



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-04-27 (7)

Date: April 27, 2022
To: THA Board of Commissioners
From: April Black, Executive Director
Re: Sunsetting the Housing Opportunity Program (HOP)

This resolution would sunset the Housing Opportunity Program (HOP) through transfer to the Housing Choice Voucher program (HCV) and through program attrition.

Background

Tacoma Housing Authority (THA) developed the [Housing Opportunity Program \(HOP\)](#) subsidy model in 2013. At that time, THA was seeking ways to serve more households with less.

To achieve this aim, THA developed HOP. Any new incoming household would receive a HOP subsidy instead of a traditional [Housing Choice Voucher \(HCV\)](#), formerly known as Section 8. The value of a voucher is based on a payment standard set by THA. When setting the payment standard, THA considers the Fair Market Rents which are determined by Housing and Urban Development (HUD). The payment standards are set between 90 and 110% of the Fair Market Rents. Currently, they are 100% or equal to the Fair Market Rents for all bedroom sizes.

The HOP subsidy is worth 50% of the payment standard.

Traditional Housing Choice Vouchers are income-based. That means the value of the voucher depends on the household's income. With HCV, households *usually* spend 30% of their income on rent. In cases where a household's rent is above the payment standard, the difference is added to the family's share.

The following table outlines primary differences between HOP and HCV.

Housing Opportunity Program	Housing Choice Voucher
Fixed Subsidy: THA pays 50% of the payment standard. The household pays the remaining housing costs.	Income-based Assistance: The household pays ~30% of income on rent. THA pays the remaining housing costs. If rent is more than the payment standard, the household pays the difference.
Voucher Size: Based on 2 people per bedroom. Adjusted if household size decreases. Does not adjust if household size increases.	Voucher Size: Based on 2 people per bedroom. Adjusted if a household size decreases OR increases.
Time Limit: No time limit for elderly/disabled households. 5-year limit for work-able households.	Time Limit: No time limit for all households.

Housing Opportunity Program	Housing Choice Voucher
Recertification: Annual recertification. Clients self-certify income.	Recertification: Elderly and disabled households: every 3 years. Non-elderly or disabled households: every 2 years. Clients provide income documentation.
Changes in Income: The subsidy amount will not change if a household's income changes.	Changes in Income: Increases of 20% or more - the subsidy decreases at the household's next re-certification (every 2-3 years). The subsidy will increase if there is a sustained loss of income of more than 20%.

Over the past year, THA has been analyzing programmatic outcomes among HOP households in comparison to HCV households. The following sections summarize our research:

- ***Securing Housing with a Voucher***

HCV households were more likely to secure housing than HOP households (82% compared to 64%). Extremely low-income households with a HOP subsidy were twice as likely to be unable to secure housing than HCV households.

Over the last few years, Black, Indigenous, and People of Color (BIPOC)-headed households were less likely to find housing with a HOP subsidy compared to white households with a HOP subsidy. BIPOC households in the College Housing Assistance Program (CHAP) and Child Housing Opportunity Program (CHOP) were also less likely to secure housing than white households in the programs.

- ***Changes in Income***

HCV households were more likely to experience an increase in income (67%) than HOP households (54%) while receiving assistance. 85% of HCV households defined as "work able" (not elderly or disabled) increased their income by the time they exited compared to 60% of "work able" HOP households. These households were THA clients at roughly the same time period and for similar lengths of assistance. The average HCV household's income increased nearly 200% while HOP household's income increased by 33%.

BIPOC HCV households were more likely to experience an increase in income than any other population. BIPOC households were less likely to experience an increase in income if they were participating in CHAP or CHOP.

- ***Program Exits***

HCV households were twice as likely to exit under positive circumstances (achieving self-sufficiency, purchasing a house, etc.) than HOP households. HCV households have the highest proportion of positive exits and the lowest proportion of negative exits (evictions, being terminated from the program).

Achieving self-sufficiency (i.e. graduating off of the program to unsubsidized housing) is as common as eviction or death for households using a HOP subsidy. Conversely, self-sufficiency is the third most common reason HCV households stopped receiving THA's assistance.

- ***Rent Burden***

Rent burden is the proportion of income a household spends on housing. Households that spend more than 50% of their income on housing costs are “severely rent burdened.” HOP households are twice as likely to experience severe rent burdens, even with a subsidy. *Market rent burden* is how much of a household’s income is spent on housing without THA’s assistance.

HOP households are more likely to exit with a severe market rent burden than HCV households. Households headed by BIPOC women (who make up the largest proportion, roughly 50%, of THA’s voucher holders), are twice as likely to exit with no market rent burden from the HCV program than from HOP.

- ***Racial Equity Impact***

Across nearly all demographic groups, households served by a traditional Housing Choice Voucher experienced more positive programmatic outcomes. Most significantly, the disparities that are observed in the HOP program are often reduced, if not entirely reversed, when compared to the HCV population. For instance, while both BIPOC and white households have greater success securing housing on HCV, the disparity is great on HOP (a difference of 3 percentage points compared to 7 percentage points).

Summary of Public Comment

After internal stakeholder consultation, research, and analysis, THA developed our recommendations and posted them for public comment from February 7, 2022 – March 11, 2022.

During this comment period, Policy, Innovation, and Evaluation (PIE) engaged with the public in the following ways:

- Posted notice of the public comment period on THA’s website and through multiple postings on THA’s social media accounts.
- Emailed notification to all THA staff.
- Emailed and texted notification of proposed changes to all HOP households.
- Fielded a multiple-choice survey for any member of the public to share their preferences.
- Hosted two virtual public forums for members of the community to learn about the proposed changes and ask questions.
- Presented the research and proposed changes to the following stakeholder groups:
 - Northwest Justice Project
 - Tacoma Pierce County Coalition to End Homelessness
 - Continuum of Care Executive Committee
 - Tacoma Urban League
 - THA’s Landlord Advisory Committee
 - DCYF and the Family Recovery Court
 - Tacoma Community College
 - University of Washington, Tacoma
 - The REACH Center
 - Northwest Education Access
 - Clover Park Technical College

- Pierce College
- Collected general comments and questions via email.

37 comments were submitted to the THA website for public comment.

Which group do you represent?	Count
HOP Participant	24
CHAP or CHOP Participant	5
Other THA Client	1
Representative of a Community Organization/Partner/Non-Profit	2
Tacoma Community Member	3
THA Employee	1
(blank)	1
Total	37

Overall, the public and community partners strongly supported these changes and were able to cite specific ways an income-based subsidy that is not time-limited would have/will benefit their constituents.

Having worked with HOP voucher reviewing as a Housing Case Manager I agree that HOP vouchers are not as efficient at helping families as HCV. HOP vouchers are also more difficult to use and harder for landlords to understand. The 5 year limit only serves to guarantee a return to homelessness for families who are not financially viable at the 5 year mark. A natural disaster or family emergency can happen at any time and furthers the risk for these families to lose everything. Please convert HOP vouchers to Housing Choice Vouchers and remove the time limit.

– Representative of a Community Organization/Partner/Non-Profit

I feel the HOP does not work for our clients and moving to the traditional income based voucher is best bet for our clients. 5 years is not sufficient time for someone to recover from Trauma and basing the amount of the HAP on income is more beneficial to our clients.

– THA Employee/Former HCV Client

While some understood why HOP was originally designed and implemented, they noted that “thinning the soup” is beneficial up until the point that it is no longer enough to sustain people.

The vast majority of current HOP households expressed support for the changes and offered insight as to how these changes would bring them significant benefit:

For myself, I can see now the added worry & stress has exacerbated my mental illness to a fear based unsure future. T.H.A. & others alike are at the root of my drive, successes, & self sufficiency. I have lots of work to do but taking that FEAR of homelessness off my mind gives me the hope and the motivated attitude to rebuild my confidence.

– HOP Client

Though I am tremendously grateful for the opportunity THA has given my family and I to be on the HOP program, as a single mother of two, who works full time i find that I am

still struggling a lot to stay afloat to provide living paycheck to paycheck during these hard times now that the housing market has skyrocketed. It's even more overwhelming to know that it will end in a couple of years assuming the market will stay the same for a while to come or even raise higher. This would be an even bigger blessing not only for my family but for many other families who are struggling during this trying time if THA changed the HOP voucher into a traditional one while also eliminating the 5 year time limit! WOW you go THA! I thank you for even considering this and giving me the opportunity to give feedback on this matter.

– HOP Client

As a HOP participant, in a way it's great to have something to fall on so you won't have to worry about having a roof over your head for yourself and your child(ren). However, the flat rate does not make sense since income can fluctuate regularly. I got my Associate's degree while being in the program but having a hard time finding work and the program is supposed to end for me December 2022. HOP program is not something to rely on when you have low income, fixed income or if your income changes periodically. If this program converts to Section 8, it would be better for people in my situation.

– HOP Client

I am currently on the HOP program and am 62 and disabled but am on a 5 yr term limit as I have my 25 yr old son living with me. one of my problems is I'm on a fixed income of prox 861. per month and this year my rent increased almost 300.

– HOP Client

...we are battling so much right now as a community. Just reading that this change might happen...teared me up! How great would it be if I could KNOW that I can keep a roof over our heads. I cannot imagine others' burdens but can explain that I am often depressed over basic living questions and whether or not we will make it. You won't just see debt to rent decrease but it is what you WONT see that will make the biggest difference. ... When you can check off housing, you begin to develop hope, pride and confidence. This changes a person's mental health which creates ability, opportunities and fills families with self-pride, courage and stability!! Reducing stress also reduces violence, addiction and many mental and depressive disorders while also promoting mental health and job stability for able workers. It's a win win!!

– HOP Client

I believe that the proposed changes are amazing. Being a current HOP recipient who is currently on an extension I feel like I wasn't able to accomplish the things I set out to do when I was selected for this program, I've had to face many hardship and difficulties that I just have not been able to really feel secure to do the things I need to be able to exit the program with confidence as expected. ... I feel like my whole 5 years was used navigating problems Instead of setting myself up for stability. I really hope these changes go into effect and help out current voucher holders like myself so that we can accomplish the mission of owning our own home and living a life of stability I would love to give my kids the future they deserve and accomplish.

– HOP Client

Only one HOP household expressed a desire for the program to remain the same:

I have been very satisfied with my HOP voucher and had no issues with it. I would not like changes proposed to be enacted. – HOP Client

Other commenters brought up questions about how the changes would effect client experiences and whether or not the changes increase the number people served.

*.. will this change the quality and location of housing chosen by clients?
– HOP Client*

*How will the increased subsidies and elimination of time limits increase the number of families served?
– Tacoma Community Member*

In response to the questions, we would expect that an income-based subsidy would allow extremely low-income households to select from a wider range of housing options as more units would be affordable. In terms of increasing the number of people served, the latter question focuses on quantity as opposed to quality. THA's goal is not simply to serve as many people as possible, but to ensure that when THA pulls from the waitlist we are ensuring the household is given the support needed to actually secure housing and achieve the stability necessary to pursue economic stability and mobility.

A question did arise during public comment that PIE staff recommend addressing through these program changes. Tenants using property-based subsidies (PBS) raised concern that the proposed changes would not apply to or benefit their circumstance even though they experience many of the same challenges. PBS clients receive a flat amount for rental assistance based on their AMI limit and, at the properties serving CHAP students, they are faced with a 3-4 year time limit which many expressed was not enough to support their longterm educational goals (nationally, the average time to complete a two-year degree is 5.5 years). In order to continue to receive assistance they would have to become homeless or near-homeless to re-apply.

Recommendation

This resolution recommends adopting Resolution 2022-04-27 (7) to sunset the Housing Opportunity Program (HOP). Effective May 1, 2022, THA will no longer issue any new HOP subsidies.

Through a phased implementation plan, current HOP households, including participants in CHAP and CHOP, will have their housing assistance payment (HAP) calculated using the same income-based formula used for the Housing Choice Voucher (HCV) program. When/if a household moves or relocates they will be transitioned to the HCV program.

This resolution also recommends that households on HOP and CHOP no longer be subject to time limits. Additionally, for CHOP, the resolution recommends eliminating all non-housing related program requirements to align with national best practices around child reunification.

THA continues to consult with our education partners regarding CHAP. This resolution limits its recommendation to changing how rental assistance is calculated and makes participants subject to

HCV program rules in addition to special program rules. However, a future resolution may be brought forth to amend the time limits or other special program requirements as a result of continued discussions with partner institutions.

THA's property-based subsidy program has provided an innovative way for extremely low-income households (usually at or below 30% AMI) to receive a fixed, time-limited subsidy without becoming THA clients. Given what we have learned about the efficacy of fixed, time-limited subsidies, paired with the goal to develop more consistent program operations and equitable program outcomes, this resolution recommends working with property-based subsidy partners to modify our existing contracts with the intent to ensure households have adequate time and resources to work towards self-sufficiency while benefiting from THA's rental assistance.

Additionally, the resolution recommends allowing HCV households with significant rental barriers to rent from relatives (this is currently permitted under HOP but not HCV).



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-04-27 (7) (Sunsetting the Housing Opportunity Program)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

WHEREAS, the Administrative Plan relates to the administration of the Housing Opportunity Program (HOP) and is required by HUD; and

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

WHEREAS, Tacoma Housing Authority's Housing Opportunity Program (HOP)'s flat subsidy and 5 year time limit has demonstrated less successful programmatic outcomes in comparison to the Housing Choice Voucher program (HCV); and

WHEREAS, Tacoma Housing Authority seeks to improve the likelihood of securing housing and achieving self-sufficiency for the households served; and

WHEREAS, Tacoma Housing Authority aims to align the Child Housing Opportunity Program (CHOP) with national best practices around child reunification; and

WHEREAS, staff consulted a wide array of program participants, landlords and community members; and

WHEREAS, changes to the Administrative Plan must be approved by THA Board of Commissioners; 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 revise THA's Administrative Plan Chapters 15, 17, and 18, related to the Housing Opportunity Program in the following ways:

Policy Proposal	Administrative Plan Section Requiring Revision
<p>INTENT TO SUNSET PROGRAM</p> <p>Effective May 1, 2022, THA will no longer issue new HOP subsidies. HOP households (excluding CHAP) will no longer be subject to the five-year time limit.</p> <p>Using a phased implementation plan (see <i>New Section</i>: Chapter 18 PART XXV SUNSETTING THE HOUSING OPPORTUNITY PROGRAM in THA's Administrative Plan) HOP households will be transferred to the HCV program if and when they have a qualifying event that requires THA to end their current HOPP contract (i.e., relocation, move, or port).</p> <p>Remaining households will stay on HOP and be subject to the same rules and rent calculations used for the Housing Choice Voucher Program. The effective date of the new rent calculation and rule change will be determined when a qualifying event triggers a recertification (i.e., annual recertification, landlord requested rent change, or change in household composition).</p> <p>All HOP households are expected to be subject to the new rent calculation and program rules no later than December 31, 2023</p>	<p>CHAPTER 18- HOUSING OPPORTUNITY PROGRAM</p> <p><i>New Section –</i></p> <p>PART XXV SUNSETTING THE HOUSING OPPORTUNITY PROGRAM (HOP)</p>
<p>HOP TRANSFERS TO HCV</p> <p>Current shoppers and HOP households that move, relocate, or port-out will be transferred to the Housing Choice Voucher (HCV) program in a phased approach based on the following <u>proposed</u> timeline:</p> <ul style="list-style-type: none"> Beginning June 1, 2022, all active shoppers on HOP, CHOP, CHOP FRC, & CHAP will be re-briefed and issued an HCV. Beginning July 1, 2022, current HOP households who move, relocate, or request to port-out (events that warrant a new voucher to be issued) will be transitioned to HCV at the effective date of those actions. 	<p><i>New Section –</i></p> <p>18.XXV.A HOP TRANSFERS TO HCV</p>

Policy Proposal	Administrative Plan Section Requiring Revision
<p>HOP RENT RECALCULATION & RULE CHANGE</p> <p>Current HOP households who do not move or relocate will remain on the HOP program to ensure they do not experience a disruption to their housing. The family's share of rent and THA's housing assistance payment (HAP) will be recalculated based on the household's income (see Chapter 6 Part III of the Administrative Plan). These households will also be subject to the same rules used for the Housing Choice Voucher (HCV) program in a phased approach based on the following <u>proposed</u> timeline:</p> <ul style="list-style-type: none"> Beginning July 1, 2022, landlord requested rent changes and household composition changes will trigger a recalculation and rule change at the effective date of those actions. Beginning September 1, 2022, all other households will undergo rent recalculation and rule change at the date of their next recertification. 	<p><i>New Section –</i></p> <p>18.XXV.B HOP RENT RECALCULATION & RULE CHANGE</p>
<p>HARDSHIP FOR HOUSEHOLDS WHOSE HAP WILL DECREASE</p> <p>Households that will experience a decrease in THA's housing assistance payment (HAP) at the time at the time they transfer to the HCV program or undergo an income-based rent recalculation will have a three-month grace period during which THA's HAP will not change.</p> <p>If the household's new share of the rent exceeds the contract rent, they will be subject to receive zero HAP for up to six months under the new program rules (see 12-I.B. FAMILY NO LONGER REQUIRES ASSISTANCE [24 CFR 982.455]), yet they will still receive their previous HAP for the first three months of the six-month period. If the household's circumstances change during that, they may request an interim recertification to have the HAP reinstated.</p>	<p><i>New Section –</i></p> <p>18.XXV.C HARDSHIP FOR HOUSEHOLDS WHOSE HAP WILL DECREASE</p>
<p>CHOICE MOBILITY</p> <p>Effective, May 1, 2022, households exercising Choice Mobility will be offered a Housing Choice Voucher.</p>	<p>17-VII.C. CHOICE MOBILITY</p> <p>17-XI.F. CHOICE MOBILITY</p>

Policy Proposal	Administrative Plan Section Requiring Revision
<p>RENTING FROM RELATIVES</p> <p>THA will seek authorization to expand our authorization from the 2014 MTW plan to allow HCV households to rent from relatives when:</p> <ul style="list-style-type: none"> • A household cannot lease up because of poor credit • A household would rely on the relative to help with childcare • A household with poor rental history has remediated the root causes of for the bad rental history • A household cannot lease because of poor criminal history that has shown proper rehabilitation 	<p>Chapter 15 PART IV: SHARED HOUSING [24 CFR 982.615 through 982.618] 15- IV.A. OVERVIEW</p>
<p>CHILDREN'S HOUSING OPPORTUNITY PROGRAM REQUIREMENTS</p> <p>Effective May 1, 2022, THA will no longer require that participants in the Children's Housing Opportunity Program (CHOP) and Family Recovery Court (CHOP FRC) meet non-housing related requirements for continued eligibility. These households will be held to the same program requirements as households in the Family Unification Program (FUP).</p>	<p>Chapter 18 PARTXXIII: FAMILY OBLIGATIONS 18-XVI.B. FAILURE TO COMPLY</p>

Approved: April 27, 2022



Stanley Rumbaugh, Chair