



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-2-27 (2)

DATE: February 27, 2013
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Housing Opportunity Program (HOP) Policies

This resolution will authorize staff to launch the Housing Opportunity Program (HOP) that the Board has previously approved. The resolution approves some important operational details of HOP.

Background: With Board approval, THA proposed a new rental subsidy program in its 2013 MTW plan. The program is called the Housing Opportunity Program (HOP). It will not affect present participants in THA's Housing Choice Voucher Program. THA will not add new households to the voucher program. Instead, all newly assisted households will join the HOP. The main elements of the HOP are as follows:

- Fixed subsidies for all admissions to the HOP dependent on family size at admittance to the program.
- Five year time limits for work-able households admitted to the HOP.
- Offer of enhanced community services for HOP households.

THA proposes these changes for some important reasons we have discussed in detail with the Board. The reasons include:

- To serve more households (20-30 additional households per year).
- To give households on the waiting list an earlier turn at receiving our rental subsidy.
- To give incentives to work-able households to increase their earned income without having a rent increase.
- To create a program that is administratively less burdensome to operate.
- To make it easier to for everyone – households, landlords and staff – to know the subsidy amount that THA will provide.
- To make administrating the program less intrusive into the personal affairs of assisted households.

THA undertook an extensive effort to consult with important community voices. Attached is a summary of the public comments and THA's responses. These efforts included 16 public meetings.

THA managers also met separately with attorneys from Northwest Justice Project, THA's Housing Choice Voucher Landlord Advisory Group, Pierce County Aging and Long Term Care, and the Tacoma Area Coalition of Individuals with Disabilities (TACID). THA conferred with focus groups of persons on its waiting list. It sent notices and information to all persons on the waiting list and all persons presently participating in the Housing Choice Voucher program. The proposal has also appeared on THA's web site. It has been the subject of public meetings of THA's Board of Commissioner. In addition, the proposal has been the subject of extensive discussion and study among THA staff. On September 26, 2012, the THA Board of Commissioners approved the HOP, subject to receiving approval from the Department of Housing and Urban Development (HUD). On January 22, 2013, HUD approved the plan and its associated changes to THA's MTW plan.

Housing Opportunity Program Proposed Policies: In order to implement the program, THA must now determine the details of the HOP. They will appear in a new chapter in its Administration Plan governing its HUD funded voucher program. The chart below sets forth the details to be chosen and the proposals for each. Some of this material summarizes extensive material the Board has already seen when it considered and approved HOP.

| Issue | Proposal | Pro | Con | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------|-------|--------|--------|--------|---|--|-------|-------|-------|-------|-------|---------------------|-------|-------|-------|-------|-------|----------------------------|-----|-----|-----|-----|-----|-----------------------|-------|-------|--------|--------|--------|---|--|--|
| <p>How will subsidy for HOP be calculated?</p> <p>Subsidy will be based on 50% of the payment standard at the time the household enters the program. This will apply to all newly admitted households to the HOP starting on 01/01/2013. The subsidy will not go up or down once a household enters the program.</p> <p>The table below demonstrates the difference in subsidy between the 2013 current voucher payment standards and a HOP subsidy:</p> <table border="1" data-bbox="722 1123 1274 1627"> <thead> <tr> <th>Unit Size</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>HOP Payment (50% of payment standards)</td> <td>\$390</td> <td>\$486</td> <td>\$709</td> <td>\$798</td> <td>\$921</td> </tr> <tr> <td>Current Average HAP</td> <td>\$457</td> <td>\$577</td> <td>\$788</td> <td>\$915</td> <td>\$998</td> </tr> <tr> <td>As a % of payment standard</td> <td>59%</td> <td>59%</td> <td>56%</td> <td>57%</td> <td>54%</td> </tr> <tr> <td>THA Payment Standards</td> <td>\$780</td> <td>\$973</td> <td>\$1418</td> <td>\$1596</td> <td>\$1843</td> </tr> </tbody> </table> | Unit Size | 1 | 2 | 3 | 4 | 5 | HOP Payment (50% of payment standards) | \$390 | \$486 | \$709 | \$798 | \$921 | Current Average HAP | \$457 | \$577 | \$788 | \$915 | \$998 | As a % of payment standard | 59% | 59% | 56% | 57% | 54% | THA Payment Standards | \$780 | \$973 | \$1418 | \$1596 | \$1843 | <p>This calculation allows a household to receive the full benefit of any increase in its house income. This removes the present disincentive to increase earned income.</p> <p>The fixed subsidy will remove the manipulation of income and the concealing of income that some households presently commit to lower their share of the rent.</p> <p>This calculation is easy to explain and understand. There is no uncertainty about what THA will pay on behalf of the tenant.</p> | <p>Some landlords may be reluctant to rent to households whose share of the rent may be more than the percentage landlords will allow as part of their assessment of credit worthiness.</p> <p>The subsidy will not change as household income changes. If a household income significantly decreases THA will not pay a higher subsidy.</p> <p>This fixed subsidy applies as well to seniors and disabled persons. Their income is not likely to decrease but it is also not likely to increase. Thus the incentive the fixed subsidy provides for earned income does not apply to them. Instead, the main pertinence to them for the fixed subsidy is the ability it gives to THA to serve more households, including more seniors and disabled persons. THA will move them off the waiting list faster where they are completely unsubsidized. In comparison to their unsubsidized rent, the fixed subsidy will be a significant advantage.</p> | |
| Unit Size | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HOP Payment (50% of payment standards) | \$390 | \$486 | \$709 | \$798 | \$921 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Average HAP | \$457 | \$577 | \$788 | \$915 | \$998 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| As a % of payment standard | 59% | 59% | 56% | 57% | 54% | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| THA Payment Standards | \$780 | \$973 | \$1418 | \$1596 | \$1843 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|---|--|--|---|--------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---|---|
| <p>Will a HOP participant pay more than a voucher participant?</p> | <p>In most circumstances a new HOP participants would pay more than a new voucher participant. However, as a HOP participant's income goes up their subsidy will remain the same. Under the current voucher program, when a participant's income goes up their share of the rent goes up.</p> <p>The table below shows the average shelter burden percentage for the current THA population and what the percentage would be if the average household were on the HOP program.</p> <table border="1" data-bbox="763 1123 998 1291"> <thead> <tr> <th>Bedroom Size</th> <th>Shelter Burden% Current</th> <th>Shelter Burden% with HOP</th> </tr> </thead> <tbody> <tr> <td>1bd</td> <td>26%</td> <td>33%</td> </tr> <tr> <td>2bd</td> <td>27%</td> <td>36%</td> </tr> <tr> <td>3bd</td> <td>27%</td> <td>33%</td> </tr> <tr> <td>4bd</td> <td>25%</td> <td>33%</td> </tr> <tr> <td>5bd</td> <td>24%</td> <td>34%</td> </tr> </tbody> </table> | Bedroom Size | Shelter Burden% Current | Shelter Burden% with HOP | 1bd | 26% | 33% | 2bd | 27% | 36% | 3bd | 27% | 33% | 4bd | 25% | 33% | 5bd | 24% | 34% | <p>As household income increases, the subsidy remains the same. This provides an incentive for households to earn more income without seeing a decrease in THA subsidy.</p> | <p>Some households will pay over 30% of their income toward rent during their participation in the program.</p> |
| Bedroom Size | Shelter Burden% Current | Shelter Burden% with HOP | | | | | | | | | | | | | | | | | | | |
| 1bd | 26% | 33% | | | | | | | | | | | | | | | | | | | |
| 2bd | 27% | 36% | | | | | | | | | | | | | | | | | | | |
| 3bd | 27% | 33% | | | | | | | | | | | | | | | | | | | |
| 4bd | 25% | 33% | | | | | | | | | | | | | | | | | | | |
| 5bd | 24% | 34% | | | | | | | | | | | | | | | | | | | |
| <p>Is there an income limit for admission to the program?</p> | <p>Households that earn no more than 50% of the Area Median Income (AMI) will be eligible for HOP.</p> | <p>The policy will ensure THA serves households most in need of housing services. The limits will also capture important parts of the working poor.</p> <p>This limit will also help ensure that the HOP fixed subsidy will not unduly subsidize higher income households as their incomes increase.</p> | <p>The policy could stop some higher income households from qualifying for the HOP.</p> | | | | | | | | | | | | | | | | | | |

| Issue | Proposal | Pro | Con |
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| <p>Who will be subject to the five year time limit?</p> | <p>All work-able households newly admitted to HOP after 01/01/2013 will be subject to the five year time limit. As a companion to the time limit, THA will enhance its supportive services to help families increase their earned income and assets.</p> | <p>The term limit serves two main purposes: (i) It gives a turn at rental assistance faster to people on its waiting list; (ii) It gives work-able households a greater reason to increase earned income to be ready for the private rental market in five years.</p> | <p>This might not be enough time for a household to begin earning enough income to comfortably pay full rent.</p> <p>Some landlords may be reluctant to rent to a household nearing the end of its 5 year term.</p> |
| | <p>This time limit will not apply to senior or disabled households.</p> | | |
| | <p>The 5 year time limit compares with the 8.1 years that is the present average duration of a work-able household's tenure on the tenant based voucher program.</p> | | |
| | <p>THA will have a written hardship policy that will allow households to apply for three months of additional housing assistance at the end of the five years if certain criteria are met.</p> | | |

| Issue | Proposal | Pro | Con |
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| <p>What is the definition of non-work-able?</p> | <p>57 years of age or older at time of admission,</p> <p>OR;</p> <p>All adult household members' income must come from a source that qualifies them as being disabled and or senior, e.g. Social Security, Social Security Disability, Supplemental Security Income.</p> | <p>THA will use this criteria to rely on more expert agencies to determine the household's disability status.</p> | <p>A person who is in the process for applying for disability payments and not receiving an income source due to a disability would be included in the time limits until their disability application is accepted. [This should not present a problem since most people with a disability will be able to apply for disability payments soon enough to learn the answer before their 5 year term ends.</p> |
| <p>Why is it important to understand the difference between work-able and non-work-able households?</p> | <p>Non-work-able households will not have a time limit.</p> | <p>Elderly and disabled households will not have a time limit.</p> | <p>Having time limits for some participants and not for others could cause some confusion.</p> |
| <p>Should THA increase the subsidy standard if the household size changes?</p> | <p>THA will not increase the subsidy size after the initial determination.</p> <p>THA will decrease the subsidy standard if the household size decreases.</p> | <p>This policy serves two purposes: While it reduces the value of the subsidy to households, it allows THA to serve more families. It also more closely resembles what households face in the market. Persons in the private market do not automatically receive extra income if the household size increases; therefore they will not receive additional subsidy.</p> | <p>This policy could lead to potential overcrowding.</p> <p>This policy could discourage landlords from accepting the HOP subsidy because of unit wear and tear.</p> |

| Issue | Proposal | Pro | Con |
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| <p>How much can a family earn while on the program and still remain eligible for rental assistance? (This is also commonly referred to as “incoming out.”)</p> | <p>Households who begin earning at least 80% AMI will receive 90 days’ notice that assistance will end. The assistance will end regardless of whether there is a change of income after the 90 day notice is given.</p> | <p>Some upper income limit is necessary to avoid subsidy to households who do not need the assistance and to free up the subsidy for lower income households who do.,</p> <p>80% AMI is a reasonable income level for this purpose, for several reasons set forth on the following page.</p> | <p>Any upper income limit will provide a disincentive to households from increasing their earned income above the limit or to manipulate their income so it always remains lower than the limit. The 90 rule will help to address manipulation.</p> |
| <p>Can a household use HOP in another state or town?</p> | <p>HOP subsidies can only be used in THA’s jurisdiction (the City of Tacoma plus up to 5 miles in unincorporated Pierce County).</p> <p>The only exception to this rule would be in the case of reasonable accommodations.</p> | <p>THA receives money from HUD to fund affordable housing in Tacoma. Allowing these funds to leave Tacoma reduces the amount of affordable housing in our local community.</p> <p>Keeping HOP households in Tacoma will also help THA monitor the success and challenges of the program to inform decisions about changing or expanding the program later.</p> | <p>Some households may wish to take their housing assistance to other state and towns to live closer to family and pursue job or educational opportunities. This will limit their ability to do this without applying for housing assistance in the area they wish to live in.</p> |

| Issue | Proposal | Pro | Con |
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| <p>If a THA must give rental assistance to a public housing tenant on a waiting list to transfer to another unit because of reasonable accommodation purposes or because of over or under housing, and THA does not have appropriate housing in its portfolio will the household receive a HOP subsidy or a Section 8 voucher?</p> | <p>All households on the transfer list that cannot be served within THA's portfolio within a reasonable amount of time will be issued a section 8 (MTW) voucher.</p> | <p>The policy will ensure households who have to move due to THA or HUD regulations are offered housing with a rent calculation similar to their current program.</p> | <p>Section 8 vouchers are more expensive to administer and subsidize.</p> |

SOME MORE DETAIL

Policy for “Incoming Out” of the program: If a household’s income rises to or above 80% of the Area Median Income, THA will consider the family a success and transition them off of the program with a 90 day notice. The policy will allow the family to move on and for THA to house another family that has a greater need for assistance. 80% AMI is a reasonable income level for this purpose in several ways. **First**, 80% AMI is a significant income in Tacoma’s rental market when compared to the median renter income of \$31,424¹. See the chart below for the income levels that constitute 80% A.M.I.. THA and its funders of its self-sufficiency programs would count such an income as a success for a household to attain after starting on the HOP, as the rules will direct, at or below 50% of AMI. Most families will start at much lower income.

Second, 80% AMI is the maximum income for a household qualifying to be newly admitted to public housing or the housing voucher programs;

Third, HUD has set a standard that a household should pay no more than 30% of their income toward rent. THA has calculated 30% of the gross monthly income of a household earning 80% of AMI below. Based on HUD’s assessment of 2013 fair market rents, this income is more than sufficient to pay market rate rent in the Tacoma area.

| Size | 1 person | 2 person | 3 person | 4 person | 5 person | 6 person | 7 person |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| 80% AMI Annual income | \$39,350 | \$44,950 | \$50,550 | \$56,150 | \$60,650 | \$65,150 | \$69,650 |
| 30% of that gross monthly income | \$984 | \$1124 | \$1263 | \$1403 | \$1516 | \$1629 | \$1741 |
| Fair market rent | 1 bedroom: \$740 | 1 bedroom: \$740 | 2 bedroom: \$964 | 2 bedroom: \$964 | 3 bedroom: \$1421 | 3 bedroom: \$1421 | 4 bedroom: \$1707 |

Public Comments

THA held four informational meetings in January and February for households on the HOP waitlist. The majority of the comments were specific questions pertaining to a household’s own file. There were a few vocal households who were against the change because they believed they should have had the opportunity to have the traditional Section 8 program.

THA also met with Northwest Justice (NWJ) on 02/04/13. The comments were mostly positive but NWJ did raise some concerns about evictions of HOP clients potentially increasing and the effect on their ability to rent in the future. NWJ recommended that THA track evictions and the reasons for evictions of all HOP clients. NWJ also recommended that THA make it very clear at the briefing that once a household hits 80% of AMI that they will go off of the program. NWJ was

¹ <http://www.areavibes.com/tacoma-wa/employment/>

concerned that a household might add someone who has a good income and immediately go off of the program without really thinking through the household addition. They were also worried that the 90 day period for going off the program would not be long enough.

THA sent direct mailers to all landlords during the proposal period in the summer and an update in January. The update also invited comment and questions on the proposed changes to the Administrative Plan and invitations to attend public hearings (02/12/13 and 02/13/13). Several landlords showed up at the hearings and had general questions about how the program would work. Landlords that came to the hearings were generally supportive. The Landlord Advisory Committee was consulted during the process with two of the members voicing concerns about the process and the program. They were not supportive of the changes and believe that the program will hurt residents and drive landlords away from using the program. Overall, THA did not receive that response from the overall landlord community.

THA held a follow up meeting with the Landlord Advisory Committee on 02/19/13.

Recommendation

Approve Resolution 2013-2-27 (2) authorizing THA staff to create a new Administrative Plan chapter outlining the Housing Opportunity Program (HOP) policies.

Public Comments

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|---------------------|---------|--------------------------|---|--|
| HOP Waitlist Member | 1/16/13 | Fixed Subsidy | Does THA know that it is impossible to find a one bedroom for less than \$700? | THA will be monitoring the program to see how long it takes participants to find units. If we find that it's taking a very long time to find an acceptable unit or clients are unable to find one at all given the subsidy amount, we can make adjustments. Other housing authorities have used similar amounts and found the voucher holders were still successful. |
| HOP Waitlist Member | 1/16/13 | Fixed Subsidy/Time Limit | Are landlords aware of these changes | Landlords who are currently renting to THA voucher holders were all notified by mail in 2012, were given the opportunity to attend one of many public hearings, and were notified again in early 2013. |
| HOP Waitlist Member | 1/16/13 | Miscellaneous | I've been on the waitlist since 2006, Why won't I get a regular voucher? | Anyone issued a subsidy after 1/1/2013 will be a part of the new HOP program. This change was made over the course of almost an entire year. It took many months to plan and everyone on the waitlist was notified by letter and given the opportunity participate a number of public hearings. These changes were made so THA could help more people, quickly. |
| HOP Waitlist Member | 1/16/13 | Miscellaneous | How does the lottery work? | Everyone on waitlist is assigned a random number by a computer, no one has any preference. |
| HOP Waitlist Member | 1/16/13 | Fixed Subsidy | So with the new program, someone may end up paying more than 30% of their income toward rent? | Yes, depending on what unit they choose. |

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|--------------------------|-------------|---------------|---|---|
| HOP Waitlist Member | 1/16/13 | Miscellaneous | What would disqualify someone from the program? | Being over-income or criminal history |
| HOP Waitlist Member | 1/16/13 | Future Plans | What about motivating people who have been on Section for years to work? | This is a demonstration program which as of now will be tested on the people on the waitlist. If we find it is successful it could eventually be used for people who are currently on our traditional Section 8 program also. |
| HOP Waitlist Member | 1/16/13 | Fixed Subsidy | What about a senior who gets social security and works part-time to supplement | Would be eligible as long as income didn't exceed income limits. Working part-time would not affect the amount of subsidy they receive. |
| HOP Waitlist Member | 1/16/13 | HUD Approval | Is the new HOP program approved yet? | It has been approved by HUD |
| HOP Waitlist Member | 1/23/13 | Fixed Subsidy | What is the fixed subsidy's based on? | THA's payment standards which are based off of HUD's fair market rents. |
| HOP Waitlist Member | 1/23/13 | Time Limit | Waitlist household was concerned that clients will be in the same situation they are in now without assistance after their five year limit ends | THA realizes that some households may not be ready when the time limit comes. However, THA will still end the assistance so another household that has not had that opportunity can have assistance. |
| HOP Waitlist Member | 1/23/13 | MTW Plan | Where can I find out about your MTW plan? | You can find the plan on the website or HUD's MTW page. |
| HOP Waitlist Member | 1/23/13 | Fixed Subsidy | I am on SSI, how will I afford to rent a unit? | Each household will be able to choose a unit that works best for their household composition and income. THA will provide information about various rental units in the community at different price levels. |
| HOP Waitlist Member | 1/23/13 | Miscellaneous | Can I leave program early? | Yes |
| HOP Waitlist Member | 1/30/13 | Time Limit | If a family is a senior or disabled, how long can they stay on the program? | They would not have a time limit. |
| HOP Waitlist Member | 1/30/13 | Fixed Subsidy | The amount for a one bedroom (\$390.00) does not seem like enough for | That amount is still around 30% of their income based off Market rents. |

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|---------------------|---------|-------------------|--|---|
| | | | a disabled person | |
| HOP Waitlist Member | 1/30/13 | Time use subsidy | How many days to find housing after you receive your voucher? | 90 days. |
| HOP Waitlist Member | 1/30/13 | Time Limit | What happens if there are two adults in a household and one is work able and one is not? They would be considered a work able household. | They would be considered a work able household. |
| HOP Waitlist Member | 1/30/13 | Porting | What if I am porting from another Housing Authority? | The section 8 Voucher would still be accepted. |
| SOURCE OF COMMENT | DATE | 2013 MTW Activity | NW Justice Comments Steve Parsons Lawyers | Our Response |
| Northwest Justice | 2/4/13 | Non-Workable | NWJ is concerned that the senior and disabled with a fixed income, will have a difficult time if rents continue to go up along with everything else and subsidy does not. | THA will increase the amount of subsidy based on changes in HUD's FMR's each year. |
| Northwest Justice | 2/4/13 | Evictions | NWJ is concerned about people being evicted and then being black listed from landlords. | THA will monitor lease up rates, the time it takes to lease up and eviction to see if any changes in the policies or subsidy amounts need to change.. |
| Northwest Justice | 2/4/13 | Evictions | NWJ would like to see THA track why people are being evicted. | THA will work at getting that data from households who leave the program because of eviction. |
| Northwest Justice | 2/4/13 | Income Limits | NWJ is concerned if a new member joins a household and doubles the income, that family could lose their subsidy because of 80%AMI. NWJ believes THA should make this policy clear to anyone coming on the program. | THA will use the briefings to highlight to all families what the income limit is for the program and the policy on incoming out. |
| Northwest Justice | 2/4/13 | Income Limits | NWJ concerned that the 90 day policy for incoming out may not be 2/4/13long enough. | THA will monitor this policy if and when a family does income out. However, if a household is making that amount of income, |

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|-------------------|--------|---------------|--|--|
| | | | | they should be able to rent on the private market. |
| SOURCE OF COMMENT | DATE | 2013 Activity | MTW <i>Landlord Email</i> | Our Response |
| Landlord | 1/3/13 | HOP | Are there any plans to incorporate or transition existing voucher holders into the HOP program? | At this time there are no plans; however THA will not exclude that as a possibility in the future. |
| Landlord | 1/3/13 | HOP | Will existing tenants be migrated if they relocate to the HOP program? | No |
| Landlord | 1/3/13 | HOP | Wouldn't it be a logistical nightmare to run two programs? | THA is operating several different programs at this time. THA uses staff specializations to handle the different programs and writes software to handle varying rent calculations. |
| Landlord | 1/2/13 | HOP | Overall the idea/implementation has a LOT of foreseeable problems and seems very biased with little/no motivation for preparing families to get off the program. | THA will provide case management services through the community services department. THA will not mandate that a household use these services. THA also recognizes that some families will not be ready at the end of five years. However; THA will still end the assistance at that time and turn the assistance over to a household who has never had housing assistance before. |
| Landlord | 1/2/13 | HOP | MTW should have procedures to help transition people off the program-not a fixed subsidy (bonus check) that ends after 60 months. | THA's HOP program will include enhanced services. The fixed subsidy will serve as a motivator to increase earned income for work-able households. For non-work-able households, the HOP program will increase the number of households served. |

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|-------------------|--------|--------|---|---|
| Landlord | 1/2/13 | HOP | A household would see a large increase in rent in month 61. It could be more than double what they are actually paying. | THA is marketing this program to tenants and landlords as a five year program. It will be known to both the landlord and tenants that the tenant has a time limit and what date it is. The tenant will need to work on self-sufficiency measures while on the program or work through what unit they could afford if the household is not completely ready to be self-sufficient at the end of the program. |
| Landlord | 1/2/13 | HOP | A gradual rent increase over time would make sense instead of a huge shock at the end of 60 months. | THA will be letting tenants know what the time limit date is. The end date will not be a shock. Residents will need to use the five years to improve their situations to be ready for the end date. THA believes that allowing a tenant to earn more without having the rent go up will encourage residents to earn more income. Increasing the rents each year could serve as a disincentive. |
| Landlord | 1/2/13 | HOP | If you really think that people (tenants or owners) understand and plan ahead for things in the future – MOST do not. About 80% of the population (probably 95-100% of those who qualify for a subsidy) live from month to month, check to check. They spend until its gone and hope there is not much month left at the end of the money. This should be obvious from how the utility allowances have worked in the past on the Section 8 vouchers – how many tenants have NOT | THA understands that some families will not be ready at the end of the five years. However; THA intends to turn the assistance over to another household who has never had the opportunity at housing assistance. |

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| | | | <p>saved the extra utility money they got in the summer months or paid ahead on their utility account to offset for the higher heating costs in the winter. I have personally explained this hundreds of times to tenants when they have trouble with their rent portion due to getting a high utility bill in the winter – and then they are in line for whatever other assistance they can find with MDC, churches, etc. trying to get the bill paid. EXPECTING tenants to plan ahead for a huge financial burden that is years in the future is utopic at best!</p> | |
| Landlord | 1/2/13 | HOP | <p>Is there an annual or bi-annual review? If subsidy is not income based, what is purpose of the review (if there is one)?</p> | <p>Annual reviews. This will ensure both the tenant and the landlord know how much time the tenant has on the program. It will also allow THA to monitor the program and offer services on a yearly basis to all work-able households.</p> |
| Landlord | 1/2/13 | HOP | <p>What is plan for someone whose income goes over the cap? Do they get to keep assistance constant for full term (not being income based)? Or go from a lot of assistance to zero? This all or nothing approach seems poor. Also a family that is “work-able” with minimal actual income being considered equal to a family with more income, near but under</p> | <p>Once a household hits 80% of AMI, they will be considered successful and given a 90 day notice. THA will then turn that assistance over to a new household.</p> |

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|-------------------|--------|--------|--|---|
| | | | the cap seems extremely biased – if they get the same amount of assistance and it is fixed for the term of their eligibility. | |
| Landlord | 1/2/13 | HOP | As a landlord, I would NOT be inclined to accept anyone with less than a couple of years, certainly giving preference to people with more assistance time available, unless they could verify other sources of income that are adequate to cover rent when subsidy expires. Likely would not even count the subsidy towards income qualification if not brand new to the program (having all or most of the full 5 years available). This WILL make it almost impossible to accept a tenant on such a program as they would have to income qualify as if they were not receiving any help – again a guess – but likely landlords will REJECT these applicants – costing the tenants extra screening fees and making it extremely difficult for them to find rental property – thus you will be creating a shortage of available housing for lower income tenants! If you want landlords to absorb this burden and high risk – something needs to | THA will monitor lease up rates and make adjustments as necessary year to year. Other PHA's in the U.S. have implemented similar programs and had similar success rates with lease ups. |

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|-------------------|---------|--------|--|---|
| | | | <p>give... lower HQS standards will be necessary to get units to qualify instead of the current trend of using higher standards than HUD requires and nit-picking houses to the point that working with THA is rapidly becoming undesirable from the landlord perspective.</p> | |
| Landlord | 1/2/13 | HOP | <p>I think a landlord meeting would be in order BEFORE the program is approved (being there obviously wasn't any landlord involvement in creating the proposal) and you actually are just wanting us to review the communication without analyzing the actual changes being made and how it really affects people.</p> <p>I also would like to be notified of the board meeting/Work Session that this will be DISCUSSED – so that I may address my concerns to the board.</p> | <p>THA will have a landlord meeting before the board meeting which is February 27th. THA held a meeting in early 2012 with the landlords to discuss the program in concept and also sent out brochures to all landlords in July of 2012. Before all of the brochures were sent out, the landlord advisory committee received them ahead of time and had a period to offer feedback and comments. There was a landlord public hearing but no attendees.</p> |
| Public Hearing | 2/12/13 | HOP | <p>Will added family members to household subsequent a larger bedroom size unit?</p> | <p>No. THA will not increase subsidy size after the initial determination.</p> |

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|--------------------------|-------------|---------------|--|---|
| Public Hearing | 2/12/13 | HOP | Does subsidy drop when work able persons move out of household? | If the household no longer qualifies for the unit size they are in, the subsidy would drop. |
| Public Hearing | 2/12/13 | HOP | If income increase up to \$40,000 while on the HOP Program will client have to move? | It depends on the household size and the agreement worked between the tenant and landlord. If the household size is one person, the \$40,000 would be past the income limit and the tenant would be given a 90 day notice. The tenant and the landlord could work out an agreement for the tenant to stay at the property, but THA would no longer pay a subsidy. |
| Public Hearing | 2/12/13 | HOP | How long is the HOP waitlist? | Currently 1-2 years. |
| Public Hearing | 2/12/13 | HOP | If someone who is on the HOP Program and they no longer qualify and move out will they need to reapply or will their name go back on waitlist. | They would have to reapply if the waitlist is open. |
| Public Hearing | 2/12/13 | HOP | Will landlords have to adjust the contract rent? | THA is not asking landlords to adjust their contract rents. As long as the rent is reasonable, THA will not tell a landlord what to charge for their units. |
| Public Hearing | 2/13/13 | HOP | Can rent increase in their initial first year of their contract time?" | No. That rule will not change. |

| SOURCE OF COMMENT | DATE | Policy | Comment | THA Response |
|-------------------|---------|----------|---|---|
| | | | | |
| Public Hearing | 2/13/13 | HOP | Will HOP participants have to wait until their subsidy expires before signing up for the waitlist again, if it is open? | No. If the waitlist is open, a participant could sign back up for the waitlist. |
| Public Hearing | 2/13/13 | Waitlist | Will tenants wait out the SHA, KCHA, PCHA wait lists on HOP | That is a possibility. THA would not prevent a tenant from signing up on other PHA's waitlists or our waitlists if open. |
| Public Hearing | 2/13/13 | HOP | If you have a 3 bedroom rental for \$1200 and the subsidy is only \$709 is it ok to ask the tenants to pay the balance | You can charge any rent as long as it meets rent reasonable. |
| Public Hearing | 2/13/13 | HOP | Will annual inspections still be done on the units? | Yes. |
| Public Hearing | 2/13/13 | HOP | Will tenants have a similar contract to what they bring landlords currently? | THA has created a HOPP contract to replace the HAP contract. Most of the language is the same, but differences between the programs are in the new HOPP contract. |



TACOMA HOUSING AUTHORITY

Resolution Number 2013-2-27 (2)

ADOPTION OF A NEW ADMINISTRATIVE PLAN CHAPTER TO OUTLINE HOUSING OPPORTUNITY PROGRAM POLICIES

WHEREAS, The Administrative Plan relates to the administration of the Housing Choice Voucher Program and it is required by HUD.

WHEREAS, The Administrative plan is to establish policies carrying out the programs in a manner consistent with HUD requirements and local goals and objectives contained in the THA's Moving to Work Plan.

WHEREAS, THA's 2013 MTW Plan included a new program called the Housing Opportunity Program and THA must establish formal policies for administration of this program.

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

Staff is authorized to create and implement a new Administrative Plan chapter outlining the Housing Opportunity Program (HOP) policies substantially as set forth in the attached draft.

Approved: February 27, 2013


Janis Flauding, Chair

DRAFT

Chapter 18 HOUSING OPPORTUNITY PROGRAM

18.I. INTRODUCTION

This document is meant to guide staff in administering the new Housing Opportunity Program (HOP). The program has significant differences from the traditional Section 8 program and significant differences from THA's original MTW rent reform program. The policies in this policy document will govern the HOP program. Where THA's administrative plan still applies to a certain policy, this document will guide staff to follow that policy and to look it up. In addition, where this policy document is silent to an issue, THA's Administrative plan will govern.

THA will implement a five year term limit on housing assistance for work-able applicants pulled from the tenant based HOP waiting list beginning January 1, 2013. Non-workable households will be excluded from the time limits. This Program will be called the Housing Opportunity Program. The Housing Choice Voucher waiting list will be converted for the use of the Housing Opportunity Program. If an applicant does not meet the verification procedure they may request a review. THA has implemented this program using the flexibility provided to the Agency under the Moving to Work Demonstration. The policies governing the Housing Opportunity Program are included in this chapter. Additionally, many of the Tenant-based Subsidy (TBV) program rules and regulations, including policies implemented using MTW flexibility apply to the Housing Opportunity Program. This chapter will specify where HOP policies differ from the agency's tenant-based subsidy policies that are described within the Administrative Plan. The HOP will only apply to tenant based subsidies pulled from the regular waitlist and not project based subsidies or special program subsidies.

18.II. FAIR HOUSING AND EQUAL OPPORTUNITY

Please see Chapter 2 of THA's administrative plan. All reasonable accommodation policy is covered by the administrative plan.

18.III. GENERAL REQUIREMENTS

THA may use up to 100% of its tenant-based subsidies and/or subsidy authority for the HOP to maintain a comparable mix of families. The ratio will be examined and adjusted on a quarterly basis, depending on the availability of subsidies. THA must comply with all equal opportunity requirements under federal law and regulations in its implementation of the Housing Opportunity Program. This includes the requirements and authorities cited at 24 CFR 5.105(a).

18.IV. OVERVIEW OF PARTICIPANT CRITERIA

Applicants for the HOP assistance must meet the same eligibility requirements as applicants for the tenant-based subsidy program. It is the Housing Authority's objective to ensure that families are placed in the proper order on the waiting list and selected from the waiting list for admissions in accordance with the policies in this Administrative Plan. By maintaining an accurate waiting list, the Housing Authority will be able to perform the activities which ensure that an adequate pool of qualified applicants will be available so that program funds are used in a timely manner. THA will select HOP participants based on need to maintain a comparable mix of families. All applicants who are non-workable will not have time limits placed on them. A household can switch over the course of the program from non-work-able to work-able and from work-able to non-work-able. However; the original date of admission will always be the date used to calculate the five year time limit. If a

non-workable household becomes work-able, the time limit will be calculated off of the original admission date.

Definition of Non-Workable Household:

All adult household members in the household are:

- 57 years of age or older at the time of admission and or
- All adult household members have an income source that is due to the person being classified as senior and or disabled.

Income Limits

- All households that come on the HOP program must be at or below 50% AMI to be eligible for the program.

18.V WAITING LIST

It is the Housing Authority's objective to ensure that families are placed in the proper order on the waiting list and selected from the waiting list for admissions in accordance with the policies in the Administrative Plan. By maintaining an accurate waiting list, the Housing Authority will be able to perform the activities which ensure that an adequate pool of qualified applicants will be available so that program funds are used in a timely manner. Please view chapter 4 of the Administrative plan for the rules governing the handling of the waitlist.

18.VI MTW PROGRAM TRANSFERS

A person with a HOP subsidy will not be able to transfer to another THA program or port out of THA's jurisdiction. Current Public Housing residents would transfer to the traditional MTW Section 8 program if approved for a transfer. .

18.VII COMPLETION OF A FULL APPLICATION AND REQUIRED INITIAL ELIGIBILITY INTERVIEW

After an applicant is selected from the waiting list, and any preference is verified (if applicable), a full application will be mailed to the applicant in advance of a required interview for completion. All adult members of an applicant's household will be required to participate in a full application interview. During this interview, the household will be required to furnish complete and accurate information verbally as requested by the interviewer. See Chapter 5.I.B of the Administrative plan for the policy on briefings.

The full application interview is used to discuss the family's circumstances in greater detail, to clarify information which has been provided by the family and to ensure that the information is complete. The interview is also used as a vehicle to meet the informational needs of the family by providing information about the application and verification process, as well as to advise the family of other Housing Authority services or programs which may be available.

Chapter 5.I of the administrative plan gives details on the family briefing and family obligations. THA representatives will explain the rules of the HOP program at each briefing. The HOP briefing will differ from the Section 8 briefing where needed to ensure the new program rules and expectations are delineated.

18.VIII. DWELLING UNITS

The Housing Quality Standards (HQS) described in Chapter 8, Local Inspection Standards, of this Administrative Plan for the tenant-based subsidy program generally apply to the Housing

Opportunity Program. THA will allow households to lease up in a unit that would not typically be allowed under the traditional voucher program. That will include shared housing units and renting bedrooms. THA will look at each request individually to ensure the unit would be safe, decent and sanitary. All units would have to pass HQS.

18.IX . INSPECTIONS

Please refer to Chapter 8, Local Inspection Standards, of the Administrative Plan for all rules and regulations that apply to Housing Opportunity Program units regarding inspections.

18.X. GENERAL LEASING POLICIES:

Forms and letters will be changed as needed to meet the HOP program needs. .

18.X.A HOUSING OPPORTUNITY PROGRAM PAYMENT (HOPP) CONTRACT EXECUTION

The HOPP contract is a written agreement between the PHA and the owner of the dwelling unit occupied by a HOP assisted family. Under the HOPP contract, the PHA agrees to make housing opportunity payments to the owner on behalf of a specific family occupying a specific unit and obliges the owner to comply with all program requirements.

If the PHA has given approval for the family of the assisted tenancy, the owner and the PHA execute the HOPP contract.

The term of the HOPP contract must be the same as the term of the lease. If a client is at the end of the five years, THA will allow a HOPP contract to be shorter than one (1) year.

The PHA is permitted to execute a HOPP contract even if the funding currently available does not extend for the full term of the HOPP contract.

The PHA must make a best effort to ensure that the HOPP contract is executed before the beginning of the lease term. Regardless, the HOPP contract must be executed no later than 60 calendar days from the beginning of the lease term.

The PHA may not pay any housing opportunity payment to the owner until the HOPP contract has been executed. If the HOPP contract is executed during the period of 60 calendar days from the beginning of the lease term, the PHA will pay housing opportunity program payments after execution of the HOPP contract (in accordance with the terms of the HOPP contract), to cover the portion of the lease term before execution of the HOPP contract (a maximum of 60 days).

Any HOPP contract executed after the 60 day period is void, and the PHA may not pay any HOP payment to the owner before the unit passes inspection.

18.X.B. CHANGES IN LEASE OR RENT

Where the owner is requesting a rent increase, the PHA will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

Increases will go into effect on the first of the month following the 60 day period after the owner notifies the PHA of the rent change or on the date specified by the owner, whichever is later. There will be NO increase in the amount of subsidy paid to the landlord if a rent increase is approved.

18.XI. SUBSIDY STANDARD

HUD guidelines require that the Housing Authority establish subsidy standards for the determination of family obligations contract, and that such standards provide for a minimum commitment of subsidy while avoiding overcrowding. The standards used for the unit size selected by the family must be within the minimum unit size requirements of THA's Local Inspection Standards. This section explains the subsidy standards which will be used to determine the family obligations contract for families when they are selected from the waiting list, as well as the Housing Authority's procedures when a family's size changes or a family selects a unit size that is different from the family obligations contract issued.

18.XI.A . DETERMINATION OF SUBSIDY STANDARD

THA will base the subsidy standard on the household size. THA allows for two persons per bedroom regardless of age and sex. See below:

| Family Size | Voucher Size |
|--------------------|---------------------|
| 1 | 1 |
| 2 | 1 |
| 3 | 2 |
| 4 | 2 |
| 5 | 3 |
| 6 | 3 |
| 7 | 4 |
| 8 | 4 |
| 9 | 5 |
| 10 | 5 |

18.XI.B CHANGES FOR APPLICANTS

Subsidy size is determined prior to the briefing by comparing the family composition to the Housing Authority subsidy standards. THA will not increase the subsidy standard after the initial subsidy determination. If the number of members decreases after the initial determination, THA will decrease the subsidy standard for the household.

18.XI.C CHANGES FOR PARTICIPANTS

The members of the family residing in the unit must be approved by the Housing Authority. The family must obtain approval of any additional family members before the new member occupies the unit except for additions by birth, adoption, or court-awarded custody, in which case the family must inform the Housing Authority within ten (10) business days. Subsidy size is determined prior to the briefing by comparing the family composition to the Housing Authority subsidy standards. THA will not increase the subsidy standard after the initial subsidy determination. If the number of members decreases after the initial determination, THA will decrease the subsidy standard for the household.

18.XII. PORTS AND MOVES WITH CONTINUED ASSISTANCE

Participants of the Housing Opportunity Program are not eligible to port out. Households porting in will not be subject to the HOP program. They would be under the traditional MTW program rules.

18.XII.A Moves

Please refer to Chapter 10 of the Administrative Plan for the policy on moves with continued assistance. THA will not increase the subsidy standard for a household that is moving. If the household size decreases, THA will decrease the subsidy size. The HOP program will not allow transfers between programs.

18.XIII. LEASE ASSISTANCE PAYMENTS (HOPP) CONTRACT

THA must enter into a HOPP contract with an owner for units that are receiving fixed subsidy assistance. The Agency may not enter into a HOPP contract until each contract unit has been inspected and THA has determined that the unit passed THA inspection standards. The HOPP contract will provide that the term of THA's commitment is subject to the availability of sufficient appropriated funding as determined by HUD or the Agency in accordance with HUD instructions. For these purposes, sufficient funding means the availability of appropriations and of funding under the Annual Contributions Contract (ACC) from such appropriations to make full payment to the owner for any contract year in accordance with the terms of the HOPP contract. If it is determined that there may not be sufficient funding to continue lease assistance payments for all contract units and for the full term of the HOPP contract, THA may terminate all or part of the HOPP contract by notice to the owner. The termination must be implemented in accordance with HUD instructions. THA may not make any HOPP payment to the owner for a contract unit during any period in which the unit does not comply with THA inspection standards. Abatements and terminations for non-compliant units will be administered in accordance with the policies used in the tenant-based subsidy program that are listed in Chapter 8 of the Administrative Plan. THA may amend the terms and contents of the HOPP contract to reflect conditions granted using MTW authority. THA will allow for shorter HOPP contract terms if a household is near the end of their time limit and cannot sign a 1 year lease or have a 1 year HOPP contract executed.

18.XIV. DETERMINING CONTRACT RENT AND RENT TO OWNER

18.XIV.A. RENT TO OWNER IN THE HOUSING OPPORTUNITY PROGRAM

The rent to owner is limited by rent reasonableness. The Housing Authority must demonstrate that the rent to owner is reasonable in comparison with rent for other comparable unassisted units. Initial contract rent to owner will be based on 50% of the payment standard. THA will pay 50% of the payment standard to the landlord, and the tenant will be responsible for the remaining rent portion. During the initial term of the lease, the owner may only request a raise in the rent to owner as permitted by the Housing Opportunity Program Payment (HOPP) contract. If an owner wishes to request an increase in the rent to owner from THA, it must be done in accordance with Chapter 8 of the Administrative plan. An increase in rent will not result in an increase in the fixed subsidy. If there is a decrease in the subsidy to owner, as established in accordance with THA Payment Standards, the subsidy must be decreased regardless of whether the owner requested a rent adjustment. If there is a decrease in the subsidy due to a change in the family composition, the landlord will be notified 30 days prior to the decrease in subsidy. The rent to owner is re-determined by a written notice by THA to the owner specifying the amount of the re-determined rent. The THA notice of rent adjustment constitutes an amendment of the rent to owner specified in the HOPP contract. The rent to owner will be the lesser of contract rent and the eligible subsidy standards.

18.XIV.B. PAYMENTS TO OWNER

During the term of the HOPP contract, THA must make payments (fixed subsidy) to the owner in accordance with the terms of the HOPP contract. During the term of the HOPP contract, payments must be made for each month that a contract unit complies with THA Local Inspection Standards and is leased and occupied by an eligible family. The HOP payment must be paid to the owner on or about the first day of the month for which payment is due, unless the owner and THA agree on a later date. THA must not make any HOP payment to the owner for any month after the month when the family moves out of the unit (even if household goods or property are left in the unit).

Using MTW flexibility, THA has created a fixed subsidy. It will be established by approved unit size, based on 50% of the current payment standard. All landlords with HOP tenants will receive the HOP payments. In order to receive HOP payments, the owner must comply with all provisions of the HOPP contract. Unless the owner complies with all provisions of the HOPP contract, the owner does not have a right to receive HOP payments. The family is not responsible for the portion of the rent to owner that is covered by the HOP payment and the owner may not terminate the tenancy of an assisted family for nonpayment by THA. Likewise, THA is responsible only for making the HOP payment to the owner in accordance with the HOPP contract. THA is not responsible for paying tenant rent, or any other claim by the owner, including damages to the unit.

18.XV. RECERTIFICATION

THA will conduct annual recertifications for HOP households. THA will send a notice each year to notify the household and landlord how much time is left in the Housing Opportunity Program if applicable. THA will also request household income information and run an EIV to monitor increases in earned income. There will be no interim recertifications in the Housing Opportunity Program. Tenant rent will be based solely on the size of the unit the household qualifies for. If at any review or move, a household's total income is at or above 80% of the Area Median Income (AMI) THA will end the HOP assistance. The family will receive a 90 days' notice that the HOP assistance will end. At that point the household will not be able to stay on the program regardless of income changes.

18.XV.A. MIXED FAMILIES

THA will subtract \$50 of subsidy each month for each member of the household that is not an eligible citizen.

18.XVI. NOTIFICATIONS

Every year, participants and landlords will receive a letter that details the remaining number of years they may continue to receive rental assistance. Approximately six months prior to the end of the assistance, families and landlords will receive an additional notification. At the expiration of the HOPP contract, if the participant desires to continue occupancy, the owner and the participant must make separate leasing arrangements.

18.XVII. TERMINATION OF ASSISTANCE AND TENACY

This section calls out differences between the HOP program and THA's administrative plan. Any topic not specifically covered in this section will be governed by Chapter 12 of THA's administrative plan.

18.XVII.A. FAMILY NO LONGER REQUIRES ASSISTANCE

If at any recertification event the household's income has reached 80% of the Area Median Income (AMI) the assistance will terminate. The household will be given a 90 days' notice.

18.XVIII. OWNERS

Owners who accept tenants with a HOP subsidy will be governed by the HOPP contract. Chapter 13 of the administrative plan discusses owners in THA programs. Owners can have clients under the Housing Choice Voucher program and the Housing Opportunity Program. There will be different forms and letters used for these programs.

18. XIX. PROGRAM INTERGERITY

Please see chapter 14 of THA's administrative plan.

18.XX. PROGRAM ADMINISTRATION.

Unless specifically called out in this section, please see chapter 16 of THA's administrative plan.

18.XXI. UTILITY ALLOWANCES

The HOP program will have no utility allowances.

18.XXII. HARDSHIP POLICY

A hardship policy has been established that defines the circumstances under which households may request an extension to the term limit. Families that would like to request a term limit extension need to apply eight months prior to the end of term. A committee will be established to review each request and the families will be provided an opportunity to present justification for their request. If approved by the committee, a three month extension may be granted to the family.

18.XXIII. ALL OTHER POLCIY QUESTIONS:

If a subject is not covered in this document, the Administrative Plan will be used to govern.