



## RESOLUTION 2024-12-11 (3)

**Date:** December 11, 2024

**To:** THA Board of Commissioners

**From:** April Black  
Executive Director

**Re:** **Payment Standards Update**

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*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, 2025. 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.

### Rent Burden

Rent burden refers to how much of their 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 Question:* Are families at risk of housing instability?
  - *Answer:* No, families across all bedroom sizes remain below the 40% threshold. However, the percentages are rising, which indicates the potential for an increase in the future.

### 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?
  - *Answer:* It depends. Success rates are steady and, in some cases, improving. Yet, median days to success are rising or leveling off in some bedroom sizes. This means it is taking a longer time for some families to find housing.

### Payment Standards, Contract Rents, and Market Rents

We use a third-party source 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.
  - Are THA's vouchers below-market rents?
    - No. However, for 1-bedroom families, market rents are rising above the payment standards. Yet, new contract rents are well below the payment standards.
  - Are market conditions tightening?
    - Yes. Market rents are rising steadily. Average contract rents for some bedroom sizes are starting to catch up to the payment standards.

Staff recommend increasing our current payment standards slightly to account for an increased utility allowance for the following reasons:

- The percent of families experiencing rent burden fell with the 2022-2023 payment standards and remains below THA's threshold.
- Success rates are steady or improving. But, median days to success are rising for some bedroom sizes. Which means it is taking longer for some families to find housing.
- A voucher's value matches new contract rents. In some cases, it is slightly higher than the current market rents in Tacoma.
- Recent utility rate increases require us to increase our utility allowances (UA).

The facts above support no change to the Payment Standards. However, to account for the UA change, staff recommend increasing the payment standards by the same amount as the change in the UAs.

They recommend approving Resolution 2024-12-11 (3) authorizing THA to adopt all proposed payment standards according to the chart below, effective March 1, 2025.



**RESOLUTION 2024-12-11(3)  
(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 01, 2025, according to the chart below.

Bedroom Size	Payment Standard	Exception PS
0	\$1252	\$1428
1	\$1392	\$1589
2	\$1743	\$1990
3	\$2474	\$2824
4	\$2761	\$3309
5	\$3172	\$3802

Approved: December 11, 2024



Derek Young, Chair