



NOTICE OF PROPOSED CHANGES TO THE HOUSING OPPORTUNITY PROGRAM

Department of Policy, Innovation, and Evaluation

SUMMARY

Tacoma Housing Authority (THA) developed the Housing Opportunity Program (HOP) subsidy model in 2013. At that time, THA was facing budget constraints. THA wanted to find a way to serve more households with less.

To do this, THA replaced the traditional Housing Choice Vouchers (HCV), formerly known as Section 8, with HOP. The value of a voucher is based on a payment standard set by THA. THA considers the Fair Market Rents which are set by Housing and Urban Development (HUD) as well as the current average rents in the Tacoma community to determine the payment standards. 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
<p>Fixed Subsidy</p> <p>THA pays 50% of the payment standard. The household pays the remaining housing costs.</p>	<p>Income-based Assistance</p> <p>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.</p>
<p>Voucher Size</p> <p>Based on 2 people per bedroom. Adjusted if household size decreases. Does not adjust if household size increases.</p>	<p>Voucher Size</p> <p>Based on 2 people per bedroom. Adjusted if a household size decreases OR increases.</p>
<p>Time Limit</p> <p>No time limit for elderly/disabled households. 5-year limit for work-able households.</p>	<p>Time Limit</p> <p>No time limit for all households.</p>
<p>Recertification</p> <p>Annual recertification. Clients self-certify income.</p>	<p>Recertification</p> <p>Elderly and disabled households: every 3 years Non-elderly or disabled households: every 2 years Clients provide income documentation.</p>
<p>Changes in Income</p> <p>The subsidy amount will not change if a household's income changes.</p>	<p>Changes in Income</p> <p>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%.</p>

The table below gives four example scenarios. The scenarios are useful to understand how much each household would pay in rent on HOP versus HCV. Scenario A is an example of someone who does not have any income (like a full-time student). Scenario B uses the monthly Social Security income for a person living alone. Scenario C uses the average income of families that have received a 2-bedroom voucher in the last two years. Scenario D uses the highest level of income a 4-person family could have and remain eligible to receive a voucher.

The examples also use the payment standards as the total rent amount.

	Scenario A: No income		Scenario B: Fixed income		Scenario C: Average income		Scenario D: Highest income	
								
Annual Income	\$0		\$9,492		\$19,500		\$45,000	
Monthly Income	\$0		\$791		\$1,625		\$3,750	
Voucher Size	1 bedroom		1 bedroom		2 bedroom		2 bedroom	
Total Rent Amount	\$1,162		\$1,162		\$1,484		\$1,484	
	HOP	HCV	HOP	HCV	HOP	HCV	HOP	HCV
THA Share	\$581	\$1,087	\$581	\$925	\$742	\$996	\$742	\$359
Family Share	\$581	\$75*	\$581	\$237	\$742	\$488	\$742	\$1,125
Rent Burden**	>100%		74%	30%	46%	30%	20%	30%

*Households are required to pay a minimum rent amount.

**Rent burden is the proportion of income a household spends on housing. 0-30% is not burdened. 31-50% is moderately burdened. 50%+ is severely rent burdened.

HOP's subsidy does not change when a household's income changes. The fixed subsidy allows households to increase their income without facing an increase in their share of the rent payment. But it also means they are responsible for their portion of the rent even if they experience a loss of income.

Additionally, HOP households that are not elderly or disabled have a five-year time limit on the program. The time limit is intended to motivate households to increase their earnings and limit the time on assistance so that households on the waitlist get a turn at receiving rental assistance.

The HOP subsidy is also used for the Child Housing Opportunity Program (CHOP) and College Housing Assistance Program (CHAP). CHOP is one of THA's special programs. This program serves households referred to THA by the Department for Children, Youth, & Families (DCYF) and the Family Recovery Court. CHAP is another special program. It serves homeless and near-homeless college students at Tacoma Community College and University of Washington, Tacoma. These two programs make up about 20% of the households using a HOP subsidy.

During the past year, THA has been analyzing how HOP are doing in comparison to HCV households. The following page summarizes the findings.

Securing Housing with a Voucher

HCV households are 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

Over the last few years, Black, Indigenous, and People of Color (BIPOC) households have been less likely to find housing with a HOP subsidy compared to white households with a HOP subsidy. BIPOC households in CHAP and 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" 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 and for similar lengths of time. The average HCV household's income increased nearly 200% while HOP household's income only 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 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 experience increased success on the Housing Choice Voucher. 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 in is half what it is on HOP (a difference of 3 percentage points compared to 7 percentage points).

PROPOSED CHANGES TO HOP, CHAP, & CHOP

The findings presented suggest that households' chances of success would improve if they had an income-based voucher. As a result, THA is recommending that we **eliminate HOP and offer all current and future households a traditional housing choice voucher.**

- An estimated two-thirds of current HOP households will experience an average increase of \$211 to their monthly housing assistance payment (reducing their share of the rent by \$211).
- One-third of HOP households will receive, on average, \$166 less each month in their housing assistance payment. Even though they will experience an increase in their share of the rent, they are unlikely to become rent burdened because of these changes.
- Choice Mobility and Move-On vouchers will be converted from HOP to HCV. This will support unit turnover at THA properties and project-based partner properties. Additionally, it will provide people in permanent supportive housing a more supportive option to rent on the private market. Currently, as HOP subsidies, few participants are willing to give up an income-based unit for a flat, time-limited subsidy.

Additionally, THA recommends that we **eliminate HOP's 5-year time limit**, with some exceptions.

- As a result of COVID, many households, especially HOP households subject to time limits, applied for late rent assistance and established repayment plans. Maintaining the time limit will leave many families negatively impacted by COVID unable to pay their rent, which may lead to broken leases, disruptions to schooling due to families moving, evictions, and reliance on the homelessness system.

College Housing Assistance Program (CHAP)

Due to CHAP's poor outcomes, THA is seeking the community's input on which direction to go in:

Option 1: Maintain CHAP as a program for homeless TCC and UW Tacoma students but modify the program further to eliminate barriers. Changes would include:

- Convert the 75 HOP subsidies used in CHAP to HCV. Limit these vouchers to homeless students.
- Students at TCC and UW Tacoma that are housing insecure and/or Pell-eligible have priority consideration at nearby properties where THA currently subsidizes nearly 200 units.
- Eliminate enrollment and academic progress requirements but keep the 5-year time limit.

Option 2: Pivot and explore other approaches to support homeless students. THA is open to approaches that leverage existing support networks. Specifically, those that can broaden access in a way that any college student or prospective student can be eligible for support without the need to develop individualized contracts/programs with each post-secondary institution.

Child Housing Opportunity Program (CHOP)

CHOP is modeled after a federal program known as the Family Unification Program (FUP). This program is also administered by DCYF. THA plans to convert CHOP subsidies to traditional vouchers and work with DCYF to determine if it is feasible to administer CHOP in the same way as FUP.