

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

OAKLAND HOUSING AUTHORITY (OHA)

October 2008

INTRODUCTION

The Oakland Housing Authority (OHA) became a Moving to Work (MTW) agency in 2004 after signing their agreement with the Department of Housing and Urban Development (HUD). OHA has renamed their demonstration program “Making Transitions Work.”

The Oakland Housing Authority helps over 14,000 families with housing through a variety of programs, the most popular of which are Public Housing and Housing Choice Voucher (HCV) programs. While the city of Oakland has an estimated 415,492 residents as of 2006, the surrounding area is highly urban and boasts a population of over 7 million people. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2005, the industries with the most employees in Oakland include health care and social assistance, manufacturing, and professional, scientific & technical services.

The Oakland Housing Authority is a block grant MTW agency with a very broad MTW agreement. The agency houses over 9% of the City of Oakland and over 20% of Oakland’s low-income residents. The agency operates 3,023 public housing units and administers 10,858 housing choice vouchers. A large portion of OHA’s public housing units are located in 254 scattered site developments. As of June, 2008, there were 6,827 households on the waiting list for the public housing program and 6,942 applicants on the HCV waiting list. Utilizing their MTW flexibilities as a block grant agency, OHA has focused on pursuing the following innovations:

- Utilize a portion of OHA’s HCV funding to address public housing needs;
- Utilize public housing capital funds to support public housing operations;
- Improve conditions at OHA’s housing portfolio; and
- Explore the replacement of OHA’s scattered site public housing units with new housing choice vouchers.

One of the challenges facing OHA is the extremely volatile housing market in Oakland. In recent years, housing prices rose very rapidly, leading to inflationary rental increases. Because of this, OHA has held a portion of their HCV funds in reserve so that they could respond to inflation spikes in private property market rents.

This report reviews OHA’s MTW program’s activities and discusses the agency’s progress towards meeting MTW program objectives. The report is based on interviews with the

“Participation in MTW continues to be extremely beneficial to OHA. The program has helped energize staff, improve the experience for assisted families, and push the Authority towards a forward-thinking, customer-oriented, private-market approach.” –*FY 2006 Annual Report, Oakland Housing Authority*

housing authority and HUD MTW coordinators. The report also draws on annual reports and plans submitted by OHA to HUD, as well as reports prepared by the Optimal Solutions Group, LLC and Abt. Associates Inc.

This document is organized based on the broad goals of the Moving to Work Demonstration Program: (1) providing work incentives to encourage resident self-sufficiency (2) implementing administrative simplicity and program cost reduction (3) increasing housing choice and homeownership. Many of the OHA programs fall under multiple goals, but will be highlighted in the most relevant section.

SELF-SUFFICIENCY

OHA has aggressively utilized available funding, programs and partnerships to assist residents and HCV participants receive the supportive services they need. OHA has not yet utilized MTW flexibilities to promote economic resident self-sufficiency, but may explore such strategies in the future. OHA noted that it is especially difficult for residents to move into the Bay Area's private housing market, because local private sector rents have been both expensive and volatile.

ADMINISTRATIVE EFFICIENCY

Block Grant Funding Flexibility

The Oakland Housing Authority has indicated that one of the most important MTW authorizations is the ability to consolidate funds and address urgent priorities through MTW block grant flexibility. Non-MTW agencies do not have this authority. This ability has allowed OHA to redirect funding to enable the agency to respond to federal funding cuts. As a result, OHA has been able to sustain its public housing and HCV operations at reasonable levels. Under MTW, OHA has consolidated public housing Operating Funds, Capital Funds, and Section 8 (HCV) Program funds into one unified budget. OHA has then targeted these funds to address the agency's most pressing needs.

Promising Practice: OHA has redirected a portion of its funding to address agency priorities in a manner not possible for non-MTW agencies. For example, in FY 2007 OHA was allocated \$132,297,664 for their HCV program. They utilized \$118,662,673 of

“Since the Section 8 program is so large, any small margins are significant when applied to the public housing program.” –*John Gresley, Executive Director, Oakland Housing Authority*

this amount for HCV housing assistance payments and placed the balance of the HCV funding in the agency's Local Fund reserves. In FY 2008, OHA was able to increase the amount of funding targeting building envelope problems at its scattered site units to help these buildings blend

better into their surrounding neighborhoods. In FY 2009, OHA will further deploy funding to increase its inventory of accessible units for persons with disabilities. As a result of other HCV program strategies, OHA has been able to accomplish these funding

re-allocations while actually increasing the number of vouchers utilized. OHA is also utilizing this funding to supplement their numerous redevelopment activities and to establish HUD's required property-based asset management program reserves.

Establishment of OHA's HCV Project Reserve

HUD maintains a HCV project reserve for each agency administering a HCV program. OHA, as a MTW block grant agency, was able to receive their HCV project reserves equal to one month's program cost, upon entering the MTW demonstration. Non-MTW agency reserves must be held by HUD.

Promising Practice: In 2005 OHA exercised its one-time option under their MTW agreement to draw down \$11,401,314 in project reserves. OHA has added this funding to their agency reserve total. By withdrawing these reserves from HUD, OHA is now fully responsible for addressing unanticipated HCV expenses. In addition to serving as a backup to the HCV program, because this reserve is now within OHA's control, the agency can use these funds to leverage additional resources, and/or address other non-HCV priorities at its own discretion. To date, OHA continues to retain all of these funds as a reserve for the HCV program.

Portfolio Transformation

The Oakland Housing Authority is exploring the replacement of scattered site public housing units with HCVs. OHA's scattered sites have been difficult to maintain and manage, and costly to operate. OHA has estimated that 20-25% of their staff's time is spent simply moving from location to location. With federal funding reductions for the public housing program and an extremely high capital needs backlog for these scattered site units, sustaining a large scattered site portfolio with declining resources has become extremely difficult.

Promising Practice: By shifting from a public housing scattered site unit inventory to a HCV inventory, OHA would be in a better position to efficiently and financially provide housing assistance within the current federal funding climate. OHA would utilize its MTW block grant and MTW HCV flexibilities to facilitate this portfolio transformation.

Income Recertification

OHA has begun the process of simplifying and streamlining its income determination process. Non-MTW agencies must follow HUD rules on the frequency of reexamining a resident's income. This information is then used to establish the household's rent.

Promising Practice: In order to increase efficiency in dealing with tenants, OHA has adopted a policy changing the process by which elderly and disabled individuals certify their information. Elderly and disabled fixed income residents will now have their incomes reexamined every three years. Since these populations are often on fixed assistance and generally do not have changing incomes, this policy eases the burden on both residents and agency staff. Non-MTW agencies must conduct reexaminations each year. This policy has been implemented for the public housing program and will soon be implemented for the HCV program.

HOUSING CHOICE

The vast majority of Oakland's existing public housing units are small apartment complexes, ranging on average from 2 to 12 units. These buildings were predominately built in the 1970's and scattered throughout the city. There are 254 scattered site locations totaling over 1,600 units. These small developments were designed and located so that OHA's public housing families would be integrated into Oakland neighborhoods.

Portfolio Transformation

While OHA's scattered sites have served to help locate lower income households into mixed-income neighborhoods, as noted above they have been difficult and costly to manage. Because the sites are small, it is impossible for OHA to have staff or an office readily available at most of these locations. Without a staff presence, residents are unable to walk into an office to report their maintenance or other concerns, and OHA staff is unable to regularly monitor conditions. In addition, most of these aging developments have extensive capital needs that greatly exceed OHA's available capital funding. This lack of access and resources have resulted in delays in identifying and responding to serious problems at these sites which in turn has often resulted in neighborhood dissatisfaction.

Promising Practice: To respond to this situation, OHA is exploring the replacement of non-viable scattered site units with tenant-based vouchers. Such a conversion is possible without MTW flexibility, but OHA would utilize its MTW block grant and MTW HCV flexibilities to facilitate this portfolio transformation. Converting public housing units to tenant-based vouchers would offer residents a greater choice in selecting the housing type and location that best fits their needs.