

Tacoma Housing Authority **MOVING TO WORK REPORT 2017**

Submitted to HUD: March 30, 2018



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Section I: Introduction and Overview

This report covers January 1, 2017 through December 31, 2017.

LONG TERM GOALS

THA's long term goals remain similar to those that were stated in THA's 2017 Plan and Report. The exception is that THA will be trying to accomplish the same goals in a changing budget and regulatory environment that we expect will make this work more challenging. Regardless, in 2018, THA will remain focus on its long-term vision for its city. THA's Board of Commissioner has stated it clearly:

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

THA acknowledges that such a future is not pending, or presently plausible. This makes THA's mission that much more urgent. THA's Board of Commissioners has also stated that mission clearly:

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

THA's Moving to Work (MTW) designation is essential to this effort. MTW status does not give THA more funding from HUD. Instead, and critically, MTW status makes the funding more flexible. It allows THA to design its programs to better serve Tacoma's community in ways that best account for Tacoma's local needs as THA and its community judges them to be.

THA's vision and mission align completely with the three MTW statutory objectives:

- 1. Increase housing choices for low-income families*
- 2. Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational 2programs, or programs that help people obtain employment and become economically self-sufficient*
- 3. Reduce cost and achieve greater cost effectiveness in federal expenditures*

THA looks forward to determining effective uses of MTW authority for these purposes.

With the agency vision and mission and HUD's MTW statutory objectives in mind, THA has established strategic objectives and performance measures that will guide the agency through the coming years. THA's Board has developed seven strategic objectives. They show on the following pages. The Board is also devising performance measures for each one. Listed below each strategic objective are the strategies THA has tentatively chosen to fulfill the objective. THA is also choosing performance measures for each strategy.

In general, these strategic choices have THA provide high quality housing and supportive services to people in need, with a focus on the neediest. THA will seek to do this in ways that also get two other things done. **First**, it seeks to help people prosper. It wants their time on its housing programs to be transforming and temporary. It wants this certainly for people who can work but emphatically for children because it does not wish them to need its housing when they grow up. **Second**, THA seeks to help the City of Tacoma develop equitably so that it makes hospitable room for households of all types, needs and incomes. The following seven strategic objectives and strategies are ambitious. THA will require all the tools within reach, including its MTW flexibility.

1. Housing and Supportive Services

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

To meet this objective THA will:

- Strive to increase the number of households and persons receiving THA housing or rental assistance.
- Maintain an economic, racial, ethnic, language, age and differed abilities diversity that is reflective of our community.
- Provide the support and incentives necessary to drive households to increase their household incomes.
- Help households get banked.
- Monitor the educational outcomes of students in our programs and provide interventions where necessary to help students drive to success.
- Connect adult customers with education and employment services.
- Help households successfully exit THA's housing programs.
- Assess households on a scale of "in-crisis" to "thriving" and provide the services and referrals necessary to help households move to self-sufficiency.
- Regularly assess our service investments to ensure customers are satisfied and that the investments are offering the outcomes we hope for our customers.

2. Housing and Real Estate Development

THA will efficiently develop housing and properties that serve primarily families and individuals unable to find affordable and supporting housing they need. Its work will serve to promote the community's development. Its properties will be financially sustainable, environmentally innovative, and attractive.

To meet this objective, THA will:

- Increase the number and type of THA units.
- Improve the quality of housing that THA owns and manages.
- Increase the life-span of the units within THA's portfolio.
- Continue to develop and rehabilitate housing that is of award-winning quality.
- Improve the cost effectiveness of THA's development function.
- Assist in the development of affordable housing by other organizations.
- Reduce the amount of THA dollars in each development and increase the amount of private and public investments.
- Develop healthy and vibrant communities as measured by their incorporation of art and the walkability to community assets such as parks, schools, grocery stores, public transit and other community amenities promoting health.

3. Property Management

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

To meet this objective, THA will:

- Lower its per unit per year operating costs.
- Increase its rent collection.
- Improve each property's cash flow.
- Maintain high quality properties.
- Schedule and complete capital repairs on a regular schedule.
- Maintain a high level of customer satisfaction as judged by customer surveys.
- Consult with customers in advance of any policy changes 100% of the time.

4. Financially Sustainable Operations

THA seeks to be more financially sustaining.

To meet this objective, THA will:

- Achieve an agency-wide operating surplus.
- Maintain minimum and maximum restricted and unrestricted reserves.
- Achieve a 1.15 debt-service ratio.
- Increase the value of THA's land and properties.
- Increase and diversify its income.

5. Environmental Responsibility

THA will develop and operate its properties in a way that preserves and protects natural resources.

To meet this objective, THA will:

- Develop environmentally responsible properties.
- Develop communities that incorporate creativity and healthy placemaking.
- Reduce energy and resource consumption.
- Reduce the use of greenhouse emitting products.

6. Advocacy and Public Education

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

To meet this objective, THA will:

- Strive to maintain a positive public regard for THA.
- Lend staff to serve as effective members of community advisory panels.
- Be an effective advocate for the value of its work and the people it serves.

7. Administration

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

To meet this objective, THA will:

- Improve its operating efficiency.
- Lower its administrative costs per household served.
- Increase the number of households served per full time employee (FTE).
- Decrease the average amount spent on community service per client.
- Increase its employee engagement scores.
- Decrease its staff turnover.
- Maintain positive audit results.

THA feels proud and excited about these objectives and the path they set for its work and its city. MTW flexibility makes this work adaptable and innovative and helps give meaning to each of THA's seven strategic objectives. Here are some examples of how THA has used its MTW flexibility:

Housing and Supportive Services: THA has modified its rent structure for its Housing Opportunity Program (HOP). Its flat subsidy removes the disincentive to increase earned income. It makes it easier to administer and explain. The savings allow THA to serve more families and to invest in supportive services that households need to succeed as “tenants, parents, students and wage earners.”

THA has used MTW dollars and flexibility to fund its innovative Education Project. Among its initiatives is a program that has stabilized an elementary school with ruinous transient rates among its students because of family homelessness. THA has extended this program model to house homeless community college students during their enrollment as long as they make adequate academic progress toward a degree.

THA has modified its Family Self-Sufficiency program to build escrow accounts for customers as they achieve tangible, individual goals rather than through extremely complicated calculation worksheets.

THA has also been able to invest federal dollars in non-traditional rental assistance programs that serve homeless households with children, homeless youth without families, and families who need housing to prevent or shorten their children's foster care placements.

Real Estate Development: THA is able to invest MTW dollars to build or buy new housing. Over the next five years, THA plans to add an average of 70 new housing units per year. This investment is important especially as Tacoma's rental market becomes less and less affordable making vouchers less effective. This investment also allows THA to (i) bring affordable housing to higher opportunity parts of the market that would be unaffordable or inaccessible even with a voucher; (ii) invest in depressed parts of the market that need the investment and embolden others to invest.

Property Management: THA has used MTW dollars to maintain its public housing portfolio. This investment is also critical. That portfolio is valuable. It serves THA's neediest households, including those who would not do well in the private rental market even with a voucher, such as disabled persons, seniors, households coming from trauma and those who do not speak English. THA and its talented and multi-lingual staff are very good landlords to such tenants. This use of MTW dollars is also how THA can bring investments to neighborhoods that need it and to spur their development in ways that benefit all their residents.

Financially Sustainable Operations: The addition of affordable housing units to the portfolio will increase the agency assets. It will also add new income streams to the agency.

Environmental Responsibility: THA achieved Certified LEED Gold Bay Terrace Phase I development that we developed using MTW dollars is.

Advocacy: MTW has allowed THA to develop and test new ideas using its federal flexibility. These programs have added value to the Tacoma community and benefitted the customers we serve. We have been able to share these experiences with a wide national audience.

Administration: THA has greatly simplified how it verifies household income and assets for the purpose of calculating rent.

THA will continue to look for innovative ways to best leverage its MTW designation in order to meet these objectives. THA's efforts could inform policy choices of other Public Housing Authorities unable to participate in the MTW demonstration.

Throughout all this work THA seeks to use the best data and research available. It builds evaluation into its program design. For these purposes, THA has joined with three other neighboring MTW agencies - Seattle Housing Authority, King County Housing Authority, and Home Forward (Portland) – to contract for research and evaluation services from the Urban Institute.

SHORT TERM GOALS

THA remains ambitious and 2017 was no different. In 2017, completed the capital improvements in the Rental Assistance Demonstration (RAD) converted portfolio, implemented a large software conversion, reopen the rental assistance waiting list, expanded the College Housing Assistance Program (CHAP), completed Bay Terrace Phase II, and continued to look for ways to increase the number of households THA can serve in an ever-tightening housing market.

Rental Assistance Demonstration

In 2016, THA completed a RAD conversion in the majority of its portfolio. With the additional debt and subsidy that is generated through this conversion, THA completed over \$40 million in repairs and upgrades to give these housing units a longer life. These capital investments were nearly completed in 2017 and will provide THA's tenants higher quality housing and local neighborhoods with a clear sense of investment in the community. With long-term operating investments, THA will fund a higher level of on-site supportive services to help THA's tenants succeed.

Software Conversion

In 2016, THA began its software conversion that went live in April 2017. After reviewing bids and presentations from many traditional housing software vendors, THA chose a product that would be custom made to fit our agency needs. This software will not only meet our federal reporting needs but also allow us to have a single product to track the workflow and tasks of nearly all functions within the agency, including inspections, construction management, MTW reporting, inventory management, staff time keeping and supportive service management. Through this software development and data conversion THA will be able to deploy its long-awaited dashboard reporting to allow us to track goals and outcomes to monitor our work in MTW. This software conversion will also make THA more compatible with HUD's own plans for its information systems.

College Housing Assistance Program

This year the THA Board and the Tacoma Community College (TCC) Board of Trustees agreed to expand their program that houses homeless enrolled TCC students. This program began in 2014 as a pilot serving 47 homeless students, and their families (76% are parents). Based on encouraging results during the first years of the program, THA and TCC expanded the program beginning in September 2017. It will now serve an ever-replenishing cohort of 150 homeless enrolled students and their families. The expanded program will also include a sub-cohort of students who begin their TCC studies in prison and, after their release, continue their studies on campus.

Bay Terrace

In Summer 2017, THA opened the second phase of Bay Terrace. With this completion, the entire property now has 148 apartments for a range of incomes on a lovely site with outdoor art, elaborate play equipment, and a nighttime basketball court. Its community building hosts the district's only Head Start classroom outside a school building.

Increase Households Served

THA is facing a budget cut and changing rental market changes. It is unclear whether federal funding will remain stable in the future. This uncertainty comes at a time when the Tacoma rental market is tightening. The vacancy rate is hovering at 3% and HAP expenses have been going up by at least 2% per year. THA spent 2017 attempting to secure affordable housing for the households in need in the community. THA will continue to analyze strategies related to assisting current voucher tenants retain housing, providing housing search assistance for "shoppers," additional project-basing, acquiring units that can be rented to voucher holders and the "working poor," and partnering where possible to tackle this problem as a community.

Section II: General Operating Information

A. Housing Stock Information

i. Actual New Project Based Vouchers

Tenant-based vouchers that the MTW PHA project-based for the first time during the Plan Year. These include only those in which a Housing Assistance Payment (HAP) Agreement was in place by the end of the Plan Year. Indicate whether the unit is included in the Rental Assistance Demonstration (RAD).

Property Name	Number of Vouchers Newly Project-Based		RAD?	Description of Project
	Planned*	Actual		
Bay Terrace 2	52	53	No	Bay Terrace Phase II is a 74 unit new development which is the second phase of THA's reinvestment in the city's Hilltop neighborhood. Combined with the 70 unit Phase I development, it created 144 new units replacing 81 units of deteriorated, substandard public housing that was previously located on this site.
Bay Terrace 1	0	26	Yes	Bay Terrace Phase I added 26 Public Housing units and then converted these 26 units to PBV RAD units.
52		79	Planned/Actual Total Vouchers Newly-Project Based	

*Figures in the "Planned" column should match the corresponding Annual MTW Plan.

Please describe differences between the Planned and Actual Number of Vouchers Newly Project-Based:

THA did not initially report the 26 converted RAD PBV units under this section in the 2017 Plan, these 26 units were reported under “Other Housing Stock Changes.”

ii. Actual Existing Project Based Vouchers

Tenant-based vouchers that the MTW PHA is currently project-basing in the Plan Year. These include only those in which a HAP Agreement was in place by the beginning of the Plan Year. Indicate whether the unit is included in RAD.

Property Name	Number of Project-Based Vouchers		RAD?	Description of Project
	Planned*	Actual		
6th Ave	64	64	Y	Senior/Disabled apartments
Bay Terrace 1	46	46	Y/N	Family housing with 26 RAD PBV units; 18 PBV units; 28 market-rate units.
Bay Terrace 2	53	53	N	Family housing with 53 PB units; 21 Market- Rate units.
Bergerson Terrace	72	72	Y	Family housing
Dixon Village	31	31	Y	Family Housing
E.B. Wilson	77	77	Y	Senior/Disabled apartments
Fawcett Apartments	30	30	N	Senior/Disabled apartments

Hillside Terrace 1500 Block	13	13	N	Family housing
Hillside Terrace Ph II	13	13	N	Family housing with 13 PBV units; 12 public housing
Ludwig Apartments	41	41	Y	Senior/Disabled apartments
North G ST	39	39	Y	Senior/Disabled apartments
North K St	42	42	Y	Senior/Disabled apartments
Salishan 1-7	338	338	N	Family Housing with 290 public housing units; 248 PB units; 3 unsubsidized LIHTC units.
Wright Ave	58	58	Y	Senior/Disabled apartments

920	920
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Planned/Actual Total Existing Project-Based Vouchers

* Figures and text in the “Planned” column should match the corresponding Annual MTW Plan.

** Select “Status at the End of the Plan Year” from: Committed, Leased/Issued

Please describe differences between the Planned and Actual Number of Vouchers Project-Based:

None

iii. Actual Other Changes to MTW Housing Stock in the Plan Year

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

Actual Other Changes to MTW Housing Stock in the Plan Year

THA purchased Highland Crest Apartments in October 2017. This is an existing 73 unit apartment complex, of which 50% of the units provide affordable housing to households at or below 80% AMI. THA sold some of its market rate (MR) and public housing (PH) scattered sites through its Section 32 disposition. In 2017, THA sold 15 of its PH units.

iv. General Description of All Actual Capital Expenditures During the Plan Year

Narrative general description of all actual capital expenditures of MTW funds during the Plan Year.

General Description of All Actual Capital Expenditures During the Plan Year

Funds were used for Bay Terrace RAD conversion. The remaining funds drawn down were transferred to 1492 MTW line item, and used to supplement MTW programs.

B. LEASING INFORMATION

i. Actual Number of Households Served

Snapshot and unit month information on the number of households the MTW PHA actually served at the end of the Plan Year.

Number of Households Served Through	Number of Units Months Occupied/Leased*		Number of Households Served **	
	Planned^^	Actual	Planned^^	Actual
MTW Public Housing Units Leased	0	3983	0	332
MTW Housing Choice Vouchers (HCV) Utilized	55836	48591	4653	4049
Local, Non-Traditional: Tenant-Based ^	1440	601	120	50
Local, Non-Traditional: Property-Based ^	528	327	44	27
Local, Non-Traditional: Homeownership^	0	0	0	0
Planned/Actual Totals	58200	53502	4850	4458

* “Planned Number of Unit Months Occupied/Leased” is the total number of months the MTW PHA planned to have leased/occupied in each category throughout the full Plan Year (as shown in the Annual MTW Plan).

** “Planned Number of Households to be Served” is calculated by dividing the “Planned Number of Unit Months Occupied/Leased” by the number of months in the Plan Year (as shown in the Annual MTW Plan).

^ In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/households to be served, the MTW PHA should estimate the number of households to be served.

^^ Figures and text in the “Planned” column should match the corresponding Annual MTW Plan.

Please describe any differences between the planned and actual households served:

For local, non-traditional households there is a difference between planned and served due to HCV holders leasing up in the remaining unsubsidized units.

Local Non Traditional Category	MTW Activity Name/Number	Number of Units Occupied/Leased		Number of Households to be Served	
		Planned^^	Actual	Planned^^	Actual
Tenant-Based	Regional Approach To Special Purpose Housing/15	1440	601	120	50
Property-Based	Creation & Preservation of Affordable Housing/16	588	327	44	27
Homeownership	N/A	0	0	0	00
Planned/Actual Totals		2424	928	197	77

* The sum of the figures provided should match the totals provided for each Local, Non-Traditional category in the previous table. Multiple entries may be made for each category if applicable.

^^ Figures and text in the “Planned” column should match the corresponding Annual MTW Plan.

Households Receiving Local, Non-Traditional Services Only	Average Number of Households Per Month	Total Number of Households in the Plan Year
-	0	0

C. WAITING LIST INFORMATION

i. Actual Waiting List Information

Snapshot information on the actual status of MTW waiting lists at the end of the Plan Year. The “Description” should detail the structure of the waiting list and the population(s) served.

Waiting List Name	Description	Number of Households on Waiting List	Waiting List Open, Partially Open or Closed	Was the Waiting List Opened During the Plan Year
Low Income Housing (PH and PBV)	Site Based- low-income households	4194	Closed	No
Housing Opportunity Program (HCV)	Community Wide - low-income households	5	Closed	No
Children's Housing Opportunity Program (HCV)	Other - families reuniting	60	Open	Yes
College Housing Assistance Program (HCV)	Other - homeless students enrolled at Tacoma Community College	27	Closed	Yes
Family Rapid Rehousing (Local Non-Traditional)	Community Wide – homeless families	87	Open	Yes
Young Adult Rapid Rehousing (Local Non-Traditional)	Community Wide – homeless young adults	47	Open	Yes

Please describe any duplication of applicants across waiting lists:

None

ii. **Actual Changes to Waiting List in the Plan Year**

Please describe any actual changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

Waiting List Name	Description of Actual Changes to Waiting List
CHOP	THA expanded this program during 2017. Literally homeless students are admitted on a rolling basis. THA expanded eligibility to include an expanded definition of homelessness -- these applicants are admitted quarterly. The application period is opened quarterly and TCC accepts applications for a two-week period -- applicants are then placed in a lottery and half are selected and admitted into the program. Students have the option to re-apply each quarter.
Low Income Housing and Housing Opportunity Program	In 2017, THA approved changes to consolidate its site-based waitlist with its Housing Opportunity waitlist. THA has nearly exhausted its HOP waiting list; rather than reopening the HOP waiting list THA will offer HOP vouchers to applicants from its property lists. Applicants on the consolidated waiting list remain eligible for subsidized portfolio units, unless they succeed in leasing with a HOP voucher. Applicants have the option to refuse a HOP voucher and remain on the waiting list for a subsidized unit.

D. INFORMATION ON STATUTORY OBJECTIVES AND REQUIREMENTS

ii. 75% of Families Assisted Are Very Low Income

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW PHA are very low income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA should provide data for the actual households served upon admission during the PHA's Fiscal Year reported in the "Local, Non-Traditional: Tenant-Based"; "Local, Non-Traditional: Property-Based"; and "Local, Non-Traditional: Homeownership" categories. Do not include households reported in the "Local, Non-Traditional Services Only" category.

Income Level	Number of Local, Non-Traditional Households Admitted in the Plan Year
Above 80% Area Median Income	0
80%-50% Area Median Income	39
49%-30% Area Median Income	55
Below 30% Area Median Income	186
Total Local, Non-Traditional Households Admitted	280

iii. Maintain Comparable Mix

HUD will verify compliance with the statutory requirement that MTW PHAs continue to serve a comparable mix of families by family size by first assessing a baseline mix of family sizes served by the MTW PHA prior to entry into the MTW demonstration (or the closest date with available data) and compare that to the current mix of family sizes served during the Plan Year.

Baseline for the Mix of Family Sizes Served (upon entry to MTW)					
Family Size	Occupied Number of Public Housing units	Utilized HCVs	Non-MTW Adjustments *	Baseline Mix Number	Baseline Mix Percentage
1 Person	385	1466	0	1851	42.58%
2 Person	179	681	0	860	19.77%
3 Person	141	538	0	679	15.62%
4 Person	96	364	0	460	10.58%
5 Person	60	227	0	287	6.60%
6+ Person	43	167	0	210	4.85%
Totals	904	3443	0	4347	100%

- * “Non-MTW Adjustments” are defined as factors that are outside the control of the MTW PHA. An example of an acceptable “Non-MTW Adjustment” would include demographic changes in the community’s overall population. If the MTW PHA includes “Non-MTW Adjustments,” a thorough justification, including information substantiating the numbers given, should be included below.

Please describe the justification for any “Non-MTW Adjustments” given above:

None

FAMILY SIZE	BASLINE MIX PERCENTAGE**	NUMBER OF HOUSEHOLDS SERVED IN PLAN YEAR^	PERCENTAGE OF HOUSEHOLDS SERVED IN PLAN YEAR^^	PERCENTAGE OF HOUSEHOLDS SERVED IN PLAN YEAR^^
1 Person	42.58%	2202	45.99%	3.41%
2 Person	19.77%	932	19.47%	-0.30%
3 Person	15.62%	700	14.62%	-1.00%
4 Person	10.58%	442	9.23%	-1.35%
5 Person	6.60%	295	6.16%	-0.44%
6+ Person	4.85%	2187	4.53%	-0.32%
TOTAL	100%	4788 ¹	100.00%	0.00%

** The “Baseline Mix Percentage” figures given in the “Mix of Family Sizes Served (in Plan Year)” table should match those in the column of the same name in the “Baseline Mix of Family Sizes Served (upon entry to MTW)” table.

^ The “Total” in the “Number of Households Served in Plan Year” column should match the “Actual Total” box in the “Actual Number of Households Served in the Plan Year” table in Section II.B.i of this Annual MTW Report.

^^ The percentages in this column should be calculated by dividing the number in the prior column for each family size by the “Total” number of households served in the Plan Year. These percentages will reflect adjustment to the mix of families served that are due to

¹ For 2017, THA is unable to report “Mix of Family Size” to match “Actual Households Served.” The former is based on actual households served versus the prescribed calculation used to derive “Actual Households Served.”

the decisions of the MTW PHA. Justification of percentages in the current Plan Year that vary by more than 5% from the Baseline Year must be provided below.

Please describe the justification for any variances of more than 5% between the Plan Year and Baseline Year:

None

iv. Number of Households Transitioned to Self-Sufficiency in the Plan Year

Number of households, across MTW activities, that were transitioned to the MTW PHA's local definition of self-sufficiency during the Plan Year.

MTW Activity Name/Number	Number of Households Transitioned to Self-Sufficiency*	MTW PHA Local Definition of Self-Sufficiency
Elementary School Housing Assistance Program/2	TBD	Exited or graduated with market rent burden <=50%:
Local Policy for Work-Able Households/5	TBD	Exited or graduated with market rent burden <=50%:
Regional Approach to Special Purpose Housing/15	55	Households with positive exits destinations as defined by Pierce County (provider)
Housing Opportunity Program/17	TBD	Exited or graduated with market rent burden <=50%:
Modify the FSS Program/19	TBD	Exited or graduated with market rent burden <=50%:
	55	<i>(Households Duplicated Across MTW Activities)</i>
	55	Total Households Transitioned to Self Sufficiency

* Figures should match the outcome reported where metric SS#8 is used in Section IV of this Annual MTW Report.

Section III. Proposed MTW Activities

All proposed MTW activities that were granted approval by HUD are reported in Section IV as 'Approved Activities'.

Section IV. Approved MTW Activities

1. EXTEND ALLOWABLE TENANT ABSENCE FROM UNIT FOR ACTIVE DUTY SOLDIERS

Plan Year Approved, Implemented, Amended: THA proposed and implemented this activity in 2011.

Description/Impact/Update: THA modified its policy for terminating households who were absent from their unit for more than 180 days. Modifying the policy was necessary to account for households with adults called to active duty from retirement, from the reserves, or national guards. THA's programs have a number of reserve or guard military families because of close proximity to Fort Lewis, one of the nation's largest military bases. Due to wars in the Middle East, more of these reserve or guard members have been called to active duty. Active duty may force a household to be absent from their assisted unit for more than 180 days the normal rules allow, leaving them without housing assistance when the service member returns home. Although the question of having to terminate such a household of service men and women arose only a few times during the war, the prospect of terminating them was too unsettling even to risk. This activity allowed THA to allow a previously assisted households returning from deployment to request reinstatement within 90 days from the date they return from deployment. This activity was not used in 2017.

HC #4: Displacement Prevention				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of active duty soldiers at or below 80% AMI that would lose assistance or need to move (decrease).	0	0	0	Met

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: No changes were made to the metrics or data collection process.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

2. ELEMENTARY SCHOOL HOUSING ASSISTANCE PROGRAM

Plan Year Approved, Implemented, Amended: The Elementary School Housing Assistance Program (ESHAP) was proposed in the 2011 MTW Plan and it began accepting families in the fall of 2011.

Description/Impact/Update: In July 2017, THA graduated 21 of the families who completed the full term of the program. In a 90-day follow up survey, 12 of those families responded. 91% indicated that they are still residing in the same unit as when they were on the program, 75% were employed and all reported that their children were enrolled in school and reported strong school attendance.

Currently, in the 2017-2018 school year, the program supports a second cohort that is made up of 38 formerly homeless families. A total of 57 students are being served by this program, 45 whom are Tacoma Public Schools students and attend 7 different elementary schools. An additional 12 students belonging to the program are enrolled in neighboring school districts that are closer to their homes, including Franklin Pierce, Clover Park and University Place.

THA is now working with its second cohort (enrollment in the 2016-17 and 2017-18 school years) of families as part of ESHAP. Therefore, we are including baselines and benchmarks associated with this cohort. The makeup of the population reflected in this report includes 27 households who enrolled in 2017 and 8 households who enrolled in 2016.

Average earned income for ESHAP families is currently 36% of the benchmark (see revisions to benchmarks below). ESHAP program management is continuing to work with these formerly homeless families to coordinate services that will improve training, education and employment opportunities. Because the majority of households are within their first or second initial years of the program and are transitioning out of crisis, the average income levels of households are expected to be low. We focus on the long-term impact of this program and expect to see average income of the cohort increase the longer they are on the program.

The progress of cohort 2 households in their initial year is promising. Nearly half of the cohort's members are employed and sustaining earned income. We anticipate seeing the number of employed households increase over time as families engage with the program's services. A small percentage of program households' receive income from disability subsidies such as SSI and are unable to work. The numbers reported below relate to the second cohort of families enrolled in this program (those who enrolled in the 2016-17 and 2017-18 school years).

THA and TPS are in the process of redesigning the program and hope to increase program capacity to potentially serve up to 150 McKinney-Vento families in the district. The redesigned model is expected to take place in the 2018-2019 school year. The program has historically held the

capacity to serve 50 families, however factors like the redesign and geographic spread of program families has convinced the partners to limit enrollment for the 2017-2018 school year as we reconfigure the client service model for program households who are no longer centralized at McCarver Elementary. Additionally, this decision aims to minimize disruption for families and program staff that may be brought forth by the changes of the redesign process.

CE # 4: Increase in Resources Leveraged				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Amount of funds leveraged in dollars (increased). Additional funds beyond THA's investment in rental assistance.	\$0	THA is in the process of developing a new program strategy and will develop a benchmark for 2018 MTW Report.	\$499,000 (\$125,000 Tacoma Public Schools, \$250,000 Gates Foundation, \$111,000 City of Tacoma, \$13,000 Pierce County)	NA

SS #1: Increase in Household Income				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average earned income of households affected by this policy in dollars (increase).	\$6,243 (end of 2017)	\$17,160	\$6,243	Not met

SS #3: Increase in Positive Outcomes in Employment Status				
Report the Baseline, Benchmark and outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
1) Employed Full-	0	13	6	Not met
	0%	35%	16%	Not met
2) Employed Part-time	0	19	9	Not met
	0 %	50%	24%	Not met
3) Enrolled in an Educational Program	0	TBD	TBD	THA will establish benchmark in 2018

	0%	TBD	TBD	TBD
4) Enrolled in a Job Training Program	0	TBD	TBD	THA will establish benchmark in 2018
	0%	TBD	TBD	TBD
5) Unemployed	42	6	20	Not met
	100%	15%	54%	Not met

SS #5: Households Assisted by Services that Increase Self Sufficiency

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households receiving services aimed to increase self-sufficiency (increase).	0	50% of ESHAP households receiving case management from THA Community Services	35 ESHAP households receiving case ESHAP management and 3 were enrolled in FSS (100% of ESHAP households)	Met

SS #6: Reducing per Unit Subsidy Costs for Participating Households

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average amount of Section 8 and/or 9 subsidy per household affected by this policy in dollars (decrease).	\$857 (75% of 2-BD payment standard)	\$857 (75% of 2-BD payment standard)	\$888	Not met

SS #8: Households Transitioned to Self Sufficiency

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
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Number of households transitioned to self-sufficiency (increase) by exiting the program with market rent burden less than 50%.	Exited with market rent burden <=50%: NA Average market rent burden (all ESHAP): 159% Average market rent burden (ESHAP cohort #2, year 5): 159%	50% of exiting or graduating households will have market rent burden <=50%	Exited or graduated with market rent burden <=50%: TBD families (TBD%) Average market rent burden (all ESHAP): 133% Average market rent burden (ESHAP cohort #2, yr. 5): 133%	THA will begin tracking market rent burden for exiting and graduating ESHAP households in 2018
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Hardships: No ESHAP households were granted hardships in 2017.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: THA made changes to baselines and benchmarks in 2017 in order to adjust to implementation of its second cohort, provide clarity on methodology and better allow for comparison of impact across MTW activities.

THA has established a revised benchmark for average household earned income (SS #1) that will evolve based on Washington's minimum wage (\$11.00/hour in 2017). The benchmark will be based on 30 hours/week at the minimum wage, which equals \$17,160 for 2017. This benchmark will be revised in subsequent MTW reports as the minimum wages changes. THA is using the average earned income from the end of 2017 as the baseline for earned income since it was at this time that the cohort was mostly leased-up.

For SS#3 (Increase in Positive Outcomes in Employment Status), THA has established new benchmarks for full-time employment (35%), part-time employment (50%) and unemployed participants (15%). Because the ESHAP population fluctuates from year-to-year, these percentages will be applied to the number of ESHAP households each year in order to establish numerical benchmarks.

The benchmark for SS#6 will be revised to assume 75% of the average two-bedroom payment standard ($\$1,142 * 75\% = \857). This benchmark will evolve along with THA's payment standards.

Regarding SS #8, THA will be using market rent burden (market rent as a percentage of total gross household income) to assess self-sufficiency of ESHAP program participants. THA will determine the percentage of 'successful' outcomes for graduates by measuring market rent shelter burden at or below 50%. THA's current payment standards will be used as a proxy for market rents in Tacoma. In addition to the percentage of

successful exits, THA will start to report the average market rent burden for all ESHAP work-able families and those in the final year of the program. Previously, THA defined a successful ESHAP outcome as one who graduated from the program. THA believes the market rent shelter burden is a better gauge for measuring self-sufficiency (the ability to pay a market rent without rental assistance). See Appendix B for details on the rent burden methodology.

Actual Significant Changes: No significant changes were made to this MTW activity in 2007 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: THA is currently engaged in a comprehensive review of metrics, baselines and benchmarks for ESHAP. Along with that project THA is developing a data strategy to allow for more consistent identification of program participants (by cohort), data sets and reporting periods; and a more effective process for communicating data between THA and Tacoma Public Schools (TPS). Preliminary recommendations from this review include the establishment of student performance benchmarks for key metrics as established in the strategic plan of TPS. THA will determine whether student performance related to this program should be included as another aspect of MTW self-sufficiency reporting. The numbers reported in this 2017 MTW Report relate to the second cohort of families enrolled in this program (those who enrolled in the 2016-17 and 2017-18 school years).

3. LOCAL PROJECT- BASED VOUCHER PROGRAM (HCV)

Plan Year Approved, Implemented, Amended: THA proposed this activity in 2011 and it has been completely implemented.

Description/Impact/Update: THA waived the option that allows PBV holders to automatically receive a tenant-based voucher after one year in 2011. THA grandfathered in anyone who had a PBV before October 1, 2011. THA began inspecting its own PBV units in early 2012.

In 2017 THA inspected 823 project-based and RAD units, a 136% increase over 2012 when 348 inspections were conducted. This increase in inspections has been driven by expansion in the total number of project-based and RAD units that are now subject to THA inspections. The total number of project-based and RAD units has increased by 579 units (+89%) compared to the 2012 baseline activity (19% increase in project-based vouchers to 771 from 648 in 2012, and conversion of 456 existing public housing units to RAD). This activity has been seen as a net positive since costs have increased at a lesser rate than the overall number of inspections (+126% in inspection costs versus +136% increase in inspections).

CE # 1: Agency Cost Savings

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease).	\$28,805	\$21,027	\$21,027	Met

CE # 2: Staff Time Savings

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease).	370 hours to complete inspections in 2016 (THA did not establish a baseline for this activity prior to completing its own inspections on units)	TBD	1,080 hours	NA

HC #4: Displacement Prevention

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
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Number of households at or below 80% AMI that would lose assistance or need to move (decrease).	TBD	TBD	NA - THA did not go above the 20% cap in 2017	TBD
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Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: THA increased the baseline to reflect the increase of project-based units in THA's portfolio. THA will set baselines and benchmarks for HC #4 once the number of PBVs exceeds the 20% cap. CE #3 (Decrease in Error Rate of Task Execution) was deleted from this impact analysis. Error rates have not been collected for this initiative throughout its implementation and there are no plans to start tracking this metric.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

4. ALLOW TRANSFERS BETWEEN PUBLIC HOUSING AND VOUCHER PROGRAMS

Plan Year Approved, Implemented, Amended: This activity was proposed and implemented in 2011.

Description/Impact/Update: The number of households transferred between Public Housing and voucher programs decreased in 2017 to 7 from 31 in 2016. The agency continues to use a new database to help the transfer policy be more effective in 2018.

HC #5: Increase in Resident Mobility				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of household able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	25	7 Public Housing households transferred into voucher program and leased-up	No

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: No changes were made to the metrics or data collection process.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

5. LOCAL POLICIES FOR FIXED INCOME HOUSEHOLDS

Plan Year Approved, Implemented, Amended: THA received authorization for this activity in 2011 and it was fully implemented in 2013.

Description/Impact/Update: At the end of 2017, 1,130 fixed income households were subject to the MTW tiered rents (and minimum rent) and triennial recertification cycle outlined in this activity. An additional 757 fixed income households were subject to the MTW tiered rents (and minimum rent) but were on annual recertification schedules. The impact numbers reported below are generated from households on MTW tiered rents and triennial recertifications.

In 2017 THA did not meet its cost savings (CE #1) and staff time savings (CE #2) benchmarks. Part of this variance was driven by higher staff time (and thus related staff costs) caused by increased time to complete reviews. This was largely due to an average of forty-five additional minutes being spent per review on identifying DSHS discrepancies. Excluding this additional time would have resulted in 200 fewer staff hours spent on fixed income reviews. Time savings realized in earlier years from triennial recertifications were put to use by public housing staff spending more time on client needs. THA's Section 8 department used savings to help fund a new position to investigate fraud and program integrity.

2017 staff costs include salaries and benefits. One reason for the variance versus benchmark is increased staffing costs since 2012. Although we are including an estimate of staff costs used to process this task, it does not equate to real cost savings as THA has not reduced staffing as a result of the changes.

CE # 1: Agency Cost Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease).	\$21,438	\$14,291	\$26,047 in staff costs related to processing fixed income reviews	Not met (see discussion of benchmarks below)

CE # 2: Staff Time Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease).	1,051 hours	701 hours	834 hours spent completing fixed income reviews	Not met (see discussion of benchmarks below)

CE # 5: Increase in Agency Rental Revenue				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total Household contribution towards housing assistance (increase). Average monthly tenant share.	\$0	\$286	\$269 average monthly tenant share	Not met

Hardships: No hardships were granted in 2017 as a result of this initiative.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: For CE #5 (Increase in Agency Rental Revenue) we will now report average monthly tenant share which helps to isolate the rent change impact better than overall rent revenue which will fluctuate with population changes. For example, average monthly family share could decrease but overall revenue could increase through expansion in the overall population size. Additionally, average tenant share allows for an “apples-to-apples” comparison across participating households in voucher and public housing programs. We will use a benchmark of 25% of the 2-bedroom payment standard in the 2017 report (\$286). Note the minimum rent for this population has not changed from the initial \$25, as THA has contemplated program wide rent reform the last few years.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

6. LOCAL POLICY FOR WORK-ABLE HOUSEHOLDS (HCV/PH)

Plan Year Approved, Implemented, Amended: THA received authorization for this activity in 2011 and it was fully implemented in 2013.

Description/Impact/Update: At the end of 2017, 1,255 work-able households were subject to the MTW tiered rents (and minimum rent) and biennial recertification schedule outlined in this activity. An additional 918 work-able households were subject to the MTW tiered rents (and minimum rent) but were on annual recertification schedules. The impact numbers reported below are generated from households on MTW tiered rents and biennial recertifications.

THA did not meet its benchmarks in 2017 for agency staff time (CE #2) and cost savings (CE #1). This result was a function of several issues including increased staff costs (salary and benefits) and increased time to complete a work-able review. The latter issue was largely due to an average of forty-five additional minutes being spent per review on identifying DSHS discrepancies. Savings in earlier years related to biennial recertifications were redirected towards increased fraud monitoring, client support and interim tracking.

Minimum rent for is \$75 for this population and THA has seen an increase in tenant share as a result. Minimum rent has not been increased above \$75 as THA has contemplated program wide rent reform the last few years. Benchmarks were also met for household income, number of households on TANF and the number of households that are employed full time.

CE # 1: Agency Cost Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease).	\$56,202	\$28,101	\$51,854 estimated staff costs	Not met

CE # 2: Staff Time Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease).	2,755	1,378	1,660 staff hours	Not met

CE # 5: Increase in Agency Rental Revenue				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?

Total Household contribution towards housing assistance (increase). Average monthly tenant share.	\$0	\$571 (50% of 2-BD payment standard)	\$440 average monthly tenant share	Not met
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SS #1: Increase in Household Income

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average earned income of households affected by this policy in dollars (increase).	\$12,372	\$17,160	\$13,586	Not met

SS #3: Increase in Positive Outcomes in Employment Status

Report the Baseline, Benchmark and outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
1) Employed full-time	438	613	375	Not met
	21%	45%	28%	Not met
2) Employed part-time	597	613	242	Not met
	29%	45%	18%	Not met
3) Enrolled in Educational Program	0	TBD	NA	THA will establish benchmark in 2018
	0%	TBD	NA	NA
4) Enrolled in Job Training	0	TBD	NA	THA will establish benchmark in 2018
	0%	TBD	NA	NA
5) Unemployed	Cannot establish baseline	136	746	Not met
		10%	55%	Not met

SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households receiving TANF assistance (decrease).	431	Not to exceed 20% of work-able households	162 (13%)	Met

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Work-able households on traditional MTW rent calculation exiting the program with rent burden <50%	<p>Exited with market rent burden <=50%: NA</p> <p>Average market rent burden (all traditional work-able): NA</p>	50% of exiting or graduating households will have market rent burden <=50%	<p>Exited or graduated with market rent burden <=50%: TBD families (TBD%)</p> <p>Average market rent burden (all traditional work-able): 74%</p>	THA will begin tracking market rent burden for work-able households in 2018

Hardships: Six households in this program were granted hardships in 2017.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: For CE #5 (Increase in Agency Rental Revenue) we will now report average monthly tenant share which helps to isolate the rent change impact better than overall rent revenue which will fluctuate with population changes. For example, average monthly family share could decrease but overall revenue could increase through expansion in the overall population size. Additionally, average tenant share allows for an “apples-to-apples” comparison across participating households in voucher and public housing programs. We will use a benchmark of 50% of the 2-bedroom payment standard in the 2017 report (\$571). Note the minimum rent for this population has not changed from the initial \$75, as THA has contemplated program wide rent reform the last few years.

THA has established a revised benchmark for average household earned income (SS #1) that will evolve based on Washington’s minimum wage (\$11.00/hour in 2017). The benchmark will be based on 30 hours/week at the minimum wage, which equals \$17,160 for 2017. This benchmark

will be revised in subsequent MTW reports as the minimum wages changes. The previous benchmark was based on a 5% increase in earned income versus baseline, which was deemed to be insufficient to help households achieve a true path to self-sufficiency.

For SS#3 (Increase in Positive Outcomes in Employment Status), THA has established new benchmarks for full-time employment (45%), part-time employment (45%) and unemployed participants (10%). Because the size of this population fluctuates from year-to-year, these percentages will be applied to the number of work-able traditional MTW voucher households each year in order to establish numerical benchmarks.

The benchmark for SS #4 (Households Removed from TANF) was revised to use a percentage rather than numerical target. As a larger percentage of work-able households gain employment and increase wages, the percentage of households receiving TANF will decrease. Therefore THA is establishing a benchmark for SS #4 of 20% for TANF participation.

Regarding SS #8, THA will be using market rent burden (market rent as a percentage of total gross household income) to assess self-sufficiency of work-able participants. THA will determine the percentage of 'successful' outcomes by measuring work-able exits that have a market rent shelter burden at or below 50%. THA's current payment standards will be used as a proxy for market rents in Tacoma. In addition to the percentage of successful exits, THA will start to report the average market rent burden for all work-able voucher families using the traditional MTW rent model. See Appendix B for details on the rent burden methodology.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: THA currently does not track the number of households enrolled in an educational and/or job training program across this population. The numbers reported in these categories above only reflect those that participate in THA's Community Services. In 2018 THA will seek to address this gap.

7. LOCAL INCOME AND ASSET POLICIES (HCV/PH)

Plan Year Approved, Implemented, Amended: THA proposed and implemented this activity in 2011.

Description/Impact/Update: As part of this activity THA implemented the following policies:

- Allow tenants to self-certify assets valued at less than \$25,000.
- Disregard income from assets valued at less than \$25,000.
- Eliminate earned income disallowance (EID).
- Exclude resident stipends up to \$500.
- Accept hand-carried third party verifications and increase number of days verifications are valid up to 180 days.
- Extend the authorization of the HUD 9886 form.
- Accept hand carried verifications.

These changes have allowed THA to further streamline inefficient processes and save staff time while reducing the burden on clients to provide information that made little difference in rent calculation. Staff time interviews from early 2018 have shown that on average it takes thirty minutes to verify assets greater than \$25,000, but there was only one such household in 2017. THA has seen nearly a 100% savings from only verifying assets over \$25,000.

CE # 1: Agency Cost Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease) as shown by hourly staff cost applied to hours required to perform task.	\$19,726	\$10,400	\$13	Met

CE # 2: Staff Time Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease).	967	500	.5 hours	Met

Hardships: No hardships were requested in the 2017 because of this activity.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: CE #3 (Decrease in Error Rate of Task Execution) was deleted from this impact analysis. Error rates have not been collected for this initiative throughout its implementation and there are no plans to start tracking this metric.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

8. LOCAL INTERIM PROCESSING AND VERIFICATION POLICIES (HCV/PH)

Plan Year Approved, Implemented, Amended: THA proposed and implemented this activity in 2011.

Description/Impact/Update: THA found that parts of its interim policy were causing more work than necessary. Because of that, THA will no longer require an interim increase for every interim decrease processed. THA will also limit interims to two per recertification cycle. In 2013, a process improvement project led to THA accepting all changes of circumstances (interims) online. The activity has worked well and THA supports clients who cannot use a computer and need assistance. Forms now come in 100% complete and correctly filled out. THA met both of the benchmarks for this activity in 2017.

CE # 1: Agency Cost Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease).	\$11,409 (2016)	\$9,864	\$4,716 in staffing costs to process rent decreases	Met

CE # 2: Staff Time Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease) to complete interims that result in rent changes.	347 (2016)	300 hours	184 hours	Met

Hardships: No hardships were requested in 2017 because of this activity.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: Because this activity limits the interim processing necessary for rent changing events, THA began calculating dollars and hours saved based on interims that led to an actual change in rent. In the past, THA included all interim processing while calculating these metrics, including FSS interims and inspections.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

11. SIMPLIFIED UTILITY ALLOWANCE

Plan Year Approved, Implemented, Amended: THA proposed and implemented this activity in 2011.

Description/Impact/Update: This activity streamlined the utility allowance given to THA's clients and residents. Historically, THA's utility allowances varied by building type, bedroom size, and type of fuel/energy used. These variables resulted in numerous possible utility allowance combinations that were difficult to explain to property owners and clients, and often resulted in methodological misunderstandings. The new UA schedule was primarily streamlined by eliminating the structure type and energy type differentiators.

This activity has had a positive impact on both staff and residents. It has made explanation of the UA much simpler and cut back on the amount of time staff uses to process the UAs. THA staff are still required to calculate the UA and have been checking the accuracy of UAs as THA has been transitioning to a new system in 2017. THA met the benchmarks outlined for this activity.

CE # 1: Agency Cost Savings

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease).	\$6,793	\$3,397	\$627 in staff cost to process UAs	Met

CE # 2: Staff Time Savings

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease).	333 hours	167 hours	24 hours	Met

Hardships: No households requested hardships due to the utility allowance in 2017.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: CE #3 (Decrease in Error Rate of Task Execution) was deleted from this impact analysis. Error rates have not been collected for this initiative throughout its implementation and there are no plans to start tracking this metric.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

12. LOCAL PORT OUT POLICY

Plan Year Approved, Implemented, Amended: THA proposed and implemented this activity in 2012.

Description/Impact/Update: Since implementing this activity in 2012, THA has seen the monthly number of port outs decrease. This decrease, combined with the attrition that comes with absorbing, and households leaving the program, have helped THA meet its goals in 2017. The reported 2017 numbers are based on the staff time required to process initial port out applications in addition to ongoing billing. The benchmark for staff time savings (CE #2) met the benchmark of a 40% decrease in staff time but costs as reflected in CE #1 (a) were slightly higher due to the rising cost of compensation.

CE # 1 (a): Agency Cost Savings – Staff Costs				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease).	\$6,630	\$3,978	\$4,818	No, but this is due to rising staff costs since implementation

CE # 1 (b): Agency Cost Savings – Port Out Administrative Billing				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease).	TBD	TBD	\$65,705	THA will establish a benchmark for this new metric in 2018.

CE # 2: Staff Time Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease).	325 hours	195 hours	188 hours	Met

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: In 2017 THA started tracking costs related to administrative billing by other housing authorities. This represents a significantly higher cost than the allocated internal staff costs related to processing port outs. This new metric falls under CE #1 (b)

and we are now designating the staff-related cost allocation as CE #1 (a). To calculate the costs in CE #1 (b), the monthly administrative fee charged to THA for administering billing of port outs is applied to the total number of port outs being administered by other housing authorities.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

15. REGIONAL APPROACH TO SPECIAL PURPOSE HOUSING

Plan Year Approved, Implemented, Amended: THA received authorization for this activity in 2012. THA used this activity to implement its local non-traditional housing programs in 2013.

Description/Impact/Update: THA partnered with Pierce County on two programs that worked with hard to house populations. The program uses the rapid rehousing model in order to quickly house or re-house homeless or at risk of being homeless families and young adults. The program also allows THA to leverage service dollars for the housing dollars spent.

THA met the benchmarks established for all of the metrics for this activity in 2017. As THA's investment increases, the resources leveraged also increase. The number of unique households served is nearly three times the per unit month count showing that this is a wise investment in order to serve more households. All households served through this contract receive services from providers to increase self-sufficiency.

Metric SS #8 counts households that had positive exits as determined by Pierce County. Positive exits include the following HUD designations: owned by client, no ongoing housing subsidy, permanent housing (other than RRH) for formerly homeless persons, rental by client with no ongoing housing subsidy, rental by client with other ongoing housing subsidy, rental by client with VASH subsidy, staying or living with family, permanent tenure, staying or living with friends, and permanent tenure.

CE # 4: Increase in Resources Leveraged				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Amount of funds leveraged in dollars (increased).	\$0	\$150,000	\$273,400 spent on casework associated with this program	Met

SS #5: Households Assisted by Services that Increase Self Sufficiency				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households receiving services aimed to increase self-sufficiency (increase).	0	120	152 unique families housed over 2017 (111 average unique households served per month)	Met

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households transitioned to self-sufficiency (increase).	0	20	55 families with 'positive' exits as determined by Pierce County. (Positive outcomes represented 71% of total exits)	Met

HC #1: Additional units of Housing Made Available				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase).	0	120	152 unique households served	Met

HC #5: Increase in Resident Mobility				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of household able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	120	152 unique households served	Met

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: No changes were made to the metrics or data collection process.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

16. CREATION AND PRESERVATION OF AFFORDABLE HOUSING

Plan Year Approved, Implemented, Amended: THA proposed this activity in a 2012 plan amendment to preserve and create affordable housing units under MTW. THA used MTW dollars in 2013 on the development of affordable housing units to replace Hillside Terrace.

Description/Impact/Update: Affordable housing units developed under this initiative can be any bedroom size and will be located within the City of Tacoma and may be acquired or created by THA to be rented to families at or below 80% AMI. THA intends to allow eligible low-income families to reside in these units, including those that may be receiving Section 8 rental assistance. THA also recognizes that this entire activity is under the parameters of PIH Notice 2011-45. THA will abide with PIH Notice 2011-45 when implementing this activity.

In total 104 public housing units at Hillside Terrace were torn down. In 2014, Phase 1 replaced 70 of those units with a mix of project-based units, public housing units and affordable tax credit units. In 2017, Phase 2 brought an additional 74 new units online with a mix of S8 and market rent units for households at or below 80% AMI. After the initial demolition of 104 Hillside Terrace units in 2013, a total of 144 new affordable units have been brought online in 2014 and 2017.

HC #1: Additional units of Housing Made Available				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase).	0	26	Bay Terrace Phase II - 21 unsubsidized LIHTC	Met

HC #2: Units of Housing Preserved				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase).	0	26	Bay Terrace Phase II - 21 unsubsidized LIHTC	Met

HC #5: Increase in Resident Mobility

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of household able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	26	Bay Terrace Phase II - 21 unsubsidized LIHTC	Met

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: No changes were made to the metrics or data collection process.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

17. HOUSING OPPORTUNITY PROGRAM (HOP)

Plan Year Approved, Implemented, Amended: THA proposed and implemented this program in 2013 after receiving MTW approval.

Description/Impact/Update: All new admissions to THA's tenant-based voucher program receive a HOP subsidy. A HOP subsidy is a fixed subsidy as opposed to a subsidy based on income. That includes senior/disabled households. Work-able households have a five-year time limit on their rental assistance.

In 2017 THA increased the number of active HOP households by 25% to 498 (from 398 in 2016). Of these, 286 (57%) were work-able and 212 (43%) were elderly or disabled. 2017 marked the fifth year of HOP, during which the first 'cohort' of HOP work-able households (on 5-year time limit) started to enter the final year of their rental assistance.

THA conducted an extensive evaluation of HOP and found that after 4 years, work-able households in their final year increased their earned income by 40% and reduced their dependence on public assistance by 75%. Eighty percent of households were working full-time or part-time at the end of 2017, compared to 65% at their time of admission. Increases in earned income and the number of households working are not enough to keep up with Tacoma's rising rental market; 60% of those who are set to exit HOP in 2018 will pay more than 50% of their income for rent in Tacoma's new rental market. The analysis found that the program does not have any detectable disparate impacts on any protected classes or extremely low-income households. THA identified that rent burdens at admission for elderly/disabled households peaked in 2017 and THA will closely monitor this.

These increases in earned income and number of households working are not enough to keep up with Tacoma's rising rental market; 60% of those who are set to exit HOP in 2018 will pay more than 50% of their income for rent in Tacoma's new rental market. Tacoma has a very different rental market now compared to 2013. Rents are rising quickly, vacancy rates are falling and wages are not keeping up. More and more people need help paying the rent. Tacoma's rental market requires a full-time hourly wage of \$21.96 to afford a modest two-bedroom apartment. In contrast, for example, Tacoma's minimum hourly wage is \$12 (the state of Washington's 2018 minimum wage is \$11.50).

To improve employment and earned income THA will continue to encourage work-able households to participate in FSS (currently approximately 12% of work-able HOP households participate in FSS versus benchmark of 15%). THA recently revised its hardship policy for households engaged with a self-sufficiency activity as an incentive for households to work toward increasing their earned income. THA is also continuing to monitor lease up rates and the geographic locations of where HOP households are able to find affordable housing.

Average time on waitlist for HOP participants increased by over one year in 2017. This may be because of the difficulty HOP (and voucher) some

clients have had utilizing their subsidies in Tacoma's tightening rental market. THA is finding that some subsidies are expiring before a household is able to lease up.

Through the use of targeted funding, THA also provides a limited number of HOP subsidies to two programs: the College Housing Assistance Program (CHAP) and the Children's Housing Opportunity Program (CHOP). Descriptions of these programs follow:

CHAP: THA partnered with the Tacoma Community College (TCC) where THA provides rental assistance to homeless students at the community college. TCC provides services designed to help the families succeed so they are ready to be independent of housing subsidies after graduation. The program offers the same fixed subsidies as the HOP program and has a three (3) year limit on assistance. Graduates are considered a success and transitioned off of the program with a 30-day notice. The community college handles all eligibility but anyone on the program must be an active student at the community college. Students must stay in college and maintain a 2.0 grade level. ***As of the end of 2017, 24 households were enrolled in this program.***

CHOP: THA partnered with the Department of Social and Health Services (DSHS) to provide rental assistance to families who need housing to prevent or shorten their child's foster care placement or to house a teenager aging out of foster care who otherwise would begin his or her adulthood as a homeless person. Information on this program has been included in the HOP activity. ***As of the end of 2017, 14 households were enrolled in this program.***

Whereas CHOP households are at 93% of earned income benchmark, CHAP households significantly lag the benchmark at 50%, which may be a function of their previously homeless status and student workload.

SS #1: Increase in Household Income				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average earned income of households affected by this policy in dollars (increase). Work-able HOP households.	\$12,164 (2013)	All HOP Work-able: \$17,160	HOP All Work-able: \$15,573	HOP All Work-able: Not met
		HOP Work-able in 5 th year: \$27,500	HOP Work-able in 5 th year: \$16,972	HOP Work-able in 5 th year: Not met
		CHOP: \$17,160 CHAP: \$17,160	CHOP: \$15,937 CHAP: \$8,638	CHOP: Not met CHAP: Not met

SS #3: Increase in Positive Outcomes in Employment Status (work-able HOP households only)

Report the Baseline, Benchmark and outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
1) Employed Full Time	0	143	79	Not met
	0	50%	29%	Not met
2) Employed Part Time	0	129	141	Met
	0	45%	52%	Met
3) Enrolled in an Educational Program	0	TBD	NA	THA will establish benchmark in 2018
	0	TBD	NA	NA
4) Enrolled in a Job Training Program	0	TBD	NA	THA will establish benchmark in 2018
	0	TBD	NA	NA
5) Unemployed	Cannot Establish Baseline	14	72	Not met
	Cannot Establish Baseline	5%	26%	Not met

SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households receiving TANF (decrease).	9 work-able HOP households from 2013 cohort (15%)	10% of year 5 work-able HOP households	2 year 5 work-able HOP households (3% of work-able HOP households from 2013 cohort)	Met. Note 30 work-able HOP households overall received TANF in 2017 (14%).

SS #5: Households Assisted by Services that Increase Self Sufficiency

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households receiving services aimed to increase self-sufficiency (increase). Households participating in FSS.	0	15% participation in FSS by HOP work-able households	35 HOP households participate in FSS (12% of work-able HOP households)	Not met

SS #6: Reducing per Unit Subsidy Costs for Participating Households

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average amount of Section 8 and/or 9 subsidy per household affected by this policy in dollars (decrease).	\$604 for traditional section 8	\$571 average monthly HAP for HOP households (50% of 2-BD payment standard)	\$508 average monthly HAP for HOP households at end of 2017	Met. Slight increase from \$496 in 2016.

SS #8: Households Transitioned to Self Sufficiency

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households transitioned to self-sufficiency (increase). Work-able households who exit HOP with a market rent burden less than or equal to 50%.	<p>Exited with market rent burden $\leq 50\%$: NA</p> <p>Average market rent burden (all HOP): 72%</p> <p>Average market rent burden (HOP cohort #1): 71%</p>	50% of exiting work-able households will have market rent burden $\leq 50\%$	<p>Exited with market rent burden $\leq 50\%$: NA families (NA%)</p> <p>Average market rent burden (all HOP): 61%</p> <p>Average market rent burden (HOP cohort #1): 66%</p>	<p>THA will begin tracking market rent burden for exiting and graduating HOP households in 2018. The first HOP exits will occur in April 2018.</p> <p>Note: 15 work-able HOP from the first cohort exited the program in 2017.</p>

HC #3: Decrease in Wait List Time

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average applicant time on wait list in months (decrease).	5.16 Years	2 Years	2.82 Years (vs. 1.32 Years in 2016)	Not met

CE # 1: Agency Cost Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of calculating rent in dollars (decrease). Estimated staff cost to conduct annual reviews.	\$7,943	\$16,375	\$13,723 estimated staff cost to conduct HOP reviews in 2017.	Met

CE # 2: Staff Time Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to calculate rent in staff hours (decrease). Staff time to conduct annual reviews.	335	498 (average of one hour review time per HOP HH per year)	423 staff hours spent conducting HOP reviews in 2017	Met

CE # 4: Increase in Resources Leveraged (From the College Housing Assistance Program)				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Amount of funds leveraged in dollars (increased).	\$0	\$22,000	\$22,000 (\$12,000 in project management, data management and admin support; and \$10,000 in case management)	Met

Hardships: No hardships were granted to HOP participants in 2017. THA recently revised the HOP's hardship policy to grant up to one year of additional rental assistance to households actively enrolled in a self-sufficiency activity that will likely increase the household's earned income (activities may include a degree program, FSS, or vocational certificate). To be eligible, a household must also be extremely rent-burdened without rental assistance (according to the payment standard). THA also provides a 90-day unexpected loss of income hardship extension for households who experience an unforeseen loss of income within 90 days prior to exit.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: Important changes were made to metrics and benchmarks for this activity:

A revised average earned income (SS #1) benchmark for all HOP work-able, CHOP and CHAP households will evolve based on Washington's minimum wage (\$11.00/hour in 2017). This benchmark will be based on 30 hours/week at the minimum wage, which equals \$17,160 for 2017. This benchmark will be revised in subsequent MTW reports as the minimum wages changes. The \$27,500 earned income benchmark for HOP work-able households in year 5 of the program is based on an approximation of household income that would generate a market rent burden of 50% based on THA's 2-bedroom payment standard of \$1,142. The 2013 earned income baseline was also adjusted for SS #1 to reflect the average earned income for work-able households in 2013, rather than a blended average across work-able and elderly/disabled households.

For SS#3 (Increase in Positive Outcomes in Employment Status), THA has established new HOP work-able population benchmarks for full-time employment (50%), part-time employment (45%) and unemployed (5%). Because the HOP population fluctuates from year-to-year, these percentages will be applied to the number of HOP work-able population each year in order to establish numerical benchmarks.

THA also revised the benchmarks for SS #4 (Households Removed from TANF), SS #5 (Households Assisted by Services that Increase Self-Sufficiency) and SS #6 (Per Unit Subsidy Costs for Participating Households) to use percentage rather than numerical targets. The new percentage-based targets will be more relevant given the increasing HOP population. As a larger percentage of HOP work-able households gain employment and increase wages, the percentage of households receiving TANF will decrease (although it should be noted that at the same time, THA will encourage eligible families to apply for TANF). Therefore THA is establishing a benchmark for SS #4 of 10% for TANF participation for HOP work-able households on their fifth-year (not to exceed 10%).

To increase employment and self-sufficiency, THA encourages its HOP work-able households to participate in the FSS program. Therefore, THA is establishing a benchmark for SS #5 of 15% participation in FSS for HOP work-able households. The benchmark for SS#6 will be revised to assume 50% of the average payment standard using a two-bedroom assumption (\$1,142 payment standard, so subsidy benchmark equals \$571). This benchmark will evolve along with THA's payment standards.

Regarding SS #8, THA will be using market rent burden (market rent as a percentage of total gross household income) to assess self-sufficiency of work-able HOP program participants. These households are subject to a five-year term limit on rental assistance. THA will determine the percentage of 'successful' HOP outcomes by measuring work-able exits that have a market rent shelter burden at or below 50%. THA's current payment standards will be used as a proxy for market rents in Tacoma. In addition to the percentage of successful exits, THA will start to report the average market rent burden for all HOP work-able families and those in the final year of the time-limited program. See Appendix B for details on the rent burden methodology.

Regarding CE #1(Agency Cost Savings) and CE #2 (Staff Time Savings), THA used the results of a time study of administrative tasks (completed in early 2018) to update the time and estimated staff costs to conduct HOP annual reviews. In previous MTW reports, THA has indicated these metrics reflect staff time and costs related to the rent calculation. To clarify the task being measured, THA will define this calculation more

broadly to include the entire annual review process. The estimated staff cost to conduct reviews was based on the annual staff hours required and the average hourly salary (plus benefits) of the staff engaged in the review process. Benchmarks for these metrics were revised to 'float' as the population size changes and assume one hour per year for reviews with costs based on those hours and an average hourly staff cost.

CE #3 (Decrease in Error Rate of Task Execution) was deleted from this impact analysis. Error rates have not been collected for this initiative throughout its implementation and there are no plans to start tracking this metric.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

18. ELIMINATE THE 40% RULE

Plan Year Approved, Implemented, Amended: THA proposed and implemented this program in 2013 after receiving MTW approval.

Description/Impact/Update: THA used this activity to waive the 40% cap on the percentage of income spent on rent. The goal is to allow for maximum resident choice in the voucher program and to substantially increase the participant's ability to understand the program and lease up more quickly.

This activity has allowed more households in THA's voucher programs the opportunity to lease units that they would have not had the opportunity to lease in the past. In addition, staff have saved time explaining the 40% rule to clients. In 2017 the number of households using this flexibility dropped to 305 (-52% versus 2016).

HC #5: Increase in Resident Mobility				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of household able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	100	305 families leased a unit when rent exceeded 40% of their income	Met

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: No changes were made to the metrics or data collection process.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

19. MODIFY THE FSS PROGRAM

Plan Year Approved, Implemented, Amended: THA proposed and implemented this program in 2013 after receiving MTW approval.

Description/Impact/Update: Under this activity, THA's FSS team now uses a pay point approach in lieu of the traditional income-based escrow system. The system has now been built into THA's new software program. All participants in the FSS program are now using this modified approach.

The number of FSS participants (excluding HOP) was down slightly in 2017 (166 compared to 170 in 2016). Earned income for FSS participants was 80% of benchmark (currently based on 30 hours at Washington minimum wage) and the average market rent burden of 64% was above the benchmark of 50%. Tenant share has increased while THA housing assistance payments have increased slightly. The average amount of money in participants' accounts in 2017 was above the benchmark and the 2016 account balances. The number of FSS graduates in 2017 was the same as in 2016 (15).

THA has seen a 100% cost and time savings from the modified FSS program. Staff reported no time was spent calculating escrow amounts as the new system simply requires the caseworker to select the milestone accomplished. THA's Client Services department is working diligently to increase the number of households that participate in FSS.

CE # 1: Agency Cost Savings

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total cost of task in dollars (decrease) by not having escrow errors.	\$22,586	\$1,583	\$0	Met

CE # 2: Staff Time Savings

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total time to complete the task in staff hours (decrease) by not having escrow errors.	936	78	0	Met

SS #1: Increase in Household Income				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average earned income of households affected by this policy in dollars (increase).	\$9,231	\$17,160	\$13,663	Not met

SS #2: Increase in Household Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average amount of savings/escrow of households affected by this policy in dollars (increase).	\$0	\$500	\$534 (\$502 in 2016)	Met

SS #3: Increase in Positive Outcomes in Employment Status				
Report the Baseline, Benchmark and outcome data for each type of employment status for those head(s) of households affected by the self-sufficiency activity.				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
1) Employed Full Time	68	100	75	Not met
	54%	60%	45%	Not met
2) Employed Part Time	23	58	51	Not met
	18%	35%	31%	Not met
3) Enrolled in an Educational Program	16	TBD	46 (including 17 completions)	THA will establish benchmark in 2018
	13%	TBD	28%	TBD
4) Enrolled in a Job Training Program	29	TBD	11 (including 7 completions)	THA will establish benchmark in 2018

	23%	TBD	7%	TBD
5) Unemployed	33	8	40	Not met
	26%	5%	24%	Not met

SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households receiving TANF assistance (decrease).	19	5% of FSS participants on TANF	27 or 16% of FSS participants on TANF (23 or 14% in 2016)	Not met

SS #5: Households Assisted by Services that Increase Self Sufficiency

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households receiving services aimed to increase self-sufficiency (increase).	140	100% of FSS participants	166 FSS participants (170 in 2016)	Met

SS #6: Reducing per Unit Subsidy Costs for Participating Households

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average amount of Section 8 and/or 9 subsidy per household affected by this policy in dollars (decrease).	\$589 2014	\$571 (50% of 2-BD payment standard)	\$565 (\$556 in 2016)	Met

SS #7: Increase in Agency Rental Revenue

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Total Household contribution towards housing assistance (increase). Average monthly tenant share.	THA cannot establish a baseline for this metric.	\$571 (50% of 2-BD payment standard)	\$482 average monthly tenant share for FSS families	Met

SS #8: Households Transitioned to Self Sufficiency				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of households transitioned to self-sufficiency (increase).	Exited or graduated FSS with market rent burden <=50%: NA	50% of exiting or graduating work-able households will have market rent burden <=50%	Exited or graduated FSS with market rent burden <=50%: NA families (NA%)	THA will begin tracking market rent burden for exiting and graduating FSS households in 2018
Percentage of FSS graduates with market rent burden less than 50%.	Average market rent burden (all FSS): NA%		Average market rent burden (all FSS): 64%	

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: THA has established a revised benchmark for average household earned income (SS #1) that will evolve based on Washington's minimum wage (\$11.00/hour in 2017). The benchmark will be based on 30 hours/week at the minimum wage, which equals \$17,160 for 2017. This benchmark will be revised in subsequent MTW reports as the minimum wages changes.

For SS#3 (Increase in Positive Outcomes in Employment Status), THA has established new benchmarks for full-time employment (60%), part-time employment (35%) and unemployed participants (5%). Because the FSS population fluctuates from year-to-year, these percentages will be applied to the number of FSS participants each year in order to establish numerical benchmarks.

As a larger percentage of FSS participants gain employment and increase wages, the percentage of households receiving TANF will decrease (although it should be noted that at the same time, THA will encourage eligible families to apply for TANF). Therefore THA is establishing a benchmark of 5% for TANF participation for SS #4 Regarding SS #4 (Households Removed from Temporary Assistance for Needy Families (TANF)).

For SS #5 (Households Assisted by Services that Increase Self Sufficiency), we are assuming 100% of households with FSS participants are receiving self-sufficiency services as reflected by case management provided by THA's Community Services department. The benchmark for SS#6 will be revised to assume 50% of the average payment standard using a two-bedroom assumption (\$1,142 payment standard, so subsidy benchmark equals \$571). This benchmark will evolve along with THA's payment standards.

For SS #7 (Increase in Agency Rental Revenue) we will now report average monthly tenant share which helps to isolate the rent change impact better than overall rent revenue which will fluctuate with population changes. For example, average tenant share could decrease but overall revenue could increase through expansion in the overall population size. Additionally, average tenant share allows for an "apples-to-apples"

comparison across participating households in voucher and public housing programs. A benchmark of \$571 (50% of 2-BD payment standard) was established for SS #7.

Regarding SS #8, THA will be using market rent burden (market rent as a percentage of total gross household income) to assess self-sufficiency of FSS program participants. THA will determine the percentage of 'successful' FSS outcomes for graduates by measuring market rent shelter burden at or below 50%. THA's current payment standards will be used as a proxy for market rents in Tacoma. In addition to the percentage of successful exits, THA will start to report the average market rent burden for all FSS work-able families and those in the final year of the program. Previously, THA defined a successful FSS outcome as one who graduated from the program. THA believes the market rent shelter burden is a better gauge for measuring self-sufficiency (the ability to pay a market rent without rental assistance). See Appendix B for details on the rent burden methodology.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

21. CHILDREN'S MATCHED SAVINGS ACCOUNTS

Plan Year Approved, Implemented, Amended: THA proposed this activity in its 2014 MTW Plan and implemented the program in Fall 2015.

Description/Impact/Update: THA offers children's savings accounts (CSAs) to the children of New Salishan from kindergarten through high school. The program is aimed at developing a savings habit among students and their families and improving academic achievement, graduation rates, college preparation and enrollment. New Salishan is THA's largest community.

In 2017 THA continued to recruit children attending Lister Elementary or First Creek Middle School in the Salishan neighborhood to help them save for college. In 2017 the number of children enrolled in the program increased from 69 in 2016 to 110 (60 in the elementary school cohort and 50 in the middle school cohort).

In the first year, THA hoped to average \$100 in the children's savings accounts. By the end of 2017, there was approximately \$30,000 in savings for the program resulting in an average account balance of for all program participants of \$273. THA continued its fundraising efforts for this activity through 2017 and now has sufficient funding to support its first three cohorts.

SS #2: Increase in Household Savings				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Average amount of savings/escrow of households affected by this policy in dollars (increase).	\$0	\$100 average annual savings per account	\$273 average account balance	Met

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: No changes were made to the metrics or data collection process.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

24. SECURITY DEPOSIT ASSISTANCE PROGRAM

Plan Year Approved, Implemented, Amended: THA proposed this activity in its 2014 MTW Plan and implemented the program in January 2016.

Description/Impact/Update: The activity is a security deposit assistance program that would be open to THA applicants in its Tacoma Public Schools Special Housing Project, its College Housing Assistance Program, and any of THA's affordable housing applicants/residents who are in need of assistance in order to move into a unit. THA realizes it is very difficult when a household comes to the top of a waitlist and it does not have the resources to pay the security deposit. This program ensures that families in need can afford to move into the unit when their name is called and will reduce the number of unit turndowns THA receives.

In 2017, THA assisted 29 households with this program. The average security deposit assistance paid by THA was \$690 (compared to \$509 in 2016). Of the \$20,000 spent on this program in 2017, nearly \$16,000 (80%) was used by participants in the College Housing Assistance and Elementary School Housing Assistance programs.

HC #5: Increase in Resident Mobility				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of household able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	20	29	Met

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2017.

Actual Changes to Metrics/Data Collection: No changes were made to the metrics or data collection process.

Actual Significant Changes: No significant changes were made to this MTW activity in 2017 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity.

B. Not Yet Implemented Activities:

9. Local HQS Activity

Update: This activity was proposed in 2011. THA has been working with the city on implementing part of its inspection code into our HQS standards. Staff has needed updated training and the agency needed to ensure all the units were up to Tacoma city code before implementing any multi-year inspection policy.

10. Special Program Vouchers

Update: THA proposed this activity in 2011. THA has several special programs it is running but they have all been proposed separately as rent reform activities or local non-traditional programs to this point.

22. Exclude Financial Aid from Excess Income for Students

Update: THA is planning to implement this activity later in 2018.

C. On Hold Activities:

20. MTW Seed Grants

Update: THA implemented this program in 2013 after receiving MTW approval. THA used this activity in 2013 to contract with a service provider for job readiness soft skills. THA did not utilize this activity in 2017.

D. Closed Out Activities:

9. Modified Housing Choice Voucher Activity: THA proposed this activity in 2011 and has yet to implement it. The activity proposed to modify the annual inspection process to allow for biennial inspections of qualifying HCV units (instead of yearly). Since HUD guidance was released on inspections allowing any PHA to perform them biennially, this activity was closed out in 2015.

13. Local Blended Subsidy: THA proposed this activity in 2012 but has not implemented it. The activity was created so that THA could create a local blended subsidy (LBS) at existing and, if available, at new or rehabilitated units. The LBS program would use a blend of MTW Section 8 and public housing funds to subsidize units reserved for families earning 80 percent or below of area median income. Because of the complicated nature of this activity, THA has not implemented it. THA has been approved for a RAD conversion in 2014/2015 which caused this activity to be closed out in 2015. The units may be new, rehabilitated, or existing housing. The activity is meant to increase the number of households served and to bring public housing units off of the shelf.

14. Special Purpose Housing: THA proposed this activity in 2012 and has not implemented it. The activity was meant to utilize public housing units to provide special purpose housing, and improve quality of services or features for targeted populations. In partnership with agencies that provide social services, THA would make affordable housing available to households that would not be admitted to traditional public housing units. With this program, THA would sign a lease with partner agencies to use public housing units both for service-enriched transitional/short-term housing and for office space for community activities and service delivery. The ability to designate public housing units for specific purposes and populations allows units to target populations with specific service and housing needs and specific purposes, such as homeless teens and young adults. Because of the RAD conversion, THA closed this activity in 2015.

Section V: Sources and Uses of MTW Funds

Actual Sources and Uses of MTW Funds in the Plan Year

The MTW PHA shall submit unaudited and audited information in the prescribed Financial Data Schedule (FDS) format through the Financial Assessment System – PHA (FASPHA), or its successor system.

Actual Use of MTW Single Fund Flexibility

THA used single fund flexibility to fund the Housing Choice Voucher programs in order to carry out the mission of the MTW Demonstration Program through activities that would otherwise be eligible under sections 8 and 9 of the 1937 Act. Below are listed some of the specific ways in which THA exercises the Single-Fund Flexibility:

- THA is focusing on housing, employment-related services, and other case management activities that will move families towards self-sufficiency. Its Community Services area also assists tenants that are facing challenges in successful tenancy.
- THA is going into the sixth year of its Education program. It has various elements and initiatives. One has THA providing rental assistance to homeless households with children who attend a school with an exceptionally high level of turnover to help stabilize the student population. THA uses single-fund flexibility to provide some administrative support for this program. THA believes this approach will help to improve educational out-comes, add stability to the neighborhood, and create a better learning environment for the community as a whole.
- THA is utilizing single-fund flexibility to support Information Technology staff and contracts to support the development of a new customer relationship management (CRM) software system. This development will make necessary technological enhancements to benefit the organization and the residents.
- THA is analyzing its administrative overhead and charge expenses directly to the programs whenever possible. The agency is charging administrative or previously allocated costs to a Program Support Center for each of its three activity areas as identified in the Local Asset Management Plan, along with a Community Services Central fund to track expenses associated with those functions.
 - THA wrote an activity in its 2012 amended plan that allows the agency to activate the single fund flexibility and to spend MTW money on the development, and preservation of affordable housing.
- THA is partnering Pierce County to invest up to \$1.288 million each year to support housing assistance for homeless families. The programs are funded by THA but run by partnering agencies in the community.

Local Asset Management Plan	
Did the MTW PHA allocate costs within the statute in the Plan Year?	Yes
Did the MTW PHA implement a local asset management plan (LAMP) in the Plan Year?	No, ongoing
Did the MTW PHA provide a LAMP in the appendix?	Yes, appendix item A
If the MTW PHA has provided a LAMP in the appendix, please provide a brief update on implementation of the LAMP. Please provide any actual changes (which must be detailed in an approved Annual MTW Plan/Plan amendment) or state that the MTW PHA did not make any changes in the Plan Year.	No actual changes in the Plan Year.

Section VI: Administrative

A. Reviews, Audits and Inspections

In 2017, THA went under HUD HCV Management Review – below are the final findings and THA’s responses to HUD.

FINDING #1: ADMINISTRATIVE PLAN & MTW APPROVAL – OPEN

1.1 THA must update its Administrative Plan to be consistent with its current waitlist purge practice.

- THA has amended its Administrative Plan to state that THA will only purge or update its waiting lists as needed. This amendment to the Administrative Plan was adopted by the THA Board of Commissioners on December 13, 2017. This is reflected in the attached BOC Resolution 2017-12-13 (5).

1.2 THA must locate MTW authority in its MTW Plan for two Project Based Voucher (PBV) practices specified in our Administrative Plan.

- THA received notice of the approval of our 2018 Annual MTW Plan from your office on January 12, 2018. The correspondence is attached for your reference.

FINDING #2: INCOMPLETE ORIENTATION PACKETS – CLOSED

THA must redesign its MTW and HOP orientation packets, to include several items that appear to have been overlooked or misinterpreted, or were not updated subsequent to MTW conversion.

- We are pleased that your offices found that the updates to both the HCV and HOP Orientation packets contained the required documentation. We’ve found that the new orientation packets have been well received by participants.

CONCERN #1: CAPITALIZATION & DISPOSITION POLICIES – OPEN

THA has not developed and implemented Board of Commissioners approved policies for capitalization and disposition.

- THA will no longer be taking the Capitalization Policy to the Board of Commissioners. THA has received and is following guidance from the Washington State Auditor’s Office for capitalization of our assets. Please see the attached file for an excerpt from page 36, Section h. from the 2016 audit.

- Regarding a Disposition Policy, THA must follow the regulations provided by HUD and secure HUD approval for disposition of most of our properties. We will work with our legal counsel to develop a Disposition Policy during 2018 for all other property not requiring HUD's approval. We anticipate taking this to the Board of Commissioners by the end of the second quarter of 2018.

CONCERN #2: PROCUREMENT POLICY – OPEN

THA's current procurement policy states that we are exempt from applicable pre-procurement federal regulations. We are not exempt, but can self-certify that we are in compliance.

- We will ensure that the recommended language be included in the draft Amended Procurement Policy. To this date, staff have yet to present the revised Procurement Policy to the Board for approval as it is undergoing major revisions and requires significant legal input, as well as staff training. The work has already started and we anticipate having the Policy ready for staff review and training later in January, followed by a presentation to the Board of Commissioners for their approval at their February meeting.

TENANT FILE ERRORS – OPEN

There remains one open tenant file error that requires THA to obtain documentation that the family's employment income has ceased.

- Our staff have attached both the Interim and Annual reviews from the tenant file for your reference.

B. Evaluation Results

Attached: Housing Opportunity Program – Analysis & Possible Program Changes

Attached: Tacoma Housing Authority’s Children’s Savings Account Program Evaluation Interim Report

C. MTW Statutory Requirement

A. On behalf of the Tacoma Housing Authority, I certify that the agency has met the 3 statutory requirements of the MTW program in fiscal year 2017.

Certification that the Agency has met the three statutory requirements of:

- 1) Assuring that at least 75 percent of the families assisted by the Agency are very low-income 50% AMI and below families. In 2017, 94% of all households were at or below 50% AMI.

Certification of Statutory Compliance 2011			Certification of Statutory Compliance 2017		
Family Size	50% AMI and Below	Above 50% AMI	Family Size	50% AMI and Below	Above 50% AMI
1	98%	2%	1	98%	2%
2	95%	5%	2	92%	8%
3	92%	8%	3	90%	10%
4	93%	7%	4	90%	10%
5	93%	7%	5	91%	9%
6	96%	4%	6	89%	11%
7	97%	3%	7	89%	11%
8+	93%	7%	8+	92%	8%

- 2) Continuing to assist substantially the same total number of eligible low-income families would have been served had the amounts not been combined; and

Program	Moving to Work Baseline (Updated '13)	2011 Households Served	2012 Households Served	2013 Households Served	2014 Households Served	2015 Households Served	2016 Households Served	2017 Households Served
Public Housing	817 ⁱ	904	870	762	792	801	801	332
Section 8	3,696 ⁱⁱ	3,448	3,552	3,634	3,673	3,685	3,677	4049
Local Non-Traditional	0	0	0	47	128	86	61	77
Totals	4,513	4,335	4,422	4,443	4,593	4,572	4539	4458

- 3) Maintaining a comparable mix of families (by family size) served, as would have been provided had the amounts not been used under the demonstration.

Persons in Household	1	2	3	4	5	6	7+	Total
Pre-MTW	36%	21%	18%	12%	7%	3%	2%	100%
2011	42%	20%	16%	10%	7%	3%	3%	100%
2012	41%	20%	16%	10%	8%	3%	2%	100%
2013	42%	20%	16%	10%	7%	3%	2%	100%
2014	43%	19%	15%	10%	7%	3%	2%	100%
2015	43%	20%	16%	10%	7%	3%	2%	100%
2016	43%	20%	15%	10%	7%	3%	2%	100%
2017	46%	19%	15%	9%	6%	3%	2%	100%


Michael Mirra, Executive Director

Date: March 31, 2017

ⁱ 104 units public housing were torn down at Bay Terrace in 2013

ⁱⁱ THA received 103 TPV vouchers between July and October 2012

D. MTW Energy Performance Contract (EPC) Flexibility Data

This section does not apply.

Additional Appendix Items

Appendix A: Local Asset Management Plan

Appendix B: Rent Burden Methodology

Appendix A: Local Asset Management Plan

A. Background and Introduction

The First Amendment to the Amended and Restated Moving to Work Agreement authorize Tacoma Housing Authority (THA) to design and implement a Local Asset Management Program (LAMP) for its Public Housing Program and describe this program in its Annual MTW Implementation Plan. The term “Public Housing Program” means the operation of properties owned or units in mixed-income communities subsidized under Section 9 of the U.S. Housing Act of 1937, as amended (“1937 Act”) by the Agency that are required by the 1937 Act to be subject to a public housing declaration of trust in favor of HUD. The Agency’s LAMP shall include a description of how it is implementing project-based property management, budgeting, accounting, and financial management and any deviations from HUD’s asset management requirements. Further, the plan describes its cost accounting plan as part of its LAMP, and in doing so it covers the method for accounting for direct and indirect costs for the Section 8 Program as well.

In 2012, THA changed the structure of property management operations in order to achieve greater efficiencies. The new structure is described in Section C below. Since 2007, THA has operated using project-based budgeting with on-site administrative and maintenance personnel responsible for the majority of the tasks associated with managing the properties. THA will modify somewhat the cost approach as described in the previous year’s LAMP. This cost approach continues to eliminate all current allocations and book all indirect revenues and expenses to a Program Support Center and then charges fees to the programs and properties as appropriate.

B. Guiding Principles

The City of Tacoma established the Tacoma Housing Authority under State of Washington enabling legislation in 1940 through resolution. The resolution states that the City formed the Housing Authority to address a “shortage of safe and sanitary dwelling accommodations in the City of Tacoma, Washington available to persons of low-income at rentals they can afford.” Since then, THA has strived to meet the ever-increasing demands for low-income housing in the Tacoma area. With acceptance into the Moving to Work (MTW) program in 2010, THA took on three additional statutory objectives that further define the Agency’s role on both a local and a national scale. THA is required to keep these objectives in mind through the development of each activity related to MTW, including the development of the LAMP. The three statutory objectives are: 1) reduce cost and achieve greater cost effectiveness in Federal expenditures; 2) give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and 3) increase housing choices for low-income families [Section 204(a) of the 1996 Appropriations Act].

C. Description of Asset-Based Operations

Overview of Organizational Structure

THA's Property Management Department is responsible for the day-to-day operations of THA's portfolio and the Administration Department is responsible for Asset Management and compliance. The chart below shows this relationship and the positions responsible for these management functions.

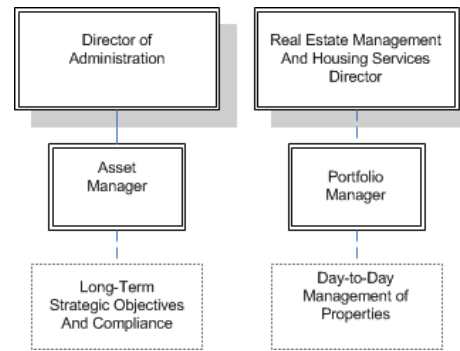


Figure 1: Organizational Structure

Description of 2017 Plan

THA's 2011 LAMP described a distinction between the method in which it managed its "conventional" AMPs and the Salishan portfolio. THA decided to manage these areas differently in order to capitalize on the efficiencies of managing Salishan as a larger property. THA restructured its entire portfolio in 2012 in order to achieve the operational efficiencies desired in Salishan. Rather than managing different types of properties in the same AMP, THA changed its management groupings into Elderly/Disabled properties and Family properties. The agency has already grouped its Salishan properties into a centralized management group rather than managing seven Salishan properties as separate entities. THA has made the same conversion for its Hillside Terrace properties. We have a Portfolio Manager that oversees our Salishan properties, and a separate one overseeing the reminder of our properties..

Asset and Compliance Management

While the Property Management Department oversees the day-to-day operations of the properties, THA's Asset Management and Compliance Division oversees the long-term strategic objectives of the properties. Having an Asset Management and Compliance Division enables THA to effectively plan for the future, ensure compliance with Local and HUD regulations, and keep the agency's strategic objectives at the forefront when making both operational and strategic decisions. Included within the scope of this division are the following responsibilities:

- Risk Management
- Compliance (file audits, PIC, finding resolution)
- Budget Oversight
- Financial Reporting and Modeling
- Capital Needs Assessment
- AMP Performance Review
- Strategic Planning
- Policy Development and Implementation
- AMP Procurement Regulation

Project-Level Reporting

THA instituted project-based budgeting and accounting practices in 2007. In 2008, THA Finance staff developed systems and reports to facilitate the onsite management of budgets, expenses, rent collection and receivables, and purchasing; in 2009 the Asset Management division developed reports and financial models to analyze all properties at the project level.

Maintenance Operations

In accordance with HUD Asset Management guidance, THA instituted a decentralized maintenance program in 2008. During 2011, THA realized efficiencies in the maintenance of its Salishan properties by assigning maintenance personnel to the entire Salishan portfolio, rather than each of the individual projects. We have continually updated our approach over time, and have a slotted facilities manager whose responsibility it is to oversee overall asset maintenance. We currently have four maintenance leads with more technical abilities who oversee assigned staff in each of our management clusters. Staff can be detailed to properties outside of their cluster, if there is a specified need.

Acquisition of Goods

THA has been operating under a decentralized purchasing model for the acquisition of goods. Site staff is primarily responsible for purchasing supplies for the properties they oversee. Purchases are primarily completed through a P-Card system, while in certain circumstances Purchase Orders continue to be used.

Acquisition of Services

While the acquisition of goods is decentralized, the agency has adopted a hybrid approach to the acquisition of its services. Centralized duties include the oversight of the contract needs of the sites, management of the bid process, vendor communication, and contract compliance. The sites are responsible for scheduling work, approving invoices, working with the centralized staff to define scopes of work, and ensuring the work is done properly.

D. Strategic Asset Planning

THA's Asset Management Committee

In 2010, THA formed an Asset Management Committee consisting of key members from the following functional areas in the agency: Finance, Asset Management and Compliance, Property Management, Community Services and Real Estate Development. The committee meets on a routine basis. The standing agenda includes reviewing operational costs at each site, investigating large cost variances between the AMPs, analyzing property performance metrics, and comparing cost data and operational data to industry standards. THA also uses financial models to compare our metrics to properties managed by private firms. The committee also considers any policy changes having a potential impact on the operation of its properties and decisions regarding property acquisition and disposition. Some examples of policy changes discussed here include adoption of a smoke-free policy and changes to THA's current rent policy and occupancy standards.

The overall purpose of the committee is to ensure that THA makes decisions in a way that fosters appropriate communication between the major functional areas concerned with Asset Management and address related issues and concerns from a holistic perspective.

The cost approach developed by THA as described in the next section of this LAMP allows this committee and others in the agency to make informed decisions concerning the agency's portfolio. The cost approach will clearly show which areas of the agency cost the most to run and which provide the most value to the mission of the agency.

E. Cost Approach

THA's current cost approach is to charge all direct costs related to day-to-day operations to the specific property or program fund and to charge all indirect costs to a central fund (see "Program Support Center" below). The PSC would then earn fees that they charge to the programs they support. Community Service expenses that benefit THA's Affordable Housing properties will be charged out to a direct grant or the Moving to Work program. For purposes of this Cost Approach, properties refer to ones that THA owns or manages and the term program refers to the Rental Assistance and Moving to Work programs administered by THA. In 2016, THA no longer owns any Public Housing units outright. We converted our existing ACC Public Housing portfolio to RAD, setting up a new Tax Credit entity. The remaining Public Housing units are owned by our existing Tax Credit entities. We currently manage our

THA developed this approach for the following reasons:

1. It allows the agency to easily see the costs directly related to the day-to-day operations of a property or program and determine whether the management of that cost center can support itself. Staff managing the programs and properties will be able to easily discern all related administrative and shared costs. Managers will negotiate if costs are determined unreasonable or if the AMP or program cannot support the proposed fees.
2. One of the goals of the MTW program is to increase administrative efficiency. By charging these costs out as a fee, it will be easier in the future to identify the administrative efficiencies at the program/project level and the indirect costs that support them. The tax credit entity fees paid to THA is based on a % of their Operating Income, and is distributed to the various support areas within THA.

Activity Areas

THA created three separate activity areas in order to track what it costs the agency to support different types of activities in which the agency engages. The three activity areas are:

- Conventional Affordable Housing (MTW)
- Tax Credit Management (MTW)
- Business Activities (Non-MTW)

THA decided to separate MTW activities into Conventional Affordable Housing and Tax Credit Management in order to tell how much it costs to manage its Tax Credit Portfolio versus its other affordable housing programs, including any remaining Housing properties we may manage, and Section 8. THA considers any other activities as Non-MTW activities and the revenues and expenses fall under the Business Activity area.

Program Support Center

Each of the three activity areas (Business Activities, CAH Activities and Tax Credit Activities) will have a Program Support Center (PSC). This is the equivalent of the Central Office Cost Center (COCC) under the HUD Asset Management model and it contains all of the programmatic support costs related to each of the three activity areas. The expenses will be split out to one of the three support centers based on unit equivalency and where the project or program resides to more clearly identify where administrative expenses fall and measure either the profitability or cost to each of the identified areas.

The end of this plan indicates the breakdown of how the administrative cost portion of the PSC will be charged out.

Direct Costs

Any costs that directly and wholly support a particular project or program will be charged as Direct Costs to the respective project or program. The following chart outlines which costs are considered Direct Costs.

Program Area	Cost Type	Comments
Property Management	Personnel Costs	
	Office Rent	
	Insurance	Includes property and liability insurance directly related to the AMP
	Program Support Fees	Fees charged to the properties for administrative overhead and costs allocated out that are not under the direct purview of the managers
	Administrative Costs	Includes postage, legal, office supplies, training and travel, mileage, professional services, and eviction costs
	Maintenance Costs	Includes materials, maintenance personnel costs, and contracts
	Utilities	
	Security	
	Relocation due to Reasonable Accommodation	
	Collection Loss	
	PILOT	
	Debt Service Payments	
	Audit Costs	
Rental Assistance	Personnel Costs	
	Office Rent	
	Insurance	
	Program Support Fees	HUD fees and leasing
	HAP Expenses	
	Audit Costs	
	Administrative Costs	Includes postage, legal, office supplies, training and travel, mileage, professional services, and eviction costs

Table 1: Direct Costs

Indirect Costs (Program Support Fees)

Any indirect costs incurred by THA in support of its projects and programs will be incurred by the Program Support Center. The fees are:

- Administrative Support Fee based on HUD model. This also includes IT, Elderly Service coordinator and leasing cost. We choose not to allocate any costs out to a program or project that is not under their direct control.

Project Support Fee

The Administrative Support Fee will cover the costs of the services provided by the following:

- Executive Department
- Purchasing
- Asset Management, including compliance
- Human Resources Department
- Client and Community Services
- Accounting and Financial Services
- Real Estate Management and Improvement and Capital Fund Monitoring
- Information Technology
- Reasonable Accommodations
- Leasing and Elderly Services Coordinator

There will be two separate rates, one for Rental Assistance programs and one for managed housing units. The fee charged to Rental Assistance will be charged to all Rental Assistance Baseline units (MTW Vouchers, FUP, NHT, VASH, etc) Our MTW vouchers (other than RAD) and Mod Rehab properties will be charged based on our MTW baseline regardless of occupancy. RAD our special program (FHP, NHT, VASH) will all be charged based on occupancy. . . The following chart shows how these fees are derived. For Rental Assistance, THA is using the HUD prescribed Management Fee. The Bookkeeping fee is reduced to correspond to a more accurate cost of defined support to the program. The IT fee is also reflective of direct support to the program. The Property Management units we manage are almost exclusively Tax Credit properties and their fees are based upon an agreed upon % with our Tax Credit partners and investors in their respective Operating Agreements. We do make decisions as to how we will break those fees down once they are received at THA. THA will reserve the right to use any available excess operating subsidy remaining in the Tax Credit AMP (AMPs 7-16) to cover deficits in the Tax Credit PSC. Fees that would be allocated out (leasing, Elderly Services coordinator, IT) are charged as part of the fee in order not to have any expenses allocated out that Property managers do not have any control over.

Administrative Support Fee Components			
Fee	Rental Assistance	Property Mgt.- 806	Tax Credit
Management Fee	\$	\$	\$
Executive	2.00	2.00	2.00
	\$	\$	\$
Human Resources	1.50	2.00	2.00
PM Overhead (including rent)	2.50	Remaining	Remaining
Bookkeeping Fee	5.00	20.00	20.00
Asset Management Fee	-	10.00	10.00
IT Fee (IT portion of Operating Subsidy)	5.00	6.00	6.00
Community Services	2.50		2.50
Leasing Support			2.50
Total Fee:	\$ 18.50	\$ 40.00	\$ 45.00

Table 2: Administrative Support Fee Components

Cost Centers

Property Management

Property Management uses of funds includes the Direct Costs and Project Support Fees for all of the properties managed by THA. The Property Management source of funds includes Capital Fund, Tenant Revenue, Operating Subsidy, and Other Revenue.

Rental Assistance

Rental Assistance uses of funds include the Direct Costs and Program Support Fees for all of the voucher programs managed by THA's Rental Assistance Division. These programs include Housing Choice Voucher (HCV), TBRA, SRO/SCO, Project-Based Vouchers, FUP, VASH, NHT, and HUD FSS. The sources for Rental Assistance primarily include HAP Revenue and the Administrative Fees paid to the agency by HUD.

In addition to the fees Rental Assistance pays to the Program Support Center, there are other fees paid and earned in this area. All direct costs for all of the Rental Assistance programs will be recorded in our main Section 8 HCV fund in the MTW program. A fee will then be charged to our SRO and non MTW Section 8 programs based on unit equivalencies. This fee will be income earned by the MTW Section 8 HCV program for reimbursement of the expenses incurred by them. The chart below shows the equivalencies used.

Rental Assistance Unit Equivalencies		
CAH (MTW)	Units Supported	Percentage
Section 8	3543	83.52%
TPV Vouchers	301	7.10%
Non- MTW	Units Supported	Percentage
SRO	71	1.67%
FUP	50	1.18%
VASH	177	4.17%
NHT	100	2.36%
	4242	100.00%

Table 3: Rental Assistance Unit Equivalencies

Community Services

The Community Service department supports all THA's Affordable Housing clientele and assists families to move to Self Sufficiency. As we transition our new Voucher holders over to the Housing Opportunities (HOP) program that is both time limited, and a fixed subsidy program, these services have become more important. Additionally, THA has received a number of grants that provide funding for a variety of services to its clients. The majority of these grants do not come with coverage of administrative overhead. None of the income or expenses for direct grants will be part of the MTW program, but overhead costs not reimbursed by the grants will.

THA's Community Service area has traditionally assisted clients when Property Management staff has requested their assistance to help families remain viable tenants when in crisis. Moving to Work status has allowed the agency to continue that role, along with assisting families in a more pro-active way to move towards self-sufficiency.

THA's Community Service department will either hire caseworkers or collaborate with other agencies to assist families at different levels. Community Services works with families who face hardship and cannot meet minimum rent or lease requirements, prepares them to succeed as tenants, and assists tenants in obtaining skills that allow them to become self-sufficient. THA is proud of this focus. It is what makes us more than a real estate developer, more than a landlord, and more than a manager of rental assistance. This is the work that makes us a social justice agency. This is the work that makes us an MTW housing authority.

In the agency's approach to Community Services for the LAMP, the following applies:

- Income and Expenses directly related to a grant is not included in the MTW area.
- All administrative overhead not covered by these grants are charged to a Community Service fund that tracks all MTW costs.
- The Elderly/Disabled Coordinator funded through the Operating Subsidy is charged out as a portion of the management fee to the elderly/disabled projects.
- The costs for the Community Services staff assisting the agency's Property Management portfolio and MTW Voucher holders, along with the administrative costs associated with it, are charged to a Community Services fund supported by the agency's MTW flexibility.
- Costs for both our Education Initiative and Asset Building Programs that are not covered by grant funds would be paid out of MTW funds.

In taking this approach, it allows the Community Services department to operate as a business activity. It is set up in such a manner that THA's Property Management area must negotiate for the level of service it desires and pays to receive, and the cost is known up front.

Development

THA defines development activities to include modernization of the current portfolio, investigation and design of new affordable and market-rate development opportunities, and administration of the Capital Fund Grant. THA also acts as its own developer in building of affordable housing, and is in the process of expanding its role in the Tacoma community. THA's approach to these activities is to charge any activities related to the current stock of affordable housing or activities funded by the Capital Fund to one of the two MTW activity areas. Any time that THA earns a developer fee as a developer, or performs tasks as either a Public Development Entity (PDE) or a Public Development Authority (PDA), all revenues and expenses will be considered Business Activities (Non-MTW).

Based on historic and projected activities, the agency estimates that Development activities make up approximately 10 – 15 % of the agency support. This figure will be reevaluated annually based on the projects in the pipeline, the funding available to support the activities, and current staffing levels. THA is continually on the lookout for how to increase the affordable housing portfolio, and if opportunities arise, THA intends to use its MTW flexibility for development and rehab of affordable housing units. Additionally, THA has applied for a whole portfolio RAD conversion of its Public Housing portfolio, with 50% (primarily Tax Credit PH units) to be converted near the end of 2015.

Other Considerations

Personnel

Personnel costs are broken out a number of different ways, depending on which program(s) the staff support, where the funding for the positions comes from, and what the function of each position is.

Rent

THA's main office houses the agency's administrative support staff, the Rental Assistance Division and the Real Estate Development Department. We used to break out rent separately as a line item in the budget, and charge the different areas. This is now included in our Management Fee calculations.

Differences – HUD Asset Management vs. THA Local Asset Management

THA is required to describe any differences between the Local Asset Management Program and HUD's asset management requirements in its Annual MTW Plan in order to facilitate the recording of actual property costs and submission of such cost information to HUD:

1. THA is using a modified fee for service as outlined above. In addition to the fee, there are certain expenses (IT, Leasing, and Elderly service coordinator) that could have been allocated out, but as these expenses are not under the control of the Property Manager we included in the fee structure charged out to the properties.
2. Under this plan, THA renamed its Central Office Cost Center (COCC) to the Program Support Center (PSC) and split it into the three different activity areas. In addition, the PSC will track the program management salaries that cannot be directly attributed to a specific project or program, and therefore would be allocated. The fees will be received in the PSC where the costs that would have been allocated out reside.
3. HUD's rules limit the transfer of cash flow between projects, programs, and business activities. THA intends to use its MTW resources and regulatory flexibility to move its funds and project cash flow among projects that support affordable housing without limitation and to ensure that agency operations best meet THA's mission and serve the agency's low-income clientele.
4. In determining the units to use for the basis of the fee, THA chose to use total units, regardless of occupancy status. This differs from the HUD Asset Management model where Housing Authorities are only allowed to charge management and bookkeeping fees for occupied units in each AMP. THA chose to deviate from the rule for two reasons: 1) THA believes that charging a fee for an unoccupied unit will serve as an incentive to the staff to get the unit leased because the program/property is paying a fee on a unit that is not occupied ; and 2) doing so will allow the administrative staff to budget on a known fee amount, along with covering overhead incurred by the agency whether a unit is leased or not.
5. Under the HUD Asset Management Model the COCC financial information is reported as Business Activities. In THA's LAMP, each activity area has its own Program Support Center (PSC), which is the equivalent of the COCC, and the PSC's that support MTW will be included in the MTW Demonstration Program and the Business Activities PSC will be included in Business Activities column on the FDS.

- F. **Charts** - These charts are based on the information in place at the time of the plan. There may be some changes in property that will impact the actual information in 2017.

Unit Equivalencies

Property Management Units		
CAH (MTW)	Units Supported	Percentage
AMP 6	Under Demo/dispo	0.00%
Tax Credit (MTW)	Units Supported	Percentage
Tax Credit Properties	1,584	94.62%
Non- MTW	Units Supported	Percentage
Salishan 7	90	5.38%
	1,674	100.00%

Table 6: Unit Equivalency Charts

Program Support Center Allocation Detail

Program Support Center Unit Equivalencies					
Cost Center	Funding Source	CAH (MTW) Unit Equiv.	Tax Credit (MTW) Unit Equiv.	Business Activities (Non- MTW) Unit Equiv.	Total Units
Rental Assistance	Mod Rehab SR0003			30	30
	Mod Rehab SR0002			41	41
	Section 8 Vouchers	3,543			3,543
	Life Manor TPV	150			150
	Hillside Terrace Relocation TPV	103			103
	Wedgewood TPV	48			48
	FUP Vouchers			50	50
	NHT Vouchers			100	100
	VASH Vouchers			177	177
	Salishan 7			90	90
Property Management: Public Housing AMPs	AMP 6 - Scattered Sites (Under Demo/Dispo	26			26
Property Management: Tax Credit Partnerships	Hillside Terrace 2		21		21
	Hillside Terrace 1500 Blk		25		25
	Bay Terrace		16		16
	Salishan 1		70		70
	Salishan 2		90		90
	Salishan 3		90		90
	Salishan 4		90		90
	Salishan 5		90		90
	Salishan 6		90		90
	Renew Tacoma Housing		456		456
Total Units		3,870	1,128	488	5,486
Development	THA MTW Support including CFP	280			280
	THA as Developer			543	543
	Unit Equivalents	280	0	543	823
Total Units/Unit Equivalents - 15% of Units		4,150	1,128	1,031	6,309
Program Support Center Equivalencies (% of All Units)		65.78%	17.88%	16.34%	100%

Appendix B: Rent Burden Calculation

THA has defined ‘successful’ self-sufficiency outcomes for work-able families in its ESHAP, Traditional MTW, HOP, and FSS programs to be those that exit (or graduate) the program with a market rent burden not exceeding fifty percent. In exiting THA-subsidized housing with a market shelter burden of less than fifty percent, THA believes the family would have reached an adequate level of self-sufficiency to move off subsidized housing, thus giving another family from the waiting list a chance at benefiting from the program.

THA has determined that rent burden will be the primary metric used to assess self-sufficiency across its MTW initiatives. Whereas shelter burden is the percentage of household gross income paid towards rent and utilities, rent burden excludes the utility component. In federally subsidized housing, households have typically paid thirty percent of their income towards rent and utilities.

Methodology

Current (or actual) rent burden is based on what the household is paying today in terms of their subsidized rent. Current rent being paid by a household is the numerator in the rent burden formula. For voucher programs, current rent will be the remaining after ‘HAP’ is subtracted from ‘Contract Rent.’ For non-voucher programs, rent in the numerator will be based solely on ‘Tenant Rent’. The denominator for all rent burden programs will be household monthly gross income (‘Annual Gross Income’ as shown in Open Door divided by twelve to get a monthly figure). To calculate the current rent burden, current rent will be divided by the household gross income.

Market rent burden assumes the household is paying an unsubsidized market rent. THA’s latest payment standards for the HCV program will be applied to each household based on the voucher size (for voucher households) or actual unit size (‘Bedrooms Unit’ as shown in Open Door) for non-voucher households in order to estimate a market rent. These payment standards will be used to estimate market rent for all THA households including those in non-voucher program programs such as Public Housing, RAD and tax credit situations. To calculate the market rent burden, the market rent (‘Payment Standard’ in Open Door) will be divided by monthly household gross income (‘Annual Gross Income’ as shown in Open Door divided by twelve to get a monthly figure).

To calculate rent burden, each variable in the formula as outlined above will be summed across all households in specific populations and used to calculate rent burden, rather than averaging the individual rent burdens. In other words, the sum of all household rents (or payment standards in the case of generating a market rent burden) will be the numerator; and the sum of all

household monthly gross incomes will be the denominator. The rationale for this aggregated approach is that households with very low incomes can drive extraordinarily high rent burdens, which could skew average rent burdens disproportionately higher. Use of a median rent burden was also considered but it was determined the aggregated approach would generate similar numbers and be less prone to calculation errors.