



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2014-2-26(1)

DATE: 02/26/2014  
 TO: Board of Commissioners  
 FROM: Michael Mirra, Executive Director  
 RE: Payment Standards for Housing Choice Voucher Program

### Background

THA has the ability to set its payment standards within 90% to 110% of the Fair Market Rents (FMR) determined by HUD. THA's current payment standards vary between 90% to 105% of the 2014 HUD FMR's based on bedroom size. THA proposes to increase the payment standards for bedroom sizes ranging from 1 through 5 for Project Based Voucher (PBV) units in Salishan, Hillside Terrace and Bay Terrace. This will allow THA to keep up with increases in utility allowances in 2014 that directly affect project based units in those properties.

The amount of a utility allowance directly affects what is called the gross rent. Gross rent is the total of the contract rent plus the utility allowance. When the gross rent exceeds the payment standard, the tenant pays the difference. In the recent past, THA's PBV units have had gross rents equal to the payment standard. This means that when utility allowances were raised in January the gross rent began to exceed the payment standard and tenants are now bearing the costs of the utility allowance increases. Below is an example of how an increase in utility allowances would affect a client.

Examples	Payment Standard 2 bedroom	Utility Allowance	Contract Rent at Salishan 2 bedroom (payment standard minus the utility allowance)	Gross Rent (Payment Standard plus the utility allowance)	Tenant Rent
Scenario 1	\$973	\$69	\$904	\$973	Tenant pays income based rent
Scenario 2	\$973	\$77	\$904	\$981	Tenant pays income based rent plus \$8 difference because of UA increase.

Below are the current payment standards and the proposed payment standards for units sized between 1 and 5 bedrooms.

Current THA Payment Standard					
Studio	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom
\$668	\$780	\$973	\$1418	\$1596	\$1835
Proposed THA Payment Standard for Salishan, Hillside Terrace and Bay Terrace					
	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom
	\$786	\$981	\$1428	\$1609	\$1850
As % of FMR	102%	98%	97%	91%	91%

THA will reexamine Payment Standards later in 2014 when HUD releases the new Fair Market Rents (FMR's) for 2015.

**Recommendation**

I recommend adopting payment standards at the levels shown in the chart above for Salishan, Hillside Terrace and Bay Terrace retroactive to January 1, 2014.



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## RESOLUTION 2014-2-26 (1)

### PAYMENT STANDARDS FOR HOUSING CHOICE VOUCHER PROGRAM

**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 available rental market data.

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

1. Approve Resolution 2014-02-26 (1) authorizing THA to adopt payment standards for Salishan, Hillside Terrace and Bay Terrace at the following levels:

Proposed THA Payment Standard					
Studio	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom
\$668	\$786	\$981	\$1428	\$1609	\$1850

This change will be made retroactive to January 1, 2014.

**Approved:** February 26, 2014

  
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 Greg Mowat, Chairman