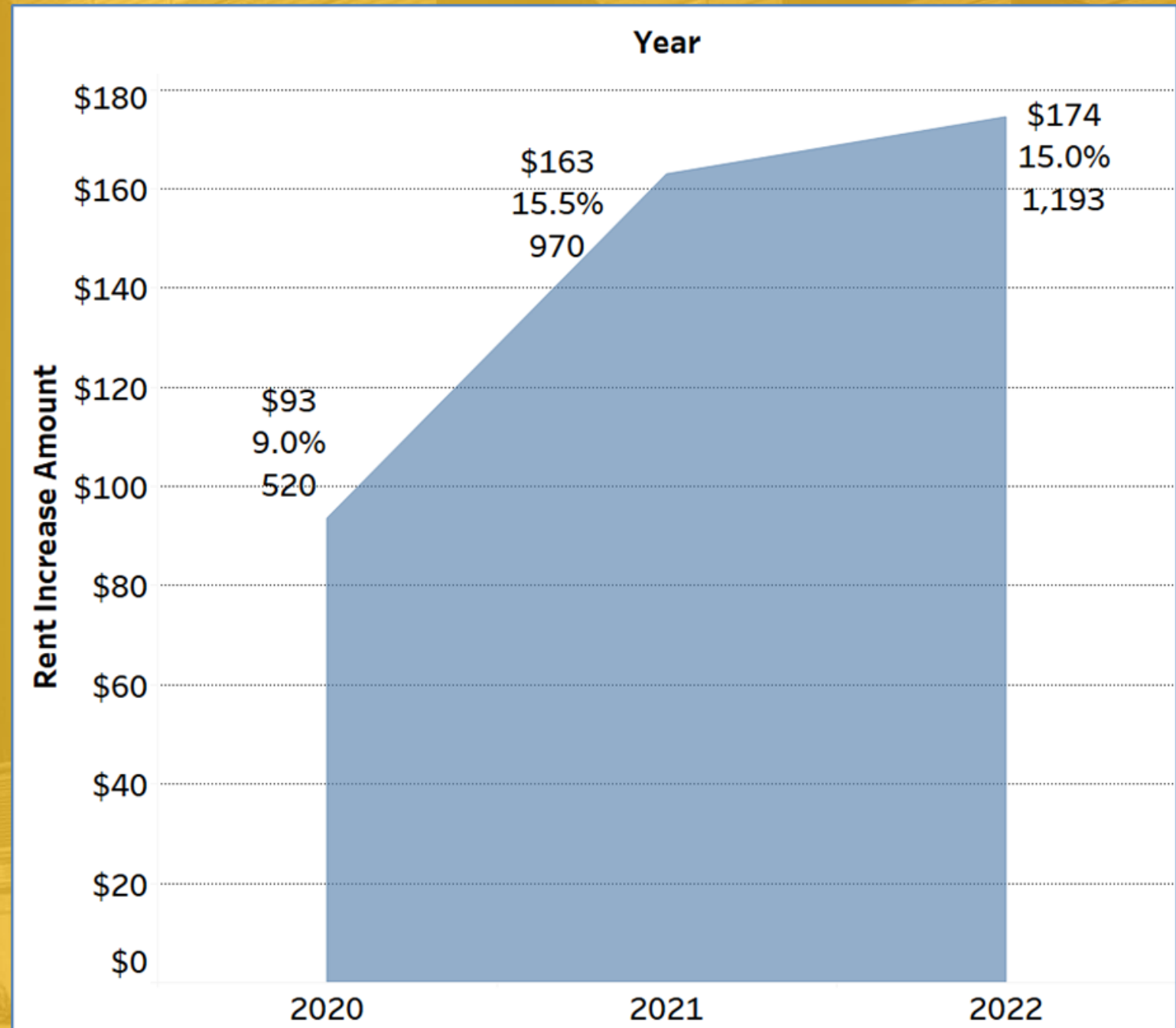
The Percent of Households Over 40% Rent Burdened is Increasing

Agency Goal: Increase Housing Access & Stability by Decreasing the Number of Households Paying More than 40% of Their Income To Rent

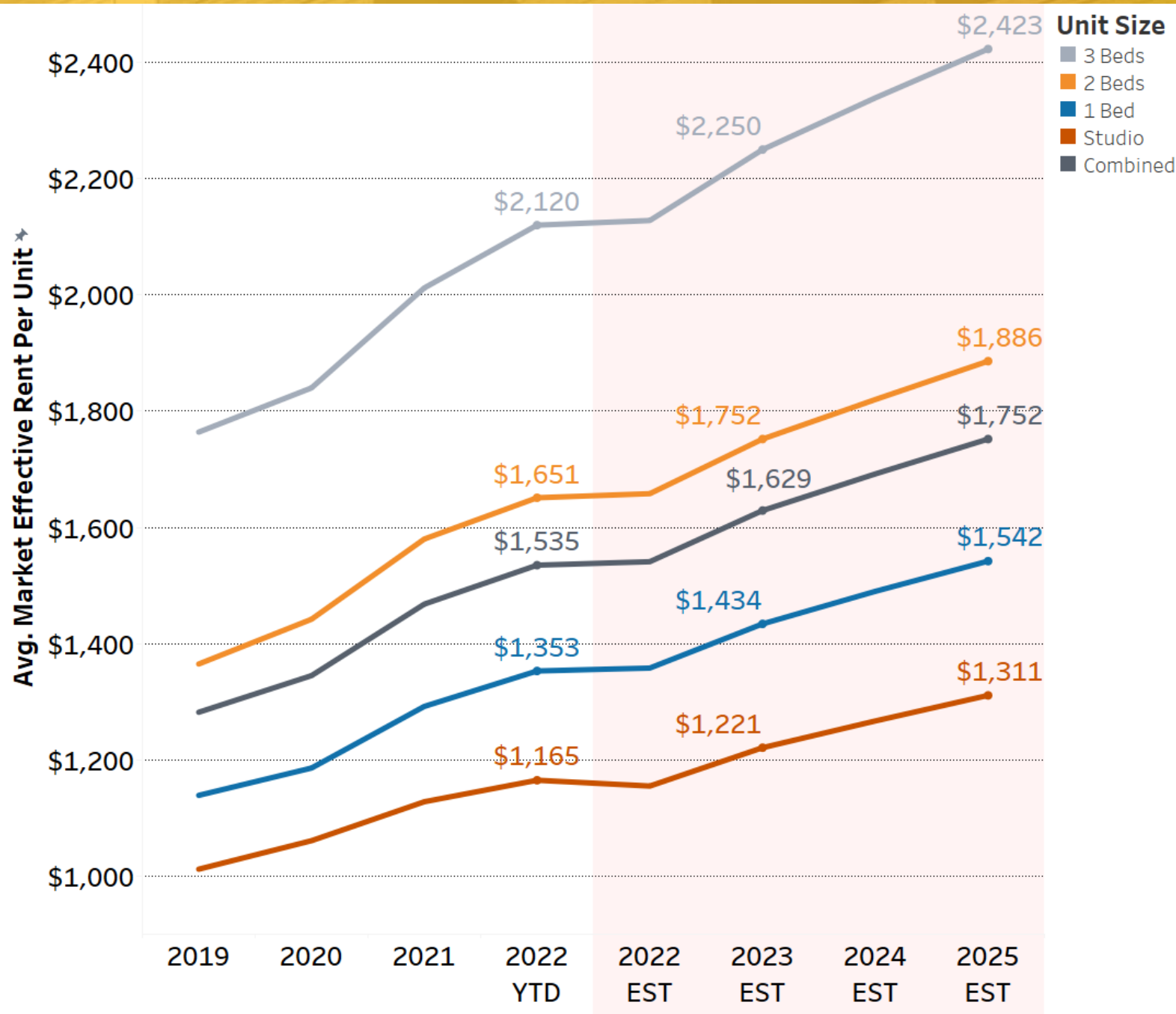


Number of Rent Increases Processed:

- 970 increases processed in 2021 averaging 15.5% (or \$164)
- 1,193 increases processed in 2022 averaging 15% (or \$174)

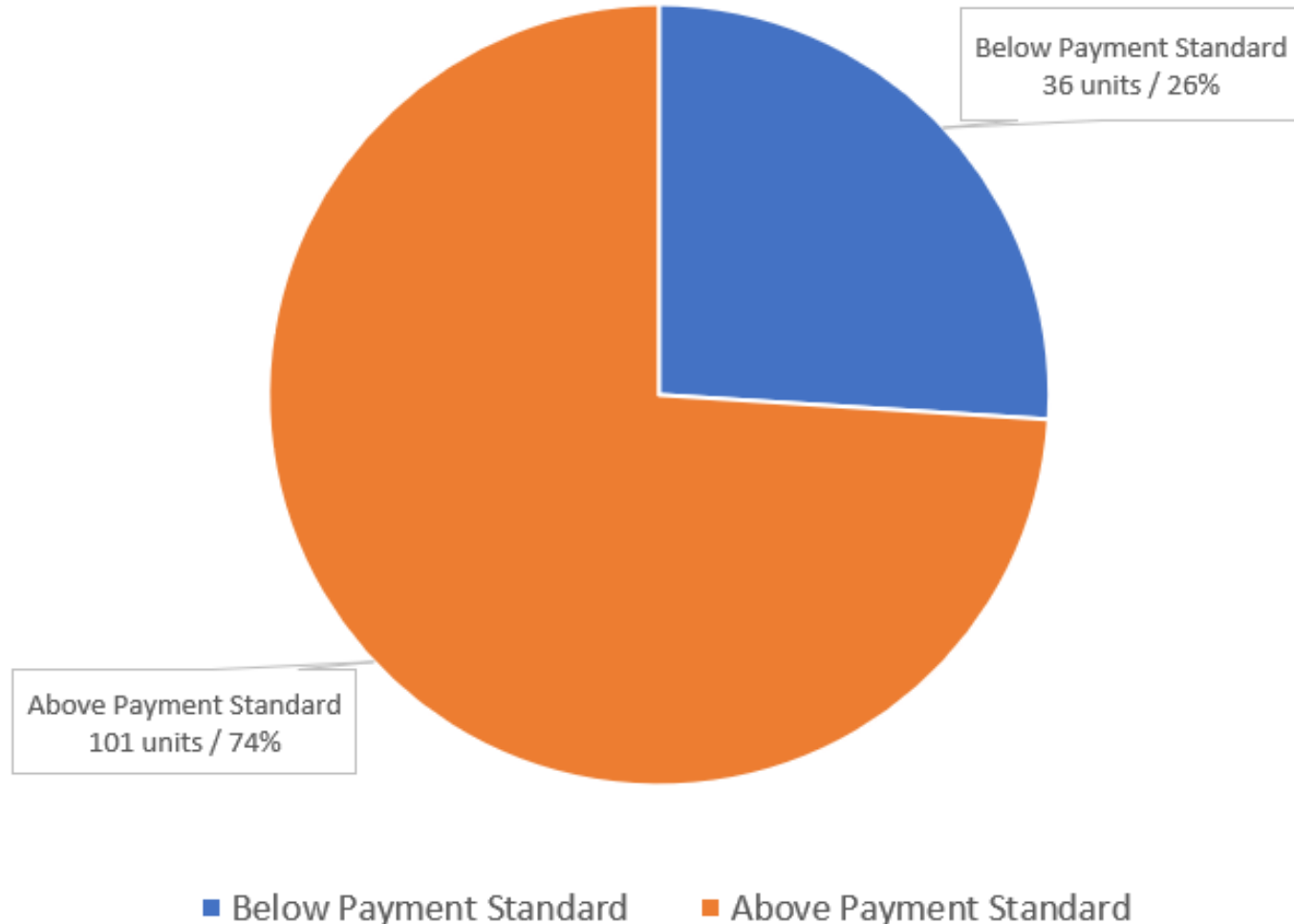


Market Rents Continue to Increase



26% of 137 vacant units listed by our landlord partners are currently at or below THA's payment standards

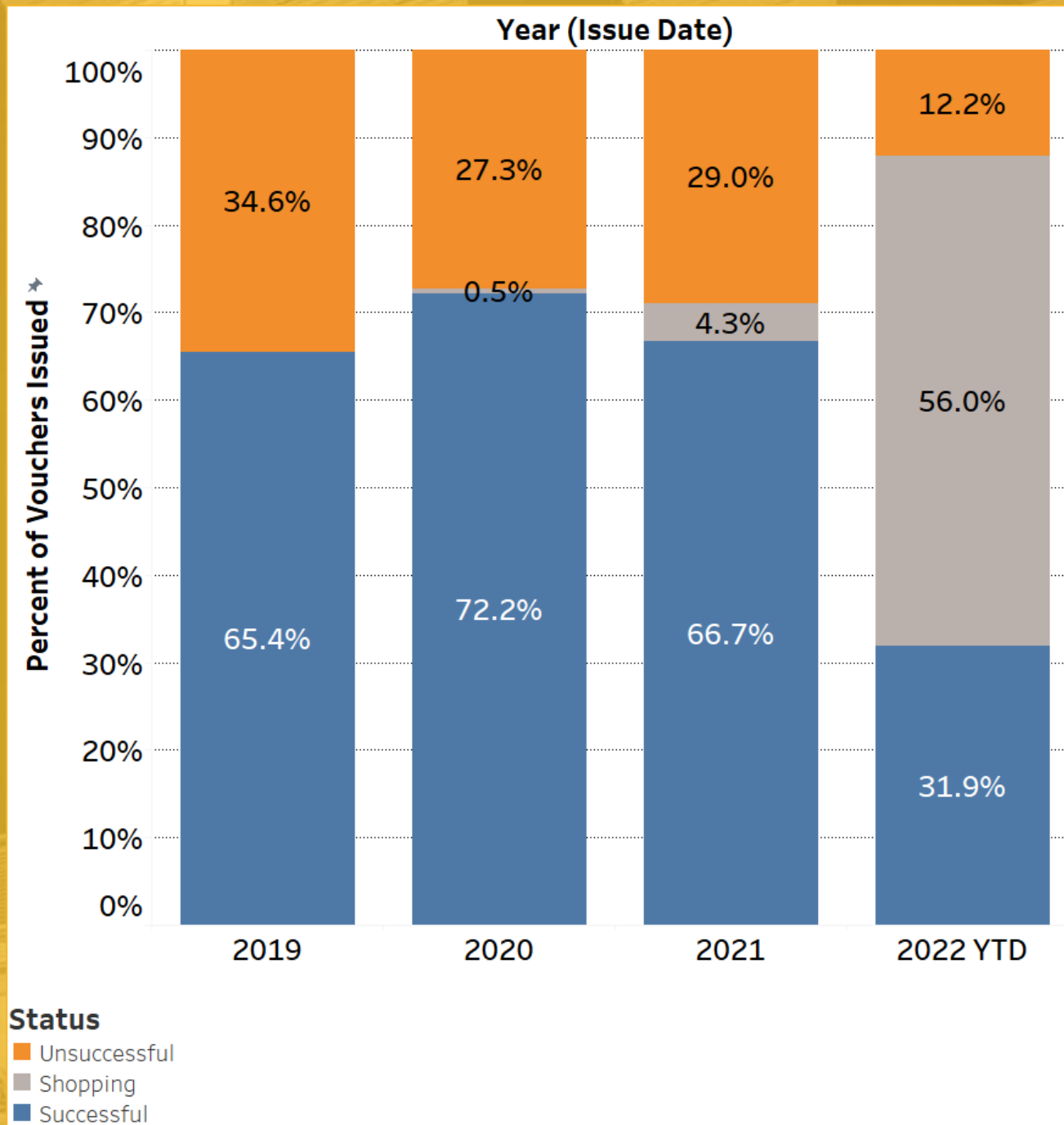
When families rent above the Payment Standard, they absorb 100% of any rent increase



Housing Success:

The data is incomplete, but housing success rates have decreased since 2020

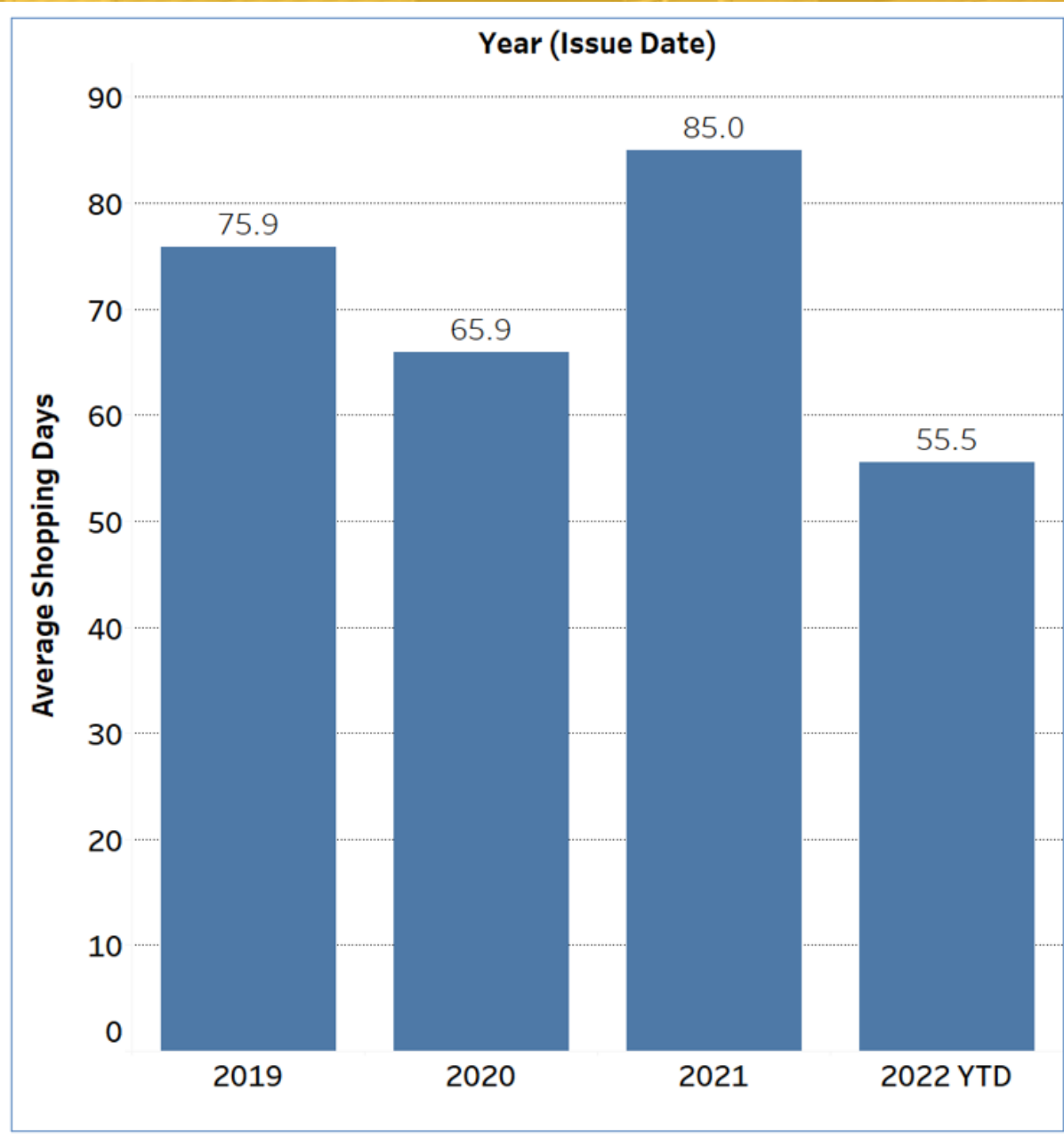
67% were successful in 2021 vs. 72% in 2020



Days to Find Housing:

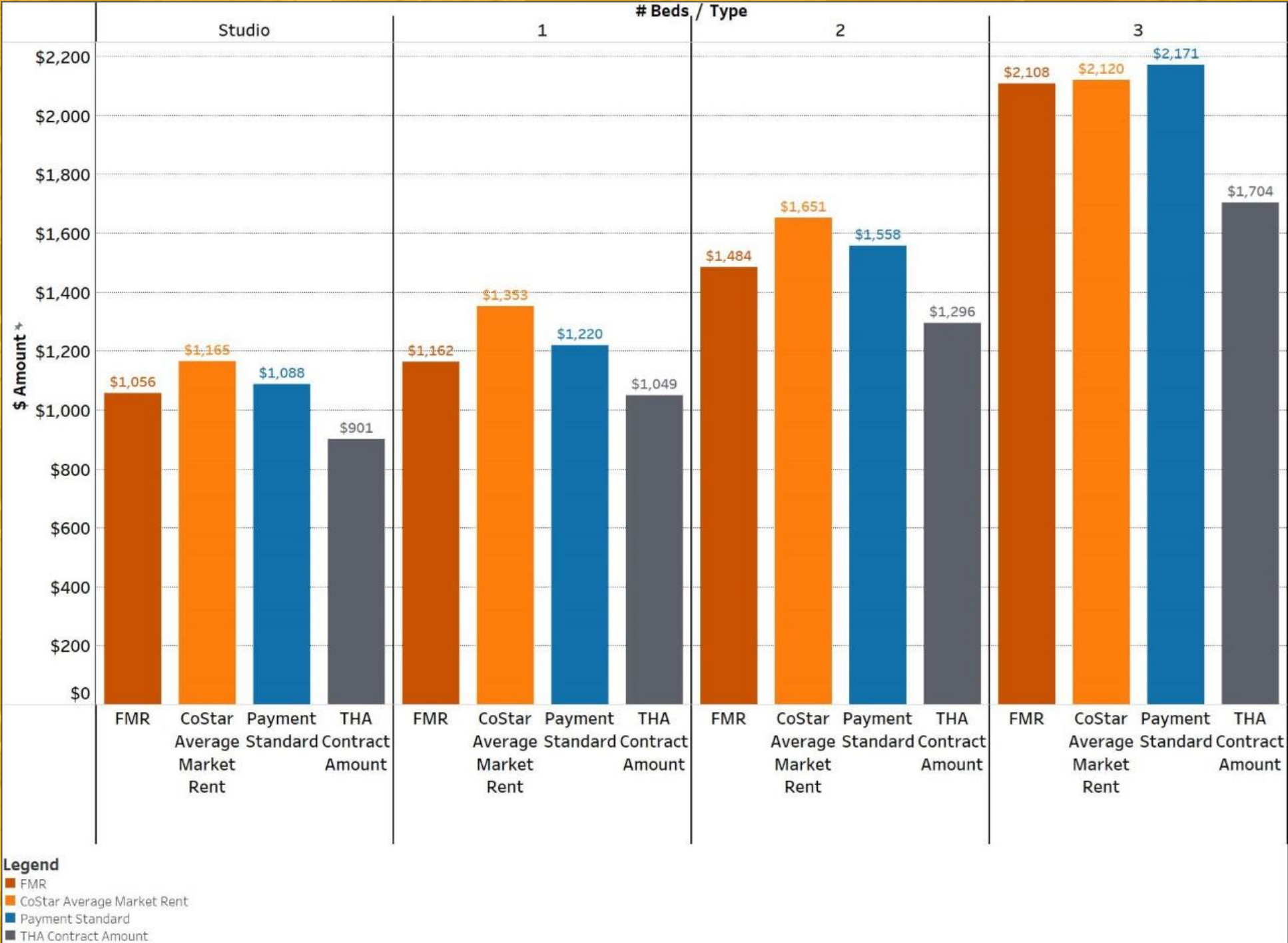
Of those who find housing, the time it takes them to find a unit has decreased.

THA made significant investments in Housing Navigation in 2022



Comparison of
FMRs, Market Rents,
Payment Standards,
& THA Contract
Rents

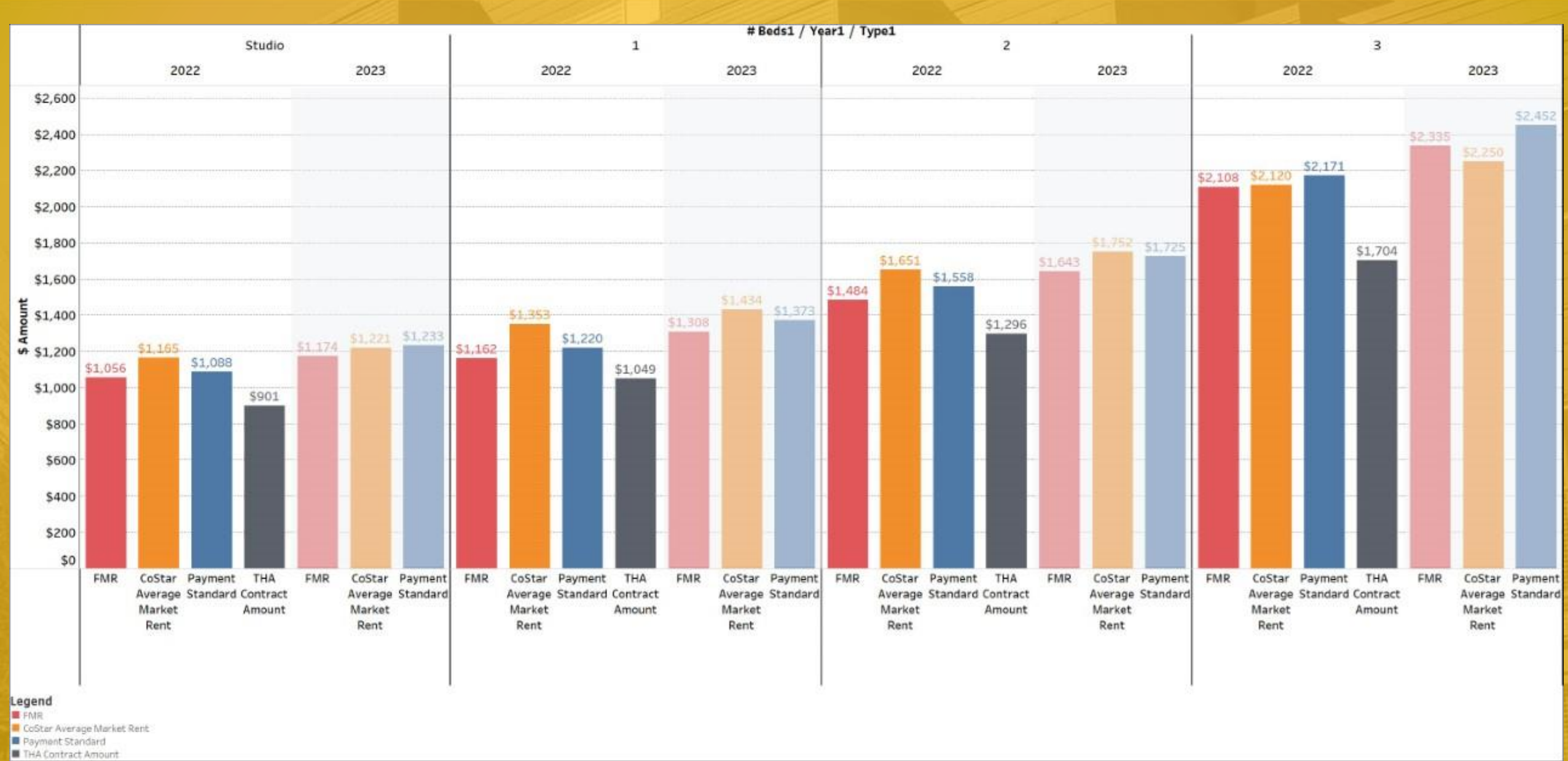
80% of THA's
voucher customers
live in 1 and 2-
bedroom units



Bedroom Size	Current Payment Standard	2023 FMRs	Proposed Payment Standards	% of FMRs	% Change	Exception Payment Standards (135 EHV & 219 TBV VASH Allocated)	Exception PS 120%	% Change
0	\$1,088	\$1,174	\$1,233	105%	13%	120% for EHV & VASH	\$1,409	29%
1	\$1,220	\$1,308	\$1,373	105%	13%	120% for EHV & VASH	\$1,570	29%
2	\$1,558	\$1,643	\$1,725	105%	11%	120% for EHV & VASH	\$1,972	27%
3	\$2,171	\$2,335	\$2,452	105%	13%	120% for EHV & VASH	\$2,802	29%
4	\$2,570	\$2,740	\$2,740	100%	7%	120% for EHV & VASH	\$3,288	28%
5	\$2,921	\$3,151	\$3,151	100%	8%	120% for EHV & VASH	\$3,781	29%
6	\$3,302	\$3,562	\$3,562	100%	8%	120% for EHV & VASH	\$4,274	29%
7	\$3,683	\$3,973	\$3,973	100%	8%	120% for EHV & VASH	\$4,768	29%
8	\$4,064	\$4,384	\$4,384	100%	8%	120% for EHV & VASH	\$5,261	29%

Proposals:

- Increase the Payment Standards above the FMRs for most households.
- Increase the Payment Standards significantly (to levels encouraged by HUD) for two programs serving special populations that experience under utilization.



Comparison of FMRs, Market Rents, Payment Standards, & THA Contract Rents: Now & Proposed

Fiscal Impact & Finance Recommendation

- Increased investment in our voucher holders is an agency priority
- Rental Assistance seeks to admit 300+ households to our programs in 2023
- The proposed payment standards are a \$2.9 million increase in HAP expenditures over the 2022 planned budget and a \$1.6 million increase over the actual budget
 - In 2022, THA budgeted for flat funding and received \$1.3 million in additional funding from HUD (\$48.9 million vs. 50.2)
 - It is also important to note that THA has significant HUD held reserves
- THA can absorb a \$1.6 million increase with a federal budget increase of 3% or greater

2023 Payment Standard Recommendations:

Bedroom Size	Current Payment Standard	2023 FMRs	Proposed Payment Standards	% of FMRs	% Change	Exception Payment Standards (135 EHV & 219 TBV VASH Allocated)	Exception PS 120%	% Change
0	\$1,088	\$1,174	\$1,233	105%	13%	120% for EHV & VASH	\$1,409	29%
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8	\$4,064	\$4,384	\$4,384	100%	8%	120% for EHV & VASH	\$5,261	29%



TACOMA HOUSING AUTHORITY

AGENCY MONTHLY REPORT



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: April Black, Executive Director
Date: October 26, 2022
Re: Agency Monthly Report

THA's Mission

We provide high quality, stable and sustainable housing and supportive services to people in need. It does this in ways that help them prosper and help our communities become safe, vibrant, prosperous, attractive and just.

On the following pages you will find our agency highlights for the month of October. The agency updates are categorized as they relate to our long-term goals:

- Increase the amount of available housing for low-income families
- Increase housing access and stability
- Embed principles of diversity, equity, inclusion and belonging (DEIB) in THA's program, culture, and priorities
- Make THA a great place to work

Every person at THA contributes to our work and is integral to fulfilling our mission. This report represents just a small percentage of the work our team does in service to our community.

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INCREASE THE AMOUNT OF AFFORDABLE HOUSING FOR LOW INCOME FAMILIES

BY 2028, ADD AT LEAST 500 NEW UNITS OF AFFORDABLE HOUSING THROUGH DEVELOPMENT OR PARTNERSHIP

Housing Hilltop

Housing Hilltop is THA's next development project. It will include 231 units of affordable housing and 13,000 square feet of commercial space prioritized for local BIPOC businesses. The property is along S L Street between S 10th and Earnest S Brazill St.

We have spent the past several weeks working with the lenders and investors on this project, providing the due diligence items necessary to close on the transaction. We have received bids from subcontractors and we are within budget, with a 5% contingency. The funding includes tax exempt and taxable financing from JP Morgan Chase, tax credit equity from RBC, a loan from Amazon, as well as loans from the City of Tacoma and TCRA. It also includes significant financing from THA, with a net of \$10 million remaining as permanent debt from THA on the property. There are two board resolutions this month which summarize the transaction. THA has formed a Limited Liability Limited Partnership (Housing Hilltop LLLP) and is the general partner in the Partnership. The land will be leased, long term to the partnership. THA will master lease the commercial space.

We have identified several subcontractors, with major scopes of work, that are Section 3 and/or Minority and Women Owned Businesses (MWBE). We will report on this in more detail once all of the subs are under contract.

Hilltop Lofts

Hilltop Lofts will bring 57 units of Permanent Supportive Housing to the Hilltop. The certificate of occupancy is expected this month and leasing should begin soon. Nearly 30 homeless households have been identified to fill the property from the Pierce County homeless system.

Running Total of Units 2022-2028:

Project	Location	Owner	THA's Role	Number of units	Status
Housing Hilltop	Earnest S Brazill and MLK Way	Horizon Housing	-Land lease -Project Based Vouchers	57	Nearly complete
Housing Hilltop	S L St and S 11 th	THA	Owner/Developer	231	Fully funded
New Life Housing	S I St between S 12 th and S 13 th St	Shiloh Baptist Church	-Helped secure financing -Project Based Vouchers	60	Fully funded
South 15 th and Tacoma	S 15 th and Tacoma Ave	Korean Women's Association	-Project Based Vouchers	88	Fully funded
			Total Completed	0	
			Total fully funded	436	

BY 2028, PURCHASE AT LEAST 200 UNITS THAT CAN BE PRIORITIZED FOR VOUCHER HOLDERS

Since the last update, we decided not to pursue the acquisition option in Midland. We will continue to look for acquisition opportunities.

Running total of units purchased 2022-2028:

Project	Location	Number of units
North Highland Court	3015 N Highland, Tacoma	35
	Total	35

BY 2028, REHABILITATE AND OR REFINANCE AT LEAST 100 UNITS OF EXISTING HOUSING TO IMPROVE QUALITY OF LIFE FOR TENANT AND LONG-TERM VIABILITY OF THE PROPERTY

New Computer Labs

Now that the pandemic has receded, THA recently allocated funding to revitalize and update all the computer labs located at our properties. The equipment has now arrived and will be installed starting in mid-October. These labs will provide our residents with state-of-the-art facilities to access the Internet, participate in training, prepare materials for job interviews, and more. Access to such tools and equipment is essential to our ability to help close the digital divide with our residents. More steps are in the planning stages.

Rehabilitate THA Units

We have conducted Physical Needs Assessments on all of our properties and will begin looking at resyndication and rehabilitation of Salishans 1, 2 and 3, as well as Hillside. This would improve over 300 units in THA's portfolio. A resyndication should bring funds for the rehab, as well as a developer fee.

BY THE END OF 2023, DEVELOP A PROCESS OR PROGRAM FOR THA CUSTOMERS TO PURCHASE HOMES

PIE is embarking on the planning and research phase in this area by looking into some promising approaches and best practices occurring at other organizations.

INCREASE HOUSING ACCESS AND STABILITY

MAINTAIN A 98% OCCUPANCY RATE OR HIGHER IN THA'S PORTFOLIO

This month occupancy in THA's portfolio decreased to 97%, with several vacant units ready to be leased up in the upcoming weeks and we believe this number will rise back to our goal in the upcoming months. Recent struggles with an increase in move outs, heavy unit turns, qualifying households, and finding families for special set aside units are some reasons for the overall occupancy percentage decrease.

MAINTAIN THA'S MTW REQUIREMENTS TO SERVE SUBSTANTIALLY THE SAME NUMBER OF CUSTOMERS

THA has finalized an initial draft of the 2023 Budget. The top line budget assumption is serving substantially the same number of customers.

As of September, THA is actively pulling families from its waitlist and issuing vouchers to eligible households.

BY THE END OF 2023, DECREASE THE NUMBER OF HOUSEHOLDS ON THA PROGRAMS PAYING MORE THAN 40% OF THEIR INCOME FOR HOUSING

This month, the Board will consider increasing THA's payment standards to reduce rent burdens, stabilize households, serve more families, and increase housing choice. These increases are significant and financially impactful to the agency.

The Family Self Sufficiency team has been hard at work helping families set and achieve goals related to employment and, in many cases, limiting their need for financial assistance. In September alone, more than 23 families achieved goals they have set for themselves, earning more than \$10k in incentives related to employment and education.

BY THE END OF 2024, INCREASE THE PERCENT OF HOUSEHOLDS ABLE TO SECURE HOUSING WITH A VOUCHER FROM 55% TO 60%

This month, the Board will consider increases to THA's payment standards aimed at increasing housing success. This metric and goal may be reevaluated by staff as we address data integrity concerns. Only 26% of 137 vacant units listed by our landlord partners are currently at or below THA's payment standards. At the proposed payment standards, that number increases to 55%.

In early 2023, THA will evaluate its partnership with the Housing Connector and determine the most cost-effective method of providing housing navigation and lease-up supports to our customers.

BY THE END OF 2025, DEVELOP A STRATEGY FOR MEASURING CUSTOMER (HOUSING RECIPIENTS, LANDLORDS, VENDORS, ETC) SATISFACTION AND PUBLISH BASELINE DATA

After several months of conducting a needs assessment, engaging in a fit/gap analysis, and contract negotiations, THA has settled on the Apricot Case Management System to support Client Support and Empowerment (CSE) with their activities. This tool, specifically built to support the activities of CSE, will greatly enhance THA's ability to track, program, innovate, and document the efforts of the department. This tool specifically replaces functionality in OpenDoor that never met agency needs. It will fully integrate with Yardi and contribute to the agency's data warehouse. The tool includes comprehensive reports which will be essential in helping the agency document the success of its supportive efforts. The implementation of the tool will take several months, but will be completed before the Yardi system goes live in September or October of 2023.

EMBED PRINCIPLES OF DIVERSITY, EQUITY, INCLUSION, AND BELONGING (DEIB) IN THA'S PROGRAMS, CULTURE, AND PRIORITIES

BY THE END OF 2024, IN AN EFFORT TO INCREASE ACCESSIBILITY AND EASE OF DOING BUSINESS WITH THA, INCREASE THE NUMBER AND PERCENTAGE OF THA INVOICES PAID WITHIN 30 DAYS FROM THE DATE OF INVOICE AND WORK TO REDUCE THE BARRIERS TO DISADVANTAGED BUSINESS ENTERPRISES

This month the Business Process Improvement team published the Owner Agent Payment Errors business process which should streamline account payables, setting up new vendors and getting landlords paid in an even more timely manner.

BY THE END OF 2024, REVIEW WHERE AND HOW TO SET GOALS RELATED TO UNIVERSAL DESIGN

Work has not yet started on this effort. Our goal setting will be aligned the seven principles of Universal Design:

- Equitable Use
- Flexibility in Use
- Simple and Intuitive to Use
- Perceptible Information
- Tolerance for Error
- Low Physical Effort
- Size and Space for Approach and Use

BY THE END OF 2025, INCREASE THE PERCENTAGE (BY NUMBER AND DOLLARS) OF MINORITY AND WOMEN-OWNED BUSINESSES RECEIVING CONTRACT OR DIRECT PURCHASE REQUISITIONS WITH THA AND/OR ON PROJECTS PAID FOR WITH THA FUNDS

A cross departmental team has begun working on a new plan to address HUD's Section 3 requirements, including how to contract with MWBE companies more easily. This also lines up cleanly with THA's own goal of increasing the number of residents who are hired and employed by THA. We hope to have a plan and update at the November meeting.

BY THE END OF 2026, REVIEW THA POLICIES AND PRACTICES RELATED TO HOUSING, PROCUREMENT, AND EMPLOYMENT AND REVISE THEM TO MAKE THEM MORE EQUITABLE

Several staff attended the Prosperity Summit Conference in Atlanta, focusing on providing economic opportunity for everyone and a clear path to prosperity for all. Staff attended more than 22 total sessions, ranging from "Harnessing Community Power for Economic Mobility" to "Designing Responsive and Responsible Cash Assistance Programs". The conference was a great change to dig into the underpinnings of systemic disenfranchisement and empowering attendees to think outside the box and challenge systems that further exacerbate the wealth divide.

MAKE THA A GREAT PLACE TO WORK

BY THE END OF 2023, INCREASE THA RETENTION FROM 79% TO 85%

Please see the attached monthly newsletter that highlights staff promotions and work within the agency.

BY THE END OF 2023, INCREASE THE NUMBER AND HOURS WORKED OF THA RESIDENTS AND LOW-INCOME TACOMANS HIRED INTO THA JOBS AND THA-FUNDED WORK

The Human Resources department has started to track new hires that meet the Section 3 definition and to create a baseline for improving this effort.

As noted above, a team has been created to delve into how we can make THA jobs both more appealing and accessible for THA residents and voucher holders. More information to come in the coming months as a fully fleshed out plan takes shape.

BY THE END OF 2023, INCREASE THE NUMBER AND PERCENTAGE OF THA STAFF EARNING A HOUSING WAGE BY THE END OF 2024, DEVELOP A STRATEGY FOR MEASURING STAFF SATISFACTION

The Human Resources Department is working with Archbright to conduct a compensation study. This study will help the department develop a compensation program that meets the current and future needs of the organization and will be designed to support our business strategies. Stakeholders will be consulted during this study to ensure that results achieve all objectives.

A LOOK AHEAD: NOVEMBER BOARD FOCUS

Our November Board meeting will be focused on an explanation of THA's different housing programs, who we serve, community need, and strategies for serving more households.

ADVOCACY ITEMS

Federal

In preparation for our November trip to Washington DC to meet with our Congressional Representatives, we have aligned our Federal advocacy priorities with our agency goals:

*Support **Federal** measures to increase the construction and rehabilitation of affordable housing*

- ✓ Increase and strengthen the LIHTC
- ✓ New and permanent Tax Credit programs and alternative financing options to expand development opportunity
- ✓ Zoning and technology innovations that support affordable housing

*Support **Federal** measures to preserve existing affordable housing stock*

- ✓ Make LIHTC properties affordable permanently (Ex: current 15-yr vs. 40-yr)
- ✓ Support increased and flexible funding for programs aligned with of affordable housing
 - HOME, NHTF, CDBG
- ✓ Expand and authorize RAD permanently within HUD

*Support **Federal** measures that increase access and stabilizes affordable housing*

- ✓ Encourage greater landlord participation in HCV
- ✓ Increase voucher funding by XXX families/overall amount
- ✓ Establish permanent one-time eviction voucher program for warranted case evictions

Local project advocacy

- ✓ Secure County funds for Housing Hilltop
- ✓ Aviva Crossing infrastructure appropriation request for sewer pipe expansion (\$2M)
- ✓ Arlington Drive services funding through OHY (\$4.25M); local electeds invited to an educational visit to elicit support

On October 25th we will participate in an event with Congressman Kilmer's office. This event will highlight a bill being introduced to increase affordable housing. We will highlight Aviva Crossing in this event.

ACTION ITEMS

None to note at this time.



Last Month at THA

Homeless Service Providers Eligible for up to \$4,000 in Economic Relief

The Washington State Department of Commerce is administering a limited program for eligible homeless service workers in Washington to receive a stipend of up to \$4,000. Thanks to the collaborative effort of Cacey, Shelbi, April, Philong, Sunshine, Sage, Lacie, and others, THA is officially an eligible organization. To see if you qualify, visit homelessworkerstipend.com.

Now Hiring!

We're seeking to fill a variety of positions throughout the organization.

- Community Advocate
- Maintenance Specialist
- Compliance Manager
- Deputy Executive Director
- Accounting Specialist
- Human Resources Director

September 2022

New Staff

This September, we welcomed new Seasonal Maintenance Specialist, William Moore; Housing Specialist, Sunshine Harper; Housing Specialist, Calisa Robinson; and Grants & Resource Development Manager, Rod Nash.

Promotions

Also in September, we celebrated the following staff promotions:

- Marquis Jenkins was promoted to Director of Property Management
- Amber Prentice was promoted to Associate Director of Rental Assistance
- Fawn Yancey-Bridges was promoted to Housing Specialist

**Thanks for coming out to the
Fair Housing trainings!**

DEIB Update

Christine Nguyen shared three main goals of the DEIB Steering Committee:

Modeling DEIB principles across the agency

Understand and model examples of how THA decision-making bodies can authentically make space for the voices that have been historically marginalized to drive equity and inclusive strategies across THA.

Aligning and setting direction for THA's DEIB work

Being informed and having a seat at all DEIB-related decision-making tables.

Serving as a trusted resource for staff

Their goal is to create safer and more inclusive spaces for staff. They seek to have committee members receive training in trauma-informed approaches and mediation & apply skills to be a resource for staff.

CSE & the Salishan Association Host Back to School BBQ & School Supply Giveaway



On Thursday, September 8th, members of the Client Support & Empowerment team partnered with the Salishan Association on a barbecue and school supply giveaway event outside of the Salishan Family Investment Center.

BP Team Completes Owner Agent Payment Errors Business Process

The Business Process team just celebrated the completion of the Owner Agent Payment Errors business process.

Maya led this process over the past year with help from Finance and Rental Assistance Staff.

Jen Rickey wanted to share a comment from Lacie Ricci upon the completion of the process.

"I feel so privileged to have such an amazing team to work with. This can be daunting at times and our team has never wavered from being phenomenal and always supporting one another. Thank you Maya and others for all this hard work that has been put into this process. Working together so wonderfully is something I have learned to expect from my fellow THA family and I am just so grateful for you all! Have a wonderful weekend everyone! 😊"

– Lacie Ricci

2GEN Case Study: First Year at a Glance

Amy Van worked with Berk Consulting to study and analyze the success of the first year of CSE's 2GEN program. Some of the highlights include:

- Engaged nearly 70 families with over 130 school-aged children.
- 52% of clients were internal referrals from other THA interactions. The other 48% came from word-of-mouth and natural relationships in the community.
- Made nearly 230 referrals to over 60 area service providers to help clients achieve goals and meet needs from life skills coaching to counseling to adult education.
- Delivered 491 drop-in tutoring hours to youth covering mathematics, language arts, and playing to learn.

WHO CAN AFFORD TO RENT IN TACOMA?

The average 2-bedroom rent in Tacoma is \$1,685.

Most property managers require 3x the rental amount in monthly income (\$5,055). That is roughly \$32/hour.



REAL PEOPLE IN NEED OF AFFORDABLE HOUSING

Registered Dental Assistant **\$4,160/month**

Special Education ParaEducator **\$3,343/month**

Actual jobs pulled from Ziprecruiter.com on 12/14/2021



TACOMA HOUSING AUTHORITY

FINANCE REPORT



TACOMA HOUSING AUTHORITY

Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$6,757,153 for the month of September 2022.

Approved: October 26, 2022

Shennetta Smith, Chair

TACOMA HOUSING AUTHORITY
Cash Disbursements for the month of September 2022

		Check Numbers				
		From	To	Amount	Totals	
A/P Checking Accounts						
Accounts Payable Checks	Check #'s	95,949	-	96,054		
Accounts Payable ACHs	ACHs	1,405	-	1,494		
Business Support Center				718,670		
Moving To Work Support Center				171,722		Program Support
Moving To Work Buildings (used by Support Center)				50,367		
Tax Credit Program Support Center				114,408		
Section 8 Programs				159,604		Section 8 Operations
Highland Crest Apts				4,313		Properties
North Highland Court Apts				8,149		
Outrigger				3,774		
Prairie Oaks Operations				1,986		
Salishan 7				86,591		
Alberta J Canada Bldg				587		
Arlington Youth Campus				16,999		
Saravida Building				206		Development
James Center				21,527		
Hilltop Redevelopment				1,000		
Bus Development Activity				4,254		
CSA Program - Business Activities				840		Client Support
Department of Commerce Funding for Crisis Residential Center				155,886		
Community Services MTW Fund				24,448		
Education Private Grants (Gates, etc.)				4,475		
Education-Local Gov't Grants (County, City)				1,500		
AMP 6 - Scattered Sites				21		Public Housing
AMP 9 - HT 1500 - Subsidy				1		
THA SUBTOTAL				1,551,328		
Hillside Terrace 2 & 1500				5,262		Tax Credit Projects - Reimbursable
Bay Terrace I & II & Community Facility				13,531		
Housing Hilltop LLLP				213,544		
Arlington Youth Campus				2,912		
Court F (The Rise)				4,621		
Renew Tacoma Housing				25,535		
Salishan 1 - Salishan 6				16,144		
TAX CREDIT SUBTOTAL (Operations & Development - billable)				281,550		1,832,878
Section 8 Checking Account (HAP Payments)						
SRO/HCV/VASH/FUP/NED	Check #'s	486,069	-	486,170	150,606	
	ACHs	22,822	-	23,746	3,782,257	\$ 3,932,863
Payroll & Payroll Fees - ADP						\$ 991,413
TOTAL DISBURSEMENTS						\$ 6,757,153

TACOMA HOUSING AUTHORITY

CASH POSITION - Aug 2022

Account Name	Current Balance	Interest
HERITAGE BANK		
Accounts Payable	7,277,455	0.27%
Section 8 Checking	6,041,512	0.27%
THA Affordable Housing Proceeds-Salishan	1,977,447	0.27%
THA Scattered Sites Proceeds	5,903,048	0.27%
FSS Escrows	255,864	0.27%
CSA Escrows	123,700	0.27%
Note Fund Account	103	0.27%
Key Bank Security Deposits	1,055	0.27%
THA Investment Pool	338	0.27%
THDG - Tacoma Housing Development Group	974,980	0.27%
Salishan 7 Operations	1,919,409	0.27%
Salishan 7 Security Deposit	30,837	0.27%
Salishan 7 Replacement Reserve	545,371	0.27%
Salishan 7 Operating Reserve	204,228	0.27%
North Highland Operations	37,843	0.27%
North Highland Security Deposit	20,100	0.27%
Highland Crest Operations	1,712,353	0.27%
Highland Crest Replacement Reserve	341,286	0.27%
Highland Crest Security Deposit	41,174	0.27%
Outrigger Operations	645,152	0.27%
Outrigger Replacement Reserve	281,821	0.27%
Outrigger Security Deposit	24,370	0.27%
Prairie Oaks Operations	273,971	0.27%
Prairie Oaks Replacement Reserve	43,343	0.27%
Prairie Oaks Security Deposit	6,303	0.27%
Payroll Account	12,359	0.27%
HOME STREET BANK		
James Center North Operations	1,425,996	0.00%
James Center North Security Deposit	73,859	0.00%
WASHINGTON STATE		
Investment Pool	\$ 1,534,567	2.25%
1. TOTAL THA CASH BALANCE	\$ 31,729,844	
Less:		
2. Total MTW Cash Balance	\$ 307,006	
<i>Less Minimum Operating Reserves</i>		
2.01 Public Housing AMP Reserves (4 months Operating Exp.)		
2.02 S8 Admin Reserves (3 months Operating Exp.)	726,000	
2.09 Less Total Minimum Operating Reserves	\$ 726,000	
2.1. MTW Cash Available (Lines 2-2.09)	\$ -	
3. MTW Cash Held By HUD	\$ 9,533,623	
4. Non MTW Cash Restrictions/Obligations		
4.1 Non MTW Operational Restrictions		
4.10 HUD Restricted - Lot and Property Sales	\$ 7,880,494	
4.101 Area 2B Sales Proceeds (Afford Hsg)	1,977,447	
4.102 Scattered Sites Proceeds (Afford Hsg)	5,903,048	
4.20 THA Property Accounts Reserved	\$ 4,249,105	
4.201 Security Deposit Accounts	177,599	
4.202 Highland Crest Operations Reserves	520,000	

TACOMA HOUSING AUTHORITY

CASH POSITION - Aug 2022

4.203 Highland Crest Replacement Reserves	341,286		
4.204 James Center North Operations Reserves (Debt Svc)	1,000,000		
4.205 James Center North Capital	262,686		
4.206 Outrigger Operations Reserve	150,000		
4.207 Outrigger Replacement Reserves	281,821		
4.208 Prairie Oaks Operations Reserves	177,000		
4.209 Prairie Oaks Replacement Reserves	43,343		
4.210 Salishan 7 Operations Reserves	750,000		
4.211 Salishan 7 Replacement Reserves	545,371		
4.30 Rental Assistance Reserves		\$ 1,267,433	
4.301 Mod Rehab Operating Reserves	127,148		
4.302 VASH, FUP, FYI, NED, EHV & MAIN HAP Reserves	760,722		
4.303 FSS & CSA Escrows	379,564		
4.40 Prepaid Grants		\$ 1,813,334	
4.401 TPS Interlocal (CS-2017-011)	228,488		
4.402 Balmer Foundation - Education Prog (CS-2020-005)	249,048		
4.403 College Spark (PI-2018-005)	59,838		
4.404 GTCF Grant (PI-2019-005)	181,803		
4.405 Kresge Foundation - CHAP Program (RA-2019-009)	69,177		
4.406 Ballmer Foundation - COVID Rent Assist (RA-2020-003)	50,000		
4.407 THDG	974,980		
4.60 Total - Non MTW Cash Restrictions (4.10+4.20+4.30+4.40+4.50)		\$ 15,210,367	
4.70 Agency Contracted or Budgeted Commitments Remaining		\$ -	
	-		
	-		
4.99 Total Non MTW Cash Restrictions/Obligations (Lines 4.60+4.70)		\$ 15,210,367	
5. THA UNENCUMBERED (Non-MTW) CASH (Lines 1-2-4.99)		\$ 16,212,471	
6. Development Advances - Project Reimbursement upon closing/draw		\$ 3,193,718	
6.01 Housing Hilltop LLLP	3,193,718		



TACOMA HOUSING AUTHORITY

NEW BUSINESS

Resolution 1



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-10-26 (1)

Date: October 26, 2022

To: THA Board of Commissioners

From: April Black
Executive Director

Re: Omnibus Resolution for Housing Hilltop

This resolution would authorize several transactions related to the financial closing of the Housing Hilltop project.

Background

THA is developing 231 units of housing affordable to households earning 60% of less of the area median income on parcels owned by the agency on South L Street between South 10th and Earnest S. Brazil Street.

The financing includes up to \$21,500,000 in loans from THA. The sources of these loans include \$2,877,000 paid to THA for the lease of the land, \$1,000,000 from the City of Tacoma, \$900,000 from TCRA, \$6,600,000 in developer fee earned by THA, and \$10,123,000 in agency reserves. We anticipate that \$1,100,000 in funds could come from Pierce County, thereby reducing THA's reserve contribution.

Some remaining unknowns include the cost of our builder's risk insurance, which could increase THA's contribution. We also have increasing interest rates, which could decrease our borrowing capacity and increase THA's contribution. For this reason, the resolution authorizes the combined THA loans described above to increase to \$24,000,000.

HOUSING AUTHORITY OF THE CITY OF TACOMA

RESOLUTION 2022-10-26 (1)

(HOUSING HILLTOP)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the lease of Authority property to Housing Hilltop LLLP, authorizing loans to Housing Hilltop LLLP, approving the execution and delivery of documents relating to the acquisition, construction, financing, and operation of an affordable rental housing project within the City of Tacoma, Washington initially to be known as Housing Hilltop, and determining related matters.

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

Section 1. Recitals and Findings. The Board of Commissioners (the “Board”) of the Housing Authority of the City of Tacoma (the “Authority”) finds and determines that:

(a) Statutory Authorization. The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) “prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof” (RCW 35.82.070(2)); (ii) “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project and . . . to establish and revise the rents or charges therefor” (RCW 35.82.070(5)); (iii) “make and execute contracts and other instruments, including but not limited to partnership agreements” (RCW 35.82.070(1)); (iv) “delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper” (RCW 35.82.040); (v) “make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income” (RCW 35.82.070(19)); and (vi) issue bonds, notes or other obligations for any of its corporate purposes (RCW 35.82.020(11) and 35.82.130). The phrase “housing project” is defined by RCW 35.82.020 to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income.”

(b) The Partnership. Pursuant to the authority provided by RCW 35.82.070(1) and Resolution No. 2018-11-14(1) of the Authority adopted November 14, 2018, the Authority caused Housing Hilltop LLLP (the “Partnership”) to be formed by filing a certificate of limited partnership with the Washington Secretary of State on November 16, 2018, and executing a Limited Partnership Agreement for Housing Hilltop LLLP dated as of November 15, 2018, with Tacoma Housing Development Group, a Washington nonprofit corporation (the “Initial Limited Partner”), for purposes including acquiring (by ownership or long-term lease), developing, constructing, equipping, operating, managing and maintaining one or more rental housing projects in Tacoma, Washington. RBC-Housing Hilltop, LLC, a Delaware limited liability company, or one or more of its affiliates (the “Investor Limited Partner”), and RBC Community Investments Manager II, Inc., a

Delaware corporation, or one or more of its affiliates (the “Special Limited Partner” and, together with the Investor Limited Partner, the “Investors”) are willing to be limited partners in the Partnership and to make capital contributions to the Partnership. In connection with the admission of the Investors as limited partners of the Partnership, it is necessary to amend and restate the Partnership’s original partnership agreement, and to execute and deliver certain other agreements, certificates and documents relating to the Partnership and the Project (as defined below).

(c) The Project. The Authority owns land located at or around 1011 and 1111 South L Street, Tacoma, Washington. The Partnership intends to develop an affordable rental housing project on such land, to be known as Housing Hilltop, and to consist of approximately 231 dwelling units, functionally related and subordinate facilities, and ground floor commercial space, all to provide housing for low-income persons within the Authority’s service area (the “Project”). In connection with the financing for the Project, the Authority will lease the Project to the Partnership and the Partnership will provide the Authority with an option and right of first refusal to acquire the Partnership’s interest in the Project. The Authority anticipates that the Partnership will sublease a portion of the space within the Project to the Authority, for use or sub-lease as commercial space.

(d) Sources of Financing. The total cost of the Project is anticipated to be approximately \$118,200,000, which will be financed by the Partnership with numerous sources of public and private funds, including: a loan in the approximate amount of \$70,000,000 of proceeds of tax-exempt and taxable bonds issued by the Authority to JPMorgan Chase Bank, N.A. (the “Bank”), of which approximately \$52,000,000 is expected to be repaid with capital contributions from the Investor Limited Partner and/or other sources; one or more loans from the Authority in the approximate aggregate amount of \$21,500,000 (a portion of which is expected to be derived from proceeds of loans from the City of Tacoma, Washington (the “City”), Tacoma Community Redevelopment Authority (“TCRA”), the County (as hereinafter defined), and/or Commerce (as hereinafter defined)); a loan from Amazon.com NV Investment Holdings LLC or an affiliate thereof (“Amazon”) in the approximate amount of \$22,500,000; capital contributions in the approximate amount of \$50,625,000 from the Investors; and capital contributions from the Authority in the approximate amount of \$100. The Project may also be eligible to receive proceeds of one or more Housing Trust Fund loans or grants from the Washington State Department of Commerce (“Commerce”) and one or more loans from Pierce County, Washington (the “County”), which financial support may not be available until after the closing of other financing sources, and which may be made available directly to the Partnership or to the Authority and used by the Authority to fund a loan to the Partnership.

(f) Additional Findings. The Board finds and determines that the Project likely would not be developed as housing for individuals and families of low income unless the Partnership was formed and the Investors committed to make capital contributions to the Partnership. The Board further finds that the loans to be made by the Authority to the Partnership are important for the feasibility of the Project. The Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for it to serve as general partner of the Partnership and developer of the Project, and to obtain the various funding sources on behalf of the Project described above, and

to make such funds available to the Partnership. The financial assistance to be provided by the Authority pursuant to this resolution is necessary to support the poor and infirm.

Section 2. Approval of Transaction Documents. The Authority is authorized to continue as a general partner of the Partnership and to provide development services to the Partnership. The Authority's Executive Director, Deputy Executive Director, and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized and directed to execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf, or as the general partner of the Partnership) (i) those documents listed in Exhibit A (collectively, the "Transaction Documents") in such forms as any Authorized Officer may approve (with the understanding that an Authorized Officer's signature on a Transaction Document shall be construed as the Authority's approval of such Transaction Document); and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Transaction Documents. The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or in its capacity as the general partner of the Partnership, under the provisions of or as necessary to carry out the transactions contemplated by the Transaction Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein). The Authorized Officers (or their designee), and each of them acting alone, are authorized and directed, without further Board approval, to take such actions on behalf of the Authority as are required to be taken by the general partner of the Partnership.

Section 3. Authorization to Lend Money. The Authority is authorized to lend to the Partnership up to \$24,000,000 of available Authority funds (which may include, without limitation, funds received from the City, TCRA, the County, and/or Commerce), all pursuant to the Transaction Documents listed in Exhibit A under the heading "Housing Authority Loan Documents" (collectively, the "Housing Authority Loan Documents"). The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to determine the source (or sources) of funds for each loan contemplated under the Housing Authority Loan Documents. Each loan is intended to be in addition to the loan of Authority bond proceeds to the Partnership authorized by a separate resolution (the "Bond Resolution").

Section 4. Approval of Housing Authority Capital Contribution; Development Deficit/Operating Deficit Loans. The Authority is authorized to make capital contributions or additional development deficit and/or operating deficit loans to the Partnership, in any case from available Authority funds, and all pursuant to the Transaction Documents listed in Exhibit A under the heading "Partnership Documents"; provided, however, that subject to Section 10 of this resolution, the cash portion (if any) of any capital contribution of the Authority to the Partnership payable on or before the date of admission of the Investors as limited partners of the Partnership, shall not exceed \$500,000. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to determine the source (or sources) of funds for such capital contributions and/or loans contemplated under the Transaction Documents.

Section 5. Approval of Real Estate Encumbrances. In furtherance of its statutory authority to provide decent, safe and sanitary living accommodations for persons of low income, the Authority is authorized to: (i) lease to the Partnership, for a term not exceeding 100 years, the land on which the Project is located, all improvements located on such land, and the Authority's interest in all personal property located on such land and in such improvements; (ii) encumber the Authority's interest in the Project and the land on which it is to be located (including its fee interest therein) pursuant to the covenant agreements, regulatory agreements, the extended use agreements, a landlord's consent for the benefit of the Bank, and other encumbrances that are Transaction Documents; and (iii) cause the Partnership to encumber the Partnership's interest in the Project and the land on which the Project is to be located (including its leasehold interest therein) and certain other property of the Partnership pursuant to the Transaction Documents.

Section 6. Tax Credit Documents. The Authorized Officers (and each of them acting alone) are authorized on behalf of the Authority (acting on its own behalf and/or as general partner of the Partnership) to execute, deliver and/or file (or cause to be delivered and/or filed) all documents deemed necessary or appropriate to allow the Partnership to qualify for and obtain federal low-income housing tax credits in connection with the Project including, without limitation: the filing of one or more applications with the Washington State Housing Finance Commission (the "Commission"); the execution of all necessary and related documents, including without limitation regulatory agreements, declarations and restrictive covenants; the making of determinations required by Section 42(m)(2)(D) of the Internal Revenue Code of 1986, as amended; and the making of certifications with respect to the Project and the Partnership of the type described in Treasury Regulation § 1.42-8(b)(4)(i).

Section 7. Assignments. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf and/or as general partner of the Partnership) to execute and deliver one or more instruments (i) assigning to the Partnership the Authority's rights, if any, under construction contracts, architect's contracts, the geotechnical consultant contracts and other development contracts, as such rights pertain to the development of the Project and (ii) assigning to lenders and others the Partnership's interests in such contracts.

Section 8. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf and/or as general partner of the Partnership) to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority and/or the Partnership not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, development, financing, construction, and leasing of the Project; (iii) cause the Authority and/or the Partnership to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this

resolution; and (iv) notwithstanding any other Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein. Without limiting the scope of such authorization, such documents may include lease-up and marketing agreements, company management services agreements, development agreements, construction guaranty agreements, repayment guarantees, cash pledge agreements, environmental indemnity agreements, property management agreements, architect agreements, contractor agreements, housing assistance payment contracts, irrevocable consents and appointments of attorneys for service of process.

Section 9. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority (whether acting on its own behalf or in its capacity as the general partner of the Partnership) to fulfill the Authority's duties and obligations, and cause the Partnership to fulfill the Partnership's duties and obligations under the Transaction Documents.

Section 10. Increase in Authority Participation. The Authorized Officers, and each of them acting alone, are authorized to decrease the principal amount of any loan or capital contribution authorized by this resolution by any amount, and to increase the principal amount of any loan by or capital contribution from the Authority by an amount up to \$500,000 more than the maximum principal amount for the loan or capital contribution stated in this resolution. The Board directs the Executive Director to report to the Board if the total amount borrowed by or contributed to the Partnership for the Project exceeds the aggregate maximum principal amount stated in this resolution and the Bond Resolution for all loans and capital contributions by the Authority to the Partnership.

Section 11. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may, in such person's absence, be taken by the Deputy Executive Director of the Authority.

Section 12. Changes to Titles or Parties. While the titles of and parties to the various Transaction Documents listed in Exhibit A hereto may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 13. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution (including, without limitation, the formation of the Partnership and the selection of the Investors) are ratified and confirmed.

Section 14. 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 City of Tacoma at an open public meeting thereof this 26th day of October, 2022.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

Chair, Board of Commissioners

ATTEST:

Secretary

EXHIBIT A
TRANSACTION DOCUMENTS

Partnership Documents

- Amended and Restated Agreement of Limited Liability Limited Partnership among the Authority, the Investor Limited Partner, the Special Limited Partner and the Initial Limited Partner;
- Development Agreement between the Partnership and the Authority;
- Purchase Option and Right of First Refusal Agreement between the Partnership and the Authority, and consented to by the Investor Limited Partner and the Special Limited Partner;
- Tax representation letter from the Authority;
- Reimbursement and Assignment Agreement between the Partnership and the Authority;

Bond Loan Documents

- Loan Agreement between the Authority and the Partnership;
- Construction and Permanent Loan Agreement between the Partnership and the Authority;
- Promissory Note (Tax-Exempt) by the Partnership payable to the Authority and indorsed to the Bank;
- Promissory Note (Taxable) by the Partnership payable to the Authority and indorsed to the Bank;
- Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing from the Partnership in favor of the Bank;
- Lessor's Estoppel Certificate, Consent and Agreement among the Partnership, the Authority, and the Bank;
- Environmental Indemnity Agreement made by the Partnership and the Authority in favor of the Bank;
- Replacement Reserve and Security Agreement between the Partnership and the Bank;
- Completion Guaranty made by the Authority in favor of the Bank;
- Payment Guaranty made by the Authority in favor of the Bank;
- Assignment of Loan Documents by the Authority and acknowledged by the Partnership in favor of the Bank;
- Collateral Assignment of Rights to Tax Credits and Partnership Interests by the Partnership and the Authority in favor of the Bank;
- Collateral Assignment and Pledge of Developer Fees and Security Agreement by the Authority and acknowledged by the Partnership in favor of the Bank;
- Assignment of Management Agreement and Consent and Subordination of Manager by the Partnership and FPI Management, Inc. in favor of the Bank;
- Assignment of Construction and Design Agreements by the Partnership in favor of the Bank;

- Contractor's Consent to Assignment of Construction Contract by Walsh Construction Co./Washington in favor of the Bank;
- UCC-1 Financing Statement naming the Partnership, as debtor, and the Bank, as secured party;
- UCC-1 Financing Statement naming the Partnership and the Authority, as debtors, and the Bank, as secured party;
- Borrower Administrative Questionnaire by the Partnership;
- Rate Lock Confirmation and Agreement by the Partnership in favor of the Bank;
- Rate Lock Guaranty by the Authority in favor of the Bank;
- Regulatory Agreement between the Authority and the Partnership;
- Federal Tax Exemption Certificate and Agreement between the Authority and the Partnership;

Amazon Loan Documents

- Loan Agreement between the Partnership and Amazon;
- Promissory Note by the Partnership payable to Amazon;
- Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, from the Partnership in favor of Amazon;
- Affordable Housing Covenant Agreement by the Partnership in favor of Amazon;
- Environmental Indemnity Agreement made by the Partnership and the Authority for the benefit of Amazon;
- Limited Guaranty by the Authority in favor of Amazon;
- UCC-1 Financing Statement naming the Partnership, as debtor, and Amazon, as secured party;

TCRA Loan Documents

- Affordable Housing Development Agreement between TCRA and the Authority;
- Promissory Note by the Authority payable to TCRA;
- Leasehold Deed of Trust and Security Agreement from the Partnership in favor of TCRA;
- Regulatory Agreement by the Partnership in favor of TCRA;

City Loan Documents

- Affordable Housing Development Agreement between the City and the Authority;
- Promissory Note by the Authority payable to the City;
- Leasehold Deed of Trust and Security Agreement from the Partnership in favor of the City;
- Regulatory Agreement by the Partnership in favor of the City;

Housing Authority Loan Documents

- Omnibus Loan Agreement between the Partnership and the Authority;

- Promissory Note (Housing Hilltop – Omnibus Loan #1) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #2) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #3) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #4) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #5) by the Partnership in favor of the Authority;
- Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (Omnibus Loan – Housing Hilltop) from the Partnership in favor of the Authority;
- Hazardous Substances Warranty/Indemnity Agreement between the Partnership and the Authority;

Commerce Documents

- One or more Specific Terms and Conditions, Housing Trust Fund Contract between the Washington State Department of Commerce (“Commerce”) and the Authority or the Partnership, together with the Housing Trust Fund (HTF) General Terms and Conditions attached thereto;
- One or more Promissory Note by the Authority or the Partnership payable to Commerce;
- One or more Leasehold Deed of Trust by the Partnership and/or the Authority in favor of Commerce;
- One or more Low Income Housing Covenant Agreement by the Partnership and/or the Authority in favor of Commerce;

County Documents

- Loan Agreement between the County and the Authority;
- Promissory Note by the Authority payable to the County;
- Leasehold Deed of Trust and Security Agreement from the Partnership in favor of the County;
- Regulatory Agreement by the Partnership in favor of the County;

Real Estate Documents

- Lease Agreement between the Authority and the Partnership;
- Memorandum of Lease Agreement between the Authority and the Partnership;
- Commercial Space Sublease between the Authority and the Partnership;
- Parking Easement Agreement by the Authority and agreed to and consented to by the Partnership and The Alberta J. Canada LLLP;
- Priority and Subordination Agreement among the Authority, the Partnership, the Bank, Amazon, TCRA, the City, the Commission, Commerce (if applicable), and the County (if applicable);

- Subordination and Intercreditor Agreement among the Bank, Amazon, and the Partnership;

Miscellaneous Documents

- Regulatory Agreement (Extended Use Agreement) among the Commission, the Authority and the Partnership;
- LIHTC/HUD Management Agreement for Housing Hilltop Apartments, together with Addendum to Property Management Agreement, each between the Partnership and FPI Management, Inc.;
- AIA Document 141-2014 Standard Form of Agreement Between Owner and Design-Builder between the Partnership and Walsh Construction Co./Washington, together with one or more amendments thereto;
- Professional Services Contract between the Authority and J.H. Brawner & Company.

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and 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 2022-10-26 (1) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a regular meeting of the Authority held at the regular meeting place on October 26, 2022 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That the public was notified of access options for remote participation in the Meeting www.tacomahousing.org; and;

3. That the Meeting was duly convened, held, and included an opportunity for public comment, in all respects in accordance with law, and to the extent required by law, due and proper notice of the 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 26th day of October, 2022.

APRIL BLACK, Secretary and Executive Director of
the Authority

[CERTIFICATE]

Resolution 2



TACOMA HOUSING AUTHORITY

HOUSING AUTHORITY OF THE CITY OF TACOMA

RESOLUTION 2022-10-26 (2)

(HOUSING HILLTOP BOND FINANCING)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma providing for the issuance of two series of revenue bonds of the Authority in the aggregate the principal amount of not to exceed \$72,000,000, the proceeds of which will be used to make a loan to Housing Hilltop LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, to provide part of the funds with which to finance the construction and equipping of an approximately 231-unit multifamily housing facility to be known as the Housing Hilltop, to provide housing for low income persons in the City of Tacoma, Washington; determining the forms and terms of the bonds; authorizing the execution and delivery of a loan agreement providing for the repayment of the loan, a regulatory agreement governing the use of the project, and other bond and loan documents; providing for the sale and delivery of the bonds to JPMorgan Chase Bank, N.A.; authorizing and directing appropriate officers of the Authority to execute such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

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

Section 1. Recitals and Findings. The Board of Commissioners (the “Board”) of the Housing Authority of the City of Tacoma (the “Authority”) finds and determines:

(a) Statutory Authorization. The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) “prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof” (RCW 35.82.070(2)); (ii) “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project” (RCW 35.82.070(5)); (iii) issue bonds, notes or other obligations for any of its corporate purpose (RCW 35.82.020(11) and RCW 35.82.130); (iv) “make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income” (RCW 35.82.070(19)); (v) “make and execute contracts and other instruments, including but not limited to partnership agreements” (RCW 35.82.070(1)); and (vi) “delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper” (RCW 35.82.040). The phrase “housing project” is defined by RCW 35.82.020 to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low

income.” Under the Uniform Electronic Transactions Act (chapter 1.80 RCW), each governmental agency of the State of Washington “shall determine whether, and the extent to which, a governmental agency will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use and rely upon electronic records and electronic signatures” (RCW 1.80.170).

(b) The Borrower. Pursuant to the authority provided by the Housing Authorities Law, and Resolution No. 2018-11-14(1) of the Authority adopted November 14, 2018, the Authority caused Housing Hilltop LLLP (the “Borrower”) to be formed by filing a certificate of limited partnership with the Secretary of State of the State of Washington on November 16, 2018, and executing a Limited Partnership Agreement for Housing Hilltop LLLP dated as of November 15, 2018, with Tacoma Housing Development Group, a Washington nonprofit corporation, for purposes including acquiring (by ownership or long-term lease), developing, constructing, equipping, operating, managing and maintaining one or more rental housing projects in Tacoma, Washington.

(c) Issuance of Bonds Necessary and Advisable and in the Best Interests of the Authority. The Borrower (i) has applied to the Authority for financial assistance in the principal amount of up to \$72,000,000 for the purpose of providing part of the funds with which to finance the construction and equipping an approximately 231-unit affordable housing project to be known as Housing Hilltop (the “Project”) to be located in the City of Tacoma, Washington to provide housing for low-income persons within the Authority’s area of operation, and (ii) requested that the Authority issue and revenue bonds of the Authority in two series in the aggregate principal amount of not to exceed \$72,000,000, for the purpose of assisting the Borrower in financing the Project. It is necessary and advisable, important for the feasibility of the Project, and in the best interest of the Authority to issue bonds in an aggregate principal amount of not to exceed \$72,000,000, the proceeds of which will be used to make a loan to the Borrower for the purposes described herein.

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

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

“Assignment of Developer Fees” means the Collateral Assignment and Pledge of Developer Fees and Security Agreement to be executed by the Authority, and acknowledged by the Borrower, for the benefit of the Bank, relating to assignment to the Bank of certain of the Authority’s rights to receipt payments under the Development Agreement to be entered into by the Authority and the Borrower pertaining to development of the Project, including any supplements or amendments thereto made in conformity therewith.

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

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

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

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

“Authorized Officers” means the Authority’s Executive Director, the Authority’s Deputy Executive Director, and their respective designees.

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

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

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

“Bonds” means, together, the Series 2022A Bond and the Series 2022B Bond.

“Bond Fund” means the Authority’s Revenue Bond Fund, 2022 (Housing Hilltop).

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

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

“Borrower” means Housing Hilltop LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner.

“Borrower Administrative Questionnaire” means the Borrower Administrative Questionnaire establishing the Bank’s procedures for reviewing the Borrower’s instructions for disbursement of Draw proceeds, prepayments, selection of interest rate options, and other matters, including any supplements or amendment thereto made in conformity therewith.

“City” means the City of Tacoma, Washington.

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

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

“Draws” means incremental draws on the Bonds.

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

“General Revenues” means the rent, fees and other revenues of the Authority from any source, except those revenues which are now or in the future prohibited from being used for the purpose of paying the Authority’s obligations under the Guaranty or the Environmental Indemnity Agreement under the provisions of any law, regulation, contract or covenant, resolution or deed of trust (including restrictions relating to funds available to the Authority under the U.S. Housing Act of 1937).

“Guaranty” means, together, the Completion Guaranty executed by the Authority guaranteeing certain of the Borrower’s obligations with respect to construction of the Project, and the Payment Guaranty executed by the Authority guaranteeing certain of the Borrower’s obligations with respect to the Loan, including any supplements or amendments thereto made in conformity therewith.

“Lessor’s Estoppel Certificate” means the Lessor’s Estoppel Certificate, Consent and Agreement to be executed by the Borrower, the Authority and the Bank, relating to the lease of the Project to the Borrower by the Authority, including any supplements or amendments thereto made in conformity therewith.

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

“Loan Documents” means, collectively, the Bond Loan Agreement, the Bank Loan Agreement, the Deed of Trust, the Environmental Indemnity Agreement, the Lessor’s Estoppel

Certificate, the Notes, the Assignment of Construction and Design Agreements, Assignment of Developer Fees, the Assignment of Loan Documents, the Assignment of Management Agreement, the Assignment of Tax Credits and Partnership Interests, the Borrower Administrative Questionnaire, the Replacement Reserve Agreement, the Rate Lock Documents, any related UCC Financing Statements and any other documents relating to the Loan executed by the Borrower.

“Notes” means, together, the promissory notes evidencing the Loan.

“Project” means, depending upon the context, (1) the construction and equipping of a multifamily rental housing project consisting of 231 dwelling units and Functionally Related and Subordinate facilities, located in the vicinity of 1011 and 1111 South L Street, Tacoma, Washington, or (2) the Housing Hilltop multifamily rental housing project so constructed and equipped.

“Proposal Letter” means the Summary of Indicative Terms and Conditions dated August 4, 2022, prepared by the Bank setting forth certain of the terms under which the Bank may purchase the Bonds, as it may be amended and supplemented, and any commitment letter issued pursuant or supplemental thereto.

“Rate Lock Documents” means, together, the Rate Lock Confirmation and Agreement executed by the Borrower for the benefit of the Bank, and the Rate Lock Guaranty executed by the Authority for the benefit of the Bank guaranteeing certain of the Borrower’s obligations with respect to the Rate Lock Confirmation and Agreement, including any supplements or amendments thereto made in conformity therewith

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

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

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

“Series 2022A Bond” means the Revenue Bond, Series 2022A (Housing Hilltop) (Tax-Exempt), of the Authority, issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Series 2022B Bond” means the Revenue Bond, Series 2022B (Housing Hilltop) (Taxable), of the Authority, issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Tax Certificate and Agreement” means the Tax Certificate and Agreement to be executed by the Borrower and the Authority in connection with the Series 2022A Bond, including any supplements or amendments thereto made in conformity therewith.

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

Section 2. Authorization of Bonds and Application of Proceeds. The Authority shall issue and sell the Bonds in a combined principal amount not to exceed \$72,000,000 for the purpose of making a loan to the Borrower to provide financing for a portion of the costs of the Project and, and the option of the Borrower, costs of issuing the Bonds. All proceeds from Draws on the Bonds shall be lent to the Borrower for those purposes.

Section 3. Description of Bonds. The Series 2022A Bond shall be called the Housing Authority of the City of Tacoma Revenue Bond, Series 2022A (Housing Hilltop) (Tax-Exempt); shall be in a principal amount not to exceed \$62,000,000; shall be dated its date of delivery; and shall be numbered R-1. The Series 2022B Bond shall be called the Housing Authority of the City of Tacoma Revenue Bond, Series 2022B (Housing Hilltop) (Taxable); shall be in a principal amount not to exceed \$10,000,000; shall be dated its date of delivery; and shall be numbered R-1. At the applicable maturity, the remaining outstanding principal balance and accrued interest on each Bond shall be due and payable in full. The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the Bonds. The Bonds shall bear interest payable on such dates and at such rates (which may include variable rates based on secured overnight financing rates and/or the prime rate and/or a fixed rate or rates), shall mature at such times and in such amounts, shall have such prepayment and/or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Bonds and the Loan Documents. The authentication of the Bonds by the Bond Registrar and the execution of the Loan Documents by any Authorized Officer shall be conclusive evidence of approval by the Authority of the terms set forth therein.

Section 4. Draws on the Bonds. The Board authorizes the Authorized Officers, and each of them acting alone, as authorized signors for the Authority, in its capacity as general partner of the Borrower, and their respective designees, to make Draws on the Bonds in such amounts and at such times as they may determine, those Draws to be made in accordance with the terms and provisions set forth herein, in the Bonds, and in the Loan Documents. Draws shall be recorded in such form as the Borrower and the Bank may agree. Draws on the Series 2022A Bond shall be limited to an aggregate principal amount of \$62,000,000, and Draws on the Taxable Bond shall be limited to an aggregate principal amount of \$10,000,000. In the event that the Authority that it is in the best interest of the Authority or the Borrower to convert one Bond or both Bonds into fully funded obligation(s), the Authority is authorized to draw the Draws which have not been drawn to date (the “Remaining Authorized Amount”) on such Bond(s), and to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Borrower, in connection therewith

(including, without limitation, execution of agreements relating to the deposit and investment of such Remaining Authorized Amount prior to application to pay costs of the Project).

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

The Bonds may not be transferred by the Bank without the prior written consent of the Authority (which consent shall not be unreasonably withheld), except that the Bank may assign or transfer the Bonds to a successor to the business and assets of the Bank or to an affiliate of the Bank, in any such case upon completion and delivery to the Authority of the assignment form and certificate of transferee attached to such Bond. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the five days preceding any principal or interest payment date, prepayment date or the maturity date.

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

Section 7. Bond Fund; Security for the Bonds. The Bond Fund is hereby established as a special fund of the Authority designated the Housing Authority of the City of Tacoma Revenue Bond Fund, 2022 (Housing Hilltop). The Bond Fund shall be drawn upon for the sole purpose of paying the principal of, and interest and premium, if any, on, the Bonds. The Authority irrevocably obligates and binds itself to set aside and pay into the Bond Fund from amounts owed or paid by the Borrower under the Loan Documents, amounts sufficient to pay principal of, and interest and premium, if any, on, the Bonds when due, all of which amounts are pledged to the payment of the Bonds. Payment of the Bonds shall be further secured by the Loan Documents and the Guaranty.

Upon the issuance of the Bonds, the Authority shall cause the Loan Documents to be executed by the Borrower for the benefit of the Authority and/or the Bank, as applicable, and the Authority shall assign certain of its rights under the Loan Documents to which it is a party to the Bank, as security for the Authority’s payment of the principal of, premium, if any, and interest on the Bonds. The Authority shall retain its rights under the Regulatory Agreement and certain rights under the Bond Loan Agreement as described therein. Upon that assignment, the Bank shall collect, on behalf of the Authority and the Bond Fund, the principal and interest payments

received under the Loan Documents, and shall apply the same to the payment of the principal of and interest on the Bonds, and the Authority shall have no obligation to make principal and interest payments on the Bonds except from those payments collected by the Bank on the Authority's behalf.

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

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

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

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

Section 8. Form and Execution of Bonds. The Bonds shall be in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and the Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof. A Bond shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Bond bears a Certificate of Authentication manually signed by the Bond Registrar stating: "This Bond is the fully registered

Revenue Bond, Series 2022[A/B] (Housing Hilltop) [(Tax-Exempt)/(Taxable)], of the Authority described in the Bond Resolution.” A minor deviation in the language of such certificate shall not void a Certificate of Authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her facsimile signature is authenticated or delivered by the Bond Registrar or issued by the Authority, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. A Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 9. Lost, Stolen or Destroyed Bonds. In case a Bond shall be lost, stolen or destroyed after delivery to the Registered Owner, the Bond Registrar may execute and deliver a new Bond of like date and tenor to the Registered Owner upon the Registered Owner paying the expenses and charges of the Authority and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such Bond was actually lost, stolen or destroyed and of the Registered Owner’s ownership thereof, and upon furnishing to the Authority with indemnity reasonably satisfactory to the Authority.

Section 10. Preservation of Tax Exemption for Interest on the Series 2022A Bond. Subject to the next succeeding paragraph, the Authority covenants that it will take all actions necessary to prevent interest on the Series 2022A Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Series 2022A Bond or other funds of the Authority treated as proceeds of the Series 2022A Bond at any time during the term of the Series 2022A Bond that would cause interest on the Series 2022A Bond to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Series 2022A Bond, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Series 2022A Bond, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Series 2022A Bond from being included in gross income for federal income tax purposes (but only from amounts received by the Authority from the Borrower as payments for those purposes).

The Bond Loan Agreement shall require the Borrower to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and the

Authority shall not be required to expend any funds, other than such amounts to be reimbursed or other money received under the terms of the Bond Loan Agreement, in so complying.

The Authority and the Borrower intend that the proceeds of the Series 2022A Bond be allocated, or deemed allocated, on a *pro rata* basis, to the residential portion of each building in the Project so that each building and the land on which it is located will have been financed 50% or more by the proceeds of the Series 2022A Bond for the purpose of complying with Section 42(h)(4)(B) of the Code.

Section 11. Approval of Sale of Bonds to Bank. It is anticipated that the Bank will offer to purchase the Bonds under the terms and conditions contained in this resolution and the Proposal Letter. The Board finds that such offer is in the best interest of the Authority, and therefore approves the offer to purchase the Bonds under the terms and conditions in this resolution and the Proposal Letter. The Bonds will be delivered to the Bank with the approving legal opinion of Foster Garvey P.C., municipal bond counsel of Seattle, Washington, regarding the Bonds.

Section 12. Authorization of Documents and Execution Thereof. The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the Regulatory Agreement, the Guaranty, the Environmental Indemnity Agreement, the Tax Certificate and Agreement, and the other Loan Documents. The Board authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in the Bonds, the Guaranty, Environmental Indemnity Agreement, the Tax Certificate and Agreement, the other the Loan Documents to which it is a party, and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bonds. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to execute on behalf of the Authority and deliver the Regulatory Agreement, the Guaranty, the Environmental Indemnity Agreement, the Tax Certificate and Agreement, and the other Loan Documents to which the Authority is a party, and such financing statements and other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bonds or required by the Bank as a condition to purchasing the Bonds. The Board further authorizes the Authorized Officers, and each of them acting alone, to do everything necessary or appropriate for the issuance, execution and delivery of the Bonds to the purchaser thereof, and to execute and deliver any other documents that may be useful or necessary to ensure the proper use and application of the proceeds from the sale of the Bonds.

Section 13. Authorization of Borrower Documents and Execution Thereof. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to negotiate, execute and deliver, on behalf of the Authority in its capacity as general partner of the Borrower, the Loan Documents, the Regulatory Agreement, the Tax Certificate and Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bonds, the Loan to the Borrower, and the other transactions contemplated by this resolution.

Section 14. Reimbursement. For purposes of applicable Treasury Regulations, the Borrower and the Authority are authorized to advance such funds as may be necessary for the Project and the

financing thereof, which expenditures may be reimbursed with proceeds of the Bonds. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of issuance of the Series 2022A Bond from proceeds of the Series 2022A Bond, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

Section 15. Acting Officers Authorized. Any action authorized or directed by this resolution to be taken by the Executive Director of the Authority, may in his or her absence be taken by a duly authorized Deputy Executive Director of the Authority or any other employee of the Authority that has been designated by the Executive Director or the Board to act in the Executive Director's absence. Any action authorized or directed by this resolution to be taken by the Chair of the Board may, in the absence of such person, be taken by the duly authorized acting Chair of the Board.

Section 16. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, applications, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein; (iii) cause the Authority to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution; and (iv) notwithstanding any other Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 17. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 18. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 19. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or the Bonds.

Section 20. 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 City of Tacoma at an open public meeting thereof this 26th day of October, 2022.

HOUSING AUTHORITY OF THE CITY OF TACOMA

By: _____
Chair, Board of Commissioners

ATTEST:

Secretary

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and 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 2022-10-26 (2) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a regular meeting of the Authority held at the regular meeting place on October 26, 2022 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That the public was notified of access options for remote participation in the Meeting via the Authority's website; and;

3. That the Meeting was duly convened, held, and included an opportunity for public comment, in all respects in accordance with law, and to the extent required by law, due and proper notice of the 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 26th day of October, 2022.

APRIL BLACK, Secretary and Executive Director of
the Authority

[CERTIFICATE]

Resolution 3



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-10-26 (3)

Date: October 26, 2022

To: THA Board of Commissioners

From: April Black
Executive Director

Re: Update to THA's Payment Standards

This resolution would authorize Tacoma Housing Authority (THA) to adopt new payment standards for use in THA's rental assistance programs.

Background

Each year the Department of Housing and Urban Development (HUD) releases rent data for the Tacoma-Pierce County metropolitan rental market. These data set HUD's "fair market rents" (FMR) for our area for the year, in this case, 2023. Housing authorities must set their payment standards within 90-110% of the HUD FMR. The payment standards are then used in determining the maximum amount of subsidy THA will pay to landlords. They are also used in the calculation of THA tenant and participant rents.

THA is required to complete an assessment of its tenant data and make adjustments to its payment standards based on this data. In addition to tenant data, THA uses a compilation of 3rd party reports and data to assess the region's rental market. The payment standards were last changed effective October 1st, 2022.

The following table reflects the HUD 2023 FMRs and the previous 2022 FMRs:

	FY2022 FMRs	FY2023 FMRs	\$ Change	FMR % Change From 2022 - 2023
Studio	\$1,056	\$1,174	\$118	11.2%
1 bedroom	\$1,162	\$1,308	\$146	12.6%
2 bedroom	\$1,484	\$1,643	\$159	10.7%
3 bedroom	\$2,108	\$2,335	\$227	10.8%
4 bedroom	\$2,540	\$2,740	\$200	7.9%
5 bedroom	\$2,921	\$3,151	\$230	7.9%
6 bedroom	\$3,302	\$3,562	\$260	7.9%
7 bedroom	\$3,683	\$3,973	\$290	7.9%
8 bedroom	\$4,064	\$4,384	\$320	7.9%

Data Analysis

Policy, Improvement and Evaluation staff's analysis around the following indicators provide the evidence needed to increase the payment standards.

Rent Burden

- Tenant-based voucher (TBV) households are facing increasingly steep rent burden, especially those in 2-bedroom units. EHV households face higher rent burdens when compared to HCV households.

Rent Increases

- Interim rent increases at 15% remain at nearly the same levels as last year, which were already significantly higher than previous years.

Housing Success

- Rates of housing success appear to have decreased slightly in 2021, and average shopping days to successful lease up increased in 2021 but may be decreasing among a sample of 2022 shoppers.

Market Rents

- Market rents continue to increase across all bedroom sizes while vacancy rates are staying near constant levels and decreasing in areas with new construction.
- Payment Standards for studio-, 1-, and 2- bedroom units increased slightly faster than average market rents from 2021 to 2022.
- Only 26% of 137 vacant units listed by our landlord partners are currently at or below THA's payment standards.

Contract Rents

- Average TBV contract rents continue to increase (15%) since the last Payment Standards adjustment in August 2022.
- Average TBV contract rents appear to be increasing faster than market rents.

HUD Fair Market Rents

- The 2023 Fair Market Rents (FMR) appear to be increasing faster than projected market rents and previous FMR trends
-

Estimated Financial Impact

THA's 2023 budget projects significant HAP increases over 2022. Specifically, the DRAFT budget assumes a 14% increase for HCV and 20% for HOP (larger due to the increased cost of the conversion to HCV). The DRAFT budget also assumes aggressive leasing goals (leasing to more households). If THA meets our substantially the same goals in 2023, our DRAFT budget estimates our HAP increase to be approximately \$1.6 million when compared to the 2022 funding THA received from HUD.

THA can absorb this \$1.6 million increase with a federal budget increase of 3% or greater. The Finance Department is in support of increasing the payment standards this year. THA will closely monitor HAP expenditures, leasing, and the development of the federal budget. If

necessary, THA will employ mechanisms to reduce HAP expenditures. THA may do so by leasing to fewer families or adjusting payment standards later in the year.

The Finance Department supports the significant proposed HAP increases for VASH and EHV program participants contingent on an assurance from HUD that this spending will not lead to these programs falling into shortfall.

Final Recommendation

1. After a review of our current payment standards and the other factors listed in this analysis, we recommend setting zero to three-bedroom units at 105% and all other bedroom sizes at 100% of the 2023 FMR.
2. Considering this analysis, yearend utilization projections, feedback from our community partners and the successes of adjacent PHAs, we propose developing exception payment standards for two programs.
 - THA's Emergency Voucher utilization rate is 44%. THA has an allocation of 135 vouchers. Current regulations will not permit THA to reissue these vouchers after September 2023. It is imperative for us to lease as many vouchers as possible prior to that deadline. Other PHAs in the region have significantly higher utilization rates. Regional PHAs and our referring partners attribute much of that success to payment standards set at 120% of the FMR. **We recommend increasing the payment standard to 120% for all bedroom sizes for EHV participants.**
 - THA's VASH utilization rate is 63%. Our VA partners have long asked THA to consider exception payment standards to help increase the success rate for their high barrier clients. **We recommend increasing the payment standard to 120% for all bedroom sizes for tenant-based VASH participants.**

We recommend implementing higher payment standards (up to 120%) for EHV and VASH after consultation with HUD regarding our projected 2023 budget authority. Changes will be contingent on guidance from HUD.

It is our aim that these changes to THA's payment standards coupled with our investments in housing navigation supports will increase the number of affordable units for program participants and will reduce rent burdens. Policy, Improvement, and Evaluation will conduct this analysis again in six months.

	Current Payment Standards	FY2023 FMRs	Proposed Payment Standards	% of the FMR	% Increase from current PS	Proposed EHV & VASH Subsidy Amount (120%)
Studio	\$1,088	\$1,174	\$1,233	105%	13%	\$1,409
1 bedroom	\$1,220	\$1,308	\$1,373	105%	13%	\$1,570
2 bedroom	\$1,558	\$1,643	\$1,725	105%	11%	\$1,972
3 bedroom	\$2,171	\$2,335	\$2,452	105%	13%	\$2,802
4 bedroom	\$2,540	\$2,740	\$2,740	100%	8%	\$3,288
5 bedroom	\$2,921	\$3,151	\$3,151	100%	8%	\$3,781
6 bedroom	\$3,302	\$3,562	\$3,562	100%	8%	\$4,274
7 bedroom	\$3,683	\$3,973	\$3,973	100%	8%	\$4,768
8 bedroom	\$4,064	\$4,384	\$4,384	100%	8%	\$5,261

Staff recommends approving Resolution 2022-10-26 (3) authorizing THA to adopt new payment standards effective January 1, 2023.



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-10-26 (3) (Update to Payment Standards)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the THA Executive Director to increase THA's payment standards.

WHEREAS, HUD sets fair market rents annually; and

WHEREAS, the housing authority sets payment standards based on market and participant data; and

WHEREAS, new payment standards will go into effect January 01, 2023 or sooner for Special Purpose Vouchers; now, therefore, be it

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

The Board authorizes THA's Executive Director to set THA's payment standards at:

- 105% of the 2023 HUD Fair Market Rents for zero to three bedroom units;
- 100% of the 2023 HUD Fair Market Rents for units four bedrooms and larger; and
- up to 120% of the 2023 HUD Fair Market Rents for Emergency Housing Voucher and VASH program participants for all bedroom sizes.

Approved: October 26, 2022

Shennetta Smith, Chair

Resolution 4



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-10-26 (4)

Date: October 26, 2022

To: THA Board of Commissioners

From: April Black
Executive Director

Re: Forgiveness of Debts Accumulated by THA Portfolio Residents During the Pandemic

This resolution would authorize a one-time use of up to \$1,165,000 of unrestricted reserve funds to zero out debts accumulated by Tacoma Housing Authority (THA) portfolio households during the pandemic, from March 1, 2020, to present.

Background

In response to the COVID-19 pandemic and state and federal eviction moratoria, the Tacoma Housing Authority (THA) has not been issuing notices for non-payment of rent nor subsequent repayment plans to residents of its housing portfolio for the past two years. As of mid-October, 571 active THA portfolio households had accumulated \$1,092,751.94 in late rent and other fees since March 1, 2020.

DEBTS ACCUMULATED BY PORTFOLIO RESIDENTS SINCE MARCH 1, 2020

Category	Amount Owed
Rent	\$978,770.89
Maintenance	\$42,794.20
Security Deposit	\$14,933.07
Retroactive	\$14,250.35
Utilities	\$11,558.47
Installment	\$10,910.61
Miscellaneous	\$10,849.96
Legal	\$5,360.13

Other	\$3,224.26
Late Fees	\$100.00
TOTAL	\$1,092,751.94

An additional 32 households that transferred to another property or moved out of THA's portfolio with a voucher accumulated \$60,600.47 in debt since March 1, 2020. **These past debts bring the total owed by active THA clients to \$1,153,352.41.**

An analysis performed at the end of 2021 identified that Black, Indigenous, and people of color-headed households had disproportionately high rates of debts owed to THA. A more recent analysis of the member demographics of those households with late rent balances identified that children make up 50% of the household member population, those with disabilities are 8%, and elderly are 4%.

During this same time, the CARES and American Rescue Plan Act-funded Treasury Rental Assistance Program (T-RAP), administered by Pierce County, has made rental assistance available to those who have fallen behind on rent and utilities, including residents of subsidized housing. However, uptake has been lower than expected among THA residents and when households do apply, there has been a long wait period before receiving assistance.¹ Further, Pierce County stopped receiving applications for late rent assistance on August 1st. Finally, the program comes with administrative complexity for landlords who accept the assistance.

PIE staff analyzed the estimated benefits and costs of leveraging THA's unrestricted reserves to clear the debts accumulated during the pandemic. The analysis resulted in net benefits to THA residents, staff, and the broader community. The benefits staff aimed to quantify include averted evictions, preventing entries to homelessness, portfolio staff time savings, and savings to community late rent resources. The benefits of avoiding repayment agreements, which are historically ineffective at recouping rent and increase a household's rent burden, saves a tremendous amount of staff time and ensures THA can meet its mission of stabilizing individuals and families in housing. The full analysis is attached to this resolution.

Policy Guidelines

If this resolution is adopted by the Board, THA will institute this one-time assistance in the following way.

Using THA's unrestricted reserves, THA will zero out late rent and other charges accumulated during the pandemic by active THA clients who live or lived at a THA portfolio property.

¹ It should be noted that a cross departmental workgroup has been working diligently to strengthen outreach with residents. Efforts include holding successful events in partnership with Pierce County and hiring a dedicated Eviction Prevention Specialist to outreach to and support portfolio residents. Despite these outreach efforts, uptake remains lower than anticipated.

The guidelines are as follows:

- Late rent and other charges are eligible for this policy if they were accumulated between March 1, 2020, and October 1, 2022. Charges prior to and following those dates are not eligible for this assistance and must be repaid to the housing authority.
- A household is eligible if they are an active THA client whose debt originated at a THA portfolio property (including households who transferred to another unit/property or moved out with a voucher).
- A household is eligible if they are otherwise in good standing² as a resident.
- A household need not apply for this assistance.
- Process the debt forgiveness for any household that does not have a signed payment form with Living Access Support Alliance (LASA), the administering agency for the Pierce County T-RAP funds.
- For households with a signed form and waiting on receipt of Pierce County T-RAP assistance, administered by LASA, they will receive THA's assistance if funds are not disbursed by a date yet to be determined.

In addition to this one-time action, THA will create a communication plan that clearly states that rent not paid moving forward and owed before March 1, 2020, will be subject to a repayment agreement. Moving forward, late rent and other fees will be diligently pursued via noticing and the issuance of repayment agreements.

Recommendation

Authorize THA's Executive Director to make a one-time use of no more than \$1,165,000 of THA unrestricted reserve funds to zero out debts accumulated by active households who lived in THA's portfolio during the pandemic, from March 1, 2020, to October 1, 2022.

² The participant or tenant is not in violation of their lease and/or THA's participant obligations. A tenant or participant currently in the process of termination of tenancy or termination of assistance is not in good standing.



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-10-26 (4) (One-Time, Pandemic Late Rent Assistance for THA Households)

WHEREAS, Households served by THA's federal housing programs have been significantly impacted by the COVID-19 pandemic; and

WHEREAS, 571 households in THA's portfolio have accumulated \$1,092,751.94 in late rent and other fees since March 1, 2020; and

WHEREAS, an additional 32 active households that transferred to another property or moved out of THA's portfolio with a voucher accumulated \$60,600.47 in debt since March 1, 2020; and

WHEREAS, these past debts bring the total owed to a THA portfolio property by active THA clients to \$1,153,352.41; and

WHEREAS, local late rental assistance funds are no longer receiving applications; and

WHEREAS, efforts to collect these late rent balances and the potential turnover they create within THA's portfolio are estimated to expend more than 19,000 hours of staff time; now, therefore, be it

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

THA's Executive Director is authorized to apply up to \$1,165,000 in unrestricted reserve funds to address late rent and other fee balances in THA's portfolio.

Approved: October 26, 2022

Shennetta Smith, Chair



To: Tacoma Housing Authority Board of Commissioners
From: Katie Escudero, Interim Director of Policy, Innovation, and Evaluation
Date: June 22, 2022
Subject: Analysis of Debt Forgiveness Proposal

BACKGROUND

In response to the COVID-19 pandemic and state and federal eviction moratoria, the Tacoma Housing Authority (THA) has not been issuing notices for non-payment of rent nor subsequent repayment plans to residents of its housing portfolio for the past two years. As of mid-May 2022, 522 active THA portfolio households had accumulated \$933,311 in late rent and other fees since March 1, 2020.

DEBTS ACCUMULATED BY PORTFOLIO RESIDENTS SINCE MARCH 1, 2020

Category	Amount Owed
Rent	\$858,002.14
Maintenance	\$32,799.98
Miscellaneous	\$16,757.43
Security Deposit	\$13,213.72
Utilities	\$6,114.98
Legal	\$3,823.13
Retroactive	\$1,559.79
Other	\$939.95
Late Fees	\$100.00
TOTAL	\$933,311.12

An analysis performed at the end of 2021 identified that Black, Indigenous, and people of color-headed households had disproportionately high rates of debts owed to THA. A more recent analysis of the member demographics of those households with late rent balances identified that children make up 50% of the population, those with disabilities are 8%, and elderly are 4%. THA does not have access to data on its Housing Choice Voucher (HCV) households who are renting on the private market and hold balances, however, there is historical data from the 2020 late rent program that THA administered. Staff observed that HCV households were served at 1.5x times the rate as portfolio residents at nearly twice the dollar amount.

During this same time, the CARES and American Rescue Plan Act-funded Treasury Rental Assistance Program (T-RAP), administered by Pierce County, has made rental assistance available to those who have

fallen behind on rent and utilities, including residents of subsidized housing. However, uptake has been lower than expected among THA residents and when households do apply, there has been a long wait period before receiving assistance.¹ The program also comes with administrative complexity for landlords who accept the assistance.

PROPOSAL

THA's Leadership Team is analyzing the benefits and costs of leveraging its unrestricted reserves to pay off its portfolio residents' debts accumulated during the pandemic to ensure housing stability, improve resident well-being, and save staff time and resources. While THA does not have an empirical way of estimating the size and scale of the issue among its voucher holders who are renting on the private market, for equity reasons, this proposal includes a stability fund that the population can access to pay off late rent and other debts. The unprecedented impacts of the pandemic coupled with the complexity of new tenant protections and laws around noticing and rent collection have THA considering this one-time action.

Clearing these debts has potential psychological and cognitive benefits beyond the scope of this analysis. A recent study compared impacts among people in poverty before and after debt relief and observed that those with more debts paid off "experienced greater improvements in cognitive functioning, reported less anxiety, and became less present-biased."² This one-time support has the potential to not only economically stabilize households but also improve the well-being among THA's clients by providing some security and relief after a stressful and traumatic two years.

In addition to the non-quantifiable benefits to the people THA serves, this proposal responds to the anticipated administrative burden navigating this massive effort and traversing a complex new eviction pilot program. While staff attempt to capture this in the analysis, the calculation is likely an underestimate of the staff and administrative costs of future rent collection efforts. For example, if residents default on their repayment plan, the process can start over again. There is potential to address the issue multiple times with the same household. Without historical data to reference, it is beyond the scope of this analysis to estimate how many noticing, repayment, and dispute resolution processes are potentially repeated with the same household.

Finally, there are community-wide benefits to this proposal, some of which are quantifiable and included in the analysis. Less housing instability and fewer terminations mean fewer entries to an already-taxed homelessness system. Additionally, community late rent assistance funding is finite, and all landlords are not as willing as THA to work with their residents to avoid termination. By drawing less on finite local funds, Pierce County can target that limited assistance to households who are most at risk.

The quantifiable impacts of this proposal are detailed in the following sections.

APPROACH AND LIMITATIONS

Staff are using Benefit-Cost Analysis (BCA) as a framework for the analysis, where a monetary value is assigned to the benefits and costs of the proposal and a net benefit is calculated to assess whether the policy is worth pursuing. It should be noted that the calculated net benefits are not real benefits that hit THA's books. Rather, this policy analysis is more of a theoretical exercise where the size and scale of benefits, realized or not, are estimated. Also, due to time constraints, this analytic exercise is not a

¹ It should be noted that a cross departmental workgroup has been working diligently to strengthen outreach with residents. Efforts include holding successful events in partnership with Pierce County and hiring a dedicated Eviction Prevention Specialist to outreach to and support portfolio residents. Despite these outreach efforts, uptake remains lower than anticipated.

² Ong, Theseira, & Ng (2019). Reducing debt improves psychological functioning and changes decision-making in the poor. *Proceedings of the National Academy of Sciences*, 116(15), 7244–7249. <https://doi.org/10.1073/pnas.1810901116>

rigorous BCA as it does not attempt to value intangible costs and benefits, such as the theorized improved health and well-being among THA's clients. It also does not estimate the impact of the proposal over time nor future impacts.

Here are additional limitations and assumptions to bear in mind while reviewing the analysis:

- Because THA is not their landlord, staff do not have access to the amount of debts accumulated by households renting with a tenant-based voucher on the private market. This results in an underestimation of the benefits of the proposal.
- Staff time savings are theoretical as these are sunk costs that THA has already planned for. Rather, staff can carry on with their regular duties such as providing excellent customer service versus addressing the mountain of work associated with the collection of accumulated debts.
- The analysis assumes a household would be noticed and go through the subsequent processes just once. However, it is possible for the same household to go through the repayment process multiple times.
- The analysis does not attempt to estimate the full personal, economic, and social cost of an eviction.
- Additional possible benefits such as those realized by the local economy and healthcare system are not included.

There are additional limitations based on the availability of data, which are explained throughout the analysis. Generally, staff are using historical administrative data to estimate the costs and benefits and readily available local and national research studies. Finally, staff are using available legal cost estimates to value evictions.

In general, exclusion of these additional variables and these data limitations likely underestimate the benefits of the proposal.

ANALYSIS

An explanation of the benefit and cost variables included in the analysis follows.

Benefits

Averted Evictions

In place of a quantifiable measure for housing stability and the positive psychological benefits of eliminating debt, THA is using evictions averted as a proxy. Due to limitations in THA's data system, staff consulted its legal representative to collect historical data on evictions. In the two-year period prior to the pandemic, from 2018 to 2020, 138 households entered into a repayment agreement for late rent or other charges. During that same time, THA engaged legal counsel for 46 households that owed rent or other fees. Of those 46 households, 26 households were issued a writ of restitution to evict.

2018-2020 LEGAL CASES

Result	Households	Percentage
Mutual Termination	4	9%
Rent Modification Agreement	2	4%
Repayment Plan	2	4%
Tenant Cured	11	24%
Unknown	1	2%
Writ Issued	26	57%

Assuming households would be issued a repayment agreement prior to legal engagement, staff estimate that a similar rate of households with repayment agreements (33%) would engage with legal. Of the 522 households who currently have debts, staff can use this historical data to estimate that 174 households could engage with legal. Assuming a similar rate (57%) would result in a writ, staff estimate that 98 households could face eviction without any action from THA.

Because THA has not pursued terminations except in cases where there is cause to do so, THA has not yet engaged in the new eviction resolution pilot program. This makes it difficult to estimate the full legal costs incurred in the new eviction process. To arrive at a cost estimate, staff reached out to THA's legal representative. They estimate the cost to be between \$1,400 and \$2,500 depending on if a case goes the eviction resolution program path. Taking the average of these estimates, staff land at a legal cost of \$1,950 per eviction. With the cost per eviction estimated at \$1,950 per household, staff estimate this proposal has a benefit value of \$191,100.

Because THA lacks information on the number of voucher households with debts owed to landlords, they are not included in this calculation. This benefit will be underestimated in terms of the value it provides in evictions prevented for voucher households.

It should be noted that this benefit is likely undervalued as it does not include a monetary value on the costs households incur by having an eviction on their record. Having an eviction on one's rental history makes it incredibly challenging to secure housing in the future and achieve stability.

Opportunity Benefit –Portfolio Staff Time Savings

The benefit of saved staff time that would be redirected to rent collection activities can be monetized by estimating the number of hours it would take to notice, follow-up on noticing, issue repayment agreements, potentially consult legal, and if these efforts fail, turn the unit over. Property Management staff estimate the number of hours and the hourly salary and benefits of the employees who carry out these activities. Note that these are not real cost savings as staffing levels would not change and are considered sunk costs. Instead, this is a valuation of the benefit realized by enacting the proposal, allowing staff to continue their regular duties and provide high quality customer service.

RENT COLLECTION ACTIVITIES

Activity	Hourly Rate	Estimated Hours	Total Cost
Calculating Amount Owed	\$25.00	1.5	\$37.50
Noticing	\$34.00	3	\$102.00
Follow-up to Noticing	\$34.00	6	\$204.00
Total Per Household		10.5	\$275.50
Total (522 households)		5,481	\$179,307.00

If a household does not follow-up on its repayment agreement and ends up vacating the unit as a result of eviction, there are costs associated with unit turnover. Multiplying the estimated cost per household by the estimated number of evictions (98 households) that could result without

THA action, staff value the savings from unit turnover as \$1,130,577. If households who vacate because of mutual termination are included in this estimation, that number grows to 145 households for a total estimated cost of \$1,672,792. Staff decided to use the more conservative estimate that only accounts for estimated evictions, not terminations, in this analysis.

UNIT TURNOVER ACTIVITIES

Activity	Hourly Rate	Estimated Hours	Total Cost
Unit Turnover	\$84.00	136	\$11,424.00
Leasing to New Household	\$25.00	4.5	\$112.50
Total Per Household		140.5	\$11,536.50
Total (98 households)		13,769	\$1,130,577.00

Taking these two values into account, staff estimate that 19,250 hours could be saved in staff time, valued at around \$1,309,884.

Community Benefit – Preventing Entries to Homelessness

By forgiving debts accumulated during the pandemic, THA expects that this would help stabilize families in housing, prevent terminations, and prevent households from exiting THA housing into the homelessness system. A recent study on the return on investment of pandemic rental assistance estimates that of all at-risk households with an eviction filing, 31.4% would double up with another family and 21.8% would enter shelter.³ Using the estimated 98 households who could face eviction if no action is taken and the proportions observed in the cited study, staff estimate that 31 households would double up with another family and 21 households would seek shelter assistance.

POST-EVICTION NOTICE ACTIONS

Action	Proportion of Population	# of THA Households
Find a new place	43.3%	42
Double up	31.4%	31
Shelter	21.8%	21
Cure the notice	3.5%	3

Because of a lack of data on doubled-up households, we are assuming that after having faced an eviction, these households will seek some type of homeless prevention and/or diversion assistance. It should be noted that this is not always the case and some may continue living doubled up without seeking assistance. Diversion has an annual cost of \$1,500 per household and

³ Gilman, Sam (2021). The return on investment of pandemic rental assistance: modeling a rare win-win-win. Indiana Health Law Review, Vol. 18, 2021. <https://mckinneylaw.iu.edu/ihlr/pdf/vol18p293.pdf>

shelter is \$24,000 per household per year.⁴ Pierce County observes that 10% of households in shelter go on to receiving additional assistance in Rapid Rehousing, which averages \$8,000 per household per year.

Assuming THA residents would behave in similar ways to those in the study and rounding to the nearest whole number, staff estimate that 52 households could access homelessness system resources, resulting in estimated system costs of \$575,985.

ESTIMATED USE OF HOMELESSNESS RESOURCES

Service Modality Use	# of THA Households	Costs ⁵
Diversion & Homelessness Prevention Use (Double up)	31	\$46,158.00
Shelter	21	\$512,736.00
Rapid Rehousing Intervention (duplicate households from shelter)	2	\$17,091.00
Total	52	\$575,985.00

Similarly, to the averted evictions measure, staff cannot estimate how many voucher households could avoid an entry to the homelessness system because of access to this support.

Community Benefit – Savings to Community Late Rent Resources

By paying off these debts, THA residents will no longer have a need to access Pierce County and other community partners' limited resources for late rent assistance. The county funds are currently not replenishable after this last round of disbursement. This proposal would avert the need for residents to draw on this already taxed and backed up system. To illustrate how backed up this system is, Pierce County is currently processing applications received on November 7, 2021. Unlike many private market landlords, THA goes to every length to avoid housing instability and terminations. There is a benefit to ensuring the most at-risk households access these limited funds.

Since the start of the pandemic, approximately 30% of THA's total population has received late rent assistance with an average payment per household at \$2,179. Assuming those with debts owed access the community's resources at a similar rate, staff assume 158 of the 522 households would receive assistance, resulting in \$344,282 saved in community late rent resources.

Similarly, as above, voucher household benefits cannot be estimated.

Costs

Unpaid Rent and Fees in THA's Portfolio

⁴ ECONorthwest (2022). Pierce County homeless services assessment. Prepared for Pierce County. <https://www.piercecountywa.gov/DocumentCenter/View/113358/Pierce-County-Homelessness-Report---FINAL---220404?bidId=>

⁵ Ibid.

The total cost of paying off rent and other fees accumulated from March 1, 2020, to present is approximately \$933,300. This is a direct cost associated with this proposal that would be paid out of THA's unrestricted reserves.

Unpaid Rent and Fees – Voucher Households

THA cannot estimate the amount of late rent and other fees that voucher holders have accumulated since the start of the pandemic as this is information held by individual landlords. However, to ensure some parity in its programs, THA proposes at least matching the amount of funds dedicated to stabilizing portfolio residents - \$933,300 - and setting up an emergency fund that voucher holders can access. This part of the proposal would require additional administrative investment in the form of at least one fulltime employee to promote the fund, review applications, and manage the program. The cost of such a position would be \$58,035.

Opportunity Costs

THA's unrestricted reserves have future commitments and plans aside from this proposed use. The funds are particularly critical for THA's future development plans. These funds are used to pay development staff, perform due diligence, and provide gap financing. Recent increases in construction costs along with rising interest rates are putting a strain on THA's ability to acquire and develop new affordable units. Diverting additional funds will further reduce THA's ability to add units in the coming years. THA needs to consider the opportunity costs the agency must forgo to implement this proposal.

The cost of borrowing \$933,300 for one year would be approximately \$64,000. Staff use this estimate as the proxy for opportunity cost.

Estimated Net Benefits Calculation

To calculate the net benefits of this proposal, staff sum all of the benefit variables and sum all cost variables and then subtract total cost value from the total benefit value. The analysis results in positive net benefits, providing support for the policy proposal.

BENEFITS	VALUE
Averted Evictions	\$191,100.00
Portfolio Staff Time Savings	\$1,309,884.00
Preventing Entries to Homelessness	\$575,985.00
Community Late Rent Resource Savings	\$344,282.00
Total Benefits	\$2,421,251.00
COSTS	
Unpaid Rent and Fees in THA's Portfolio	(\$933,300.00)
Unpaid Rent and Fees Support and Program Administration - HCV	(\$991,335.00)
Opportunity Costs	(\$64,000.00)
Total Costs	(\$1,988,635.00)
NET BENEFITS	\$432,616.00

RECOMMENDATIONS

The analysis results in net benefits to THA residents, staff, and the broader community. Staff recommend supporting this proposal, allowing staff to approach philanthropic partners to seek support to offset the cost of instituting debt forgiveness and implementing an emergency assistance program for voucher holders. The total, real cost of the proposal is approximately \$1.9 million. If the Board agrees, staff will move forward with further explicating the one-time policy. In general, the recommendation is to:

- Use THA's unrestricted reserves to zero out late rent and other charges accumulated by more than 500 portfolio households since March 1, 2020, to date (\$933,300).
- Use THA's unrestricted reserves to set up a matching fund for voucher households to access and include additional funds for staffing/program administration. (\$991,335).
- Seek out philanthropic or other community support for this one-time action.
- Develop the parameters and policies for fund disbursement, for THA's portfolio and voucher programs.
- Develop a communication plan that emphasizes that this support is one-time, and that THA will resume noticing and issuing repayment agreements for late rent and other charges.
- Explore and implement proactive rent collection best practices.

As THA prepares to transition from emergency operations to some semblance of normal operations, staff recommend proactively and clearly communicating that this support is one-time and that any future missed rent payments will result in noticing and repayment agreements. It will be a noticeable shift in messaging from THA going to every length to clear these arrears during the pandemic to moving forward, aggressively pursuing rent collection. To that end, staff also recommend continuing to research best practices that go upstream and reduce the accumulation of future rent arrears. One such study suggests that encouraging uptake of direct deposit options and sending texts or other communications that remind residents to pay their upcoming rent reduce the number of those who enter arrears.⁶

If the Board agrees with this direction, staff will develop and bring forward further explicated policies, implementation plans, and a proposal for use of funds.

⁶ Fitzhugh, Park, Nolan, & Gibbons (2018). Reducing rent arrears at Metropolitan Housing. The Behavioural Insights Team. <https://www.bi.team/wp-content/uploads/2019/03/BIT-Appling-behavioural-insights-to-reduce-rent-arrears-final-report.pdf>



TACOMA HOUSING AUTHORITY

WALK-ON RESOLUTION

THA BOC Resolution XXXX XX, XXXX (X)
Title