



RESOLUTION 2025-03-26 (7)

Date: March 26, 2025
To: THA Board of Commissioners
From: April Black, Executive Director
Re: Revisions to THA's Repayment Agreement Policy

This resolution would align repayment agreement policies across Property Management and Rental Assistance. The changes also reflect clarified language regarding large debts as well as a more flexible downpayment requirement.

BACKGROUND

Property Management and Rental Assistance have maintained separate policies regarding repayment agreements. However, during COVID, both departments followed the same guidelines for COVID Repayment Agreements (CRAs). Having an aligned policy was beneficial to Finance and paved the way for the departments to develop a longer-term policy that would meet the needs of both departments, Finance, and conform to Yardi functionality.

A workgroup was formed to review policies and determine a path forward. The workgroup settled on using the existing Rental Assistance policy, but with some modifications. Those modifications are discussed in the next section.

RECOMMENDATION

Extend Length of Time to Pay Debt in Full or Enter into Repayment Agreement

Current policy language requires families to pay debt in full or enter into a repayment agreement within 30 days. The proposed policy calls for extending this to 60 days to allow families more time to save and source funds to repay the debt or prepare to enter into the repayment agreement.

Flexible Downpayment

Staff were divided on whether to maintain a 10% downpayment requirement. In some cases, this might prevent families from being able to enter into the repayment agreement if they could not come up with

the funds immediately – especially those households with much larger debts. It was decided to require a downpayment, but allow families to set the amount themselves as long as it is more than the minimum rent they qualify for (\$25 for senior/disabled households; \$75 for workable).

Owners would still be required to make a 10% downpayment on any debts owed to THA.

Maintain Tiered Repayment Terms

Rental Assistance’s repayment agreement policy set specific payback periods based on the owner or family’s debt:

- Amounts over \$5,000 must be repaid within 60 months.
- Amounts between \$3,000 and \$4,999 must be repaid within 48 months.
- Amounts between \$2,000 and \$2,999 must be repaid within 36 months.
- Amounts between \$1,000 and \$1,999 must be repaid within 24 months.
- Amounts under \$1,000 must be repaid within 12 months.

If the court becomes involved, THA will use the amount that is stipulated by the court.

This approach, as opposed to an income-based approach, removes the need to calculate households’ incomes to define their repayment parameters. While not a burden when the participant is a THA client, this would require additional administrative work in cases of debts owed by someone who is no longer a participant or is a property owner.

The proposed language also replaces language that was inaccurate and not able to be implemented. Previously, the policy would not allow repayment agreements for amounts that met the “Federal or State threshold for criminal prosecution”. Upon consulting with legal, this threshold needed to be removed as owing a debt does not result in criminal prosecution.

The tiered approach helps ensure most repayment amounts remain at an affordable level (ranging between \$40 - \$105), if the debt is below \$5,000. Households with much higher debts will face larger payments or have the option to pay down the debt with downpayment to reduce their monthly payment.

Clarifying Non-Payment Policy

Last, the proposed changes include greater clarification to the non-payment policy and the process by which delinquent payments and non-payment may result in termination and/or eviction.



RESOLUTION 2025-03-26 (7)

(Updating THA’s Repayment Agreement Policies)

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 Choice Voucher Program and is required by HUD; and

WHEREAS, the Administrative Plan establishes 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, changes to the Administrative Plan must be approved by the THA Board of Commissioners; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

Staff are authorized to adopt the following updates to the Administrative Plan to reflect the proposed policy changes.

Policy/Process Proposal	Applicable THA Policy Requiring Revision
Update length of time for families to enter into repayment agreement or pay debt in full.	<p>16-IV.B. REPAYMENT POLICY</p> <p>FAMILY DEBTS TO THA</p> <p>Any amount due to the THA by a participant must be repaid by the family. Once a repayment agreement offer is sent, the household will have 60 days to either</p> <ol style="list-style-type: none"> 1. agree to the terms and pay the deposit, or 2. pay the debt in full. <p>If the family is unable to repay the debt within 30 days, THA will offer to enter into a repayment agreement in accordance with the policies below.</p>

<p>Update downpayment requirement.</p>	<p>Prior to the execution of a repayment agreement, the owner or family must make a downpayment. For families, the downpayment can be any amount but must be no less than what the family qualifies for in terms of minimum rent. Generally, minimum rent is \$25 for fixed income (e.g., senior or disabled) households and \$75 for all other households. Families should inquire with staff to find out what minimum rent they qualify for. pay 10 percent of the balance owed to the THA.</p> <p>For owners, the downpayment must be 10% of the debt owed.</p>
<p>Update payment thresholds and terms</p>	<p>Amounts over \$5,000 must be repaid within 60 months.</p> <p>Amounts between \$3,000 and \$4,999 the Federal or State threshold for criminal prosecution must be repaid within 48 months.</p> <p>Amounts between \$2,000 and \$2,999 must be repaid within 30 36 months.</p> <p>Amounts between \$1,000 and \$1,999 must be repaid within 24 months.</p> <p>Amounts under \$1,000 must be repaid within 12 months.</p> <p>If the court becomes involved, THA will use the amount that is stipulated by the court.</p> <p>If a family is approved for a hardship, they can request a 6-month hold, which will extend the term of the agreement by 6 months.</p>
<p>Update non-payment policy</p>	<p>If THA does not receive a payment by the end of the business day on the date the payment is due, and THA has not given prior permission to miss the payment due date, THA will send a delinquency notice giving ten (10) business days to make the payment in full. If THA does not receive the payment by the due date of the delinquency notice, the family will then be in violation of the agreement.</p>

	<p>In addition, if a family receives three (3) delinquency notices for unexcused late payments in a twelve (12) month period, they will be in violation of the agreement. Violation of the agreement may result in termination of tenancy and/or subsidy (eviction) and/or reporting the delinquency to a credit bureau. Failure to pay as agreed will cause the agreement to become VOID, and any remaining past due balance will become due immediately.</p> <p>If a payment is not received by the end of the business day on the date due, and prior approval for the missed payment has not been given by the THA, the THA will send the family a delinquency notice giving the family 10 business days to make the late payment. If the payment is not received by the due date of the delinquency notice, it will be considered a breach of the agreement and the THA will terminate assistance upon written notification to the family.</p>
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Approved: March 26, 2025


Derek Young, Chair