

**RESIDENT ADVISORY COMMITTEE (RAC)**

King County Housing Authority, 700 Andover Park W, Tukwila WA Snoqualmie Rm

■ December 16, 2015 ■ 5:00 PM – 6:30 PM

<b>Members Present</b>	Sharon Bosteder, Lillie Clinton, Elsie Linebarger, David Madison, TerryLynn Stewart, Linda Sanchez-Suwaneh, Tammy Morris, Rose McCoo, Barbara Rice, Eugene Young, Noke Phoumkeo, Terry Anderson, Koffi Hoto, Kimthuy Thi Henderson, Mary Mangrum
<b>KCHA Staff</b>	Rickie Robinson, Jeb Best, Andrew Calkins, Bill Cook, Beth Meshke, Jessica Olives, Megan Hyla
<b>Guests</b>	Teresa Moore, Holly Main

<b>KEY POINTS DISCUSSED</b>		
<b>NO.</b>	<b>TOPIC</b>	<b>HIGHLIGHTS</b>
1	Welcome, Introductions, Review Notes	<ul style="list-style-type: none"> <li>Notes from September 2015 RAC meetings were approved.</li> </ul>
2	Section 8 Payment Standards	<ul style="list-style-type: none"> <li>Andrew Calkins provided information about the topic and solicited RAC input.</li> </ul>
3	Conclusion	<ul style="list-style-type: none"> <li>RAC members endorsed by acclimation the concept of increasing payment standards and going from two to five tiers of payment standards.</li> </ul>

**Welcome and Introductions**

Rickie Robinson announced the start of the meeting at 5:02 pm. He welcomed everyone to the meeting. Introductions were made around the room and a sign in sheet went around. We welcomed new RAC member Kimthuy Thi Henderson.

**Prior RAC Meeting Notes**

RAC members approved the notes from the September 8, 2015 and September 9, 2015 RAC meetings. These notes will be posted at KCHA’s web site: <http://www.kcha.org/residents/rac/>

**Section 8 Payment Standards**

Andrew Calkins, Administrative Program Manager in KCHA’S Policy and Intergovernmental Affairs group, shared with the RAC some background information about a new proposal pertaining to how KCHA sets up payment standards throughout the county for the Housing Choice Voucher (HCV) program, also known as Section 8.

**Summary:** KCHA is bringing to the RAC a proposal to go from the current two-tiered payment standard system based on census tracts to five groups of payment standards based on zip codes. Each of the 55 zip codes in King County would be put into one of five payment standard groups based on the market rate for rental units in that zip code.

**Background:** A payment standard is the maximum amount that King County Housing Authority can subsidize for someone who has a Section 8 voucher issued by KCHA. A payment standard includes both the contract rent and utility subsidy. We currently have two sets of payment standards, one for north and south King County, and one for the eastside of Lake Washington which we call the

exception area. Examples of cities in the exception area, where rents tend to be higher than in other parts of the county, include Issaquah, Bellevue, Redmond, Kirkland, Sammamish, and Mercer Island. However, there are a variety of rental markets across the county. There is more variation in rents in the county than two groupings of payment standards would suggest, and we also know that over the last couple of years rents have been rising in almost all parts of King County.

**Motivation for Proposal:**

1. Recognition that there is a lot of variation in rents throughout the county, which only two tiers of payment standards does not adequately address.
2. KCHA wants to expand the ability of HCV participants to live in High Opportunity Neighborhoods. According to KCHA's Moving to Work Plan, KCHA has a goal of having 30% of HCV households with children live in High Opportunity areas by 2020.
3. KCHA wants to expand geographic choice for people with Section 8 vouchers. HCV participants should have a choice in where they can rent using their vouchers, and tailoring the payment standards to various rental markets will mean more rental markets will be available to Section 8 participants.
4. KCHA has heard from HCV participants that our payment standards are not keeping up with high rents in King County. Aligning the payment standards with the local rental market would get Section 8 subsidies closer to market rates.

**When:** Andrew showed an example map of which zip codes will go into each of the proposed new five groupings. The decision as to which zip codes will go into each tier has not yet been finalized.

**Process:** A group at KCHA have been meeting on this topic and have decided to recommend increasing payment standards and going from two to five payment standard groups. Each zip code will be assigned to one of the five groups, called tiers. The group has been looking at a lot of different choices of which zip codes go into which tier and have narrowed down the recommendation. Andrew showed the RAC two possible configurations; the final tier configuration recommended to the Board will be similar to these two samples. RAC members are welcome to make recommendations if they think a zip code area is misplaced in one of the samples.

Andrew and the group working on this proposal held a focus group in November to collect input from current KCHA Section 8 participants, will collect input from RAC members at this meeting, and they are planning to take this proposal to the KCHA Board of Commissioners in January 2016. If approved they expect the new payment standards to go into effect around April. We plan to look again at payment standards again in a year.

**RAC Role:** RAC members' questions and comments from today's meeting will help Andrew and Commissioner Stewart represent residents when this topic is brought to the KCHA Board meeting in January.

**RAC Decision:** RAC members endorsed by acclamation the concept of increasing payment standards and going from two to five tiers in recognition that rents which have been rapidly increasing in King County.

Although expressing wide support for raising payment standards, RAC members did not think the recommendation was ready to vote on because the groupings of zip codes into tiers is not final. Some members also expressed doubts that payment standards would be raised enough.

RAC members requested updated information after the January Board meeting about this topic, including what happened at the Board meeting and what are the final recommended payment standard levels for various bedroom sizes and what zip codes are in the finalized list of the five tiers.

## **Questions and Answers**

### **Questions about Higher Opportunity Areas and High Rents:**

Commissioner TerryLynn Stewart explained that KCHA wants to expand the number of children growing up in High Opportunity neighborhoods because these areas tend to have better employers, schools, transportation, and more positive opportunities. Children who grow up in High Opportunity areas are more likely to not require rental subsidies when they grow up. She also pointed out that high market rents occur in many parts of the county, not just in the Bellevue area.

Andrew Calkins explained that the tenant's portion of a Section 8 household's rent would stay about the same no matter the local market rent because the household pays a percentage of its income no matter what part of the county it lives in. The Housing Authority pays the rest of the rent to the landlord, up to the limit of the payment standard for that area. KCHA subsidizes more when a HCV participant lives in a high rent area. Many Section 8 households are paying more than 30% of their income on housing because their rent has gone up a lot since the first year they moved in, but the payment standard has not, and many are having a problem finding a new place to lease because rents are higher than KCHA's payment standard. Increasing payment standards will help these families pay a lower percentage of their income for housing, find new places to lease, and have more choice of what areas of the county to move into, because the amount of KCHA's subsidy will increase.

### **Affect of Increasing Payment Standards on the Section 8 Program:**

Jeb Best, Director of Housing Choice Vouchers, explained we currently have over 9,300 families on KCHA's Section 8 program. If the five-tier zip code based plan is put into place and the payment standards are increased that will help all of those families. Families will not be forced to move because landlords raise the rent above what KCHA will currently subsidize according to the current payment standards, and more Section 8 families will be able to move to other areas of the county if they choose to move.

The family's portion of the rent is based on their income, not market rent in the local area, because the Housing Authority covers the balance of the rent. So if our payment standard is high enough to pay rent in an area, the family's portion of the rent stays approximately the same in any neighborhood, even a High Opportunity area. By going to five tiers, we hope more HCV families will be able to move into the higher tier areas, and our payment standards will more closely relate to market rents in various areas.

We have not increased our payment standards since December of 2014, and with the rapidly increasing market rents, it is time for us to increase payment standard. Because market rents are so much higher than our current payment standards, even in the exception area where our payment standard is higher than for the rest of the county, HCV participants are having a difficult time finding a unit they can afford to rent with their subsidy. However, we do not get more funding from HUD to pay for increasing the amount of subsidy we pay. We will pay for increases in the payment standard out of KCHA's Section 8 budget. We forecasted for a payment standard increase in 2016, so our near term plan is to be able to keep the same number of households on the program even if we increase payment standards. Over time if HUD does not increase payments to us and we continue to increase our subsidy because local rents continue to rise, that will affect the number of households we can support on the program.

People with a Housing Choice Voucher can live anywhere in the United States, so if someone moves to a higher tier part of King County that person can use the voucher to move back to a lower tier area if the person prefers to move after their lease ends. With only two payment standards which have not been raised for a year, participants are currently pretty much restricted to not living in the higher

priced areas of the county. By increasing the number of tiers to five and increasing the payment standards, we will give a Section 8 households a lot more choice of where to live. We have contacted five or six other Housing Authorities who have gone to zip code based payment standards. Most of them had only one payment standard before. It seems like going to different payment standards by zip codes is working well for other Housing Authorities. Some have even expanded the number of payment standard zones after trying it out successfully for a year because they wanted to get closer to varying market rents. It's been pretty successful and other Housing Authorities have encouraged us to go to multiple payment standards by zip code.

### **Concern Families Will Pay More To Rent In Higher Tier Areas**

Jeb Best explained that moving to a higher cost area does not mean the family's portion of rent will increase, since the tenant portion of rent is based on the household's income, not on local rents. If the rent is under the payment standard for that area, the family will pay the same amount as the tenant portion of housing expense no matter where in the county they live. KCHA's portion of the rent is more in higher tier areas.

### **Concern Many Section 8 Families Pay More Than 30% Of Income On Housing**

Jeb Best explained when leasing up with a new landlord, KCHA allows participants to pay between 28% to 40% of their income on their portion of the rent and utilities. This gives them more choice to rent units that are little above the 28% limit. We are not recommending changing this.

If a landlord raises the rent and that higher rent is above our payment standard, the tenant is asked to pick up the extra that KCHA is not paying. Because of this, many Section 8 households in all parts of the county are paying more than 30% of their income on housing costs. If we increase payment standards, and increase the number of payment standard tiers to more closely match prevailing rents in various rental markets with our subsidy maximums, the amount subsidized will increase and the amount over 30% the family pays will go down. The sooner we increase payment standards the fewer families will have to move because their rents are over our payment standard and the family cannot afford the extra.

### **Rent Reasonable Determination:**

Jeb Best explained some of the ways KCHA decides what fair market rent for an area is. We compare the rent a prospective Section 8 landlord is asking with rents for three comparable units in the local area around that unit. We use Dupree and Scott for our data, but we can also use comparables from landlords, and we use Apartment Insights. We do various things to make sure we will not pay more than the market rate.

Andrew said in addition to Dupree and Scott he's been looking at the actual rents landlords are charging KCHA Section 8 in the last couple of months. We also check with a few other sources.

### **How Income Changes Affect Tenant Portion Of Rent**

KCHA only does full recertifications every two years for Section 8 participants with employment income. A raise at work will not affect amount of rent paid by the tenant until the next regularly scheduled recertification. We no longer require participants to report increases in income right away.

If household income decreases and the HCV participant reports the decrease to KCHA, we reduce the tenant's portion of the rent and increase KCHA's subsidy by the first of the next month if reported by the 22<sup>nd</sup> of the month, otherwise the following month.

If a participant's income goes up so much that the tenant's portion is 100% of the rent (no subsidy) we allow them to stay on the Section 8 rolls for 6 months. After that the family is exited from the program as a success story.

### **Prisoner Re-entry and Section 8:**

KCHA Section 8 has a pretty liberal policy for criminal backgrounds checks for people coming off the regular Section 8 waitlist. To qualify to get a voucher an applicant needs to have been out of jail with no serious or violent crimes within the last year. This is unlike some other Housing Authorities which deny all applicants with felonies.

### **Length Of Time To Find A Unit Before Voucher Expires**

Participants have trouble leasing up. It can take months to find a unit using a voucher. Jeb Best said most Housing Authorities give 60 days with a 60 day extension possible. KCHA's vouchers start with 120 days, automatically including the first 60 day extension, then a supervisor can approve another 60 day extension, then the director can approve another 60 day extension. So if a family asks for extension before the expiration dates, they could get 8 months now which is a pretty good length of time. We are asked for a lot of extensions.

### **Discrimination By Landlords Against Voucher Holders**

TerryLynn Stewart said that some cities have laws against landlords being able to legally discriminate against applicants on Section 8. KCHA staff have successfully advocated for Kirkland and some other cities in King County to pass laws prohibiting discrimination against voucher holders. More areas need to outlaw this discrimination. Jeb Best said these areas have made it illegal for landlords to turn down people on Section 8 just because they are on the program: Bellevue, Kirkland, Redmond, Seattle, and unincorporated King County. People discriminated against in other parts of the county can call the Office Of Fair Housing.

### **Advocacy Needed in Washington DC**

RAC member TerryLynn Stewart, who is also on the KCHA Board of Commissioners, has been to DC with Stephen Norman and others from KCHA to advocate for Section 8 participants and other housing needs of low income people. She might have the opportunity to return in March. RAC members encouraged her, when she goes again to DC, to make politicians aware of the needs of low income people who are suffering from rising cost of living without increasing income.