

Tacoma Housing Authority **2022** MOVING TO WORK REPORT

Submitted: March 31, 2023



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Section I: Introduction and Overview

This report covers January 1, 2022 through December 31, 2022.

2022 was a formative year for the Tacoma Housing Authority. Much like the previous two years of the pandemic, housing authorities and other service organizations faced unprecedented challenges. The difficult housing market, staff shortages, and inflation were cause for serious concern for our low-income neighbors and already overtaxed programs; and yet, with THA's dedication to continuous improvement, together we exercised resilience and creativity to strengthen our programs and center our customers.

Thanks to the support and advocacy of THA's Landlord Advisory Board, staff, and housing and service partners in combination with the feedback received from customers, we were able to increase THA's payments standards for households renting on the private market. This action was a recognition that our existing payments standard amounts were not going far enough given the immense challenges of the housing market and lack of affordable vacancies.¹ THA also doubled down on its housing navigation efforts to increase households' successful lease-up in a tight housing market. We did this through launching THA's *Housing Provider Vacancy List* portal and continuing to strengthen our relationships with private market landlords.

Meanwhile, THA continued its work on the agency's largest development in decades, Housing Hilltop, which brings 231 new affordable housing units to Hilltop, a historically Black neighborhood that is rapidly gentrifying and displacing households. The project met a big milestone at the tail end of the year by completing its financing. THA also initiated large-scale changes that would ultimately lead to more equitable outcomes for the households we serve—THA made the determination to sunset the MTW-enabled Housing Opportunity Program (HOP), which was THA's only fixed-subsidy and time-limited-based form of housing assistance.

In this plan you will find our successes in 2022, as well as areas for continued growth amid historically challenging housing and job markets. What grounded THA as an agency last year was our ability to focus on actions that would make us a more sustainable agency by bolstering our internal operational capacity. We are grateful for our MTW flexibilities, which allow us to continuously carve a new path forward and ultimately, serve more households more effectively.

¹ The approval of THA's increased payment standards served vital to helping further THA's strategy to reduce rent burdens, stabilize households, serve more families, and increase housing choice. The average rent increase in August 2022 for THA voucher holders was 21%, or \$185, while vacancy rates were low across the city. Whereas approximately 20% of THA's vacant unit listings were considered accessible to voucher holders in terms of affordability in November 2022, after the approval of new payment standards in December 2022, this figure increased to 58% of THA's vacant unit listings being considered accessible to voucher holders.

LONG TERM GOALS & OBJECTIVES

In 2022, THA revised its long-term goals and objectives that ultimately aim to advance THA’s mission to provide high-quality housing and supportive services to people with low incomes, with a focus on those facing the greatest marginalization. THA seeks to contribute to the vision of a Tacoma that welcomes households of all incomes, races, and compositions and that all experience as “safe, vibrant, prosperous, attractive, and just.” Ultimately, Tacoma Housing Authority advocates and works for a community commitment to housing as a human right.

As THA looks toward the next several years, we will set goals, metrics, and strategies to support the following four goals:

Increase the Amount of Available Housing for Low-income Families

- In the next 5 years:
 - Add at least 500 new units of affordable housing through development or partnerships.
 - Purchase at least 200 housing units that can be prioritized for voucher holders.
 - Rehabilitate and/or refinance at least 100 units of existing housing to improve quality of life for tenants and long-term viability of the property.
- In the next year, develop a process or program for THA customers to purchase homes.

Increase Housing Access & Stability

- Maintain a 98% occupancy rate or higher in THA’s portfolio.
- Maintain THA’s MTW requirement to serve substantially the same number of customers.
- In the next year, decrease the number of households on THA programs paying more than 40% of their income for housing.
- In the next 2 years, increase the percent of households able to secure housing with a voucher from 55% to 60%.
- Within 3 years, develop a strategy for measuring customer (housing recipients, landlords, vendors, etc.) satisfaction and publish baseline data.

Embed Principles of Diversity, Equity, Inclusion & Belonging (DEIB) in THA's Programs, Culture, and Priorities

- In the next year, in an effort to increase accessibility and ease of doing business with THA, increase the number and percentage of THA invoices paid within 30 days from the date of invoice and work to reduce the barriers to Disadvantaged Business Enterprises.
- In the next year, review where and how to set goals related to the use of Universal Design.
- In the next 2 years, increase the percentage (by number and dollars) of minority and women-owned businesses receiving contracts or direct purchase requisitions with THA and/or on projects paid for with THA funds.
- In the next 3 years, review THA policies and practices related to housing, procurement, and employment and revise them to make them more equitable.

Make THA a Great Place to Work

- In the next year, increase THA retention from 79% to 85%.
- In the next year, increase the number and hours worked of THA residents and low-income Tacomans hired into THA jobs and THA-funded work.
- In the next year, increase the number and percentage of THA staff earning a housing wage.
- Within two years, develop a strategy for measuring staff satisfaction and publish baseline data.

SHORT TERM GOALS & OBJECTIVES

We highlight the following accomplishments in THA's short-term goals and objectives that continued to drive THA's work in 2022:

Increase the Amount of Available Housing for Low-income Families

THA increased the amount of available housing for low-income families through various avenues. This effort is part of the agency's multi-year strategy to add at least 500 new units of affordable housing through development or partnerships and purchase at least 200 housing units. THA purchased North Highland Court in July 2022, adding 35 units to THA's portfolio and expanding THA's presence in North Tacoma, a high opportunity neighborhood of the city.² Hilltop Lofts, a new 57-unit permanent supportive housing (PSH) apartment complex in the Hilltop owned by Horizon Housing and developed on THA land, opened in November 2022. THA placed 57 project-based vouchers in the project to make it deeply affordable to households exiting homelessness.

THA closed its financing on the Housing Hilltop development project and construction commenced at the end of 2022. This project is considered one of THA's largest affordable housing developments in 20 years with the addition of 231 units across the North and South building and providing up to 13,000 square feet of commercial retail space that will be prioritized for Black, Indigenous, and People of Color-owned (BIPOC) businesses. In addition, THA continued to have several projects slated for development between 2022-2028 while continuing efforts to acquire housing units to add to THA's portfolio.

Increase Housing Access & Stability

THA's landlord engagement partnerships, housing navigation supports, and decision to approve increased payment standards offer successful examples of how THA worked to increase housing access and stability over the last year. THA has established a regular schedule for analysis to ensure THA's payment standards are keeping pace with the market, enabling households to secure housing.

Last year, THA began transitioning Housing Opportunity Program (HOP) households to the traditional HCV voucher which helped deepen affordability for households whose rents would have been unaffordable if their incomes decreased. THA also sought to further align with existing systems of care to have a larger impact among THA residents and those most likely to face a housing crisis by increasing referrals through the Tacoma/Pierce County coordinated entry system and building out greater supportive service capacity with partners.

² North Tacoma is considered high opportunity according to the City of Tacoma Equity Index Map, found at: <https://tacomaequitymap.caimaps.info/cailive>.

THA's Client Support and Empowerment department continued to be a reliable source of support for THA's voucher holders and residents in THA's portfolio, despite households facing a challenging housing market with an unstable job market and high inflation and living costs adding to the barriers to maintain stable housing. Staff continued to explore the redesign of the Family Self-Sufficiency (FSS) program to better serve its participants. CSE staff also worked tirelessly to administer summer programming for THA portfolio households and implement its Two Generational (2Gen) Program, a cross-sector multi-generational mentorship program that aims to support families with children in middle school and/or high school.

In response to the tremendous impacts of the COVID-19 pandemic and the economic strain for many households and the anticipated lift of the eviction moratorium, THA focused on eviction prevention efforts throughout 2022 to help keep residents who were at-risk of eviction housed. THA hired an eviction prevention specialist to engage with residents on late rent and entering into affordable repayment agreements and partnering with Pierce County to connect households to local Emergency Rental Assistance funds.

Finally, THA made measurable progress developing its comprehensive data system that better connects the organization and manage our administrative data, enabling the agency to make data-driven decisions and continually improve operations and programs. THA anticipates the new data system will be live before the end of 2023.

Embed Principles of Diversity, Equity, Inclusion & Belonging (DEIB) in THA's Programs, Culture & Priorities

THA seeks to increase the number of disadvantaged business enterprise, including minority and women-owned businesses, Section 3 businesses, and veteran-owned businesses receiving contracts with THA and/or on projects paid for with THA funds. THA also seeks to hire more residents and low-income Tacomans in its current positions and contract opportunities. As such, THA established a renewed work plan towards these efforts, identifying goals such as beginning to collect and report baseline data in 2023, increasing staff capacity, and starting to examine THA's contracting and procurement policies to better understand current barriers for prospective contractors.

Last year, THA hired an external consultant to lead the agency in assessing the state of diversity, equity, inclusion, and belonging (DEIB) in its policies, practices, and programs. The consultant developed an assessment report, which spurred internal efforts within THA's leadership and management teams, Board DEIB Subcommittee, and Staff DEIB Steering Committee on the critical call-to-action to advance THA's DEIB efforts and the need to strengthen trust, communication, and training on DEIB topics across the agency.

Make THA a Great Place to Work

THA has made progress on its goals towards equitable hiring and improved retention. THA's HR department has been examining THA's data on staff retention and assessing demographics within those outcomes. In 2023, there are several robust assessments planned to analyze staff compensation and staff satisfaction, and the department is also planning to overhaul the agency's annual performance evaluation process so it is more transparent, aligned with agency priorities, and relevant to the long-term growth of individual staff.

Section II: General Operating Information

Housing Stock Information

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 | | |
| N/A | N/A | N/A | N/A | N/A |

| | | |
|-----|-----|--|
| N/A | N/A | 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:

| |
|-----|
| N/A |
|-----|

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 | | PLANNED STATUS AT END OF PLAN YEAR* | RAD? | DESCRIPTION OF PROJECT |
|------------------------|----------------------------------|--------|-------------------------------------|------|-------------------------------|
| | Planned* | Actual | | | |
| Arlington Youth Drive | 58 | 58 | Leased/Issued | No | Youth and Young Adult Housing |
| Bay Terrace 1 | 20 | 20 | Leased/Issued | No | THA Family Housing |
| Bay Terrace 2 | 52 | 52 | Leased/Issued | No | THA Family Housing |
| Bay Terrace – RAD | 26 | 26 | Leased/Issued | Yes | THA Family Housing |
| Eliza McCabe Townhomes | 10 | 10 | Leased/Issued | No | Mercy Housing Family Housing |
| Flett Meadows | 13 | 13 | Leased/Issued | No | LASA Family Housing |
| Guadalupe Vista | 38 | 38 | Leased/Issued | No | CCSWW Family Housing |
| Harborview Manor | 147 | 147 | Leased/Issued | No | Affordable Senior Housing |
| Hillside Gardens | 8 | 8 | Leased/Issued | No | THA Family Housing |
| Hillside Terrace 1500 | 12 | 12 | Leased/Issued | No | THA Family Housing |
| Hillside RAD | 33 | 33 | Leased/Issued | Yes | THA Family Housing |
| Hillside 2 | 13 | 13 | Leased/Issued | No | THA Family Housing |
| Hilltop Lofts | 57 | 57 | Committed | No | Permanent Supportive Housing |

| PROPERTY NAME | Number of Project-Based Vouchers | | PLANNED STATUS AT END OF PLAN YEAR* | RAD? | DESCRIPTION OF PROJECT |
|------------------------------|----------------------------------|--------|-------------------------------------|------|--|
| | Planned* | Actual | | | |
| Home at Last | 30 | 30 | Leased/Issued | No | YWCA Family Housing |
| Nativity House | 50 | 50 | Leased/Issued | No | CCSWW Permanent Supportive Housing for adults |
| New Tacoma Phase 2 | 8 | 8 | Leased/Issued | No | Senior housing |
| Olympus Apts. | 18 | 18 | Leased/Issued | No | KWA affordable housing units at 60% AMI or below |
| Pacific Courtyards | 23 | 23 | Leased/Issued | No | MDC transitional family housing |
| Rialto Apts. | 52 | 52 | Leased/Issued | No | PHS affordable housing units at 50% AMI or below |
| Salishan 1-7 ³ | 340 | 340 | Leased/Issued | No | THA Family Housing |
| Salishan RAD | 290 | 290 | Leased/Issued | Yes | THA Family Housing |
| The Rise at 19 th | 64 | 64 | Leased/Issued | No | THA Family housing |
| Tyler Square | 15 | 15 | Leased/Issued | No | TRM Family Housing |
| Renew Tacoma Housing | 456 | 456 | Leased/Issued | Yes | THA Senior/Disabled Housing |

| | | |
|--------------|--------------|---|
| 1,833 | 1,833 | 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

³ Please note: Salishan 7 never had public housing units and will not be found in PIC

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

N/A

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 sought to acquire existing units to preserve affordable housing for households earning up to 80% of the area median income (AMI).

THA has sold the last seven lots in Area 2B of Salishan. THA received an offer to purchase the lots by a small, minority owned Tacoma based firm. They will be developing 18 market-rate rental units.

THA completed its RAD conversion of Salishan and Hillside properties in 2019. The disposition of its scattered site public housing through Section 32 has also been completed, except for one remaining unit. This left THA with 719 public housing units available for use under Faircloth. THA continued to explore ways to place Public Housing Faircloth units in new acquisitions and new developments.

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

In 2019, THA converted all but 5 units under the RAD. THA does not intend to close its PH ACC and will keep it open for the purpose of developing new PH units. THA received minimal Capital funds in 2022, yet had funds carried over from 2021 that were reflected in the budget and transferred to Operations.

Leasing Information

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 | 48 | 60 | 4 | 5 |
| MTW Housing Choice Vouchers (HCV) Utilized | 49,574 | 48,064 | 4,131 | 4,005 |
| Local, Non-Traditional: Tenant-Based ^ | 1,750 ⁴ | 1,901 | 146 | 158 |
| Local, Non-Traditional: Property-Based ^ | 4,099 | 4,006 | 342 | 334 |
| Local, Non-Traditional: Homeownership^ | 0 | 0 | 0 | 0 |
| Planned/Actual Totals | 55,471 | 54,031 | 4,623 | 4,502 |

⁴ Under HUD approval, THA includes LNT: Tenant-Based households six months post-participation. See Activity 15 for further details.

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

MTW Public Housing – THA recently brought back online a public housing unit that was initially repositioned for use by another service partner but subsequently determined not needed by the service partner.

LNT: Tenant-Based – THA exceeded its planned estimate; however, this is to be expected due to the differing program components of RRH and a shallow subsidy component, which is intended to be individualized and responsive to different households' needs.

LNT: Property-Based – Some properties experienced higher-than-usual vacancy rates for which THA consistently monitors utilization rates per quarter and works with properties to establish preventative measures.

MTW HCV – The planned number of households served prediction was based on information available at the time of analysis. Challenges in the housing market, such as increasing rent and low vacancies made it more difficult for households to lease up; however, THA increased its payment standards in October 2022 and made significant investments to housing navigation which significantly increased access to more affordable units to current voucher holders in mid-late 2022.

| Local Non-Traditional Category ⁷ | 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 | 1,750 ⁵ | 1,901 | 146 | 158 |
| Property-Based | Creation & Preservation of Affordable Housing/16 | 4,099 | 4,006 | 342 | 334 |
| Homeownership | N/A | 0 | 0 | 0 | 0 |

Planned/Actual Totals

| | | | |
|--------------|--------------|------------|------------|
| 5,849 | 5,907 | 488 | 492 |
|--------------|--------------|------------|------------|

* 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 |

⁵ Under HUD approval, THA includes LNT: Tenant-Based households six months post-participation. See Activity 15 for further details.

Waiting List Information

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 |
|---------------------------|---|--------------------------------------|---|--|
| THA Consolidated Waitlist | Other/ Consolidated waitlist for THA voucher programs and THA site-based waiting list | 655 | Closed | No |

Please describe any duplication of applicants across waiting lists: No duplication across waitlists

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 |
|--|--|
| Consolidated Waitlist (Low Income Housing and Housing Opportunity Program) | THA did not open its waitlist in 2022. However, in late 2022 staff began planning efforts towards its opening for all household sizes beginning in spring 2023, which would be the first time THA opened the waitlist in its full capacity since 2015. |

Information on Statutory Objectives and Requirements

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 | 2 |
| 49%-30% Area Median Income | 28 |
| Below 30% Area Median Income | 208 |
| Total Local, Non-Traditional Households Admitted | 238 |

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 | 53 | 1,857 | 0 | 1,851 | 42.58% |
| 2 Person | 106 | 754 | 0 | 860 | 19.77% |
| 3 Person | 82 | 502 | 0 | 679 | 15.62% |
| 4 Person | 42 | 300 | 0 | 460 | 10.58% |
| 5 Person | 29 | 237 | 0 | 287 | 6.60% |
| 6+ Person | 17 | 179 | 0 | 210 | 4.85% |
| Totals | 329 | 3,829 | 0 | 4,347 | 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 | BASELINE MIX PERCENTAGE** | NUMBER OF HOUSEHOLDS SERVED IN PLAN YEAR [^] | PERCENTAGE OF HOUSEHOLDS SERVED IN PLAN YEAR ^{^^} | PERCENTAGE CHANGE FROM BASELINE YEAR TO CURRENT PLAN YEAR |
|-------------|---------------------------|---|--|---|
| 1 Person | 42.58% | 2,231 | 50.35% | 7.77% |
| 2 Person | 19.77% | 841 | 18.98% | -0.79% |
| 3 Person | 15.62% | 574 | 12.95% | -2.67% |
| 4 Person | 10.58% | 327 | 7.38% | -3.20% |
| 5 Person | 6.60% | 249 | 5.62% | -0.98% |
| 6+ Person | 4.85% | 209 | 4.72% | -0.13% |
| TOTAL | 100% | 4,431 ⁶ | 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 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.

⁶ 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 in the HUD Form 50900 used to derive “Actual Households Served.”

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

THA responds to current needs of low-income households in Tacoma seeking access to our housing assistance programs. We observed a notable difference in one-person households because we utilized MTW to direct our subsidies to people experiencing homelessness and other special populations whose household composition tends to include single person households in Tacoma. Additionally, when THA conducted its Fall Payment Standards Analysis in October 2022, it was 1-bedroom units that experienced the biggest gap between the HUD Fair Market Rent cap and THA’s Payment Standard based on CoStar Average Market Rent amounts. This suggests increasing financial strain for households residing in 1-bedroom units who are increasingly seeking support from THA’s housing assistance programs.

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

Number of households, across MTW activities, that 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 |
|---|--|--|
| Local Policy for Work-Able Households/5 | 27 | Exited or graduated with market rent burden <=50% |
| Regional Approach to Special Purpose Housing/15 | 17 | Exited or graduated with market rent burden <=50% |
| Housing Opportunity Program/17 | 6 | Exited or graduated with market rent burden <=50% |
| Modify the FSS Program/19 | 8 | Exited or graduated with market rent burden <=50% |
| | 8 | <i>(Households Duplicated Across MTW Activities)</i> |
| | 50 | 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: THA modified its policy for terminating households who were absent from their unit for more than 180 days. 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. Active duty may force a household to be absent from their assisted unit for more than 180 days, the amount of time 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 Iraq war, the prospect of terminating them was too unsettling even to risk. This activity enabled THA to allow a previously assisted households returning from deployment to request reinstatement within 90 days from the date they return from deployment.

Impact: THA has not needed to use this flexibility since its implementation. However, this activity provides the flexibility to honor an active service member’s call to duty and permits the household to request reinstatement once they return from a deployment.

Update: This activity was not used in 2022.

| 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 soldiers | 0 soldiers | 0 soldiers | Met |

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

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 2022.

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

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: In 2011, THA implemented a local project-based voucher program to increase the number of vouchers that THA can project base. The local program includes the following:

- **Remove 20% cap on project-based voucher for THA developments**

Traditionally, HUD mandates that PHAs not spend more than twenty (20) percent of their Annual Budget Authority (ABA) toward Project-based Vouchers. THA received permission through MTW to go above this threshold toward PBVs in projects owned and operated by the agency.

THA removed the cap on project-based vouchers for its own developments which will allow THA to finance more developments in the future.

- **Established a reasonable competitive process and contract terms for PBV assistance**

THA established a reasonable competitive process and contract terms, including the length of the contract, for project-basing HCV assistance at units owned by for-profit or non-profit entities. Units must meet existing HQS or any standard developed by THA and approved by HUD pursuant to the requirements of this Restated Agreement.

- **In-house Housing Quality Standards (HQS) inspections**

THA began conducting Housing Quality Standards (HQS) inspections on units it owns or has interest in.

- **Modified Choice Mobility options for non-RAD, PBV households**

THA used this flexibility to waive the Choice Mobility option for PBV households in previous years. THA's board approved policy changes that would allow all PBV holders to exercise CM given that households meet the following conditions: 1) in good status/no debts owed; 2)one-time use policy 3)required pre-issuance counseling; 3)unpaid tenant charges could result in termination of voucher assistance.

- **Streamline PBV program**

In 2018, THA modified the activity by waiving the per project cap on a case-by-case basis for projects, including those not owned by THA; and allowing individual project owners to manage their own waiting lists. The changes have allowed THA to streamline many parts of the project-based program that were inefficient or unfair to those on the waitlist.

- **Expanded Allowable Housing Types**

Since 2011, THA has been authorized to expand the definition of eligible housing types to include transitional housing, cooperative housing, and shared housing. The flexibility allows THA to project-base units targeted for special populations, such as those exiting the criminal justice system, homelessness, or the foster care system.

Impact: It’s been several years since this activity’s initial implementation and THA has been conducting its own inspections on all owned project-based units. The largest benefit that THA realizes from in-house inspections is the ability to monitor and control the quality of HQS inspections. THA takes pride in its in portfolio and this allows THA to ensure its clients reside in safe and decent housing. Another significant benefit is the opportunity to build relationships with property owners. THA inspectors take on the role of liaisons between THA housing specialists and property owners which helps THA maintain these important relationships. This flexibility has also enabled THA to partner with local providers more easefully to serve households that have experienced homelessness and/or need supportive services provided by the community partners.

Update: There were no updates to this activity in 2022. It should be noted that the number of inspections completed in 2022, 1,496 inspections, is significantly higher than the number than the inspections completed in 2020 and 2021. Between March 2020 and December 2021, THA limited inspections to initial and turnover inspections only during this time. Beginning in 2022, staff conducted inspections again at pre-pandemic levels.

| CE # 1: Agency Cost Savings | | | | |
|--|-----------------|-------------------------|----------------|----------------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Total cost of task in dollars (decrease). Cost of in-house PBV inspections compared to third party. | \$49,560 | \$39,648 (20% decrease) | \$60,313 | Not Met |

| HC #4: Displacement Prevention | | | | |
|---|----------|-----------|---------|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Number of households at or below 80% AMI that would lose assistance or need to move (decrease). | TBD | TBD | TBD* | TBD |

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection:

CE #2: Staff Time Savings – This metric has been removed. THA uses its MTW flexibility to conduct in-house inspections for PBV units for cost savings and quality control. There are no time savings by conducting in-house inspections.

CE#1: Agency Cost Savings – Starting in 2021, THA updated the baseline based on a third-party invoice for annual inspection reviews. THA applied the costs to conduct each annual HQS inspection to the number of PBV inspections completed by THA in 2021. The invoice does not include charges for administrative or other miscellaneous tasks to come to an “apples-to-apples” comparison. Previously the baseline was the cost of PBV inspections from the initial implementation of this activity in 2012. The number of PBV units in THA’s portfolio has increased significantly since implementation. THA compares the costs to conduct the same inspections in the given year by a third party to costs of conducting inspections in-house. THA hopes to achieve a 20% savings by conducting in-house inspections which determines the benchmark.

*HC #4: Displacement Prevention - 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 2022 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: THA did not achieve its targeted benchmark in the reporting year, likely due to the significant number of inspections completed in 2022, as a result of THA’s alternate inspections policies during COVID-19, which limited inspections from 2020-2021. Averaging the number of inspections completed across 2020-2022 (average of \$26,578 across the three years), THA meets its targeted benchmark.

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: This activity is for households in which all adult members are either elderly and/or disabled and at least 90% of total household income comes from a fixed source such as social security, SSI or a pension. For these households this activity includes the following:

- Annual recertifications are completed on a triennial schedule.
- Eliminated the elderly/disabled deduction.
- Eliminated the dependent deduction.
- Eliminate medical deductions below \$2500.
- Implement 28.5% TTP to help offset the elimination in elderly/disabled deduction and simplification of medical expense allowances.
- Implement a tiered rent model based on adjusted income bands.
- Implement local verification policies as outlined in Activity 7.
- Implement a minimum rent of \$25 (and therefore eliminate utility allowance reimbursements).

THA's hardship policy for MTW-HCV households states that households may submit a written request for a hardship exemption if they are paying the minimum rent but are no longer able to do so due to financial hardship. For MTW elderly/disabled households they must meet one of the following requirements: (1) income changes will require household to pay more than 40% of their income as rent; or (2) household has zero income. THA's hardship policy also required households to obtain third-party documentation to show that they had applied for other hardship programs. THA recognized that this was an unnecessary burden for households and made it extremely difficult for households who income-qualified for a hardship to receive one. Beginning 2021, THA has revised its hardship policy to remove the third-party documentation requirements.

Impact: This activity has allowed THA to reduce some of the administrative workload for THA Housing Specialists. The program is overall easier to administer for both staff and THA clients.

Update: At the end of 2022, **1,249** fixed income households were subject to the MTW tiered rents (and minimum rent) and triennial recertification cycle outlined in this activity. The impact numbers reported below are generated from households on MTW tiered rents and triennial recertifications.

2022 staff costs include salaries and benefits. One reason for the variance from the 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). | \$23,730 cost to complete all elderly/disabled certifications FY 2021 impacted by this activity | \$15,899 (33% decrease from baseline) | \$8,726 in staff costs related to processing fixed income reviews. | Met |

| CE # 2: Staff Time Savings | | | | |
|---|---|--------------------------|---|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Total time to complete the task in staff hours (decrease). | 856 hours to complete all elderly/disabled certifications impacted by this activity | 573 hours (33% decrease) | 287 hours spent completing fixed income reviews | 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 | \$286 | \$281 average monthly tenant share | Not Met |

Hardships: 0 fixed-income households in this program were granted a hardship in 2022.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection: THA made changes to its baseline and benchmarks for both CE#1 and CE#2. The changes allow THA to compare time and cost savings as the populations evolve and grow. The baselines are determined by the time and costs needed to conduct annual recertifications for all program participants impacted by this MTW activity. The benchmarks assume a reduction in time and costs by at least 33% since Housing Specialists are now conducting a third of recertifications each year due to this activity.

Actual Significant Changes: No significant changes were made to this MTW activity in 2022 through an Annual MTW Plan amendment.

Challenges in Achieving Benchmarks and Possible Strategies: For CE#5, households in the Tacoma area are experiencing higher rents in the private market or are receiving higher rent increases in their current units. Even with a subsidy, fixed-income households are paying more in rent than they have in previous years. Additionally, as THA has intentionally sought to align its programs with the homeless response system, THA has been receiving an increasing number of referrals from the Tacoma/Pierce County Coordinated Entry System enabling us to serve more people experiencing or at-risk of homelessness. This population faces more barriers to income progression, as participants tend to have higher service needs and more vulnerability when entering THA's programs than the general low-income population. THA and service partners focus on housing stabilization first with goals of financial self-sufficiency as they continue to be residing in THA's assisted units.

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: THA used this activity to implement rent reform for work-able households. Under this plan work-able households are subject to the following rent policy:

- Complete recertification reviews once every 2 years instead of every year (biennial recertifications) with no “off-year” COLA-related rent adjustments unless interim is triggered;
- Eliminate dependent deduction;
- Eliminate medical deductions below \$2500 and implement bands;
- Implement 28.5% TTP to help offset the dependent deduction;
- Implement a tiered rent model based on adjusted income bands;
- Implement local verification policies as outlined in Activity 7;
- Implement minimum rent of \$75 (and therefore eliminate utility allowance reimbursements).

THA’s hardship policy for MTW-HCV households states that households may request in writing a hardship exemption if they are paying the minimum rent but are no longer able to do so due to financial hardship. For MTW work-able households they must meet one of the following requirements: (1) income changes will require household to pay more than 50% of their income as rent; or (2) household has zero income. THA also requires that MTW work-able households show that they have applied for unemployment. THA’s hardship policy previously required households to obtain third-party documentation to show that they had applied for other hardship programs. THA recognized that this was an unnecessary burden for households and made it extremely difficult for households who income-qualified for a hardship to receive one. THA removed this verification requirement.

Impact: The biennial recertification schedule reduces the annual workload of Housing Specialists by decreasing the number of recertifications completed each year. Minimum rent is \$75 for this population and THA has seen an increase in tenant share as a result.

Update: At the end of 2022, **1,603** work-able households were subject to the MTW tiered rents (and minimum rent) and biennial recertification schedule outlined in this activity. The impact numbers reported below are generated from households on MTW tiered rents and biennial recertifications.

| CE # 1: Agency Cost Savings | | | | |
|--|--|-------------------------|----------------------|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Total cost of task in dollars (decrease). | \$36,284 cost to complete all work-able certifications impacted by this activity | \$18,142 (50% decrease) | \$20,811 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). | 1,309 hours to complete all work-able certifications impacted by this activity | 654 hours (50% decrease) | 684 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 | \$863 (50% of 2-BD payment standard) | \$485 average monthly tenant share | Not 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). | \$12,372 | \$21,060 | \$29,622 *only includes HCV households with earned income | 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 | 323 households | 693 households | 325 | Not Met |
| | 21% | 45% | 32% | Not Met |
| 2) Employed part-time | 446 households | 693 households | 187 | Not Met |
| | 29% | 45% | 18% | Not Met |
| 3) Enrolled in Educational Program | 0 | TBD | N/A | TBD |
| | 0% | TBD | N/A | TBD |
| 4) Enrolled in Job Training | 0 | TBD | N/A | TBD |
| | 0% | TBD | N/A | TBD |
| 5) Unemployed | Cannot establish baseline | 154 | 502 | Not Met |
| | | 10% | 50% | 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). | 1,174 work-able households affected by this activity | Not to exceed 20% of work-able households | 126 work-able households (11% of work-able households receiving TANF) | 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% | Exited with market rent burden <=50%: NA Average market rent burden (all traditional work-able): NA | 50% of exiting or graduating households will have market rent burden <=50% | Exited or graduated with market rent burden <=50%: 27 households (60% of all W/A exits) Average market rent burden (all traditional work-able): 58% | Met |

Hardships: 4 work-able households in this program were granted hardships in 2022.

Actual Non-Significant Changes: No significant changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection: THA made changes to its baseline and benchmarks for both CE#1 and CE#2. The changes allow THA to compare time and cost savings as the populations evolve and grow. The baselines are determined by the time and costs needed to conduct annual recertifications for all program participants impacted by this MTW activity. The benchmarks assume a reduction in time and costs by at least 50% since Housing Specialists are now conducting approximately half of the number of recertifications each year due to this activity.

THA made changes to baselines and benchmarks in 2017. The methodology established in the 2017 report has not changed, but variables will change over time. Metrics that have evolving benchmark are as follows:

SS#1: Increase in Household Income – the benchmark is based on Washington’s minimum wage and an assumption of a 30/hour work week. The benchmark will be revised in subsequent MTW reports as the minimum wage changes.

SS#3: Increase in Positive Outcomes in Employment Status - THA has established new benchmarks for full- and part-time and unemployed participants. Because the size of this population fluctuates from year-to-year, a percentage-based benchmark will be applied to the number of households in order to establish numerical benchmarks.

CE#5 : Increase in Agency Rental Revenue - THA 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 Plan Year 2-bedroom payment standard.

Actual Significant Changes: No significant changes were made to this MTW activity in 2022.

Challenges in Achieving Benchmarks and Possible Strategies: For SS#3, THA initiated a process that sought to track the number of households enrolled in an educational and/or job training program for this population; however, THA has experienced limitations with its administrative data system. THA will transition to a new vendor in 2022-2023 that will better serve our data needs. As we begin the data system transition, THA will review its capabilities to determine the relevance and viability of reporting on these measures continuously. Regarding outcomes for the household contribution towards housing assistance and employment, household incomes are stagnant and not rising as rapidly as increasing rental costs in the private market. Since the rental subsidies are income-based, THA absorbs more of the rent payment. It should also be noted that THA has intentionally sought to align its programs more with the homeless response system. As such, THA has been receiving an increasing number of referrals from the Tacoma/Pierce County Coordinated Entry System and serving people experiencing or at-risk of homelessness. This population faces more barriers to income progression, as participants having higher service needs and vulnerability when entering THA’s programs. THA and service partners focus on housing stabilization first with goals of financial self-sufficiency as they continue to be residing in THA’s assisted units.

7. Local Income and Asset Policies (HCV/PH)

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

Description: 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.

Impact: 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.

Update: Staff time interviews have shown that on average it takes twenty minutes to verify assets greater than \$25,000, but in 2022 there were only **five households** with reported assets over \$25,000. 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 | \$51 | 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 hours | 500 hours | 2 hours | Met |

Hardships: No hardships were requested for this activity in 2022.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection: No changes to metrics or data collection for this activity in 2022.

Actual Significant Changes: No significant changes were made to this MTW activity in 2022 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: The purpose of this activity is to streamline the interim review process. THA found that parts of its interim policy were causing more work than necessary.

With MTW flexibility THA revised its interim processing and verification policies in the following ways:

- THA will no longer require an interim increase for every income increase reported;
- THA will only process interim decreases when the income loss is 20% or more and is expected to last more than 90 days;
- THA will accept all interims online.

Impact: THA spends significantly less time processing rent change interims due to income changes. Additionally, households with income-based rental assistance get to keep gains from income increases until their next annual recertification.

Update: In 2022, THA processed **5 interims** that were due to a notable decrease in the family’s income. Of the total reported changes of income THA received, most of them were due to income increases (80% of total interims processed). THA also relaxed its hardship requirements for households impacted by the COVID-19 pandemic.

| 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 | \$122 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 hours (2016) | 300 hours | 4 hours to process rent decreases | Met |

Hardships: 3 hardships were requested in 2022 because of this activity.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection: In 2017, THA made a minor change to its methodology to determine metric outcomes. Previously, THA included all interim processing-related activities while calculating these metrics, including FSS interims and inspections. To better report on the intended outcomes of this activity, THA now limits interims included in its calculations to interims that resulted in an actual change in rent.

Actual Significant Changes: No significant changes were made to this MTW activity in 2022 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: This activity streamlined the utility allowance (UA) 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 Housing Authority has calculated the average utility allowance currently provided to housing choice voucher and public housing program participants, and revised allowances. The revision provides each household responsible for tenant supplied utilities with the average allowance based upon unit bedroom size. Households have a more simplified explanation of utility allowance benefits and the Housing Authority staff now selects an allowance based only on unit size instead of determining individual allowances for every unit leased.

Impact: This activity has had a positive impact on both staff and residents. It has simplified explanation of the UA and reduced the amount of time staff uses to process the UAs. THA staff still check the accuracy of UAs although rent calculations and utility allowances are now automated in THA’s “Open Door” software system.

Update: No update to this activity in 2022.

| CE # 1: Agency Cost Savings | | | | |
|---|----------|-----------|--------------------------------------|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Total cost of task in dollars (decrease). | \$6,793 | \$3,397 | \$1,240 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 | 41 hours | Met |

Hardships: No households requested hardships due to this activity in 2022.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection: No changes in 2022.

Actual Significant Changes: No significant changes were made to this MTW activity in 2022.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity. However, it should be noted that the outcomes are derivatives from Activities 5 and 6 as it is part of the annual recertification process and it should not be interpreted as hours and costs in addition to those processes.

12. Local Port Out Policy

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

Description: This activity intends to reduce the number of invaluable housing dollars leaving Tacoma and the burden of administering port out vouchers while preserving portability in enumerate cases where it would advance important program goals. For these reasons, THA has limited the reasons a household may port-out. THA voucher holders are eligible to port-out when: their circumstances through an approved Reasonable Accommodation requires so; situations covered under the Violence Against Women Act (VAWA) and educational/employment circumstances. Households may also port-out when the receiving housing authority will absorb the voucher.

Impact: The activity has been successful in reducing the total number of port outs each year. Prior to implementation in 2011, THA saw 325 households port-out of its jurisdiction. Since then, THA sees around half the number of households porting-out.

Update: In 2022 there was a total of **149 households** in billing status. This is a decrease from the baseline of 325 households prior to implementation of this activity in 2011.

| CE # 1 (a): Agency Cost Savings – Staff Costs | | | | |
|--|----------|------------------------|---------|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Total cost of task in dollars (decrease). | \$5,556 | \$2,222 (60% decrease) | \$7,705 | 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). | 200 hours | 80 hours (60% decrease) | 252 hours | Not met |

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection: THA removed the metric for CE #1 (b): Agency Cost Savings – Port Out Administrative Billing, as this metric was duplicative of CE#1 (a).

Actual Significant Changes: No significant changes were made to this MTW activity in 2022.

Challenges in Achieving Benchmarks and Possible Strategies: THA did not meet its benchmark as the majority of port-out requests were due to emergency transfers and reasonable accommodations, all reasons which are allowed under this policy and for which THA continues to support when households submit requests. It is likely THA received a higher number of port out requests due to the high volume of households transitioning to the HCV Program from the HOP subsidy, of which the latter program did not allow for porting out.

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: THA is using this activity to add funds to the existing local infrastructure that provides housing assistance and services to families and young adults experiencing homelessness within the Tacoma/Pierce County area. Pierce County’s Coordinated Entry system is the central intake for all individuals and families in Tacoma/Pierce County seeking assistance to exit homelessness. Households coming through central intake are assessed for the appropriate housing intervention and case management care needed to exit homelessness. Under this activity, THA pools resources with Pierce County to serve households without housing, or at serious risk of losing their housing and provide the supportive services needed to stabilize the household. THA’s investment in Pierce County’s Coordinated Entry system is mostly used to assist households receiving services through Rapid Rehousing.

Expanding on this partnership, in late 2020, THA, Tacoma Public Schools (TPS), and Pierce County launched the Tacoma Schools Housing Assistance Program (TSHAP) to serve TPS families identified as McKinney-Vento. Families are referred to the contracted provider who engages them in a creative conversation to identify their needs and potential solutions to their housing challenges. Potential interventions include one-time prevention supports, diversion, or Rapid Rehousing, depending on a family’s particular needs. *Effective after December 31, 2022, TSHAP is no longer operating.*

For households being served through TSHAP and Rapid Rehousing, THA will continue to count households assisted under this activity as “served” six months post participation. THA’s partners report that THA funded service providers may still provide case management to households up to six months post program participation. Households are allotted a six-month period, similar to the “hold” voucher holders are permitted after being notified of a pending End of Participation (EOP). This provides a safety net for households who may still need support after their housing assistance has ended. This allows families to receive the services they need without requiring them to re-enter the Coordinated Entry system.

Impact: Traditional waitlists are unable to address immediate housing needs and barriers, but through this investment THA can serve families when they need housing the most. Each year since its implementation THA has been able to serve hundreds of families and young adults who needed an immediate housing intervention to transition them from unstable to stable housing. THA has been able to leverage County resources including case management services that strengthen a family’s ability to remain stably housed.

Update: At the end of the year, THA’s Rapid Rehousing investment reached 164 households who were experiencing homelessness in Tacoma/Pierce County in 2022. By the end of 2022, 23% of Rapid Rehousing households experienced increases in their overall income, with the median change for households being \$1,391. There were 13% of households who increased their earned incomes, with the median change in earned income being \$1,846. Of households who exited projects to permanent housing over the past two years, most remained housed – 89.8% of households did not return to homelessness within 24 months, which is an increase compared to last year’s rate of 82% return to homelessness within the same period.

In 2022, TSHAP provided 117 households with housing and/or supportive service assistance. Of these, 77 households participated in creative conversations with service providers, with households additionally benefitting from more in-depth assistance. Specifically, 54 TSHAP households received short-term payments for preventative or diversion assistance, and 63 households received Rapid Rehousing services which helped them exit shelters or the streets into private housing.

| CE # 4: Increase in Resources Leveraged | | | | |
|--|-----------------|------------------|---|----------------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Amount of funds leveraged in dollars (increased). | \$0 | \$150,000 | \$400,000 for housing and supportive services from Pierce County; \$356,461 for supportive services from THA philanthropic funds; \$35,646 for administration from Pierce County; \$125,000 for THA program oversight from Tacoma Public Schools | 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 households | 120 households | 117 unique TSHAP families and 164 unique RRH households housed in 2022. | 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 households | 20 households | Exited or graduated with <=50% market rent burden: 17 households | Not 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 households | 120 households | 117 unique TSHAP families and 164 unique RRH households housed in 2022. | Met (combining TSHAP and RRH) |

| 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 households | 120 households | 117 unique TSHAP families and 164 unique RRH households housed in 2022. | Met (combining TSHAP and RRH) |

Actual Non-Significant Changes: Effective December 31, 2022, TSHAP is no longer operating. Since the launch of TSHAP in fall 2020, THA has been consistently monitoring the progress of the program and has identified ongoing programmatic challenges due to a lack of technical capacity and staff resources from the contracted provider. THA also found TSHAP to be additionally duplicative and burdensome for Pierce County and THA to administer. Because of these findings, THA is sunsetting TSHAP at the completion of the contract term, which ended December 31, 2022.

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 2022.

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 intended to preserve and create affordable housing units utilizing MTW authority. THA used MTW dollars in 2013 on the development of affordable housing units to replace Hillside Terrace.

Description: This MTW activity allows THA to activate its broader uses of fund flexibility so the agency can dedicate MTW dollars to the construction and acquisition of affordable housing units. These affordable housing units (rented at or below 80% of AMI) can be any bedroom size and are located WITHIN the City of Tacoma. All units would require HQS inspections per PIH Notice 2011-45. THA also recognizes that this entire activity is under the parameters of PIH Notice 2011-45 under the category of Rental Subsidy Programs. THA will abide with PIH Notice 2011-45 when implementing this activity.

THA seeks to increase housing choices for low-income families using as many avenues as possible. THA uses this flexibility in various ways. The following details how THA has used MTW flexibility on the construction and acquisition of affordable housing units:

1. Property-Based Rental Subsidies

This activity will include the use of MTW funds for Property-Based Rental Subsidies to make contributions to properties that agree to make units available at a rental price affordable to very low-income households. Under this activity, THA would contract with properties owned in whole or in part by THA or with other private owners. Under these contracts, owners would agree to set rents at prices affordable to households making up to 50% of area median income (AMI). Rents would not be based on tenant income but rather would be fixed rents with fixed subsidies based on the AMI restrictions set by unit or by property. Owners agreeing to make units affordable to households earning 30% of AMI may receive subsidies that are higher than properties set aside for households earning 50% of AMI. The rents and subsidies would be set based on a negotiated contract where the tenant contribution plus the subsidy would not exceed the market value of the unit based on a rent comparability study. HUD Fair Market Rents will not be used to set rents.

During the application and negotiation process the property owner commits to serve households below 30%, 40% and/or 50% of the area median income (AMI) (see table below for these income levels). Based on the income levels chosen, the property owner advertises its vacancies at rents equal to the maximum rents for the low-income housing tax credit program for each income level. Households living in these properties would not use other THA subsidies to assist with rent.

2022 maximum rents (HERA rent limits) in Pierce County (effective 4/18/22) are shown on the table below.

| Set-aside Percentage | Studio | 1-Bedroom | 2-Bedroom | 3-Bedroom | 4-Bedroom | 5-Bedroom |
|----------------------|--------|-----------|-----------|-----------|-----------|-----------|
| 30% | 534 | 573 | 687 | 794 | 885 | 977 |
| 35% | 623 | 668 | 802 | 926 | 1033 | 1140 |
| 40% | 713 | 764 | 917 | 1059 | 1181 | 1303 |
| 45% | 802 | 859 | 1031 | 1191 | 1328 | 1466 |
| 50% | 891 | 955 | 1146 | 1323 | 1476 | 1629 |
| 60% | 1069 | 1146 | 1375 | 1588 | 1771 | 1955 |

2. Acquisition & Development

THA seeks to acquire existing rental housing throughout Tacoma and in particular, neighborhoods where THA does not have a strong presence. Acquiring existing rental housing that is affordable to households earning 80% or less of the AMI is one of THA’s rental housing preservation strategies. These properties are acquired with a combination of bond, HOME, CDBG local impact investors and THA resources. For future new construction or re-developments THA intends to use GCCM or design build as a form of design and/or construction procurement for construction projects.

THA plans to use MTW dollars to pursue the following projects that are in THA’s Real Estate Development pipeline:

- Housing Hilltop:** Housing Hilltop will provide 4-8 story buildings with a mix of retail and/or commercial space on the ground floor and a mix of very low income and workforce housing units (up to 60% of AMI) in a mix of bedroom configurations. Most of the units will be 1 and 2-bedrooms although some larger sized units will also be included for large families. The four buildings will have some shared amenities and parking. The four parcels share an alley which THA plans to include as active space by doing creative alley activation projects to enhance the living experience for residents and to build community in the neighborhood. Financing would likely be a combination of THA unrestricted funds, private debt, and tax credits.

Phase I consists of 57 studio units of permanent supportive housing for individuals exiting homelessness. This project, referred to as Hilltop Lofts, was completed with a local non-profit partner, Horizon Housing, who owns the project and developed on THA land. Construction completed and the lease up process began at the end 2022. Phase II (Housing Hilltop) is oriented toward low-income

individuals and families in a mix of studio, 1-, 2- and 3-bedroom units. The project began construction in 2022. There will be 13,000 square feet of commercial retail space, including a 10,000 square foot performing arts and community gathering space in which THA will prioritize BIPOC-owned businesses to lease the spaces.

This historically Black neighborhood is rapidly changing and signs of gentrification and displacement are evident. The goal is to provide housing for those who are in danger of or who have been displaced. With its close proximity to downtown and the hospitals, its many current and future mass transit options, and the neighborhood's history as an artist community, THA's new units will provide affordable housing to low wage earners close to transit and employment and serve as a catalyst for inclusive growth and development of Hilltop. It will also help this gentrifying area remain affordable to lower income households.

- **1800 Hillside Terrace (The Rise on 19th):** MTW funds were used to develop what is now referred to as the Rise on 19th, formerly Hillside Terrace. Phase I and II are completed and fully on-line. The Rise provides 64 units of deeply affordable housing for homeless individuals and small families, as well as people with disabilities and other low-income households.
- **Aviva Crossing (James Center North):** THA acquired a 7-acre retail and commercial area that poses a good transit-oriented development opportunity. It is also directly across the street from the Tacoma Community College and close to transit, shopping, and entertainment. THA is working with local housing partners on the sale and development of affordable units in West Tacoma in which THA anticipates construction will begin in 2023 and 2024. These multifamily properties will offer a mix of commercial and retail space, along with market rate rental housing. It is anticipated that this development will add households sufficient to support the retail and commercial spaces, while offering a high quality, mixed income project that will add vitality to the neighborhood.
- **1500 Block:** THA proposes to redevelop a property referred to as the 1500 Block. This property will be redeveloped with one and two-bedrooms that are conducive to low-income individuals and small households using LIHTC.
- **Hillsdale Heights:** THA is partnering with Bridge Meadows to develop the entire Hillsdale Heights site using tax credits and other public funding. This would bring 144 units of affordable housing to households with incomes between 30-60% AMI.

Impact: Through its Property-Based Subsidies (PBS) program, THA has contracted with market-rate properties to preserve and/or create affordable housing options for very low-income households in Tacoma. This allows THA to serve low-income households in other non-traditional ways outside of tenant-based or project-based subsidies. In 2020, two assisted living facilities serving Medicaid Seniors in Pierce County closed and 140 low-income seniors were displaced. By offering property-based subsidies, THA assisted in preserving the only two remaining facilities in Pierce County that provide memory care for Medicaid patients. Neither facility could have continued to do that without THA’s rental subsidy.

Acquiring existing rental housing that is affordable to households earning 80% or less of AMI remains one of THA’s rental housing preservation strategies. By leveraging MTW dollars in our development and acquisition activities, we have been able to redevelop entire communities, bringing opportunity and resources to areas that are historically underinvested in. It has also led to the success of many private-public partnerships in the building and design of many affordable housing units, which have served as models for other communities.

Update: 2022 was an impactful year for the creation and preservation of affordable housing that yielded the following results:

Property-Based Rental Subsidies: THA continued to place property-based subsidies in seven (7) different properties – preserving more than 352 affordable housing units. Two of the properties provide housing and services to Medicaid eligible seniors in need of dementia care. The remaining five provided housing to local college students who are experiencing homelessness and low-income Tacomans. Across the 7 PBS properties, 122 households were newly admitted in 2022. THA staff work with the PBS properties to regularly monitor utilization rates; across 2022, the average lease up rate per month was 98% for all properties. In late 2022, THA released an RFP seeking additional Project Based Voucher and Property Based Subsidy partners to further expand THA’s PBS footprint.

Development and Acquisition: The table below summarizes THA’s progress by year-end 2022 related to THA’s anticipated development and acquisition activities.

Adding New Units of Affordable Housing through Development or Partnership — Running Total of Units 2022-2028, as of December 2022:

| Project | Location | Owner | THA’s Role | Number of units | Status |
|-----------------------------------|---|----------------------------|---|-----------------|----------------------------|
| Hilltop Lofts | Earnest S Brazill and MLK Way | Horizon Housing | - Land lease - Project Based Vouchers | 57 | Complete |
| Housing Hilltop | S L St and S 11 th | THA | - Owner/Developer | 231 | Under construction |
| New Life Housing | S I St between S 12 th and S 13 th St | Shiloh Baptist Church | - Helped secure financing - Project Based Vouchers | 60 | Fully funded |
| South 15 th and Tacoma | S 15 th and Tacoma Ave | Korean Women’s Association | - Project Based Vouchers | 88 | Fully funded |
| Koz at Aviva Crossing | S 18 th and Mildred | Koz Development | - Sale of THA land with affordability restrictions | 40* | Lot sale under negotiation |
| Mercy at Aviva Crossing | S 18 th and Mildred | Mercy Housing Northwest | - Land - Rental subsidies | 150 | Financing in 2024 |
| Hillsdale Heights | S 60 th and McKinley | Bridge Meadows | - Land lease | 140 | Financing 2023-25 |
| Completed | | | | 57 | |
| Fully funded | | | | 379 | |
| In planning | | | | 330 | |

*This number represents just the affordable units in that development.

Adding units through Acquisition & Rehabilitation

THA continues to seek opportunities for acquisitions where it is financially feasible and opportunistic to meet THA’s core mission. THA purchased North Highland Court in July 2022, adding 35 units to THA’s portfolio and expanding THA’s presence in North Tacoma, a high opportunity neighborhood in Tacoma.

In addition to creating and preserving affordable units through acquisition and development, THA seeks to rehabilitate or refinance existing housing to improve the quality of life for tenants and the long-term viability of the property. Staff have started to assess options for financing the re-syndication of Salishan phases 1,2, and 3 and Hillside 2300. This effort will result in the rehabilitation of approximately 316 units during 2023-24.

| 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 units | 200 units | North Highland Court - 35 units (2022) Hilltop Lofts – 57 units (2022) | In progress |

| 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 units | 62 units | Highland Flats – 62 units Crosspointe – 19 units Cascade Park Vista – 86 units Cascade Park Gardens – 59 units Koz on Market – 52 units Koz on Puyallup – 64 units MDC Campbell Court – 10 units | 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 households | 62 households | Highland Flats – 14 households Crosspointe – 2 households Cascade Park Vista – 22 households Cascade Park Gardens – 42 households Koz on Market – 21 households Koz on Puyallup – 21 households | Met |

Actual Non-Significant Changes: No non-significant changes or modifications to the MTW activity were made in 2022.

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

Actual Significant Changes: No significant changes in 2022.

Challenges in Achieving Benchmarks and Possible Strategies: There are no challenges related to this activity. Note that HC#1 reflects a multi-year strategy for developing or acquiring the targeted number of units, as new affordable housing development and acquisition takes time. THA has set a goal of adding at least 500 new units of affordable housing through development or partnerships over the next 5 years, which THA is on track to meet. THA continuously seeks every possible avenue to pursue this activity where it is financially feasible and opportunistic to meet THA’s core mission.

17. Housing Opportunity Program (HOP)

Plan Year Approved, Implemented, Amended: THA proposed and implemented this program in 2013 after receiving MTW approval. The activity was re-proposed in 2014 with updated program requirements.

Description:

Historically, HOP and CHAP operated through the following guidelines:

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. The fixed subsidy is determined by the household size at admission and 50% of the current payment standard. This is applicable for both elderly/disabled households and work-able households. However, work-able households are subject to five-year term limits; whereas, elderly/disabled households may receive assistance indefinitely. The goal of the program is to help our participants achieve self-sufficiency by assisting them with their housing needs for a specific term and to give other waiting households a turn to receive assistance.

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).

CHAP: THA partners with the Tacoma Community College (TCC) to provide rental assistance to TCC's population of homeless and near homeless students. 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 subsidy as the HOP program and has a five (5) year limit on assistance. Graduates are considered a success and are transitioned off of the program with up to twelve (12) months of additional assistance to serve as an income-building year, not to exceed the five (5) year limit. The community college handles all eligibility but participants must be an active student at the community college and/or transferring to University of Washington, Tacoma. Students must stay in college and make satisfactory academic progress towards a degree or certificate.

CHOP: THA partnered with the Department of Children, Youth and Families (DCYF) 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 in homelessness. To date, CHOP has helped 33 families stay together or re-unite sooner.

HOP's extension/hardship policy may 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 (>50%) and 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.

Impact:

HOP and CHAP: Historically, THA had observed that upon a household's last year receiving assistance, early HOP cohorts had experienced increases in their earned income. Yet, Tacoma rents are rising quickly, vacancy rates are falling, and wages are not keeping up. Wages have not kept pace with Tacoma's rental market – meaning many households exiting HOP will struggle paying their rent without a subsidy. We observe similar challenges with CHAP, as the shallow subsidy does not bolster CHAP households' income enough to afford housing in the private market. A recent evaluation found that only one-quarter of CHAP participants lease-up and those that do tend to show stronger pre-existing navigational and academic skills.

THA initially made the decision to feature fixed and time-limited subsidies for work-able households with the intention of reaching more households. In some ways THA achieved this, since the fixed subsidy has made it possible for THA to serve 20% more households than it could serve if the agency maintained an income-based subsidy. However, THA completed an assessment in 2021 of HOP participants and found that HOP participants had less positive outcomes than traditional HCV participants whose vouchers were income-based and not time-limited. THA found that HOP participants had lower income increases, lower likelihood to exit under positive circumstances, and lower success rates for leasing up units than their HCV counterparts. The results were even more evident when examining data by race, as households that were headed by Black, Indigenous, or other People of Color (BIPOC) experienced positive outcomes related to income increases and leasing up when receiving an income-based subsidy like HCV, as opposed to a fixed subsidy like HOP. Because of these results, the THA Board of Commissioners approved of the sunset of the Housing Opportunity Program effective May 2022. Additionally, due to evaluations showing disproportionate impacts on subgroups of CHAP students, in November 2022, THA decided to sunset CHAP through transfer to HCV Program and through program attrition.

CHOP continues to serve families involved in the family courts system in partnership with the Department of Children, Youth and Families; however, similar to HOP and CHAP, all assistance has moved to an income-based subsidy, also with the removal of time limits.

Update:

Effective May 1, 2022, THA longer issues new HOP subsidies as THA is sunsetting HOP. THA completed an assessment in 2021 found that the program delivered less positive outcomes than traditional income-based and non-time limited vouchers. Since the program’s initial design and implementation in 2012, Tacoma’s rental market has become increasingly constrained and expensive. A flat, time-limited subsidy like HOP could not keep pace.

For households that had a HOP subsidy at the time this decision was made (May 2022), THA would transition their subsidy when a household experienced a change in household composition, a landlord requested rent change, or when they complete their annual recertification. If and when a household would move, they would transfer to the HCV program. This means HOP households will start conforming to the same rules and rent calculations used for the Housing Choice Voucher Program.⁷ As of May 1, 2022, the following HOP program elements would no longer apply to HOP participants when they experienced a qualifying event:⁸

- Work-able households being subject to a 5-year time limit (excluding CHAP).
- A person with a HOP subsidy not being able to transfer to another THA program or port out of THA’s jurisdiction.
- THA’s subsidy not increasing if household size increases, or the landlord requests a change in the rent amount.
- The HOP program not having utility allowances

THA anticipates it will keep this activity open until the last HOP subsidy converts to HCV or stops receiving THA assistance. No additional waivers or authorizations would be needed to implement the changes under consideration.

Additionally, effective November 2022, THA has transitioned out CHAP so that current CHAP households would transfer to HCV Program through program attrition, similar to the transition of HOP participants.

⁷ Traditional voucher requirements in this context include voucher flexibilities granted to THA as authorized in its MTW Agreement and corresponding plans with HUD.

⁸ The transitional plan to shift from HOP subsidies to HCVs are described further in THA’s operational policies and consistent with THA’s Admin Plan and MTW Plan.

| 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: \$20,670 <i>CHOP: \$20,670</i> <i>CHAP: \$20,670</i> | HOP All Work-able: \$23,220 <i>CHOP: \$21,740</i> <i>CHAP: \$17,069</i> | HOP All Work-able: Not Met <i>CHOP: Met</i> <i>CHAP: Not met</i> |

| 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 households | 129 households | 41 | Met |
| | 0% | 50% | 53% | Met |
| 2) Employed Part Time | 0 households | 116 households | 15 | Not Met |
| | 0% | 45% | 19% | Not Met |
| 3) Enrolled in an Educational Program | 0 households | TBD | 63 CHAP households | In Progress |
| | 0% | TBD | NA | NA |
| 4) Enrolled in a Job Training Program | 0 households | TBD | NA | In Progress |
| | 0% | TBD | NA | NA |
| 5) Unemployed | 0 households | 13 households | 22 | Not met |
| | 0% | 5% | 28% | 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. | \$59,127 (cost to complete the same # of traditional annual recertification) | \$29,563 (decrease by 50% of baseline) | \$4,136 estimated staff cost to conduct HOP reviews in 2022. | 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. | 1,572 hours (time to complete the same # of traditional annual recertification) | 786 hours (50% of baseline) | 136 staff hours spent conducting HOP reviews in 2022. | Met |

Hardships: THA does not have any hardship data to report for HOP since the HOP subsidies began to sunset in 2022 and households would be transitioned to the HCV program once they met one of the qualifying events (described above under the activity update). Once transitioned under the HCV Program, THA's hardship policy for MTW-HCV households applies.

HOP's extension/hardship policy was initially established such that THA may 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 (>50%) and 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: Programmatic changes to HOP beginning May 2022 are described under the Activity Update section.

Actual Changes to Metrics/Data Collection: One of THA's main objectives sunsetting HOP is to focus attention on keeping participants stably housed in this tight housing market. As the HOP Assessment results demonstrate, Tacoma's rental market has become increasingly expensive and flat, time-limited subsidy for HOP households led to disparate outcomes. Therefore, to reflect the changing nature of THA's efforts to transition

households to assistance that is no longer time-limited or fixed, THA removed the following metrics as they no longer speak to THA's goals for continuing to serve HOP households while they are converting to the HCV Program.

Metrics that were removed:

- CE # 4: Increase in Resources Leveraged (From the College Housing Assistance Program)
- CE#6: Reducing per Unit Subsidy Costs for Participating Households.
- SS #5: Households Assisted by Services that Increase Self Sufficiency
- SS #8: Households Transitioned to Self Sufficiency
- SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)
- HC #3: Decrease in Wait List Time

Metrics that are retained:

- SS #1: Increase in Household Income
- SS #3: Increase in Positive Outcomes in Employment Status (work-able HOP households only)
- CE # 1: Agency Cost Savings
- CE # 2: Staff Time Savings

Actual Significant Changes: No significant changes were made to this MTW activity in 2022.

Challenges in Achieving Benchmarks and Possible Strategies: As stated above, THA decided in May 2022 to sunset HOP and keep this activity open until the last HOP subsidy converts to HCV or the household exits the program. THA anticipates that much of the challenges seen to achieve benchmarks will be improved once all households have transitioned to traditional HCV.

18. Eliminate the 40% Rule

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

Description: 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.

Impact: This activity has allowed more households in THA’s voucher programs 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.

Update: In 2022, 475 MTW households used this flexibility to stay in a unit that exceeded the 40% rule; or move into a unit that exceeded the 40% rule. Eliminating the 40% rule removed the additional burden of finding housing in a tightening market. As the HOP Program began sunsetting in 2022, we anticipate the number of households utilizing this flexibility decreasing substantially after 2022, as households will have transitioned to the traditional income-based housing choice voucher by the end of 2023. Yet, this activity gives additional flexibility when a household selects a unit where the contract rent exceeds the payment standard and they are subject to larger out-of-pocket expenses. Note, THA’s approval of increased payment standards in 2022 sought to help THA voucher holders lease-up successfully and stay in their units in this tight rental market.

| 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 households | 100 households | 475 households 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 2022.

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 2022 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: Through its MTW flexibility THA modified the way we calculate escrow payments to be simpler and provide clear motivation and guidelines for participating families. We designed a method under which families may qualify for one or more pay points based on pre-determined goals and accomplishments. These pay points are calculated and credited at the end of the FSS contract term. Pay points are based on self-sufficiency activities such as earning a degree or maintaining full-time employment for more than 6 consecutive months.

Impact: Clients have reported the escrow is motivating and easier to understand. THA has also seen staff time saved, and the time is now being spent on direct service. Graduates of FSS reported that escrow funds have been used to fund critical expenses to support their long-term housing stability, such as utilizing escrow funds for down payments, relocation costs, or furnishing their new homes.

Update: In 2022, FSS served 118 families. 31 families graduated from the FSS program with an average escrow amount of \$7,015 upon graduation. In 2022, 36 FSS participants continued their work with the embedded financial coach. Two participants went to a positive income after coming from a negative or zero net worth. In 2022, the number of FSS participants working full-time increased up to 62% of FSS participants, compared to the previous reporting year at a rate of 56%. In addition, the market rent burden for FSS participants decreased to an average of 42% for all households in 2022, compared to an average market rent burden of from 58% for households served in 2021.

| 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 | \$21,060 | Full-time workers: \$36,733 For full-time and part-time workers (averaged): \$24,653 | 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 | \$1,632 | 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 | 83 households | 54 households | 73 households | Met |
| | 54% | 35% | 62% | Met |
| 2) Employed Part Time | 28 households | 61 households | 24 households | Not met |
| | 18% | 40% | 20% | Not met |
| 3) Enrolled in an Educational Program | 20 households | 38 households | 12 households | Not met |
| | 13% | 25% | 10% | Not met |
| 4) Enrolled in a Job Training Program | 35 households | 31 households | 15 households | Not met |
| | 23% | 20% | 13% | Not met |
| 5) Unemployed | 40 households | 8 households | 21 households | Not met |
| | 26% | 5% | 18% | 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 FSS participants | 100% of FSS participants | 118 FSS participants | 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) | \$863 (50% of 2-BD payment standard) | \$634 | 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. | \$863 (50% of 2-BD payment standard) | \$705 average monthly tenant share for FSS families | Not Met |

| SS #8: Households Transitioned to Self Sufficiency | | | | |
|---|---|--|---|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Number of households transitioned to self-sufficiency (increase). Percentage of FSS graduates with market rent burden less than 50%. | Exited or graduated FSS with market rent burden <=50%: NA Average market rent burden (all FSS): NA | 50% of exiting or graduating work-able households will have market rent burden <=50% | Exited or graduated FSS with market rent burden <=50%: 67% (8 out of 12 families) of FSS EOPs in 2022 Average market rent burden (FSS participants with earned income above \$0): 42% | Met |

Actual Non-Significant Changes: In the reporting year, THA removed the requirement that households need to be off cash assistance for 12 consecutive months prior to program graduation as a determinant to access escrow funds. In addition, for upcoming years after 2022, THA has been assessing its FSS program to explore changes that can better meet the needs of participants. THA has been examining changes that could include but are not limited to: updating policies and criteria for determining escrow calculation, pay points, and withdrawals; and implementing a local FSS Contract of Participation (COP), such that there are locally designed contract terms including length, extensions, interim goals, and graduation requirements. These changes to the COP additionally seek to allow more than one member of a household to receive escrow. No additional waivers would be needed to implement these changes.

Actual Changes to Metrics/Data Collection: THA made changes to baselines and benchmarks in 2017. The methodology established in the 2017 report has not changed, but variables will change over time, metrics that have evolving benchmark are as follows:

SS#1: Increase in Household Income – the benchmark is based on Washington’s minimum wage and an assumption of a 30-hour work week. The benchmark will be revised in subsequent MTW reports as minimum wage changes.

SS#3: Increase In Positive Outcomes in Employment Status - THA has established new benchmarks for full, part, and unemployed participants. Because the size of this population fluctuates from year-to-year, a percentage-based benchmark will be applied to the number of households each year in order to establish numerical benchmarks.

In 2022, THA determined it would no longer report on the following measures due to the lack of relevance in THA's program operations and indications of program performance: CE # 1: Agency Cost Savings; CE # 2: Staff Time Savings; SS #4: Households Removed from Temporary Assistance for Needy Families (TANF).

Actual Significant Changes: No significant changes were made to this MTW activity in 2022.

Challenges in Achieving Benchmarks and Possible Strategies: There have been challenges achieving the prescribed benchmarks, as the tightening housing market, increase in living expenses, and fluctuations in stable employment offerings have only exacerbated locally. In response, THA is currently exploring a possible FSS redesign to better meet the needs of clients and overcome programmatic barriers to graduation. We expect these changes to be determined in 2023.

22. Exclude Excess Income from Financial Aid for Students

Plan Year Approved, Implemented, Amended: This activity was proposed in the 2014 MTW Plan. This activity was implemented in 2020.

Description: The purpose of the activity is to further encourage self-sufficiency among participants and streamline administrative processes. To achieve this aim, THA modifies the administration of the full-time student deduction by excluding 100 percent of a student’s financial aid. THA does this for its tenant-based voucher programs and for THA residents living within THA’s portfolio. THA excludes excess income from student financial aid from the income calculation used to determine initial eligibility into THA programs and for a household’s calculated income for recertifications and interims.

Impact: THA has not yet observed the impacts of this activity. However, THA anticipates that this activity will help increase a household’s disposable income and encourage the head of household to finish their degrees.

| SS#3 Number of households enrolled in an educational program | | | | |
|---|-----------------------|----------------|---------|----------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmarks Achieved? |
| Number of households enrolled in an educational program (receiving financial aid) | 192 households (2014) | 202 households | TBD | In Progress |

Update: THA has updated its processes and began implementing this policy in 2020. THA has biennial and triennial recertification cycles and would likely see the full impact of this activity after one full recertification cycle. As explained in the *Actual Changes to Metrics/Data Collection section*, THA cannot report on interim outcomes for 2022 due to limitations within our administrative data system that we are in the process of resolving with a data system transition beginning early 2023.

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

Actual Changes to Metrics/Data Collection: THA initiated a process that sought to track the number of households enrolled in an educational program and received financial aid; however, THA has experienced limitations with its administrative data system. THA will transition to a new vendor in 2022-2023 that will better serve our data needs. As we begin the data system transition, THA will review its capabilities to determine the relevance and viability of reporting on these measures continuously.

Actual Significant Changes: No significant changes were made to this MTW activity in 2022 through an Annual MTW Plan amendment.

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

24. Rental Assistance Success Initiative (formerly Local Security and Utility Deposit Program)

Plan Year Approved, Implemented, Amended: THA proposed this activity in its 2014 MTW Plan and implemented the program in January 2016. Minor amendment in 2019.

Description: Initially this activity was solely a security deposit assistance program that was 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 needed assistance in order to move into a unit. THA realized that many households did not have the resources to pay the security deposit once they reached the top of the waitlist and were offered a unit. This program ensures that families could afford to move into the unit when they come to the top of the waiting list. It would also reduce the number of unit turndowns THA receives. For those moving into THA properties, in order to receive assistance through the Security Deposit Assistance Program (SDAP), the household must be at/or below 30% AMI.

In addition to SDAP, THA modified the program in its 2019 Plan to expand the flexibility within this activity to include potential incentive programs to encourage property owner participation in THA’s rental assistance programs.

THA plans to use its MTW authority to implement additional programs and activities that will lead to increased participation and utilization of its highly valued housing assistance. THA has focused on developing strategic relationships with landlords to strengthen relationships and has created a new position, Landlord Engagement Specialist, to lead this work.

THA’s landlord engagement specialist was able to successfully partner with participating landlords to develop a “Renter Readiness” course and Certification with a partnering service provider. Landlords will reduce screening criteria for THA households that have successfully completed the course. This course moved entirely online initially due to COVID-19 purposes and has since moved to a hybrid online and in-person model starting in 2022. The course has been met with overwhelmingly positive reviews from participants.

Impact: THA’s robust landlord engagement efforts serve as a model across the industry, as landlord engagement staff have been recognized by HUD for their efforts, as well as being solicited to advise other PHAs’ landlord engagement efforts. THA became a member with Washington Multifamily Housing Association (WMFHA), Pierce County Chapter of National Association of Residential Property Managers (NARPM), Rental

Housing Association of Washington (RHAWA), and the Washington Landlord Association (WLA). The benefit has been tremendous. THA has a strong relationship with the lobbyists from each organization, and they serve on THA's Landlord Advisory Group.

Beginning in 2022, THA's Landlord Advisory Group officially transitioned to a Landlord Advisory Board. It consists of lobbyists for NARPM, RHAWA, WMFHA, WLA, Corporate Landlords, and a handful of Private Landlords. The group is continuing to develop Resident Retention and Landlord Education resources and advises THA on pressing issues and policy changes. Example of issues on which they collaborate to develop solutions include payment Issues and improved payment statements, landlord process improvements, IT issues and technological solutions to be more user friendly, improving the efficiency of inspections, and discussing barriers to participation in the program.

Update: In 2022, THA offered security deposit assistance (SDAP) for voucher holders and households in THA's portfolio units for the first time in two years. \$61,552 of the SDAP funds were utilized to help stabilize 46 households and provide monetary assistance toward the security deposit of the unit they intended to rent.

Renters Readiness Certification continues to be well utilized. In 2022, 125 community members participated in Renters Readiness Certification classes with 13 of those completing all three classes and getting a certificate. There were 29 classes offered throughout the year.

Another significant accomplishment was THA's investments in housing navigation supports for voucher holders. THA hired its first dedicated housing navigator position, which was critical to launching THA's *Housing Provider Vacancy List*, a web-based portal that centralizes the list of vacant units through THA's landlord partner network. Since the portal's launch in April 2022, THA's housing navigator received 102 direct referrals from shoppers looking for an affordable unit to rent in the private market of which 92 households have been housed.

The Landlord Advisory Board advised on numerous policy changes and industry issues throughout the year, including advising on THA's proposal to increase its payment standards, and providing feedback on the sunseting of THA's time-limited and fixed subsidy program, the Housing Opportunity Program (HOP). THA's Landlord Advisory Board also continued to advise on the trainings for the landlord education program, suggesting topics such as legislative updates, Fair Housing, the WA Eviction Resolution Pilot Program, THA inspector information sessions, and more. The Landlord Education program launched in 2021 as a joint partnership between THA and the City of Tacoma Landlord Tenant and Fair Housing Coordinator to conduct trainings and outreach to educate landlords about changes to local and state laws and to connect them to resources to help with rent delinquencies.

All of these efforts to engage landlords and provide navigation supports to households searching for vacant units play a vital role helping to identify and retain high quality and affordable units, while also helping to ensure that households can have robust housing options in this challenging market.

| 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 households | 20 households | 125 households | Met |

| CE # 4: Increase in Resources Leveraged | | | | |
|---|----------|-----------|---|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Amount of funds leveraged in dollars (increased). | \$0 | \$50,000 | \$300,000 (Pierce County contribution for Landlord Liaison Program) | Met |

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

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 2022.

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

25. Modify HQS

Plan Year Approved, Implemented, Amended: THA proposed this activity as an amendment in its 2019 Plan and received HUD approval in 2019.

Description: THA must inspect all units for Housing Quality Standards (HQS) to ensure that federally-assisted units are safe, clean and decent. THA made some modifications to its HQS processes to achieve staff time savings and reduce the time a THA client must wait until they are permitted to move-in. These modifications aim to reduce the administrative burden upon both THA and landlords and to encourage Tacoma housing providers to rent to THA voucher holders. To achieve these goals THA made the following changes:

1. In lieu of re-inspections for a failed HQS initial inspection, landlords may provide evidence that fail items that are outside of THA’s prescribed ‘life-threatening’ category have been cured. THA clients may move into the unit quicker since they no longer have to wait for an additional inspection to be completed. Landlords are still required to cure fail items within 30 days and THA will still conduct annual HQS inspections and audit inspections for quality control.
2. To achieve staff time savings THA will accept a “Certificate of Occupancy” issued by the City of Tacoma in lieu of an initial inspection. Future annual HQS and audit inspections will still be completed to ensure quality control.
3. To further streamline THA’s HQS processes – THA will negotiate its own contract rents and determine rent reasonableness. This is broadly applied to all THA owned, managed or subsidized units.

Impact: This activity has allowed THA to streamline its inspection process which allows THA to closely monitor and uphold a high standard for HQS inspections. This enables THA to maintain a well-preserved and attractive portfolio and allows for less delay in the leasing process for developments that are new or have been significantly rehabbed.

Update: Following 2020, a year in which inspection operations were severely impacted by the pandemic, THA began to resume inspections in 2021 and make progress on the backlog. In 2022, THA’s inspections team accomplished their inspections target to satisfy its backlog, completing over 1,413 inspections across the program year.

| CE # 1 (a): Agency Cost Savings – Staff Costs | | | | |
|--|---|--|-----------|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Decrease total cost of task measured by staff time (decrease). | Total time of initial re-inspections (589) (in hours) | 20% decrease from baseline (471 hours) | 975 hours | Not Met |

| CE # 1 (b): Agency Cost Savings – Staff Time Savings | | | | |
|--|---|---------------------------------------|----------|---------------------|
| Unit of Measurement | Baseline | Benchmark | Outcome | Benchmark Achieved? |
| Decrease total cost of task measured by staff time (decrease). | Average time to conduct initial inspections x number of initial re-inspections (\$20,308) | 20% decrease from baseline (\$16,246) | \$30,236 | Not Met |

Actual Non-Significant Changes: No changes or modifications to the MTW activity were made in 2022.

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 2022.

Challenges in Achieving Benchmarks and Possible Strategies: THA’s staff time and costs exceed the targeted benchmarks, largely due to the significant efforts staff dedicated towards catching up on the backlog of inspections from the previous years.

Not Yet Implemented Activities

10. Special Program Vouchers

Update: THA proposed this activity in 2011. The initial idea was to establish a program similar to the project-based voucher program. Vouchers were to be awarded to service provider partners for a special purpose or population. The service partners would be responsible for designing the program, including household selection, program guidelines and eligibility criteria, length of time a household would be eligible for a voucher, level of assistance provided to each household, etc. THA would then oversee the administration of these vouchers through an annual reporting and/or audit process. THA has several special programs it is running but they have all been proposed separately as rent reform activities or local non-traditional programs

On Hold Activities

20. MTW Seed Grants

Update: THA implemented this program in 2013 after receiving MTW approval. THA proposed this activity so, if needed, the agency could provide seed grants to service provider partners to increase their capacity to serve THA households. The grants would be specific to helping work-able households increase earned income and become self-sufficient. THA used this activity to provide three job skills and soft skills trainings for work-able households in 2013. THA did not have specific goals for this activity in 2020 but would like to keep it in the implemented section of the plan in case an opportunity to leverage a partnership through the use of a seed grant arises.

Closed Out Activities

2. ESHAP: THA proposed and implemented this activity in 2011 and closed this activity in 2019. The activity began as a pilot program to assist homeless families enrolled at McCarver Elementary School. McCarver was known for its high transient rates. The initial design was intended to stabilize families enrolled at McCarver Elementary and as a result as positively impact the high rates of transiency at McCarver. Since its implementation ESHAP has seen changes to its program structure – which included lifting program participation requirements, expanding eligibility for enrolled families to other elementary schools and providing a subsidy similar to THA’s traditional HCV model. After evaluation and community consultation, ESHAP will be expanded but also redesigned to function more similarly to the Coordinated Entry model. This will be done in partnership with Pierce County and the Tacoma Public School District. This activity has been closed out and metrics and data regarding future TSHAP families will be reported under Activity 15.

4. Allow Transfers Between Public Housing and Voucher Waitlists: This activity was proposed and implemented in 2011. THA created transfers to make it easier for families to move to a unit that better meets their needs. Households on the public housing transfer list can be issued a voucher if there are no units that meet their needs. The activity has made it easier for reasonable accommodation clients to find units that meet their needs. THA’s portfolio is almost completely PBV, making this activity obsolete.

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, 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 was approved for a RAD conversion in 2014/2015 which caused this activity to be closed out in 2015. The activity is meant to increase the number of households served and to bring public housing units online.

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.

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. THA is closing out this activity in the 2022 MTW Report, as further reported below.

Description: 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. It is a HOPE VI redevelopment that created a mixed-income community of 1,350 renter and homeowner households on an award-winning design.

Beginning in 2021, THA adjusted the CSA program such that when a THA student opens a GET account, THA will set aside \$500 for that student to earn into their GET account upon program completion. Previously, the CSA offered a two-phased earning model that included a seed and match for K-5th grade students and shifted to an academic-incentive earning structure for 6-12th grade students. The CSA has been redesigned to a simple flat-amount earning model of \$500, which has been applied to new CSA enrollees beginning 2021. Students who joined the program prior to 2021 were grandfathered in to earn \$2,200 upon high school graduation, as well as any dollars previously earned through the K-5th grade seed and match.

Impact: Since its launch, CSA participants have yet to reach 12th grade, therefore high school graduation data is not yet available. However, since its launch, the program has enrolled more than 205 students and has partnered with the state's 529 program to expand college-savings capabilities to low-income families.

Update: Over the last couple of years, THA has focused its efforts to increasing community partnerships to form new programs and wraparound services. THA is still operating the Children's Savings Account Program, but under a larger asset building initiative, the Two Generational Program (2Gen). 2Gen provides targeted resources, programming, and staff support to participating children and adults for families that have a child attending middle or high school. Wrap-around services include social-emotional supports, place-based educational programming, and direct support for families to build assets to improve their economic mobility. Because THA is not utilizing any regulatory waivers to operationalize the Children's Savings Account program, at the end of 2022, THA will close out the activity but continue reporting on CSA and its larger 2Gen initiative in *Section V: Sources and Uses of MTW Funds*.

| 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 | \$500 average account balance | Met |

Actual Non-Significant Changes: THA adjusted the program in 2021 which includes different criteria for program eligibility, rules for earning CSA dollars, and outlines how participants can maximize the earnings available through THA.

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

Actual Significant Changes: THA closed out this activity at 2022 year-end, due to no longer needing regulatory waivers to operationalize this activity. THA will continue reporting on CSA and its larger 2Gen initiative in Section V: Sources and Uses of MTW Funds.

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

Section V: Sources and Uses of MTW Funds

Actual Sources and Uses of MTW Funds in the Plan Year

In accordance with the requirements of this report, THA has submitted our unaudited information in the prescribed FDS file format through the Financial Assessment System – PHA. The audited FDS will be submitted by September 30, 2023.

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 ineligible 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 hired an external consultant to lead the agency in assessing the state of diversity, equity, inclusion, and belonging (DEIB) in its policies, practices, and programs. The consultant developed an assessment report, which spurred internal efforts within THA’s leadership and management teams, Board DEIB Subcommittee, and Staff DEIB Steering Committee to advance DEIB at THA.
- THA made changes to relieve the administrative burden on both the agency and the tenants by creating a more streamlined approach to both the certification process and inspections. THA intends to make its processes less intrusive on people with fixed incomes such as the elderly and disabled, and to relieve families from some of the more burdensome requirements of annual certification. The new certification cycle started in 2013.
- THA focused on housing, employment-related services, and other case management activities that will move families towards self-sufficiency. Its Client Support and Empowerment Department also assists tenants that are facing challenges in successful tenancy. For example, THA entered into community partnerships to form new programs and wraparound services, such as the 2Gen program, which utilizes cross-sector partnerships like the YMCA, KBTC and the Health Department to provide multi-generational mentorship programs, tutoring, social emotional learning. This also encompasses THA’s Children’s Matched Savings Account Program (reported as Activity 21), which is aimed at developing a savings habit among students and their families and improving graduation rates, college and career preparation and enrollment.

- THA is making necessary technological enhancements that will benefit the organization and the residents. This includes investments in THA's administrative data system as THA seeks to transition to a new vendor in 2022-2023. THA is also making investments to ensure data is aligned in our reporting and visualization capabilities to provide meaningful insight into THA's quality of housing and services.
- THA analyzed its administrative overhead and charges 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 included an activity in its 2012 amended plan that allows the agency to activate the MTW single fund flexibility to support the development and preservation of affordable housing. THA utilizes its single source MTW funds to obtain land, in addition to existing properties, which is vital for future development of affordable housing in Tacoma.
- THA has partnered with local agencies in the community to create local non-traditional housing programs. The programs are funded by THA but run by partnering agencies.
- THA has developed a property-based subsidy program. Under this model, THA makes an annual contribution of MTW funds. The owner then rents these units to low-income households at a rent affordable to these households. THA inspects the units annually and reviews a percent of tenant files annually to ensure the owner is renting to low-income households.
- In response to the tremendous impacts of the COVID-19 pandemic and the economic strain for many households, THA focused on eviction prevention efforts to help keep residents who are at-risk of eviction housed. This included the hiring of an eviction prevention specialist to engage with residents on late rent and entering into affordable repayment agreements and partnering with Pierce County to connect households to local Emergency Rental Assistance funds.

| 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

Reviews, Audits, and Inspections

The annual reviews/audits/inspections are in progress for 2022 but summarized results below for 2021:

Washington State auditors completed a Federal Single Audit and an audit of THA's financial statements, with a completion date of September 29, 2022. The auditors also performed an attestation of THA's REAC submission, which was dated September 30, 2022. There were no findings for these audits.

All of THA's properties were audited by the Washington State Housing Finance Commission (WSHFC) in 2022. We have received close out letters for all properties. There were minor findings, all of which have been resolved.

All other audits completed from external stakeholders (funders and investors) in 2022 had no findings.

Evaluation Results

No evaluations in 2022.

MTW Statutory Requirement

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On behalf of the Tacoma Housing Authority, I certify that the agency has met the three statutory requirements of the MTW program in Fiscal Year 2022. This is certification that the agency has met the three 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 2022, 89% of all households were at or below 50% AMI.

| Certification of Statutory Compliance 2011 | | | Certification of Statutory Compliance 2022 | | |
|--|-------------------|---------------|--|-------------------|---------------|
| Family Size | 50% AMI and Below | Above 50% AMI | Family Size | 50% AMI and Below | Above 50% AMI |
| 1 | 98% | 2% | 1 | 96% | 4% |
| 2 | 95% | 5% | 2 | 85% | 15% |
| 3 | 92% | 8% | 3 | 81% | 19% |
| 4 | 93% | 7% | 4 | 81% | 19% |
| 5 | 93% | 7% | 5 | 85% | 15% |
| 6 | 96% | 4% | 6 | 81% | 19% |
| 7 | 97% | 3% | 7 | 70% | 30% |
| 8+ | 93% | 7% | 8+ | 74% | 26% |

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

| Program | Public Housing | Section 8 | Local Non-Traditional | Totals |
|---------------------------------------|-------------------|--------------------|-----------------------|--------|
| Moving to Work Baseline (Updated '13) | 817 ⁱ | 3,696 ⁱ | 0 | 4,513 |
| 2011 Households Served | 904 | 3,448 | 0 | 4,335 |
| 2012 Households Served | 870 | 3,552 | 0 | 4,422 |
| 2013 Households Served | 762 | 3,634 | 47 | 4,443 |
| 2014 Households Served | 792 | 3,673 | 128 | 4,593 |
| 2015 Households Served | 801 | 3,685 | 86 | 4,572 |
| 2016 Households Served | 801 | 3,677 | 61 | 4,539 |
| 2017 Households Served | 332 | 4,049 | 77 | 4,458 |
| 2018 Households Served | 325 | 3,956 | 143 | 4,424 |
| 2019 Households Served | 243 ⁱⁱ | 4,054 | 467 ^{iv} | 4,764 |
| 2020 Households Served | 4 | 4,134 | 509 | 4,647 |
| 2021 Households Served | 5 | 4,126 | 545 | 4,676 |
| 2022 Households Served | 5 | 4,005 | 492 | 4,502 |

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

ⁱⁱ THA received 103 TPV vouchers between July and October 2012.

ⁱⁱⁱ In November 2019 THA converted 324 public housing units to RAD-PBVs.

^{iv} In addition to adding 270 local, non-traditional units in 2019, with HUD approval THA includes households receiving services from Pierce County for an additional six months after their assistance has ended.

- 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% |
| 2018 | 45% | 21% | 14% | 9% | 6% | 2% | 2% | 100% |
| 2019 | 46% | 21% | 14% | 8% | 6% | 3% | 2% | 100% |
| 2020 | 48% | 20% | 14% | 8% | 6% | 2% | 2% | 100% |
| 2021 | 50% | 19% | 13% | 7% | 6% | 2% | 2% | 100% ^y |
| 2022 | 50% | 19% | 13% | 7% | 6% | 3% | 2% | 100% |

X *April Black*

April Black

Executive Director

^y Percentage values are rounded to the nearest whole number. For example, in 2021 the percentage of 6-person households served was 2.4% and this was rounded down to 2% for purposes of report formatting. This rounding explains why the total for 2021 appears to be 99% when adding 2021 percentages based on values reported in the table.

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 Calculation

Appendix C: THA's Emergency Operations

Appendix A: LAMP

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.

The existing Property Management structure has been in place for several years now. 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. Our cost approach allocates all indirect revenues and expenses to a Program Support Center (based on unit count) 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 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. In 2022, compliance was moved from the Administration Department to the Policy, Innovation and Evaluation Department. The chart below shows this relationship and the positions responsible for these management functions.

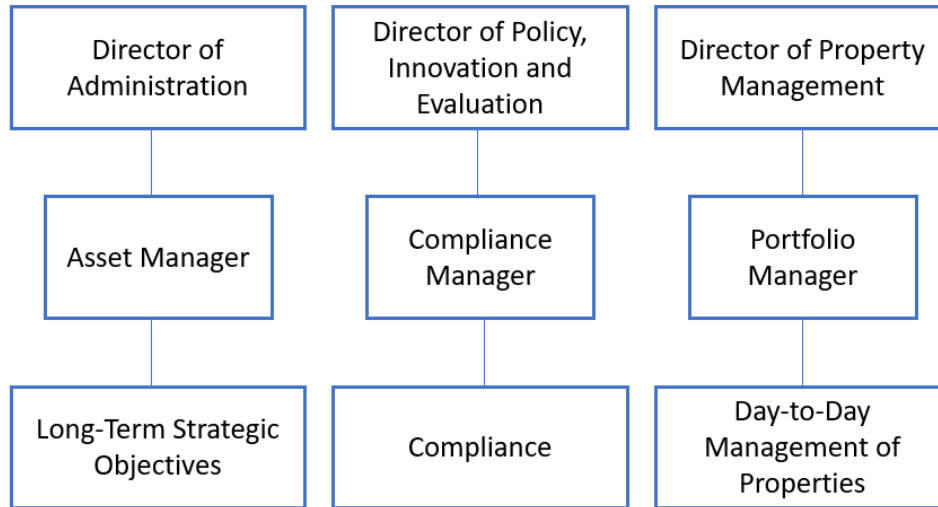


Figure 1: Organizational Structure

Description of 2023 Plan

THA manages its properties as 2 portfolios. We have Portfolio West, which consists of our 456 Renew Tacoma Housing (RTH) RAD units comprised of 9 properties of Elderly/Disabled and Family Housing. Our Hillside/Bay Terrace properties which comprises 5 properties and 270 units is also considered under our Portfolio West umbrella, as is our Arlington Youth Housing property (58 units). As these properties are spread out, we have management teams overseeing property groupings as best determined by the Director.

The other management group is called Portfolio East and is responsible for management of our Salishan properties (seven), consisting of 631 units. As Salishan is in one geographical area, there is a centralized management team to manage those properties. We transitioned to a Portfolio Manager that oversees both of our portfolios in 2020.

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
- Property Performance Review
- Strategic Planning
- Policy Development and Implementation
- Procurement Regulation

Project-Level Reporting

THA instituted project-based budgeting and accounting practices before becoming an MTW agency. Systems and reporting are in place to develop and review onsite management of budgets, expenses, rent collection and receivables, and purchasing. With our current IT system, we have robust reporting to review, analyze and compare property information.

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 continually review our practices and how they are working and update our approach when needed. We have a Facilities Manager whose responsibility it is to oversee overall maintenance in our properties. We currently have two Maintenance supervisors and five maintenance leads with more technical abilities who assist other maintenance specialists and oversee repairs and work orders in the two portfolios. Each portfolio has a team of maintenance specialists that perform work orders and repairs for the different properties in their portfolio. In 2018, we also instituted a unit turn team concept, which consists of 5 staff, including a lead, whose specific responsibility is to turn vacant units within all of our properties. The goal is to bring down costs, by having a dedicated team, and using less contract maintenance. It is important to note that when working in a unit, the maintenance personnel are charged directly to the property they are working in.

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

THA has an Asset Management Committee consisting of key members from the following functional areas in the agency: Finance, Asset Management and Compliance, Property Management, Client Support, and Real Estate Development. The committee meets on a routine basis and is facilitated by the Agency's Asset Manager. The standing agenda includes reviewing operational costs at each site, investigating large cost variances between the properties, 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 changes to THA's current rent policy and occupancy standards, whether properties should be managed by agency staff or third-party management.

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. Client Support and Empowerment 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. By the end of 2019, all but five Public Housing units had transitioned to RAD units. The five units consists of a single-family home owned by THA (AMP6), and four units in our Hillside 1500 tax credit entity. It is important to note we currently manage our properties in our Tax Credit entities, and follows the guidelines set forth by this LAMP.

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 within the THA entity and Tax Credit Management. This allows the agency to see how much it costs to manage its Tax Credit Portfolio versus its other affordable housing programs. THA considers our Special Purpose Vouchers, Real Estate Development, and grants funded by Non-Federal funds as Non-MTW activities with the revenues and expenses falling 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.

Table 3 at 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.

Table 1: 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 |

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.

Administrative 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 Support and Empowerment
- Accounting and Financial Services
- Real Estate Management and Improvement and Capital Fund Monitoring
- Information Technology
- Reasonable Accommodations
- Leasing and Elderly Services Coordinator
- Policy, Innovation and Evaluation

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 and our special programs (FHP, NHT, VASH) will all be charged based on occupancy. Table 2 below shows how these fees are derived. For Rental Assistance, THA had been using the HUD prescribed Management Fee, but has started deviating based on an improved understanding of the costs required from the different departments to support the program for Rental Assistance. 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 any remaining Tax Credit AMP 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.

When we transitioned our PH units to RAD, we also built in a \$250 per unit per year fee for Client Support by our THA staff. It is separate from the administrative support fee and is recorded as revenue by our Client Support and Empowerment department to defray the cost of supporting our managed property clients. This fee indicates the level of support THA has made to help ensure the successful tenancy of our clients.

Table 2: Administrative Support Fee Components

| Administrative Support Fee Components | | |
|---------------------------------------|-------------------|----------------|
| Fee | Rental Assistance | Tax Credit |
| Management Fee | | |
| Executive | \$2.00 | \$2.00 |
| Human Resources | \$1.75 | \$2.25 |
| PM Overhead (including rent) | \$2.75 | Remaining |
| Bookkeeping Fee | \$6.00 | \$21.50 |
| Asset Management Fee | \$0.00 | \$7.50 |
| Compliance/PIE | \$2.00 | \$5.00 |
| IT Fee | \$8.00 | \$12.00 |
| Community Services | \$4.50 | \$2.50 |
| Leasing Support | \$0.00 | \$1.50 |
| Total Fee: | \$27.00 | \$54.25 |

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 primary source of funds for Property Management includes Tenant Revenue, Housing Assistance Payments, 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), SRO, Project-Based Vouchers, FUP, VASH, NHT, Mainstream and HUD FSS. In 2021, THA also received vouchers for the EHV and FYI programs. 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. Table 3 below shows the unit equivalencies for THA. These equivalencies are also the basis of THA’s allocation scheme for Program Support Fees.

Client Support and Empowerment (CSE)

The Client Support and Empowerment department supports all THA's Affordable Housing clientele and assists families to move to Self Sufficiency. As we continue to 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 several grants that provide funding for a variety of services to its clients. Most 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 CSE 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 CSE department will either hire caseworkers or collaborate with other agencies to assist families at different levels. CSE 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 CSE 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 CSE fund that tracks all MTW costs.
- The Elderly/Disabled Coordinator is charged out as a portion of the management fee to the elderly/disabled projects.
- The costs for the CSE staff assisting the agency's Property Management portfolio and MTW Voucher holders, along with the administrative costs associated with it, are charged to a CSE 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 Client Support and Empowerment 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.

Real Estate Development

THA defines Real Estate development activities to include modernization of the current portfolio, investigation, and design of new affordable and market-rate development opportunities, along with redevelopment of properties that have outlived their useful life. 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 to one of the two MTW activity areas, as applicable. 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 % 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.

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 Department 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 property. 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.

Program Support Allocation Detail - The following chart is 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 2023.

Program Support Center Allocation Detail

(On next page)

Table 3: Total units & Program Support unit equivalencies

| Program Support Center Unit Equivalencies - 2023 Projected | | | | | |
|--|--|--------------------------|------------------------------------|--|----------------|
| Cost Center | Funding Source | CAH (MTW) Unit Equiv. | Tax Credit (MTW) Unit Equiv. | Business Activities (Non-MTW) Unit Equiv. | Total Units |
| Rental | Mod Rehab SR0003 | | | 30 | 30 |
| Assistance | Mod Rehab SR0002 | | | 41 | 41 |
| | Section 8 Vouchers | 3,543 | | | 3,543 |
| | Life Manor TPV Vouchers- Roll into MTW 07/01/12 | 150 | | | 150 |
| | Hillside Terrace Relocation Vouchers | 103 | | | 103 |
| | Wedgewood - 50 Units managed UMS* | 48 | | | 48 |
| | New Fair Choice HCV - 2022 | 20 | | | 20 |
| | Tahoma House | 6 | | | 6 |
| | EHV | | | 135 | 135 |
| | FUP Vouchers | | | 125 | 125 |
| | FYI Vouchers | | | 75 | 75 |
| | Mainstream Vouchers | | | 78 | 78 |
| | NHT Vouchers | | | 100 | 100 |
| | VASH Vouchers | | | 267 | 267 |
| | RAD Vouchers | RTH RAD Vouchers | 456 | | |
| Bay Terrace 1 RAD Vouchers | | 26 | | | Prop Mgt |
| Hillside Terrace RAD Vouchers | | 33 | | | Prop Mgt |
| Salishan RAD units | | 290 | | | Prop Mgt |
| Salishan 7 | | | | 91 | 91 |
| PH Units-THA | AMP 6 | 1 | | | 1 |
| Property Management: Tax Credit Partnerships | Hillside Terrace 1-2 | | 46 | | 46 |
| | Hillside Terrace 1500 Blk | | 16 | | 16 |
| | Bay Terrace | | 70 | | 70 |
| | Bay Terrace 2 | | 74 | | 74 |
| | Renew Tacoma Housing | | 456 | | 456 |
| | Arlington Youth Housing | | 58 | | 58 |
| | Court F (Rise at 19th) | | 64 | | 64 |
| | Salishan 1 | | 90 | | 90 |
| | Salishan 2 | | 90 | | 90 |
| | Salishan 3 | | 90 | | 90 |
| | Salishan 4 | | 90 | | 90 |
| | Salishan 5 | | 90 | | 90 |
| | Salishan 6 | | 90 | | 90 |
| 3rd Party Managed - 75 % equivalency | Highland Crest - Should be online 1/1/18 | | | 54.75 | 73 |
| | James Center North - Estimate- s/b online 1/1 | | | 22.5 | 30 |
| | New Look | | 36 | | 48 |
| | North Highland | | | 26.25 | 35 |
| | Outrigger Apts. | | | 36.75 | 49 |
| | Prairie Oaks | | | 11.25 | 15 |

| | | | | | | |
|---|--|---------------|---------------|---------------|---------------|--------------|
| | | Totals | 4,676 | 1,360 | 1,094 | 6,387 |
| Real Estate Development | THA MTW Support | | 64 | | | 64 |
| | THA as Developer | | | | 575 | 575 |
| | <i>Development Unit Equivalents - 10% of Total Units</i> | | 64 | 0 | 575 | |
| Total Units/Unit Equivalents - Agency | | | 4,740 | 1,360 | 1,669 | 7,769 |
| Program Support Center Equivalencies (% of All Unit Equivalencies) | | | 61.01% | 17.51% | 21.48% | |

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.

Appendix C: THA's Emergency Operations

As learned through the COVID-19 pandemic THA may need to implement temporary changes to its activities to ensure continuity of operations and respond to the needs of THA staff, participants, and the general public. Emergency Operations may be implemented as needed when an emergency has been declared under national, state, local or Executive order. During that time, THA may use any of the following strategies to respond to the needs of the agency and our clients. They will be implemented as needed and as temporary activities under times of duress. MTW authorizations are provided at the end of this appendix in the MTW Authorization of Emergency Operations Matrix.

- **Deferred end of participation dates:** Under normal circumstances, when a family reaches the end of their program term they are no longer eligible for assistance. This would allow us to continue to provide assistance to families who would have their assistance terminated for non-violation related reasons during a time of crisis.
 - *Related Activities: 3. Local Project-Based Voucher Program; 17. Housing Opportunity Program*
- **Extended Regular Recertification Due Dates:** A recertification is due on a regular schedule. During a recertification, we need to collect and verify household and income information to make sure households are still eligible for housing. In rare instances when needed, THA pushed back recertifications by one year that were due during a time of crisis.
 - *Related Activities: 5. Local Policies for Fixed-Income Households; 6. Local Policies for Work-Able Households*
- **Emergency Verification Policies:** At the time of a recertification and initial eligibility determination, we must verify income information. This means that people have to give us hard copies of their paychecks, benefit letters, etc. As we see with COVID, it can be difficult to get this information as well as submit this information. We utilized this flexibility to make income verification easier for everyone by accepting self-certifications over the phone, by e-mail or other means.

- *Related Activities: 5. Local Policies for Fixed-Income Households; 6. Local Policies for Work-Able Households; 7. Local Income and Asset Verification Policy; 8. Local Interim Processing and Verification Policies (HCV/PH)*
- **Removed 90-day and 20% rule for Interims:** For households with a Section 8 voucher, their rent is based on their income. During normal operations, we only process an interim (change in their rent) if they have lost at least 20% of their household income and that decrease is expected to last more than 90-days. We propose to remove those requirements so that families can find relief during a crisis.
 - *Related Activity: 8. Local Interim Processing and Verification Policies (HCV/PH)*
- **Deferred HQS Inspections:** Inspections require in-home visits and can require more than one trip to a single residence. During a time of crisis when needed, we would defer regular and quality control HQS inspections to the household's next scheduled inspection date. This means that THA may accept a landlord's self-certification that the unit meets HQS or putting off these inspections until we have recovered from the crisis or until the next regular inspection is due, whichever is sooner. For quality assurance (QA) purposes and to retain program integrity, THA would increase its QA inspections and run targeted inspections on units with past of frequent HQS deficiencies.
 - *Related Activity: 25. Modify HQS*