



RESOLUTION 2025-12-10 (1)

Date: December 10, 2025

To: THA Board of Commissioners

From: April Black
Executive Director

Re: Payment Standards Update

This resolution would authorize Tacoma Housing Authority (THA) to adopt new payment standards for use in THA's rental assistance programs.

BACKGROUND

Each year the Department of Housing and Urban Development (HUD) releases rent data for the Tacoma-Pierce County metropolitan rental market. These data set HUD's "fair market rents" (FMR) for our area for the following year, in this case, 2026. THA must set our payment standards within 80-120% of the HUD FMR. The payment standards are then used in determining the maximum amount of subsidy THA will pay to landlords. They are also used in the calculation of THA tenant and participant rents.

THA is required to complete an annual assessment of its tenant data and potentially adjust its payment standards based on this data. For this year's assessment we asked some key questions paired with three indicators to help guide our decision-making process.

ANALYSIS & RECOMMENDATION

Payment Standards, Contract Rents, and Market Rents

We use a third-party source (CoStar) for market rent data. It helps us compare our payment standards to the market and families' current rents. We also use it to check the FMRs against the market.

Key Questions & Answers:

- Are our payment standards outside of our approved FMR range (80-120%)?
 - No. Our payment standards are within the approved range but near the bottom (from 87% to 91% of 2026 FMRs).
- Are THA's payment standards below-market rents?
 - Results varied by bedroom size.
 - Studio – No, payment standards are \$25 above market rent.
 - 1-bedroom – Yes, payment standards are \$55 below market rent.
 - 2-bedroom – Yes, payment standards are \$7 below market rent.
 - 3-bedroom – No, payment standards are \$255 above market rent.
 - CoStar does not provide market rent data for four- and five-bedroom units.
- Are market conditions tightening?
 - Yes, slightly. Between 2024 and 2025, City of Tacoma vacancy rates fell by 0.9% from 8.3% to 7.4%.

Rent Burden

Rent burden refers to how much of their adjusted income families spend on rent. For each family size, we calculate rent as a percent of their monthly income.

- If families pay over 30% of their income on rent, THA calls that "rent burdened."
- If 40% or more of families in a particular unit size are rent-burdened, THA may adjust the payment standards to reduce the burden.

We want families to afford their rent without it being a burden. But we also want to help as many families as possible.

Key Questions & Answers

- Are families at risk of housing instability?
 - Yes, between 2024 and 2025 the portion of voucher holders with rent burden (across all bedroom sizes) increased from 39% to 52%. And more than 40% of households are rent burdened for all bedroom sizes except studios. Here are some additional, important, findings regarding rent burden.
 - 1-bedroom and 3-bedroom households experienced the greatest increase in rent burden between 2024 and 2025. This is the case for 3-bedroom units even though the payment standard for these vouchers is higher than market rent.
 - The percentage of households who are not rent burdened has been shrinking steadily since 2023.
 - The portion of voucher holders paying 50% or more of their adjusted income on rent has increased across all bedroom sizes. This means that not only are more households rent burdened, but also that more families are reaching levels of severe rent burden.

Voucher Success Rate

Voucher Success is the percent of families that successfully rented an apartment with their voucher.

Key Question: Are families struggling to find housing?

- *Across all bedroom sizes, voucher success rates remained the same between 2024 and 2025.*
- *Rates decreased for 1- and 3-bedrooms but increased for 2- and 4-bedrooms.*

With these results, we recommend that the Tacoma Housing Authority Board of Commissioners approve Resolution 2025-12-10 (1), authorizing an increase to HCV payment standards for 1-, 2-, 3-, 4-, and 5-bedroom units, to be effective March 2026, to ensure that no more than 40% of current voucher holders are rent burdened. We do not recommend changes in payment standards for HCV studio units or VASH and EHV households.



RESOLUTION 2025-12-10 (1)

(Payment Standards Update)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the THA Executive Director to increase THA's payment standards.

WHEREAS, HUD sets fair market rents annually; and

WHEREAS, the housing authority sets payment standards based on market and participant data; and

WHEREAS, changes to the payment standards must be approved by the Board of Commissioners; now, therefore, be it

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

Authorizes THA to adopt payment standards, effective March 1, 2026, according to the chart below.

Bedroom Size	Payment Standard	Exception PS (VASH & EHV)
0	\$1,252	\$1,428
1	\$1,408	\$1,589
2	\$1,832	\$1,990
3	\$2,591	\$2,824
4	\$3,211	\$3,309
5	\$3,567	\$3,802

Approved: December 10, 2025

A blue ink signature of Stanley Rumbaugh, Chair.

Stanley Rumbaugh, Chair