



TACOMA HOUSING AUTHORITY

RESOLUTION 2014-11-19 (2)

DATE: November 19, 2014
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Payment Standards for Housing Choice Voucher Program

Background

HUD's rules allow THA to set payment standards for its rental assistance programs from 90% to 110% of the Fair Market Rents (FMR) that HUD sets annually for our market. THA's current payment standards are set to 96% of FY2011 FMR. Since 2011, HUD has increased the FMRs. THA's payment standard has declined as a percentage of that increasing FMR. Data show that these payment standards do not inhibit households from leasing up in a suitable unit. However, we should increase them to meet the 90% minimum of current FMR.

THA's zero and one bedroom size payment standards are 97% and 93% of FY2015 FMR, respectively. I propose to maintain these and to increase the remaining bedroom size payment standards to 90% of FY2015 FMR.

Current THA payment standards

Studio	1 bedroom	2 bedroom	3 bedroom	4 bedroom
\$668	\$780	\$973	\$1,418	\$1,596

Proposed THA payment standards

Studio	1 bedroom	2 bedroom	3 bedroom	4 bedroom
\$668	\$780	\$984	\$1,450	\$1,742

THA staff considered the following factors, as required by the Housing Choice Voucher Guidebook, in the payment standard review:

- **Shelter Burden**
The average shelter burden of voucher assisted households is 31%. THA has waived the requirement to cap a household's shelter burden at 40% in order to allow clients the option of paying more for a unit than what is considered affordable by HUD.
- **Availability of suitable units with rents below the payment standards**
Market rent data available through Dupre + Scott show that there is a 4.5% rental vacancy rate in Tacoma. This reflects adequate rental options for renters. This external

data also show that the average rent has increased \$13 over the last six months. The average rental prices fall within the new proposed payment standards.

- **Size and quality of units selected by tenants**
HQS pass/fail rates show that 82% of units selected by clients within HOP, HCV and McCarver pass the inspection. Generally, clients are able to locate suitable units according to HUD standards.
- **Average number of shopping days under current payment standards**
On average, voucher assisted households secure and move into a unit within 48 days. This meets HUD's definition of a successful shopping time of less than 90 days.
- **Vouchers that have expired without leasing**
Since 2011, 312 vouchers have expired without leasing. This figure includes households that were already receiving a voucher subsidy from THA and did not use the new voucher, but did stay on the program. In these instances, most households requested new vouchers to move, the vouchers expired and the households did not move for reasons unknown. This is the case for 243 out of the 312 expired vouchers.

69 new households received vouchers without leasing between 2011 and 2014. This is representative of 3.4% of all new vouchers issued in the years that current payment standards have been in place.

- **Port outs since THA last revised its payment standards**
Also since 2011, 277 households have ported out of THA's jurisdiction. This is representative of 14.6% of all new vouchers issued between 2011 and 2014. THA's portability restrictions do not allow households to port out because of higher payment standards. From this, it can be concluded that these households ported out for one of the following allowable reasons: reasonable accommodation, employment opportunity, fleeing domestic violence, educational opportunity, if the receiving PHA absorbs the voucher and if the voucher had ported in to THA's jurisdiction originally.

NOTE: THA's Annual Plan directs that these changes be effective on October 1st and shall apply to moves or recertifications after that date. Annually, HUD proposes the next year's FMR over the summer and finalizes them on October 1st. THA's Admin Plan states that THA will make increased payment standards effective on October 1st if it looks like the proposed FMR will require a payment standard revision. In order to comply with this schedule, THA must adopt revised payment standards before FMR are finalized by HUD, or make retroactive payments. Neither option is ideal for staff. The Admin Plan should be revised to reflect that any increase or decrease in the payment standards will be effective January 1st. The board should expect a proposal for this revision in the coming months.

Recommendation

I recommend adopting payment standards at 90% of the current FMR for all payment standards that are below the threshold. I also recommend making retroactive payments to affected households.



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WHEREAS, HUD updates its Fair Market Rents annually.

WHEREAS, housing authorities may adopt payment standards between 90-110% of the effective Fair Market Rents.

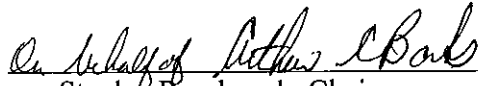
WHEREAS, THA will adopt payment standards that are appropriate based on household leasing data and available rental market data.

WHEREAS, these payment standards will go into effect for annual reexaminations, moves and new admissions effective on or after October 1, 2014.

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

1. THA shall set its payment standards at 90% of the current Fair Market Rents for all payment standards that do not meet the threshold, keep the zero and one bedroom payment standards the same, and make retroactive payments to households whose moves or recertifications occurred after October 1st.

Approved: November 19, 2014


Stanley Rumbaugh, Chair