

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

PORTAGE METROPOLITAN HOUSING AUTHORITY (PMHA)

June 2008

INTRODUCTION

The Portage Metropolitan Housing Authority (PMHA) signed their Moving to Work (MTW) agreement with the U. S. Department of Housing and Urban Development (HUD) in March 1999. PMHA named its MTW program "Housing Opportunities Promoting Economic Self-Sufficiency," or HOPES. PMHA's mission is to dedicate itself "to meeting the housing needs of low-income families and individuals of Portage County by developing, managing and supporting decent affordable housing in partnership with community agencies." The PMHA MTW program has articulated the following seven goals:

- increasing the share of residents who are working;
- increasing the share of residents making progress towards self-sufficiency;
- increasing homeownership among residents;
- achieving a greater income mix in project-based programs;
- increasing the number of assisted housing units;
- reducing and/or reallocating administrative, operational, and/or maintenance costs; and
- increasing rent revenues from tenants.

The PMHA was created in 1968 to serve residents in the Ravenna area, but today serves the entirety of Portage County. The 2000 Census records the Portage County population as 152,061 people, 56,449 households, and 39,175 families. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2005, the industries with the most employees in Portage County include health care, social assistance, and manufacturing.

The PMHA does not function as a block grant site. This means that PMHA does not have the ability to pool its separate funding streams and take advantage of the funding fungibility used by some other MTW agencies. PMHA currently operates approximately 302 public housing units and 1,770 Housing Choice Vouchers (HCV). All residents in the public housing program and approximately two-thirds of residents in the voucher program participate in HOPES. The goals of this program are to provide a progressive and temporary housing program. PMHA has used MTW flexibilities in an attempt to address local needs, which include:

- removing disincentives to employment for assisted families;
- providing supportive services and job opportunities;
- using access to more desirable housing to encourage and support economic progress; and
- improving the utilization of other local housing resources.

One key obstacle particular in Portage has been transportation. The housing authority attempted to deal with this barrier by adjusting rent payment standards in various parts of the county. Most of the employment growth is situated in the Northwestern portion of the county, yet the traditional population centers are located in the central and Southern part of the county. There is not an adequate mass transit to provide a viable way for employees to commute to work. To address this problem, the agency has tried to tailor their HCV policies to facilitate participants moving to the areas where employment opportunities are located.

This report reviews PMHA's MTW program best practices, lessons learned, and progress since becoming an MTW agency. The document is based upon interviews with PMHA staff, as well as the HUD MTW coordinator for PMHA. Additionally, this document draws on reports and data prepared by PMHA, HUD, 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 PMHA programs fall under multiple goals, but will be highlighted in the most relevant section.

SELF-SUFFICIENCY

The Portage Metropolitan Housing Authority (PMHA) designed their MTW program to provide a wide spectrum of housing and services to families in Portage County. The program was developed to focus on temporary as opposed to long-term housing assistance. This focus was to ensure employable families participating in both the public housing and the HCV programs would progress toward self-sufficiency as opposed to relying on housing assistance as a permanent situation. Under MTW, PMHA matches resources to the needs of participants of the program by including supportive services and establishing partnerships with other agencies. All PMHA families are eligible to participate in MTW; however, elderly and disabled families are not required to participate. PMHA has focused on assisting homeless families, promoting a time-limited assistance approach, and modifying their rent structure to enable resident progress towards increased self-sufficiency. Each focus area was possible due to their status as an MTW agency.

The PATH Program: Progressive Housing with Time Limits

PMHA has used MTW to help create a program called the PATH program, which targets the area's homeless population. The PATH program provides temporary housing for families who make a written commitment to move into a PMHA owned transitional housing facility within sixty days. This facility includes an on-site self-sufficiency program. PMHA collaborates with a local nonprofit to operate this transitional housing facility and supportive services are paid for by HUD's Continuum of Care program. Supportive services have included Alcoholics Anonymous meetings, children's activities, leadership development, employment assistance, and transportation assistance. PMHA staff believes this program serves a vital community need because it allows families who would not have otherwise qualified for housing an opportunity to receive housing assistance and demonstrate they can be successful residents.

Successful families are then admitted to a multi-family public housing development, with few amenities. After two years of continuing status as a "tenant in good standing," which also includes compliance with the self-sufficiency program, families can move into public housing units with greater amenities. In time, families can move into PMHA's less dense public housing units or into HCV programs. These options include scattered-site single-family homes, a lease-purchase program, and a Section 8 Homeownership Program. If the family moved into a scattered site unit, however, they became subject to a five year housing assistance time limit. PMHA created time limits only for their scattered-site single -family units (which they later

terminated due to unanticipated perverse incentives). Following the end of the time limit, families could reapply for housing. Adopting such a time limit is only possible utilizing MTW authority.

An incentive system also was intended for the HCV program, but similar incentives have not yet been identified.

Lessons Learned: PMHA assumed that allowing families to move into housing with greater amenities would serve as an incentive for residents to progress with their self-sufficiency efforts. Although many families have progressed, they have been reluctant to move to “better” units for a number of reasons. First, PMHA required families pay their own moving expenses, which deters many of them from pursuing this option. Second, once families move into the “better” PMHA provided housings, there are time limits. Third, many of PMHA’s scattered-site single-family units are located in remote and less convenient areas of the county. As a result of the unanticipated impacts of the scattered-site single-family unit time limits, this policy has now been terminated.

Rent Structure

In addition to instituting time limits, PMHA also chose to use MTW authority to alter their rent structure to alleviate the rent burden for families moving to employment, thus assist them to move more quickly towards self-sufficiency. PMHA also modified the rent policy for fixed-income households to reduce administrative burdens and for HCV participants to enhance that program’s effectiveness. The PMHA MTW rent policy includes the following features:

- PMHA established a phased-in rent structure that allows families to retain increases in earned income. For the first two months following increases in employment earnings, no adjustment to the households’ rent structures are made.
- PMHA recertifies households on fixed incomes every two years without an adjustment in the off-year.
- PMHA establishes a minimum income level for public housing families with zero income for longer than a three-month period. Exceptions are made for families terminated from welfare assistance due to the time limit requirement. These families may report zero income indefinitely without a minimum income assignment, but will be charged the \$25 minimum rent.
- Scattered-site single-family units have ceiling rents established at the Fair Market Rent and are adjusted by the appropriate utility allowance.
- Interest income from bank assets and payments for overtime or bonuses are excluded from the income calculation.
- PMHA established modified deductions and exclusions. The maximum deduction for families with children is \$960, which represents two children. A \$500 employment deduction is given to families whose head, spouse or co-head is employed over 31 hours per week on a permanent basis. In addition, a \$500 deduction is given to residents who are full-time students maintaining at least a 2.0 grade point average. Interest from bank assets, such as checking accounts, savings accounts, and CD investments is excluded. Overtime and bonuses also are excluded from income calculations.

- PMHA pays up to one month Housing Assistance Payment for damages and unpaid rent to landlords who obtain a court judgment against a HCV tenant, when the judgment exceeds the tenant's security deposit. PMHA believes this provision has helped to attract and retain owners.
- PMHA has established a hardship policy for public housing households that includes a requirement that families with zero income must perform additional hours of community service. A similar policy for HCV households has not been adopted, as it would be too complex to administer.

Lessons Learned: Members of the PMHA staff are not convinced the altered rent structure helped a great number of people achieve self-sufficiency who would not have otherwise succeeded. The two month earned income disallowance, in particular, does not appear to have provided a significant motivation for self-sufficiency. Additionally, this disallowance has been difficult to administer, so the policy does not yet have the full support of the PMHA staff.

The administrative application of the deductions also is burdensome on the PMHA staff. It has been difficult to measure the full impacts of this policy because the agency does not count asset income and thus does not gather asset data. The agency will consider modifying its rent policy in the future to address these problems.

Since 2002 the number of successful graduates has reached a plateau. It is not clear if this is as a result of the slowdown in the local Ohio economy or if it is due to PMHA's program effectiveness. It is reported that some participants have terminated employment to avoid paying a higher rent. The lack of recent graduates also may be related to PMHA staff efforts. PMHA observed that the level of staff motivation can make a considerable difference in clientele outcomes.

"The old system was institutionalized for both staffers as well as clients." – Fred Zawilinski, Executive Director, Portage Metropolitan Housing Authority

Safety Net

PMHA does offer a hardship policy that promotes self-sufficiency and community service. The housing authority offers a \$5 per hour credit for each hour of community service completed and each hour of participation in a self-sufficiency program.

EXPANDING HOUSING CHOICE THROUGH HOMEOWNERSHIP

Homeownership

PMHA actively promotes homeownership through their HCV program. Instead of assisting some families with their monthly rental payments, households which qualify for homeownership assistance receive monthly assistance in making mortgage payments when their home is purchased through the PMHA Homeownership Program. Utilizing the MTW authority, this program was developed independently from (and predates) HUD's Section 8 homeownership program. Over the past several years, there have been 35 homeownership closings. To date, only one of these purchases has resulted in a foreclosure.