



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-10-28 (4)

DATE: October 28, 2015
TO: Board of Commissioners
FROM: Michael Mirra
Executive Director
RE: Adoption of FY2016 Payment Standards

This resolution would approve new payments standards for THA's housing vouchers.

Background

Tacoma Housing Authority has the ability to set payment standards from 90% to 110% of the annual Fair Market Rents (FMR) determined by Housing and Urban Development (HUD). THA's current payment standards were set to 90% of FY2015 FMR; with the exception of zero and one bedroom payment standards being set at 97% and 100%, respectively.

HUD has published the FY2016 FMRs in October. In comparison with FY 2015, they are 1% higher for 1 BR, 2 BR, and 3 BR. Recent market analysis is showing a significant rise in rents across the Puget Sound region with a shrinking vacancy rate. In the past year, this trend has limited housing options for THA's voucher holders. THA must respond with adequate payment standards to ensure clients have the opportunity to lease a unit in a neighborhood they desire. THA is proposing to maintain the payment standards of zero bedrooms, currently at 91% of the 2016 FMR; increase the payment standards for one, two, and three bedroom units to 100% of the 2016 FMR; and increase the payment standards of four, five, six, and seven bedrooms to 90% of 2016 FMR.

THA staff considered the following factors in the payment standard review:

- Shelter burden
- Availability of suitable units with rents below the payment standards
- Size and quality of units selected by tenants
- Average number of shopping days under current payment standards
- Vouchers that have expired without leasing
- Port outs since THA last revised its payment standards

1. The average shelter burden of voucher assisted households is 27% for our traditional HCVs and 37% for our HOP clients.
2. Market rent data available through Dupre + Scott show that there is a 2.6% rental vacancy rate in Tacoma; dropping nearly 2% since last year's analysis. This drop in vacancy rate has also affected the average rent in the area. The same data shows a \$45 increase in average rents over the past year. This analysis is based on the entire Tacoma area, and further detail shows that East Tacoma (where many of THA's current clients reside) is facing a 1.7% vacancy rate. This indicates to THA that THA must work to provide payment standards that allow lease-ups in neighborhoods with more housing options.

Table 1. Vacancy Rate and Rent by Tacoma Neighborhood

	Stadium	South Tacoma	North Tacoma	Mid Tacoma	East Tacoma	Downtown
Vacancy Rate (%)	2.2%	2.9%	2.8%	4.5%	1.7%	2.9%
Average Rent (\$)	\$911	\$840	\$960	\$923	\$758	\$1037

3. HQS pass/fail rates show that 60% of units selected by clients within HOP, HCV and McCarver pass the inspection. This is based on a staff analysis comparing the number of inspections in relation to the number of failures. This data reflects that households are locating units that pass HQS 15% less frequently than when this data was pulled last year.
4. On average, voucher assisted households secure and move into a unit within 55 days. This meets HUD's definition of a successful shopping time of less than 90 days, but is still nearly two months.
5. Since October 2014, 160 vouchers have expired without leasing. 112 of those were from traditional voucher program, with 26 of those being new HCV clients. The remaining 48 households were new HOP clients unable to lease up.
6. Also since October 2014, 98 households have ported out of THA's jurisdiction.

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 January 1st, the following year, if it looks like the proposed FMR will require a payment standard revision. These updated payment standards will go into effect for all programs as each client conducts their annual review or when they are new to a program.

To comply with the Admin Plan, the proposed increase in payment standards will go into effect starting January 1, 2016.

Table 2. Comparison of Current and Proposed Payment Standard by Bedroom Size

	Current THA payment standard	Proposed THA Payment Standard	Proposed Payment Standard as Percent of FY2016 FMR
Studio	\$668	\$668	91%
1 bedroom	\$780	\$863	100%
2 bedroom	\$984	\$1113	100%
3 bedroom	\$1450	\$1622	100%
4 bedroom	\$1742	\$1749	90%
5 bedroom	\$2003	\$2011	90%
6 bedroom	\$2264	\$2273	90%

Recommendation

Approve Resolution 2015-10-28 (4) authorizing THA's Executive Director to increase THA's payment standards for its one, two, and three bedrooms to 100% of HUD's FY2016 FMR and 90% four bedroom and larger units.



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-10-28 (4) ADOPTION OF FY2016 PAYMENT STANDARDS

WHEREAS, HUD updates its Fair Market rents annually; and

WHEREAS, Housing authorities may annually adopt payment standards within 90-110% of the HUD published Fair Market rents; and

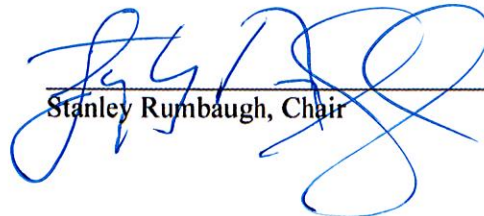
WHEREAS, THA adopts its annual payment standards based on available market and leasing data; and

WHEREAS, THA's new payment standards will go into effect January 1, 2016; now, therefore, be it

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

THA's Executive Director is authorized to increase THA's payment standards for its one, two, and three bedrooms to 100% of HUD's FY2016 FMR and 90% four bedroom and larger units.

Approved: October 28, 2015


Stanley Rumbaugh, Chair