



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2015-08-26 (1)

**Date:** August 26, 2015  
**To:** THA Board of Commissioners  
**From:** Michael Mirra, Executive Director  
**Re:** McCarver Elementary School Housing Assistance Program: Changes in Rent Structure

### Background

This resolution would approve a change to the rent structure of the McCarver Elementary School Housing Assistance Program. This approval would revise THA's Administrative Plan, which governs THA's administration of the Housing Choice Voucher program. The plan sets policies for the programs in a manner consistent with the Housing and Urban Development (HUD) requirements and local goals and objectives contained in THA's Moving to Work (MTW) plan. This administrative plan is a supporting document to the Public Housing Authority (PHA) agency plan, and is available for public review as required by CFR 24 Part 903.

### Changes to the Rent Structure

The McCarver Housing Program currently requires participants to increase the percentage of rent they pay by 20% annually, beginning at 0% and ending at 100% by the conclusion of Year Five of their participation, when households were expected to exit without requiring subsidy. THA is now in Year Four, with households expected to pay 60% of their monthly rent burden. Utility costs are not considered within this calculation.

The original design assumed that households would meet an increasing responsibility by increasing earned income. This was a general expectation, not tied directly to Area Median Income (AMI) or to acceptable rent burden as a percentage of monthly income.

In practice, most participant households have not been able to increase monthly income at an adequate pace. Table 1 describes current capacity to pay 60% of rent as a percentage of monthly income.

**Table 1: Rent Burden for McCarver Households, February 2015**

Number of Households (N=37)	Able to Pay 100% of Rent at <= 28.5% of Income	Able to Pay 60% of Rent at <= 28.5% of Income	Able to Pay 60% of Rent at <= 50% of Income	Able to Pay \$75 at 28.5% of Income	Able to Pay \$75 at 50% of Income	Households qualifying for hardship under traditional HCV
	5	8	12	20	28	9

Only 24% of participant households can afford the current 60% rent expectation at or below 28.5% of monthly income. The percentage increases modestly to 32% of households that can afford rent by paying 30-50% of monthly income. These percentages do not include utility burden.

Clearly, the initial assumption that most participants would substantially increase earned income was incorrect. Many of the families who cannot meet this rent burden face challenges such as disability, domestic violence and addiction behaviors.

Thus far, to relieve families of unreasonable rent burdens THA has relied upon the Program's hardship exemption. The hardship exemption is not a good solution. The exemption places households on \$0 rent for an indefinite period of time. There are no additional service requirements to qualify for the hardship. The rent amount remains at \$0, regardless of household income, as long as the family faces a high rent burden. This policy precludes participants from making a reasonable minimum contribution, and provides them with no incentive to increase earned income. At the same time, it places an inequitable rent burden on those other households who do not qualify for a hardship exemption and who must pay as much as 50% of income toward rent.

**Below are the proposed changes to the rent structure and hardship policies:**

**1. Rent Structure Proposal**

THA proposes that the Program adopt the rent calculation, utility allowance and hardship exception currently used for the MTW Housing Choice Voucher (HCV) subsidy. This means that:

- Households with any earned or unearned income will pay the greater of 28.5% of monthly income or a \$75 minimum rent (29 of 37 households, or 76 %).
- A utility allowance will keep the overall burden close to the 30% threshold identified as optimal for families to invest discretionary income in children.



- Households with no income, or for whom the \$75 minimum rent exceeds 50% of monthly income will qualify for a hardship exception and pay \$0 rent for up to six months. During the hardship period, households will have additional case management requirements (9 of 37 households or 24%).

## 2. Hardship Policy Proposal

Households will qualify for hardships using the same guidelines that THA uses in the MTW HCV program: Rent must exceed 50% of monthly income, households must have applied for other income sources, and households must be willing to engage in additional case management services designed to increase their household income. Households will only qualify for six months of hardship exception each biennium (between their biennial review cycles).

McCarver participants are already required to actively engage in Individual Service Plans (ISPs), and THA can remove them from the program for non-participation. The McCarver Housing Program Manual specifies the types of activities that the program may require of families.

During the household's hardship period, McCarver caseworkers will work with families to determine if income can be increased to support a \$75 minimum rent. For those households who cannot increase income, caseworkers will encourage application for State and Federal disability status as appropriate. Caseworkers will also refer households to Guadalupe Vista or other permanent supportive housing programs, as capacity at these programs allows. Households who do not appear to have a qualifying disability, decline to pursue benefits, and/or decline referral to Supportive Housing may be exited from the hardship program for non-participation. Exit from the hardship exemption may lead to loss of housing assistance if the household is not able to sustain its rent and/or utility responsibilities. However, the Special Housing Program will have attempted intensive, sustained intervention to avoid this outcome, and the household may use THA's grievance process to contest a decision to end voucher assistance.

## Changes in the Administrative Plan

THA will revise its Administrative Plan to detail the changes to the program rent structure and hardship policy. Table 2 is a list of major policy changes organized by the associated policy chapter, the current practice with the proposed policy.

**Table 2: Administrative Plan Changes**

Chapter/Topic	Current Policy	Proposed Policy
6-III.A. Overview of Rent and Subsidy Calculations	Household rent portions increase 20% annually.	Households will pay the greater of 28.5% monthly income or \$75 minimum rent.
6-III.B. Financial Hardships Affecting Minimum Rents	Rents must exceed 50% of monthly income. Households are placed on \$0 rent.	Rent must exceed 50% of monthly income, households must have applied for other income sources, and households must be willing to engage in additional case management services.

### **Public Comments**

Notice of public comment and draft revisions to THA's Administrative Plan were posted on THA's website on July 24<sup>th</sup>. Program participants and any interested parties were invited to learn more about the changes and to submit feedback on the changes during a public hearing on August 6<sup>th</sup>. Greg Claycamp and Rich Price held a public hearing and did not receive any comments or questions.

Additionally, case workers notified all households currently participating in the McCarver Program of the proposed rent structure and hardship policy changes. Participants were informed either in-person or by phone and by mail correspondence.

### **Implementation**

Program staff laid out the next steps for implementation of the changes to the McCarver rent structure and hardship policy. The schedule is detailed below.

**Table 3: Implementation Schedule**

<b>Date</b>	<b>Task</b>
August 28 <sup>th</sup>	60 day notice: case workers will notify in writing all McCarver participants of their new rent obligations.
September 1 <sup>st</sup>	New households will enter the program under the new rent structure.
November 1 <sup>st</sup>	The traditional HCV rent structure will be effective for all McCarver households.

### **Future of the Program**

THA should view this change in rent structure as an interim step while staff analyzes the strengths and weaknesses of the McCarver model as a whole and adjusts it to prepare for its expansion in the fall of 2016 to additional elementary schools in Tacoma with ruinous transient rates due to family homelessness. Staff will ask the Board to review and approve design changes in the summer of 2016.

### **Recommendation**

Approve Resolution 2015-08-26(1) allowing program staff to implement the rent structure and hardship policy changes.





# TACOMA HOUSING AUTHORITY

## RESOLUTION 2015-08-26 (1)

### **McCarver Elementary School Housing Assistance Program: Changes in Rent Structure**

**WHEREAS**, the experience of the McCarver Elementary School Housing Assistance Program has shown that the initial rent structure imposes an unreasonable rent burden on too many families in the program who have not been able to increase their household income. As a result THA has granted those families a "hardship exemption" under present policy allowing them to pay zero rent. The program needs to adjust the rent structure to account for these low family incomes while requiring them to pay what their incomes can support;

**WHEREAS**, these changes to the rent structure require changes to THA's Administrative Plan. The Administrative plan governs THA's HUD funded rental assistance programs and helps ensure those programs are managed to be consistent with HUD requirements and local goals and objectives contained in the THA's Moving to Work Plan; and

**WHEREAS**, THA's Board of Commissioners must approve changes to the Administration Plan; now, therefore, be it

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

Authorize THA to adopt updates to the Administrative Plan as described in the above covering memo.

**Approved:** August 26, 2015

  
Stanley Rumbaugh, Chair