

PHA Name : Asheville

PHA Code : NC007

MTW Supplement for PHA Fiscal Year Beginning : (MM/DD/YYYY): 1/1/2022

PHA Program Type: Combined

MTW Cohort Number: Stepped and Tiered Rent

MTW Supplement Submission Type: Annual Submission

B. MTW Supplement Narrative.

Moving to Work (MTW) Supplement to the 2022 Annual Plan

Introduction

Asheville Housing Authority proposes six primary MTW Activities as part of this 2022 MTW supplement.

- No. 2022-1: Stepped Rent Study, the primary Cohort 2 activity focused on the statutory objective of self-sufficiency. Waivers requested: 1d, 1h, and 3b (with safe harbor waiver).
- No. 2022-2: Family Self-Sufficiency Program with MTW Flexibility, also focused on self-sufficiency. Waivers requested: 10d and 10e.
- No. 2022-3: Self Certification of Assets, focused on the statutory objective of cost effectiveness. Waiver requested: 3d.
- No. 2022-4: Landlord Incentives, focused on the statutory objective of housing choice. Waivers requested: 4a, 4b, and 4c.
- No. 2022-5: HQS Inspections, focused on cost effectiveness. Waiver requested: 5c.
- No. 2022-6: Verification Hierarchy, focused on cost effectiveness. Agency-Specific Waiver requested.

Asheville Housing's primary focus this year is the new Stepped Rent model for eligible working-age families to encourage them to seek employment without experiencing a drastic increase in rent at their next annual reexamination. Under this stepped rent policy, eligible families initial rent will be set based on their income in the 12 months prior to program enrollment, or a \$50 minimum rent, whichever is higher. It will then step up annually by a modest predictable amount.

The traditional income-based rent creates a significant barrier for families who want to join the work force. In listening sessions over the years and in planning for this policy change, we have identified consistent messages from our residents. The most essential is that 30% of adjusted gross income results in a rent that is approximately 45% of the family's take home pay. That means, essentially, that one out of two paychecks they receive every month goes to rent. That harsh reality is compounded by the fact that a job often means loss of SNAP benefits needed to feed the family, along with increased transportation, child care, and other expenses.

The current rent structure results in a "rent cliff" that families have to climb to accomplish a basic first step toward self-sufficiency – taking a job. Participants have described the rent cliff as "unfair" and "unsustainable" and pointed out that working families often "have to choose between paying rent and putting food on the table."

Our resident input sessions have confirmed the current income-based rent structure results in many residents feeling forced to make choices that are contrary to long-term self-sufficiency. First, many residents who could work simply do not, getting by with support from family or public assistance to pay the minimum rent. Second, some employed family members choose to live elsewhere to avoid their income being counted toward rent, depriving the children of the benefits of two parents living in the home. Third, some residents work under-the-table in jobs that are difficult or impossible to detect in income verification systems, which puts them at risk of a program-fraud termination and prevents them from receiving credit for Social Security benefits. And finally, some of those families working under-the-table choose to earn a living from criminal activity, putting themselves and their children at even greater risk and undermining the safety of the entire community.

Asheville Housing's stepped rent plan is focused on replacing this destructive system of negative incentives with one that decouples rent from income and encourages work, through reasonable annual step increases. Residents who take this sustainable moving-to-work opportunity will experience a number of positive benefits. They will be able to take jobs in the regular economy without having to pay 45% of their take-home pay for rent. Those jobs will, over time, qualify them for Social Security benefits, earning the family credit toward a more sustainable retirement. Depending on the level of pay, those additional earnings may also qualify a family for the IRS Earned Income Tax Credit. Regular economy jobs are more likely to offer health insurance coverage for the employee and family. Family members with earned income, who currently live elsewhere so their income does not count toward the rent, could move in without economic penalty, providing a more stable environment for the family. The psychological benefits of earning a living to support the family, save for the future, and have a real opportunity for economic self-reliance, including possible homeownership, will release families over time from feeling bound to a government housing program. When families successfully graduate from the program, that will free up opportunities for others who need assistance to begin the process of stabilizing their lives, going to work, and moving their families toward self-reliance.

The stepped rent policy will also foster more productive relationships between Asheville Housing staff and participating families. Employees who currently spend each day processing annual or interim income reevaluations, then verifying that income and calculating rent changes, will see significant changes in their workload when they are able to simply gather income information from residents every three years for data evaluation purposes. That will free up time to focus on building relationships, encourage residents to access supportive services, and reduce the perception and reality that staff are policing their incomes.

Similarly, in Asheville Housing's residential communities, we expect that families who go to work under a stepped rent policy

will have a much easier time paying their rent each month, which will reduce staff time currently focused on rent collection and eviction processing. That will allow staff to focus more on supporting residents as they move toward the future. Reduced evictions will also benefit families seeking housing choice through tenant-mobility by avoiding an eviction record that disqualifies them in many credit screening processes.

The Stepped Rent Policy will be supported by important modifications to the Family Self Sufficiency Program. We will develop a modified Contract of Participation to make the program benefits more secure for all participants, and make escrow account deposits based on awards for specific accomplishments, rather than a calculation of income and rent. (See policy details in MTW Activity 2022-2.) This change will make the escrow account process more equitable, reducing the variability of escrow awards based on factors beyond the family's control. The new model places families on a level playing field for escrow earnings, emphasizes the importance of specific FSS goals, and makes the calculation of escrow deposits simpler, more transparent, and more reliable.

We believe these more supportive rent and incentive structures will ultimately begin to heal relationships both inside and outside our affordable housing communities, by reducing the stigma experienced by families living in Asheville Housing communities and changing the broader community narrative about the work our families are doing to move toward self-reliance.

C. The policies that the MTW agency is using or has used (currently implement, plan to implement in the submission year, plan to discontinue, previously discontinued).

1. Tenant Rent Policies	
a. Tiered Rent (PH)	Not Currently Implemented
b. Tiered Rent (HCV)	Not Currently Implemented
c. Stepped Rent (PH)	Not Currently Implemented
d. Stepped Rent (HCV)	Plan to Implement in the Submission Year
e. Minimum Rent (PH)	Not Currently Implemented
f. Minimum Rent (HCV)	Not Currently Implemented
g. Total Tenant Payment as a Percentage of Gross Income (PH)	Not Currently Implemented
h. Total Tenant Payment as a Percentage of Gross Income (HCV)	Plan to Implement in the Submission Year
i. Alternative Utility Allowance (PH)	Not Currently Implemented
j. Alternative Utility Allowance (HCV)	Not Currently Implemented
k. Fixed Rents (PH)	Not Currently Implemented
l. Fixed Subsidy (HCV)	Not Currently Implemented
m. Utility Reimbursements (PH)	Not Currently Implemented
n. Utility Reimbursements (HCV)	Not Currently Implemented
o. Initial Rent Burden (HCV)	Not Currently Implemented
p. Imputed Income (PH)	Not Currently Implemented
q. Imputed Income (HCV)	Not Currently Implemented
r. Elimination of Deduction(s) (PH)	Not Currently Implemented
s. Elimination of Deduction(s) (HCV)	Not Currently Implemented
t. Standard Deductions (PH)	Not Currently Implemented
u. Standard Deductions (HCV)	Not Currently Implemented
v. Alternative Income Inclusions/Exclusions (PH)	Not Currently Implemented
w. Alternative Income Inclusions/Exclusions (HCV)	Not Currently Implemented
2. Payment Standards and Rent Reasonableness	
a. Payment Standards- Small Area Fair Market Rents (HCV)	Not Currently Implemented
b. Payment Standards- Fair Market Rents (HCV)	Not Currently Implemented
c. Rent Reasonableness – Process (HCV)	Not Currently Implemented
d. Rent Reasonableness – Third-Party Requirement (HCV)	Not Currently Implemented
3. Reexaminations	
a. Alternative Reexamination Schedule for Households (PH)	Not Currently Implemented
b. Alternative Reexamination Schedule for Households (HCV)	Plan to Implement in the Submission Year
c. Self-Certification of Assets (PH)	Not Currently Implemented
d. Self-Certification of Assets (HCV)	Plan to Implement in the Submission Year
4. Landlord Leasing Incentives	
a. Vacancy Loss (HCV-Tenant-based Assistance)	Plan to Implement in the Submission Year
b. Damage Claims (HCV-Tenant-based Assistance)	Plan to Implement in the Submission Year
c. Other Landlord Incentives (HCV- Tenant-based Assistance)	Plan to Implement in the Submission Year
5. Housing Quality Standards (HQS)	
a. Pre-Qualifying Unit Inspections (HCV)	Not Currently Implemented
b. Reasonable Penalty Payments for Landlords (HCV)	Not Currently Implemented
c. Third-Party Requirement (HCV)	Plan to Implement in the Submission Year
d. Alternative Inspection Schedule (HCV)	Not Currently Implemented
6. Short-Term Assistance	
a. Short-Term Assistance (PH)	Not Currently Implemented
b. Short-Term Assistance (HCV)	Not Currently Implemented
7. Term-Limited Assistance	
a. Term-Limited Assistance (PH)	Not Currently Implemented
b. Term-Limited Assistance (HCV)	Not Currently Implemented
8. Increase Elderly Age (PH & HCV)	

Increase Elderly Age (PH & HCV)	Not Currently Implemented
9. Project-Based Voucher Program Flexibilities	
a. Increase PBV Program Cap (HCV)	Not Currently Implemented
b. Increase PBV Project Cap (HCV)	Not Currently Implemented
c. Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)	Not Currently Implemented
d. Alternative PBV Selection Process (HCV)	Not Currently Implemented
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	Not Currently Implemented
f. Increase PBV HAP Contract Length (HCV)	Not Currently Implemented
g. Increase PBV Rent to Owner (HCV)	Not Currently Implemented
h. Limit Portability for PBV Units (HCV)	Not Currently Implemented
10. Family Self-Sufficiency Program with MTW Flexibility	
a.PH Waive Operating a Required FSS Program (PH)	Not Currently Implemented
a.HCV Waive Operating a Required FSS Program (HCV)	Not Currently Implemented
b.PH Alternative Structure for Establishing Program Coordinating Committee (PH)	Not Currently Implemented
b. HCV Alternative Structure for Establishing Program Coordinating Committee (HCV)	Not Currently Implemented
c.PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
c.HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
d.PH Modify or Eliminate the Contract of Participation (PH)	Not Currently Implemented
d.HCV Modify or Eliminate the Contract of Participation (HCV)	Plan to Implement in the Submission Year
e.PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
e.HCV Policies for Addressing Increases in Family Income (HCV)	Plan to Implement in the Submission Year
11. MTW Self-Sufficiency Program	
a.PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
a.HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
b.PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
b.HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
12. Work Requirement	
a. Work Requirement (PH)	Not Currently Implemented
b. Work Requirement (HCV)	Not Currently Implemented
13. Use of Public Housing as an Incentive for Economic Progress (PH)	
Use of Public Housing as an Incentive for Economic Progress (PH)	Not Currently Implemented
14. Moving on Policy	
a. Waive Initial HQS Inspection Requirement (HCV)	Not Currently Implemented
b.PH Allow Income Calculations from Partner Agencies (PH)	Not Currently Implemented
b.HCV Allow Income Calculations from Partner Agencies (HCV)	Not Currently Implemented
c.PH Aligning Tenant Rents and Utility Payments Between Partner Agencies (PH)	Not Currently Implemented
c.HCV Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)	Not Currently Implemented
15. Acquisition without Prior HUD Approval (PH)	
Acquisition without Prior HUD Approval (PH)	Not Currently Implemented
16. Deconcentration of Poverty in Public Housing Policy (PH)	
Deconcentration of Poverty in Public Housing Policy (PH)	Not Currently Implemented
17. Local, Non-Traditional Activities	
a. Rental Subsidy Programs	Not Currently Implemented
b. Service Provision	Not Currently Implemented

C. MTW Activities Plan that Asheville Plans to Implement in the Submission Year or Is Currently Implementing**1.d. - Stepped Rent (HCV)**

Asheville Housing MTW Activity No. 2022-1 – Stepped Rent Study

Asheville Housing is implementing a new rent policy known as “stepped rent.” Under stepped rent, your rent is not tied to your income. Rent will start at \$50/month or your income-based rent at the time of implementation, whichever is greater. Then it will increase by a set monthly amount each year, based on your bedroom size.

Stepped rent will allow you to work – or add a working family member to your lease – without that income increasing your rent. Instead, your rent will step up each year, allowing you to plan for the future. When you go to work, stepped rent will let you keep more of your earnings for other expenses and savings.

Stepped rent will not apply if you are elderly, disabled, participating at the time of implementation in the Family Self-Sufficiency Program, or if you have a special purpose voucher such as a HUD-VASH, Mainstream, Non-Elderly Disabled, or Emergency Housing Voucher. For these groups we will continue to calculate your rent based on income.

HUD and Asheville Housing must study the impacts of this policy for six years. For study purposes, during the first year of implementation, eligible families will be selected randomly, and approximately half will be assigned to the stepped rent and half to the traditional income-based rent. After the first year of implementation, we will continue assigning approximately one half of eligible new families to the stepped rent for internal evaluation purposes.

See Attachment 3, Page 1, Table 1 for the stepped rent schedule. The step increase amounts each year will be \$25/month for an efficiency, \$30/month for a one-bedroom, \$35/month for a two-bedroom, \$40/month for a three-bedroom, and \$50/month for a four-bedroom or larger dwelling unit.

Measurement of Income. When income is measured under this stepped rent policy it will be based on the traditional calculation of adjusted income, except that we will measure the family’s actual annual income during the 12 months immediately prior to the reexamination notice letter we send to the family.

Initial Rent Determinations. Current program participants selected for the stepped rent will be enrolled in the program at a rent (total tenant payment) equal to 28% of their annual adjusted income, or a \$50 minimum rent, whichever is higher. These amounts will be set at the family’s next recertification date after study implementation, currently projected to begin August 1, 2022. Depending on the circumstances, a hardship adjustment may be available (see Stepped Rent Hardship Policy). The initial total tenant payment for new applicants from the waiting list will be based on 28% of the current adjusted income projected forward, rather than prior year income.

Utility Allowance. The stepped rent will include a utility allowance and we will continue to provide utility reimbursements. If the family is required to pay utilities in their lease, their total tenant payment includes a utility allowance. That combined rent and utility allowance is known as the gross rent. For example, if the family’s total tenant payment is \$300 and they are required to pay for utilities, they will pay the landlord an amount equal to \$300 minus the utility allowance.

Annual Stepped Rent Increase. At the beginning of the second year and each year after that, the monthly total tenant payment will automatically increase by the amount in Table 1, without the need for an annual income reexamination. This gradual step increase will be applied each year as long as the family is a program participant, allowing families to plan for increases over time.

Triennial Income Reexaminations. Every three years, we will document the stepped-rent family’s income and any changes in family composition, but those later triennial income reexaminations will not affect the total tenant payment. Income calculated at the triennial reexamination will be based on actual adjusted income during the 12 months prior to the reexamination notice. Stepped rent families are encouraged but not required to report employment successes and income changes between these triennial reexaminations for informational purposes only.

Payment Standard. The payment standard is the maximum allowed for each bedroom size and is established annually. If the family decides to use a tenant-based voucher for a unit where the gross rent is higher than the payment standard, the family is responsible for paying any amount above the payment standard.

Moves. When a stepped-rent family moves, adjustments may be made based on the bedroom size and utility allowance changes, but we will not adjust the total tenant payment based on income. The family's total tenant payment will continue as it was prior to the move, with annual increases from Table 1.
This MTW activity serves the following statutory objectives: Self-sufficiency
This MTW activity serves the following statutory objectives: Neutral (no cost implications)
An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies only to a subset or subsets of assisted households
This MTW activity applies to: New admissions and currently assisted households
An MTW activity may apply to all family types or to selected family types (i.e., non-elderly/non-disabled, elderly, disabled, other). The MTW activity applies only to selected family types
This MTW activity applies to the following housing choice voucher unit types: Activity applies to non-exempt households selected via randomized assignment to the Stepped Rent Study Group.
N/A
This MTW activity requires a Hardship Policy. The Hardship Policy is attached.
Attached Hardship policy applies to: 1.d. - Stepped Rent (HCV) 1.h. - Total Tenant Payment as a Percentage of Gross Income (HCV) 3.b. - Alternative Reexamination Schedule for Households (HCV)}
No hardship were requested in the most recent fiscal year.
In the prior year, under this activity, Asheville MTW agency Received 0 hardship requests Approved hardship requests Denied hardship requests There is\are hardship requests pending.
This MTW activity requires an Impact Analysis. The Impact Analysis is attached.
The Impact Analysis that applies to this MTW activity also applies to the following MTW activities: 1.d. - Stepped Rent (HCV) 1.h. - Total Tenant Payment as a Percentage of Gross Income (HCV) 3.b. - Alternative Reexamination Schedule for Households (HCV)
Rent will start at \$50/month or income-based rent at the time of implementation, whichever is greater. Then it will increase by a set monthly amount each year, based on bedroom size.
Current program participants selected for the stepped rent will be enrolled in the program at a rent (total tenant payment) equal to 28% of their annual adjusted income, or a \$50 minimum rent, whichever is higher. These amounts will be set at the family's next recertification date after study implementation, currently projected to begin August 1, 2022. Depending on the circumstances, a hardship adjustment may be available. The initial total tenant payment for new applicants from the waiting list who are assigned to the Stepped Rent Study Group will be based on 28% of the current adjusted income projected forward, rather than prior year income.
At the beginning of the second year and each year after that, the monthly total tenant payment will automatically increase by the predetermined amount based on bedroom size, without the need for an annual income reexamination. This gradual step increase will be applied each year as long as the family is a program participant, allowing families to plan for increases over time. Table 1, found in Attachment 3, breaks down the increases as currently scheduled per bedroom size.
Annual stepped rent increases will end when the total tenant payment reaches the gross rent for the leased unit, covering both the contract rent and utility allowance, or when the total tenant payment reaches the payment standard, whichever limit is lower. Please see the attached stepped rent schedule.
If a household progresses all the way through the stepped rent schedule Other\Not Applicable. They will no longer receive a subsidy, but may continue to reside in the dwelling unit paying the full contract rent.

1.h. - Total Tenant Payment as a Percentage of Gross Income (HCV)
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Asheville Housing MTW Activity No. 2022-1 – Stepped Rent Study

Initial rents for families assigned to the Stepped Rent Study Group will not exceed 28% of a family's adjusted income or \$50 minimum rent, whichever is greater. This will be calculated based on 12-month retrospective actual income received for families entering Stepped Rent on recertification, and current income for new admissions to the program.

This MTW activity serves the following statutory objectives:
Self-sufficiency

This MTW activity serves the following statutory objectives:
Neutral (no cost implications)

An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies only to a subset or subsets of assisted households

This MTW activity applies to:
New admissions and currently assisted households

An MTW activity may apply to all family types or to selected family types (i.e., non-elderly/non-disabled, elderly, disabled, other).
The MTW activity applies only to selected family types

This MTW activity applies to the following housing choice voucher unit types: Activity applies to non-exempt households selected via randomized assignment to the Stepped Rent Study Group.

N/A

This MTW activity requires a Hardship Policy. The Hardship Policy is attached.

No hardship were requested in the most recent fiscal year.

In the prior year, under this activity, Asheville MTW agency
Received 0 hardship requests
Approved hardship requests
Denied hardship requests
There is/are hardship requests pending.

This MTW activity requires an Impact Analysis. The Impact Analysis is attached.

Percentage of income will equal 28.00% of the Total Tenant Payment (TTP)

Income basis for calculating Total Tenant Payment is :
This activity uses adjusted annual income as defined in 24 CFR 5.611 (as required for non-MTW PHAs)

3.b. - Alternative Reexamination Schedule for Households (HCV)

Asheville Housing MTW Activity No. 2022-1 – Stepped Rent Study

Every three years, we will the document the stepped-rent family's income and any changes in family composition, but income changes in these later triennial income reexaminations will not affect the total tenant payment. Income calculated at the triennial reexamination will be based on actual adjusted income during the 12 months prior to the reexamination notice. Stepped rent families are encouraged but not required to report employment successes and income changes between these triennial reexaminations for informational purposes only.

In moving to triennial recertifications, Asheville Housing seeks to ease some of the administrative burden on staff and families alike. Staff will be freed of a significant amount of time and effort contacting and following up with families and employers, processing paperwork, and assessing rent. Families will similarly be freed from the often stressful and difficult process of gathering months of financial information and can instead focus on attaining gainful employment with an already understood, manageable rent increase to come.

This MTW activity serves the following statutory objectives:
Cost effectiveness
Self-sufficiency

This MTW activity serves the following statutory objectives:
Neutral (no cost implications)

An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies only to a subset or subsets of assisted households

This MTW activity applies to:
New admissions and currently assisted households

An MTW activity may apply to all family types or to selected family types (i.e., non-elderly/non-disabled, elderly, disabled,

other). The MTW activity applies only to selected family types
This MTW activity applies to the following housing choice voucher unit types: Activity applies to non-exempt households selected via randomized assignment to the Stepped Rent Study Group.
N/A
This MTW activity requires a Safe Harbor Waiver. The waiver request is being submitted for review with this submission of the MTW Supplement (see Section D).
This MTW activity requires a Hardship Policy. The Hardship Policy is attached.
No hardship were requested in the most recent fiscal year.
In the prior year, under this activity, Asheville MTW agency Received 0 hardship requests Approved hardship requests Denied hardship requests There is\are hardship requests pending.
This MTW activity requires an Impact Analysis. The Impact Analysis is attached.
Recertification Schedule is Once every three years
Household may request 0 interim recertifications per year.
Families participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The rent burden may be caused by a reduction in income, an increase in eligible deductions or allowances, the annual stepped rent increase, or a combination of factors. See Attachment 1 for additional circumstances and hardship remedies.

3.d. - Self-Certification of Assets (HCV)
Asheville Housing MTW Activity No. 2022-3 – Self Certification of Assets The Asheville Housing Authority will allow participants with asset income to self-certify the value of family assets up to \$50,000. In doing so, the agency expects to alleviate some of the administrative burden falling both to voucher participants and to agency staff who spend time reviewing and calculating the effects of asset income on the individual family. All other provisions concerning asset income will remain in place, including what types of assets qualify for inclusion in family income, the means of assessing and applying actual or imputed income from the asset, and all additional regulations currently in place pertaining to asset income. For assets totaling \$50,000 or less, the participant may submit a written declaration of the type of asset, its current cash value, and either interest rates for payable dividends or expected payments and their frequency to be received from the asset (if applicable). For assets valued \$50,001 or more, an appropriate form of third-party documentation will be required to satisfy verification requirements for the family.
This MTW activity serves the following statutory objectives: Cost effectiveness
This MTW activity serves the following statutory objectives: Neutral (no cost implications)
An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies to all assisted households
N/A
No hardship were requested in the most recent fiscal year.
In the prior year, under this activity, Asheville MTW agency Received 0 hardship requests Approved hardship requests Denied hardship requests There is\are hardship requests pending.
The dollar threshold for the self-certification of assets is \$50,000.

4.a. - Vacancy Loss (HCV-Tenant-based Assistance)

Asheville Housing MTW Activity No. 2022-4 – Landlord Incentives

To incentivize new and continued participation from landlords in an increasingly difficult market, Asheville Housing is authorizing a series of additional payments to individual landlords outlined below. These payments will be paid from Asheville Housing’s HAP funding, but are not to be considered payment for rent or substitution for any tenant-incurred fees or charges allowable under the lease. The Administrative Plan will be updated to reflect these landlord incentive policies.

Vacancy Loss – Following the end of a family’s lease and HAP Contract, a landlord may offer the unit for lease to another qualified voucher holder and request a vacancy payment for the time between the end of the former lease and the beginning of the next.

- a. The vacancy payment will be equal to no more than one month of the new contract rent and will be prorated if the vacancy period is less than one month.
- b. The vacancy loss payment will be paid to the landlord after the next HAP contract is executed between the owner and Asheville Housing.

This MTW activity serves the following statutory objectives:
Housing choice

This MTW activity serves the following statutory objectives:
Neutral (no cost implications)

An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies to all assisted households

N/A

No hardship were requested in the most recent fiscal year.

In the prior year, under this activity, Asheville MTW agency
Received 0 hardship requests
Approved hardship requests
Denied hardship requests
There is\are hardship requests pending.

This policy applies to To all units

The types of units policy applies to:

Maximum payment to the landlord is \$The vacancy payment will be equal to no more than one month of the new contract rent and will be prorated if the vacancy period is less than one month.

0 payments were issued under this policy y in the most recently completed PHA fiscal year.

\$0 issued under this policy in the most recently completed PHA fiscal year.

4.b. - Damage Claims (HCV-Tenant-based Assistance)

Asheville Housing MTW Activity No. 2022-4 – Landlord Incentives

To incentivize new and continued participation from landlords in an increasingly difficult market, Asheville Housing is authorizing a series of additional payments to individual landlords outlined below. These payments will be paid from Asheville Housing’s HAP funding, but are not to be considered payment for rent or substitution for any tenant-incurred fees or charges allowable under the lease. The Administrative Plan will be updated to reflect these landlord incentive policies.

Damage Claims – Following the end of a tenant’s lease and HAP Contract, the landlord may submit claims for reimbursement of damages caused by the former tenant that are beyond normal wear and tear.

- a. The amount of damages reimbursed will not exceed the cost of repairs or two months contract rent, whichever is lower.
- b. The family’s security deposit must first be used to cover damages. We will provide up to two months of contract rent minus the security deposit to cover the documented repairs.
- c. The damage claim payment will be paid to the landlord when the next HAP contract is executed between the owner and Asheville Housing.
- d. To qualify, landlords must contact staff for an inspection of the unit prior to beginning repairs. Following completion of the repairs, they must request a second inspection to verify repairs. The second inspection may coincide with the initial

inspection for the new HAP Contract.

e. The landlord must provide thorough documentation of actual costs for the repairs via invoices and receipts for services and materials.

This MTW activity serves the following statutory objectives:
Housing choice

This MTW activity serves the following statutory objectives:
Neutral (no cost implications)

An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies to all assisted households

N/A

No hardship were requested in the most recent fiscal year.

In the prior year, under this activity, Asheville MTW agency
Received 0 hardship requests
Approved hardship requests
Denied hardship requests
There is\are hardship requests pending.

This policy applies to To all units

The types of units policy applies to:

Maximum payment to the landlord is \$The amount paid may not exceed the cost of repairs or two months contract rent, minus the security deposit, whichever is lower.

0 payments were issued under this policy y in the most recently completed PHA fiscal year.

\$0 issued under this policy in the most recently completed PHA fiscal year.

4.c. - Other Landlord Incentives (HCV- Tenant-based Assistance)

Asheville Housing MTW Activity No. 2022-4 – Landlord Incentives

To incentivize new and continued participation from landlords in an increasingly difficult market, Asheville Housing is authorizing a series of additional payments to individual landlords outlined below. These payments will be paid from Asheville Housing's HAP funding, but are not to be considered payment for rent or substitution for any tenant-incurred fees or charges allowable under the lease. The Administrative Plan will be updated to reflect these landlord incentive policies.

Landlord Incentives – Incentives will be paid to new landlords renting units on the program for the first time, and existing landlords executing HAP contracts for units that have not previously been rented to voucher holders within the last two years.

- a. Each incentive payment will be equal to one month of the contract rent.
- b. The incentive payment will be paid to the landlord after the HAP contract is executed between the owner and Asheville Housing.
- c. A landlord may receive either the new landlord incentive or new unit incentive, but may not receive both for a single unit lease-up.
- d. Each landlord may receive no more than five incentive payments in a calendar year, except that there is no annual limit on the number incentive payments a landlord may receive for units that are located in high opportunity areas, defined as census tracts with a poverty rate of 20% or less.

This MTW activity serves the following statutory objectives:
Housing choice

This MTW activity serves the following statutory objectives:
Neutral (no cost implications)

An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies to all assisted households

N/A

No hardship were requested in the most recent fiscal year.

In the prior year, under this activity, Asheville MTW agency
Received 0 hardship requests
Approved hardship requests
Denied hardship requests
There is\are hardship requests pending.

This policy applies to To all units (Display selected and additional Pop up is complex logic.)
The types of units policy applies to:
Maximum payment to the landlord is \$Each individual payment will be equal to one month of the new contract rent. There will be an annual cap of five payments per landlord. An exception will be made for units located in high opportunity areas (defined as census tracts with a poverty rate of 20% or less). These units will have no limit on individual payments to landlords, and will not count towards the five-payment limit.
0 payments were issued under this policy y in the most recently completed PHA fiscal year.
\$0 issued under this policy in the most recently completed PHA fiscal year.

5.c. - Third-Party Requirement (HCV)
Asheville Housing MTW Activity No. 2022-5 – HQS Inspections
Asheville Housing Authority will begin using its own trained employees in the Housing Choice Voucher Program to perform regular and interim HQS Inspections of project-based voucher units that Asheville Housing owns and manages.
This provision will in no way alter any aspect of HQS Inspection requirements as pertains to frequency of inspections, performance requirements, acceptability criteria, or certification standards for the individual inspectors completing the assessments as defined by HUD. Inspectors will report directly to the HCV Director and will in no way be under the supervision or direction of property management staff or leadership.
This MTW activity serves the following statutory objectives: Cost effectiveness
This MTW activity serves the following statutory objectives: Decreased expenditures
An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies to all assisted households
N/A
No hardship were requested in the most recent fiscal year.
In the prior year, under this activity, Asheville MTW agency Received 0 hardship requests Approved hardship requests Denied hardship requests There is\are hardship requests pending.
The quality assurance method: Following will explain the quality assurance method – See Attachment 4 for quality assurance method. If [Upload file] options- Display 'Attached for quality assurance method"

10.d.HCV - Modify or Eliminate the Contract of Participation (HCV)
MTW Activity No. 2022-2 – Family Self-Sufficiency Program with MTW Flexibility
Contract of Participation. Asheville Housing will develop a new or modified MTW FSS Contract of Participation including the following provisions:
<ul style="list-style-type: none"> i. The Contract will have an initial term of 5 years, and for good cause in the discretion of Asheville Housing, may be extended between 1 and 5 additional years. ii. Any adult member of an eligible FSS family may sign the Contract and work to complete the individualized training and services plan, not just the head of household, but there will be only one Contract per family. iii. If the Contract is ended for any reason other than the participant’s failure or refusal, without good cause, to comply with the terms of the Contract, then the Contract will be considered nullified rather than terminated, and the FSS escrow funds earned to that date will be distributed to the family. iv. If the person who signed the Contract becomes permanently disabled and unable to work or dies during the period of the Contract and it is not possible to modify the Contract to designate a new adult in the FSS family, then the Contract will be nullified and escrow funds will be disbursed to the family. v. If the FSS family’s income grows to a point that the standard HUD rent calculation (30% of income) would exceed the Fair Market Rent, the family will not be required to end their FSS participation, so long as they continue to be an HCV program participant.

- vi. If an FSS family joins the HCV Homeownership Program and purchases a home with an HCV homeownership voucher before the end of the Contract, the family will be eligible to continue FSS participation for the then remaining Contract term.
- vii. Interest earned in Asheville Housing's combined bank account for FSS escrow funds will be retained for FSS program purposes, including supportive services for FSS participants and training for FSS staff.
- viii. In order to successfully graduate from the FSS program the family must be independent from applicable welfare assistance at the time of graduation, but it will not be necessary for that independence to be demonstrated for 12 months.

Safe Harbor Provisions:

- i. We have reviewed the HUD FSS guidance as required by the Operations Notice including the Promising Practices Guidebook and Online Training.
- ii. We will execute a Contract of Participation, or other locally developed agreement, that is at least five years and no more than ten years, with each participant in our FSS program.
- iii. Prior to implementation, we will ensure that we have an up-to-date approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved through this waiver.
- iv. We will not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families.
- v. We do not plan to require MTW FSS Program participation as a condition for receiving a housing subsidy at this time, but if that changes in the future, we will prepare and submit the required impact analysis first.
- vi. We do not plan to require MTW FSS Program participation as a condition for housing subsidy at this time, but if that changes in the future, we will prepare and submit the required hardship policy first.
- vii. We will not make MTW FSS Program participation mandatory for individuals who do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(A-E) of the 1937 Act.
- viii. We do not plan to require MTW FSS Program participation as a condition for housing subsidy at this time, but if we adopt a mandatory MTW FSS Program in the future and a decision is made to terminate the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program Participation, the family will be entitled to a Hearing under the HCV informal hearing process (24 CFR part 982.555; Chapter 16 of the Administrative Plan).
- ix. We will not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt of public housing or HCV assistance.

This MTW activity serves the following statutory objectives:
Self-sufficiency

This MTW activity serves the following statutory objectives:
Neutral (no cost implications)

An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies to all assisted households

N/A

No hardship were requested in the most recent fiscal year.

In the prior year, under this activity, Asheville MTW agency
Received 0 hardship requests
Approved hardship requests
Denied hardship requests
There is\are hardship requests pending.

10.e.HCV - Policies for Addressing Increases in Family Income (HCV)

MTW Activity No. 2022-2 – Family Self-Sufficiency Program with MTW Flexibility

Escrow Accounts. Asheville Housing will change the calculation of HAP funds deposited to escrow for FSS participants. For FSS escrow accounts established after the effective date of this policy change, escrow funds will be awarded based on specific accomplishments, rather than calculation of income and rent. This change will make the escrow account process more equitable, reducing the variability of escrow awards based on factors beyond the family's control, such as family income at the time they join FSS and differences in earning potential between families. The initial schedule of awards is listed in Table 2, and may be amended from time to time with approval of the Board of Commissioners.

This modification puts families on a level playing field for escrow earnings and emphasizes the importance of specific FSS goals. It also makes the calculation of escrow deposits simpler, more transparent, and more reliable.

FSS families with existing escrow accounts calculated in the traditional manner on the effective date of the policy change, and new families joining FSS who are assigned to the income-based rent, will have the option to be grandfathered in to the

traditional escrow calculation process. In other words, an FSS family with an established escrow account, or a family assigned to the income-based rent newly joining FSS, will continue to receive escrow deposits calculated in the traditional way, unless they choose the new model voluntarily. If a family chooses to transition to the new model, they will retain escrow account balances previously earned under the traditional calculation and will earn new escrow awards in Table 2 for goals that are achieved after that transition.

Safe Harbor Provisions:

- i. We have reviewed the HUD FSS guidance as required by the Operations Notice including the Promising Practices Guidebook and Online Training.
- ii. We will execute a Contract of Participation, or other locally developed agreement, that is at least five years and no more than ten years, with each participant in our FSS program.
- iii. Prior to implementation, we will ensure that we have an up-to-date approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved through this waiver.
- iv. We will not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families.
- v. We do not plan to require MTW FSS Program participation as a condition for receiving a housing subsidy at this time, but if that changes in the future, we will prepare and submit the required impact analysis first.
- vi. We do not plan to require MTW FSS Program participation as a condition for housing subsidy at this time, but if that changes in the future, we will prepare and submit the required hardship policy first.
- vii. We will not make MTW FSS Program participation mandatory for individuals who do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(A-E) of the 1937 Act.
- viii. We do not plan to require MTW FSS Program participation as a condition for housing subsidy at this time, but if we adopt a mandatory MTW FSS Program in the future and a decision is made to terminate the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program Participation, the family will be entitled to a Hearing under the HCV informal hearing process (24 CFR part 982.555; Chapter 16 of the Administrative Plan).
- ix. We will not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt of public housing or HCV assistance.

This MTW activity serves the following statutory objectives:
Self-sufficiency

This MTW activity serves the following statutory objectives:
Neutral (no cost implications)

An MTW activity may apply to new admissions only, to currently assisted households only, or to both new admissions and currently assisted households. The MTW activity applies to all assisted households

N/A

No hardship were requested in the most recent fiscal year.

In the prior year, under this activity, Asheville MTW agency
Received 0 hardship requests
Approved hardship requests
Denied hardship requests
There is\are hardship requests pending.

Following is how increased earnings is treated: Rather than calculating escrow on increased earnings, the following Table will be used to determine escrow contributions based on accomplishments by the participant.

Table 2. FSS Escrow Awards

FSS Engagement:

- Signed COP & ITSP (Enrollment) \$250
- Active Participation (Quarterly) \$75
- Graduation from FSS \$2,000

Education/Training:

- Complete High School Equivalency (GED) \$500
- Complete Training/Certificate Program \$750
- Earn Associate Degree or Higher \$2,000

Employment:

- New Employment (1st entry after enrollment) \$500
- Employment Promotion \$750
- Employment Retention (awarded annually) \$500

Childcare (voucher or other reliable) \$250
State Issued Driver's License \$250
Reliable Transportation (personal vehicle) \$500

Lease:

Timely Rent Payments (awarded annually) \$250
No Lease or Housekeeping Violations (awarded annually) \$250
Resident Association Leadership (awarded annually) \$250

Financial Strength/ Asset Building:

Engage in Financial Education/Counseling Program \$250
Improve credit score to 640 \$1,000
Increase Personal Savings (variable, match up to \$2,000 at graduation)

Homeownership:

Complete Homeownership Training Program \$500
Closing on Purchase of Home \$2,500
Transition off of HCV Homeownership Subsidy \$2,500

D.	Safe Harbor Waivers.
D.1	Safe Harbor Waivers seeking HUD Approval: Please see attached for Safe Harbor Waivers requested this year.

E.	Agency-Specific Waiver(s).
E.1	Agency-Specific Waiver(s) for HUD Approval: The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, Agency-Specific Waivers may be requested. Please see attached for Agency-Specific Waiver(s) requested this year.
E.2	Agency-Specific Waiver(s) for which HUD Approval has been Received: MTW Agency does not have approved Agency-Specific Waivers

F.	Public Housing Operating Subsidy Grant Reporting.
F.1	Total Public Housing Operating subsidy amount authorized, disbursed by 9/30, remaining, and deadline for disbursement, by Federal Fiscal Year for each year the PHA is designated an MTW agency.

Federal Fiscal Year (FFY)	Total Operating Subsidy Authorized Amount	How Much PHA Disbursed by the 9/30 Reporting Period	Remaining Not Yet Disbursed	Deadline
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G.	MTW Statutory Requirements.	
G.1	75% Very Low Income – Local, Non-Traditional. HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.	
	Income Level	Number of Local, Non-Traditional Households Admitted in the Fiscal Year*
	80%-50% Area Median Income	
	49%-30% Area Median Income	
	Below 30% Area Median Income	
	Total Local, Non-Traditional Households	0

*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

G.2	Establishing Reasonable Rent Policy.

G.3	Substantially the Same (STS) – Local, Non-Traditional.
The total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	# of unit months
The total number of unit months that families were housed in a local, non-traditional housing development program for the prior full calendar year.	# of unit months

Number of units developed under the local, non-traditional housing development activity that were available for occupancy during the prior full calendar year:

PROPERTY NAME/ ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOTAL UNITS	POPULATION TYPE*	if 'Population Type' is Other	# of Section 504 Accessible (Mobility)**	# of Section 504 Accessible (Hearing/ Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?

G.4	Comparable Mix (by Family Size) – Local, Non-Traditional.
To demonstrate compliance with the statutory requirement to continue serving a 'comparable mix' of families by family size to that which would have been served without MTW, the MTW agency will provide the number of families occupying local, non-traditional units by household size for the most recently completed Fiscal Year in the provided table.	
Occupied Number of Local, Non-Traditional units by	

Family Size:	Household Size
1 Person	
2 Person	
3 Person	
4 Person	
5 Person	
6+ Person	
Totals	0

H.	Public Comment
	Attached you will find a copy of all of the comments received and a description of how the agency analyzed the comments, as well as any decisions made based on those comments.
	No additional public hearing was held for an Agency-Specific Waiver and/or Safe Harbor waiver

I.	Evaluations.
	No known evaluations.

MTW CERTIFICATIONS OF COMPLIANCE**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF PUBLIC AND INDIAN HOUSING****Certifications of Compliance with Regulations:
Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan**

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chairperson or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the MTW Supplement to the Annual PHA Plan for the MTW PHA Fiscal Year beginning (01/01/2022), hereinafter referred to as "the MTW Supplement", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the MTW Supplement and implementation thereof:

- (1) The PHA made the proposed MTW Supplement and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the MTW Supplement and invited public comment.
- (2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board(s) or tenant associations, as applicable) before approval of the MTW Supplement by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the annual MTW Supplement.
- (3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).
- (4) The MTW PHA will carry out the MTW Supplement in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) all regulations implementing these authorities; and other applicable Federal, State, and local civil rights laws.
- (5) The MTW Supplement is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
- (6) The MTW Supplement contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the MTW PHA's jurisdiction and a description of the manner in which the MTW Supplement is consistent with the applicable Consolidated Plan.
- (7) The MTW PHA will affirmatively further fair housing, which means that it will: (i) take meaningful actions to further the goals identified by the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (ii) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (iii) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d). Note: Until the PHA is required to submit an AFH, and that AFH has been accepted by HUD, the PHA must follow the certification requirements of 24 CFR 903.7(o) in effect prior to August 17, 2015. Under these requirements, the PHA will be considered in compliance with the certification requirements of 24 CFR 903.7(o)(1)-(3) and 903.15(d) if it: (i) examines its programs or proposed programs; (ii) identifies any impediments to fair housing choice within those programs; (iii) addresses those impediments in a reasonable fashion in view of the resources available; (iv) works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and (v) maintains records reflecting these analyses and actions.
- (8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at 24 C.F.R. Part 146.
- (9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
- (10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
- (11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
- (12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
- (13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment.
- (14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

- (15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
- (16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.
- (17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
- (18) The MTW PHA will keep records in accordance with 2 CFR 200.333-200.337 and facilitate an effective audit to determine compliance with program requirements.
- (19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
- (20) The MTW PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200.
- (21) The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of housing quality standards as required in PIH Notice 2011-45, or successor notice, for any local, non-traditional program units. The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of Housing Quality Standards, as defined in 24 CFR Part 982, for any Housing Choice Voucher units under administration.
- (22) The MTW PHA will undertake only activities and programs covered by the Moving to Work Operations Notice in a manner consistent with its MTW Supplement and will utilize covered grant funds only for activities that are approvable under the Moving to Work Operations Notice and included in its MTW Supplement. MTW Waivers activities being implemented by the agency must fall within the safe harbors outlined in Appendix I of the Moving to Work Operations Notice and/or HUD approved Agency-Specific or Safe Harbor Waivers.
- (23) All attachments to the MTW Supplement have been and will continue to be available at all times and all locations that the MTW Supplement is available for public inspection. All required supporting documents have been made available for public inspection along with the MTW Supplement and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its MTW Supplement and will continue to be made available at least at the primary business office of the MTW PHA.

Housing Authority of the City of Asheville

NC007

MTW PHA NAME

MTW PHA NUMBER/HA CODE

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Tilman Jackson

Chair

NAME OF AUTHORIZED OFFICIAL

TITLE

SIGNATURE

DATE

** Must be signed by either the Chairperson or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairperson or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.*

2. Additional Policy Provisions

- a. **Measurement of Income.** When income is measured under this stepped rent policy it will be based on the traditional calculation of adjusted income, except that we will measure the family’s actual annual income during the 12 months immediately prior to the reexamination notice letter we send to the family.
- b. **Initial Rent Determinations.** Current program participants selected for the stepped rent will be enrolled in the program at a rent (total tenant payment) equal to 28% of their annual adjusted income, or a \$50 minimum rent, whichever is higher. These amounts will be set at the family’s next recertification date after study implementation, currently projected to begin August 1, 2022. Depending on the circumstances, a hardship adjustment may be available (see Stepped Rent Hardship Policy, below). The initial total tenant payment for new applicants from the waiting list will be based on 28% of the current adjusted income projected forward, rather than prior year income.
- c. **Utility Allowance.** The stepped rent will include a utility allowance and we will continue to provide utility reimbursements. If the family is required to pay utilities in their lease, their total tenant payment includes a utility allowance. That combined rent and utility allowance is known as the gross rent. For example, if the family’s total tenant payment is \$300 and they are required to pay for utilities, they will pay the landlord an amount equal to \$300 minus the utility allowance.
- d. **Annual Stepped Rent Increase.** At the beginning of the second year and each year after that, the monthly total tenant payment will automatically increase by the amount in Table 1, without the need for an annual income reexamination. This gradual step increase will be applied each year as long as the family is a program participant, allowing families to plan for increases over time.
- e. **Triennial Income Reexaminations.** Every three years, we will document the stepped-rent family’s income and any changes in family composition, but those later triennial income reexaminations will not affect the total tenant payment. Income calculated at the triennial reexamination will be based on actual adjusted income during the 12 months prior to the reexamination notice. Stepped rent families are encouraged but not required to report employment successes and income changes between these triennial reexaminations for informational purposes only.
- f. **Payment Standard.** The payment standard is the maximum allowed for each bedroom size and is established annually. If the family decides to use a tenant-based voucher for a unit where the gross rent is higher than the payment standard, the family is responsible for paying any amount above the payment standard.
- g. **Moves.** When a stepped-rent family moves, adjustments may be made based on the bedroom size and utility allowance changes, but we will not adjust the total tenant payment based on income. The family’s total tenant payment will continue as it was prior to the move, with annual increases from Table 1.

Asheville Housing MTW Activity No. 2022-5 – HQS Inspections

Asheville Housing Authority will begin using its own trained employees in the Housing Choice Voucher Program to perform regular and interim HQS Inspections of PBV units that Asheville Housing owns and manages.

Quality Assurance Plan:

1. Asheville Housing will in no way alter any aspect of HQS Inspection requirements as pertains to frequency of inspections, performance requirements, acceptability criteria, or certification standards for the individual inspectors completing the assessments as defined by HUD.
2. Inspectors will report directly to the HCV Director and will in no way be under the supervision or direction of property management staff or leadership.
3. To ensure objective analysis in the completion of the HQS Inspections, Authority-owned units will be folded into the existing quality control metrics currently utilized for HQS inspections generally. This will include an auditing of a minimum sample of units completed within a three-month window following the original inspection. These audits will be conducted by a staff member certified in HQS Inspections, including but not limited to the HCV Director or Assistant Director, a senior inspector, former inspector, or any other sufficiently qualified agency employee.
4. The table below shows the standard minimum number of quality control inspections to be completed based on the number of units under contract at the end of the agency's fiscal year.

Number of Units	Minimum number of audits to be completed
50 or fewer	5
51-600	5 plus 1 for each 50 (or part of 50) over 50
601-2000	16 plus 1 for each 100 (or part of 100) over 600
Over 2000	30 plus 1 for each 200 (or part of 200) over 2000

For Authority-owned units, we will conduct quality control inspections at twice these standard rates.

5. Families who request an interim inspection will be provided one.
6. At HUD request, Asheville Housing will obtain the services of a third-party entity to determine if PHA-owned units pass HQS.

Asheville Housing MTW Activity No. 2022-1 – Stepped Rent Study

Waivers requested:

- MTW Activity 1.d. – Stepped Rent (HCV)
- MTW Activity 1.h. – Tenant Payment as a Modified Percentage of Income (HCV)
- MTW Activity 3.b. and Safe Harbor Waiver – Alternative Reexamination Schedule

1. Introduction

Asheville Housing is implementing a new rent policy known as “stepped rent.” Under stepped rent, your rent is not tied to your income. Rent will start at \$50/month or your income-based rent at the time of implementation, whichever is greater. Then it will increase by a set monthly amount each year, based on your bedroom size. See Table 1, below for the increase amounts.

Stepped rent will allow you to work – or add a working family member to your lease – without that income increasing your rent. Instead, your rent will step up each year, allowing you to plan for the future. When you go to work, stepped rent will let you keep more of your earnings for other expenses and savings.

Stepped rent will not apply if you are elderly, disabled, participating at the time of implementation in the Family Self-Sufficiency Program, or if you have a special purpose voucher such as a HUD-VASH, Mainstream, Non-Elderly Disabled, or Emergency Housing Voucher. For these groups we will continue to calculate your rent based on income.

HUD and Asheville Housing must study the impacts of this policy for six years. For study purposes, during the first year of implementation, eligible families will be selected randomly, and approximately half will be assigned to the stepped rent and half to the traditional income-based rent. After the first year of implementation, we will continue assigning approximately one half of eligible new families to the stepped rent for internal evaluation purposes.

Table 1 shows the current Fair Market Rent, the minimum and maximum annual rent increases allowed by HUD, and Asheville Housing’s annual rent increase amounts.

Table 1. Stepped Rent Increase Amounts					
	0BR	1BR	2BR	3BR	4BR+
2022 HUD Fair Market Rent	1,188	1,209	1,378	1,879	2,359
Minimum Rent Increase (2%)	24	25	28	38	48
Maximum Rent Increase (4%)	47	48	55	75	94
Annual Stepped Rent Increases	\$25	\$30	\$35	\$40	\$50

Prior to implementation, we will review the latest Fair Market Rent and may update this Table. Once we set the annual rent steps, they will be fixed until further notice. We will review the Table annually and may make changes to improve the effectiveness of stepped rent in encouraging work and self-sufficiency, to maintain budget neutrality, or for other reasons.

h. HUD Safe Harbor Provisions.

- i. Stepped rent increases will not occur more than once per year.
- ii. Asheville Housing will conduct an annual impact analysis of this stepped rent initiative. See the initial Impact Analysis below.
- iii. Elderly and disabled families are excluded from this rent policy. If the family is not currently elderly or disabled, but becomes elderly or disabled in the future, they may request to change to the standard income-based rent.
- iv. See Hardship Policy below.
- v. Services will be available through the Family Self Sufficiency Program to support families preparing for eventual termination of assistance when their rent reaches maximum levels in the future.
- vi. Documentation of rent reasonableness will be provided to HUD upon request.
- vii. Initial rents will not exceed 28% of a family's adjusted income, and rent step increases will not be more than 4% of the applicable Fair Market Rent.

i. Stepped Rent Hardship Policy.

As a general rule, each family's rent (total tenant payment) will increase by the stepped rent increase each year after the first year. The sole exception will be if the family is granted a hardship under this policy.

- i. Hardship Process:
 - a. Hardships must be requested by the family in writing, with the exception of the automatic transition hardship described below.
 - b. When a hardship request is received and it states a valid reason for a hardship, staff will provide a temporary adjustment, consistent with the guidelines below, effective the first day of the next month after the request is received. This temporary adjustment will apply only during the first month.
 - c. The family must provide written third-party documentation to support the hardship request within 14 days, to enable staff to verify the hardship. Staff will decide whether to grant the hardship within 14 days after receiving the required third-party documentation.
 - d. If staff determine that a verified hardship exists, they will provide hardship relief as outlined in the guidelines below.
 - e. If the family does not provide third-party documentation or staff determines that the request does not meet the hardship requirements, the temporary relief will

end on the last day of that first month, and the family may be required to enter into a repayment agreement.

- f. If a family is approved for a hardship, and later experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their total tenant payment.
 - g. If a family is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once staff approves a hardship, the hardship will not end early.
 - h. When a family is approved for a temporary hardship, they will be notified when the hardship expires. Prior to that expiration date, the family may request an extension in writing.
 - i. When a hardship expires, the family will return to paying the stepped rent, including any annual stepped rent increases that were scheduled to take effect during the period of the hardship.
 - j. The total tenant payment will never be adjusted below the \$50 minimum rent.
 - k. Hardship decisions are subject to second level review under the informal review and hearings procedures in Chapter 16 of the Administrative Plan.
- ii. Hardship Guidelines:
- a. Hardship Due to High Rent Burden: Families participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The rent burden may be caused by a reduction in income, an increase in eligible deductions or allowances, the annual stepped rent increase, or a combination of factors.
 - i. *Automatic Transition Hardship*: For families already receiving assistance at the time of enrollment in the stepped rent, when we conduct the transition income examination, we will compare the family's current adjusted income with their prior year adjusted income. If the current adjusted income is lower than their prior year adjusted income, staff will automatically determine if the family is eligible for this hardship, and, if so, apply the hardship adjustment.
 - ii. *Hardship Requested by Family*: At any other time, this hardship must be requested in writing by the family.
 - iii. *Eligibility*: A family will be eligible for this hardship adjustment if their rent burden (total tenant payment divided by their current monthly adjusted income) exceeds 40%.

- iv. *Remedy:* The family’s total tenant payment will be adjusted downward to 40% of their current monthly adjusted income, or the \$50 minimum rent, whichever is higher.
 - v. *Duration:* Three months, which may be extended in three-month increments, if the family requests an extension and provides appropriate verification.
- b. Stepped Rent Reset for Sustained Hardships. If a family receives a temporary hardship due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the family may request that we reset their stepped rent. Staff will consider these requests on a case-by-case basis and decisions will be made in consultation with a senior Housing Support Specialist.
- i. *Eligibility:* The family has been approved for a hardship due to high rent burden, above, and remains in hardship status with approved extensions for at least 12 consecutive months. The family requests a reset, and we determine this remedy would be better than renewing temporary income-based hardships. Except in extraordinary circumstances, this reset will be available only once for each family.
 - ii. *Remedy:* Staff will calculate a new stepped rent total tenant payment at 28% of prior year adjusted income, or the \$50 minimum rent, whichever is higher. This will not be a temporary hardship; the reset total tenant payment will apply for 12 months and will establish a new base on which future annual step increases will be applied.
- c. Retirement/Disability. If the head of household, spouse or co-head becomes elderly or disabled, or if a family member becomes disabled requiring full-time home care by the sole head of household, the family may request a hardship.
- i. *Eligibility:* The head of household, spouse or co-head reaches age 62 and decides to retire, or becomes disabled, or a family member becomes disabled requiring full-time home care by the sole head of household.
 - ii. *Remedy:* Transition to the income-based rent.
- d. Other Changed Circumstances. A family may request a hardship for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-of-pocket expenses (for example, a large medical bill that the family is required to pay), or if the family is facing eviction due to inability to pay rent. We will consider these requests on a case-by-case basis.
- i. *Eligibility:* Staff determine that circumstances beyond the family’s control make it difficult for the family to pay the stepped rent total tenant payment, and temporary rent relief is necessary.

- ii. *Remedy*: Staff will set the family’s total tenant payment to the \$50 minimum rent for up to two months.

3. Impact Analysis

- a. **Agency finances.** The impact on agency finances is projected to be neutral both in the short and long term. In the first year, the policies implemented in this MTW Supplement, including the increase in our minimum rent from \$27 to \$50 for all program participants, are estimated to generate at least \$200,000 in additional tenant rent, reducing HAP expenses for those families. After the first year, we project the annual step increases to generate approximately \$215,000 in additional tenant rent each year, progressively reducing HAP expenses for stepped-rent families. We expect HAP expenses to increase from growth in FSS escrow contributions at the current average rate of approximately \$130,000 annually. MTW related staffing and other activities will also add to HAP expenses offsetting the savings above.
- b. **Impact on affordability for affected families.** Because families will have the ability to join the workforce without experiencing the penalty of a huge rent increase, affordability will be significantly increased. The sample family shown in Chart 1 would be paying between 5 and 15 percent of their income for rent over the first ten years of their participation. We also appreciate HUD’s decision to modify the initial year stepped rent calculation from gross to adjusted income, which will make the rent significantly more affordable for families who are already working and have high deductions for dependents and/or child care.
- c. **Impact on waitlists.** We do not anticipate any major impact on waitlist times as a result of this policy. Based on the RAD requirement to provide PBV residents with priority for tenant mobility vouchers, we project that our current PBV turnover rates of approximately 20-25% annually will continue. This will allow regular processing of project-based waitlist applications by opening up homes for families on the wait list. Because of the RAD tenant mobility preference, the tenant-based wait list currently has multi-year wait times for most applicants, and we expect that will continue.
- d. **Impact on the termination rate for families.** We expect that families will welcome and accept the opportunity to work without experiencing a significant rent burden and will be better able to afford their share of the rent over time, reducing evictions for non-payment of rent. The termination rate for non-payment of rent should be reduced significantly over time. With the gradual rent increases provided under this stepped rent initiative, we do not expect the termination rate for families approaching zero-HAP status to increase significantly over the first six years.
- e. **Impact on the occupancy rate for project-based voucher communities and utilization rate in the HCV Program generally.** We have healthy project- and tenant-based waiting lists and do not anticipate any adverse impact on our occupancy or utilization rates. With other measures, including landlord incentives and an appeal to

increase our Fair Market Rent and payment standards, we expect utilization of tenant-based vouchers to increase over time.

f. Impact on MTW statutory goals of cost effectiveness, self-sufficiency, and housing choice.

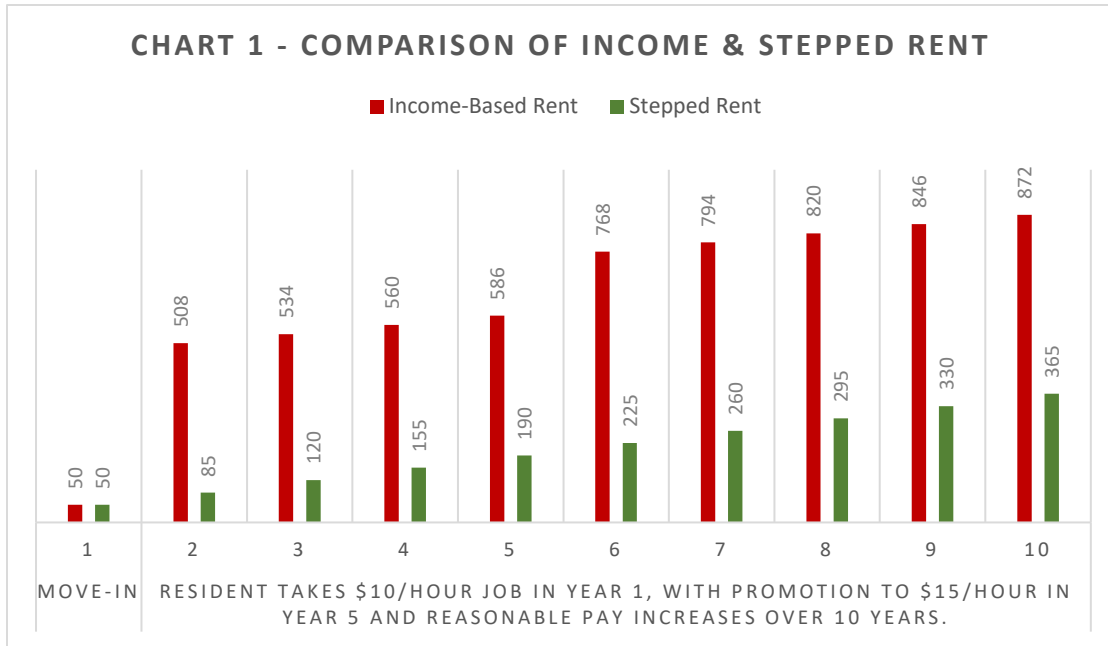
Self Sufficiency: The traditional income-based rent creates a significant barrier for families who want to join the work force. In listening sessions over several years, we have identified consistent messages from our residents. The most essential is that 30% of adjusted gross income results in a rent that is approximately 45% of the family’s take home pay. That means, essentially, that one out of two paychecks they receive every month goes to rent. That harsh reality is compounded by the fact that a job often means loss of SNAP benefits needed to feed the family, along with increased transportation, child care, and other expenses.

The current rent structure results in a “rent cliff” that families have to climb to accomplish a basic first step toward self-sufficiency – taking a job. In our resident input sessions, participants have described the rent cliff as “unfair” and “unsustainable” and pointed out that working families often “have to choose between paying rent and putting food on the table.”

We have confirmed with residents in our input sessions that the current income-based rent structure results in many residents feeling forced to make choices that are contrary to long-term self-sufficiency. First, many residents who could work simply do not, getting by on family or public assistance to pay the minimum rent. Second, some employed family members choose to live elsewhere to avoid their income being counted toward rent, depriving the children of the benefits of two parents living in the home. Third, some residents work under-the-table in jobs that are difficult or impossible to detect in income verification systems, which puts them at risk of a program-fraud termination and prevents them from receiving credit for Social Security benefits. And finally, some of those families working under-the-table choose to earn a living from criminal activity, putting themselves and their children at even greater risk and undermining the safety of the entire community.

Asheville Housing’s stepped rent plan is focused on replacing this destructive system of negative incentives with one that decouples rent from income and encourages work, through reasonable annual step increases. The chart below demonstrates the difference between the stepped and income-based rent. The sample family is a single parent with one child (typical of many of our families) who moves in without a job, gets settled in a two-bedroom apartment, and then takes a full-time \$10/hour job in Year 1, with a promotion to \$15/hour in Year 5 and reasonable hourly pay increases in other years. Under the current income-based calculation (represented by the red bars), the rent for this family would increase more than 1,000%, from \$50/month in Year 1 to over \$500/month in Year 2 and continue increasing annually based on later wage increases. Under the MTW stepped rent proposal (represented in green), the rent for this family will start at the same level and increase predictably each year by \$35/month regardless of income. In our resident input sessions, this model was strongly favored as the most

fair and sustainable for families. The stepped rent allows a family to better meet their expenses and to plan and save for future self-reliance. It eliminates the economic and psychological barriers to climbing the income-based rent cliff. At the same time the predictable rent steps, which the family knows are scheduled each year, provide encouragement to increase earned income over time.



The stepped rent policy will be supported by important modifications to the Family Self Sufficiency Program. We will develop a modified Contract of Participation to make the program benefits more secure for all participants, and make escrow account deposits based on awards for specific accomplishments, rather than a calculation of income and rent. (See policy details in MTW Activity 2022-2.) This change will make the escrow account process more equitable, reducing the variability of escrow awards based on factors beyond the family’s control. The new model places families on a level playing field for escrow earnings, emphasizes the importance of specific FSS goals, and makes the calculation of escrow deposits simpler, more transparent, and more reliable.

Residents who take this sustainable moving-to-work opportunity will experience a number of other positive benefits. They will be able to take jobs in the regular economy without having to pay 45% of their take-home pay for rent. Those jobs will, over time, qualify them for Social Security benefits, earning the family credit toward a more sustainable retirement. Depending on the level of pay, those additional earnings may also qualify a family for the IRS Earned Income Tax Credit. Regular economy jobs are more likely to offer health insurance coverage for the employee and family. Family members with earned income, who currently live elsewhere so their income does not count toward the rent, could move in without economic penalty, providing a more stable environment for the family. The psychological benefits of earning a living to support the family, save for the future, and have a real opportunity for economic self-reliance, including possible homeownership, will release families over time from

feeling bound to a government housing program. When families successfully graduate from the program, that will free up opportunities for others who need assistance to begin the process of stabilizing their lives, going to work, and moving their families toward self-reliance.

The stepped rent policy will also foster more productive relationships between Asheville Housing staff and participating families. Employees who currently spend each day processing annual or interim income reevaluations, then verifying that income and calculating rent changes, will see significant changes in their workload when they are able to simply gather income information from residents every three years for data evaluation purposes. That will free up time to focus on building relationships, encourage residents to access supportive services, and reduce the perception and reality that staff are policing people's incomes.

Similarly, in Asheville Housing's residential communities, we expect that families who go to work under a stepped rent policy will have a much easier time paying their rent each month, which will reduce staff time currently focused on rent collection and eviction processing. That will allow staff to focus more on supporting residents as they move toward the future. Reduced evictions will also benefit families seeking housing choice through tenant-mobility by avoiding an eviction record that disqualifies them in many credit screening processes.

We believe these more supportive rent and incentive structures will ultimately begin to heal relationships both inside and outside our affordable housing communities, by reducing the stigma experienced by families living in Asheville Housing communities and changing the broader community narrative about the work our families are doing to move toward self-reliance.

Housing Choice will be supported by landlord incentives (MTW Activity 2022-4) to encourage participation in our program so that our RAD project-based voucher families who chose to move with a tenant-based vouchers will have more choices and opportunities to effectively use those tenant mobility vouchers.

Cost Effectiveness will be supported by shifting to triennial reexaminations for stepped rent families, and by simpler FSS escrow account calculations (MTW Activity 2022-2), self-certification of assets (MTW Activity 2022-3), HQS inspections conducted by independent internal staff rather than outside contractors (MTW 2022-5), and by streamlined verification procedures (MTW Activity 2022-6).

g. Impact on the agency's ability to meet the MTW statutory requirements. This initiative will enhance our ability to meet the five statutory requirements:

- We will continue to ensure that at least 75% of families assisted are very low-income. As a 100% HCV agency, Asheville Housing requires that all new admissions meet that income requirement.
- The stepped rent model is a reasonable rent policy designed to encourage employment and self-sufficiency. We believe the rent study will demonstrate that

result and/or suggest modifications that will be even more effective in the long term. The goal of employment and self-sufficiency will be enhanced for all residents through the MTW FSS policy modifications proposed concurrently.

- We will continue to assist substantially the same total number of eligible low-income families as would have been served without MTW flexibility. We anticipate revenue neutrality as described above, which will ensure that the same number of families are served going forward, so long as HUD funding continues to grow to reflect the increasingly competitive housing market.
- We will maintain a comparable mix of families by family size as would have been provided otherwise. The demographics of our applicant pool over the last two decades have trended toward smaller family sizes and we expect that trend to continue. The stepped rent model will serve all family sizes well. To ensure that largest families also receive that benefit, we have reduced the rent step for the largest bedroom sizes to the lowest level (2%) allowed by HUD.
- We will of course continue to ensure that our assisted housing under MTW meets the Secretary's housing quality standards, by assigning well trained staff to carry out those inspections with appropriate quality control follow up.

h. Impact on hardship requests. We seek to avoid a large number of specific hardship requests in the initial implementation year by implementing the automatic transition hardship adjustment. We do expect a modest increase in such requests after the implementation year, which should be manageable with the reduced burden on staff resulting from the shift to triennial reexaminations for stepped rent participants. We appreciate HUD's decision to allow use of adjusted income in setting the first year stepped rents, which will significantly reduce the number of hardships requested.

i. Impact on protected classes. In our review and input sessions, we identified potential impacts on families with children, particularly those who are already working and have a number of dependents and childcare costs. To address those concerns, we adjusted the rent steps lower than originally projected for larger bedroom sizes and negotiated with HUD to allow use of adjusted rather than gross income in setting the initial rent.

From a broader perspective, we acknowledge our role in the disparate structural impacts on BIPOC communities of the real estate market and federal housing policy generally. We believe the income-based rent in particular, over the last 50 years, has adversely impacted communities of color who reside in disproportionate numbers in federally assisted housing. This basic structural component has established a major barrier, making it difficult for families to go to work and separating working family members who could otherwise be living with their loved ones. This MTW plan is a purposeful step toward replacing that structure and repairing those adverse impacts.

Safe Harbor Waiver Related to Stepped Rent Study, MTW Activity 2022-1

- MTW Activity 3.b. Safe Harbor Waiver – Alternative Reexamination Schedule

In connection with the Stepped Rent Study, we propose a triennial reexamination schedule for families on the stepped rent. The standard operations notice waiver provides that when an alternative reexamination schedule is established, the housing agency must allow at least one interim adjustment per year at the request of the household, if household gross income has decreased by 10% or more. We propose an alternate hardship provision as outlined below.

Safe Harbors:

- i. Reexamination must occur at least every three years.
- ii. Safe Harbor Waiver requested: The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more.
- iii. Agency must implement an impact analysis.
- iv. Agency must include a hardship policy.

Requested Safe Harbor Waiver and Explanation

Asheville Housing requests this safe harbor waiver in connection with participation in the Cohort 2 Rent Reform initiative. This waiver will apply to families in the Stepped Rent Study who are selected to participate in the stepped rent group. The study design requires the demonstration sites to conduct a reexamination/eligibility check of each Stepped Rent household's income every three years (triennially).

In place of an interim reexamination once per year if the household has a decrease in gross income of 10% or more, stepped rent families will be eligible for a hardship adjustment if the stepped rent causes a rent burden above 40% of their adjusted income. The rent burden may be caused by a reduction in income, an increase in eligible deductions or allowances, the annual stepped rent increase, or a combination of factors. This will provide alternate rent relief for families who experience a decrease in income.

Impact Analysis and Hardship Policy

This safe harbor waiver is covered by the hardship policy and impact analysis for the Stepped Rent Study attached to this MTW Supplement submission as Attachments 1 and 2.

Comments from Public Hearing

None.

Asheville Housing MTW Activity No. 2022-6 – Verification Hierarchy

Waiver Requested:

- Agency Specific Waiver – PIH Notice 2018-18 and related regulations

1. Proposed MTW Activities.

Asheville Housing Authority will adopt a more streamlined hierarchy for various means of verification of income for participants in all voucher programs. We will modify the PIH Notice 2018-18 verification hierarchy by as follows:

Table 3. Revised Verification Hierarchy		
Level	Verification Technique	Ranking
1	HUD's Enterprise Income Verification (EIV) system, for use with all income sources and period for which it reports, including Social Security, SSI, SSDI, Wages, and Unemployment	Highest (Mandatory when available)
2	Non-HUD Upfront Income Verification (UIV) system , such as The Work Number, for all employers available.	High
3	Written Third-Party Verification , including pay stubs, payroll reporting, payment summary from income providers or official agencies.	Medium (used for non-EIV/UIV reported income sources and disputes of EIV reported information)
4	Self-Certification , submitted in written form and certified by the family detailing all relevant income for the period in question.	Acceptable (when sources above are unavailable; subject to subsequent EIV/UIV review).

Asheville Housing will continue to use EIV as the mandatory and highest form of verification for any information available on that system. We will also continue to use another Upfront Income Verification (UIV) source as a secondary verification source. When EIV or UIV are unavailable for a particular income source or time frame, we will ask the family to provide written third-party verification documents as described above.

If written third-party documentation is unavailable, Asheville Housing will accept the family's self-certification of income. We reserve the right to follow-up on self-certified income in EIV and UIV later, reverse a rent determination, and require a repayment plan if either database shows that the family's annual income is at least \$2,400 higher than the self-certified amount.

This verification process applies to all income verifications, including but not limited to new admissions, annual, interim or triennial reexaminations, and hardship rent adjustments. The process applies to families with an income-based rent and, at initial enrollment, to families on the stepped rent. (After initial enrollment, the stepped rent is not based on income, so verification is for information purposes only, unless the family requests a hardship adjustment.)

In addition to the hierarchy changes, we will extend the time that third-party income verification documents are valid for determination of current/anticipated income. For applicants, verifications are valid if dated within 180 days of move-in to a project-based

voucher unit, or voucher issuance for a tenant-based voucher participant. For reexamination of ongoing participant families, verifications of current/anticipated income are valid if dated within 180 days of the effective date. For fixed-income sources (such as Social Security award letters and fixed pensions), verifications are valid for the full calendar year they cover.

These verification modifications will streamline the income verification process both for families and staff, relying more on available electronic systems and reducing the burden on participants to submit extensive financial records. It will reduce the administrative burden of multiple follow-ups with voucher participants and their income providers to secure documentation that can be weeks or months past the initial change. This will allow staff more time to serve families in more positive and personalized way.

2. Impact Analysis

- a. **Agency finances.** This activity is revenue neutral. Asheville Housing projects that there will no significant change to a family’s contribution based on the use of an alternative verification hierarchy. We project some staff time-savings associated with staff using the streamlined verification hierarchy.
- b. **Impact on affordability for affected families.** Asheville Housing does not project any impact on the affordability of housing costs for families. The only change is the method of verifying household income.
- c. **Impact on waitlists.** Asheville Housing does not expect any impact on the agency’s waitlists including on the amount of time families are on the waitlist.
- d. **Impact on the termination rate for families.** Asheville Housing expects that this waiver will modestly reduce the termination rate for failure to recertify by simplifying the documentation that families are required to locate and provide to us.
- e. **Impact on the occupancy rate for project-based voucher communities and utilization rate in the HCV Program generally.** Asheville Housing does not expect that implementation of the alternative verification hierarchy will have any significant impact on occupancy or HCV utilization rates.
- f. **Impact on MTW statutory goals of cost effectiveness, self-sufficiency, and housing choice.** Asheville Housing projects that the alternative verification hierarchy will have a positive effect on the goal of increasing cost effectiveness as it will streamline the income verification process for both families and staff. In conjunction with the stepped rent and other proposed waivers it will reduce the time that families need to spend securing documentation and allow them to focus on self-sufficiency and housing choice goals.
- g. **Impact on the agency’s ability to meet the MTW statutory requirements.** Implementation of the alternative verification hierarchy will not adversely impact our ability to meet the five statutory requirements:

- We will continue to ensure that at least 75% of families assisted are very low-income.
 - This simplified verification process may support employment and self-sufficiency goals by requiring less paperwork and time navigating the bureaucratic process for families who are working or moving to work.
 - We will continue to assist substantially the same total number of eligible low-income families as would have been served without MTW flexibility.
 - We will maintain a comparable mix of families by family size as would have been provided otherwise.
 - We will continue to ensure that our assisted housing under MTW meets the Secretary’s housing quality standards.
- h. **Impact on hardship requests.** Asheville housing does not anticipate that this waiver will generate additional hardship requests, and expects that it will streamline the process of reviewing hardship requests.
- i. **Impact on protected classes.** Asheville Housing does not expect any negative impacts on protected classes as a result of implementing the amended hierarchy. For people with disabilities, families with children, and others, it may enhance access by reducing the paperwork they are required to gather and provide.

Asheville Housing MTW Supplement 2022

Impact Analysis

- a. Agency finances.** The impact on agency finances is projected to be neutral both in the short and long term. In the first year, the policies implemented in this MTW Supplement, including the increase in our minimum rent from \$27 to \$50 for all program participants, are estimated to generate at least \$200,000 in additional tenant rent, reducing HAP expenses for those families. After the first year, we project the annual step increases to generate approximately \$215,000 in additional tenant rent each year, progressively reducing HAP expenses for stepped-rent families. We expect HAP expenses to increase from growth in FSS escrow contributions at the current average rate of approximately \$130,000 annually. MTW related staffing and other activities will also add to HAP expenses offsetting the savings above.
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f. Impact on MTW statutory goals of cost effectiveness, self-sufficiency, and housing choice.

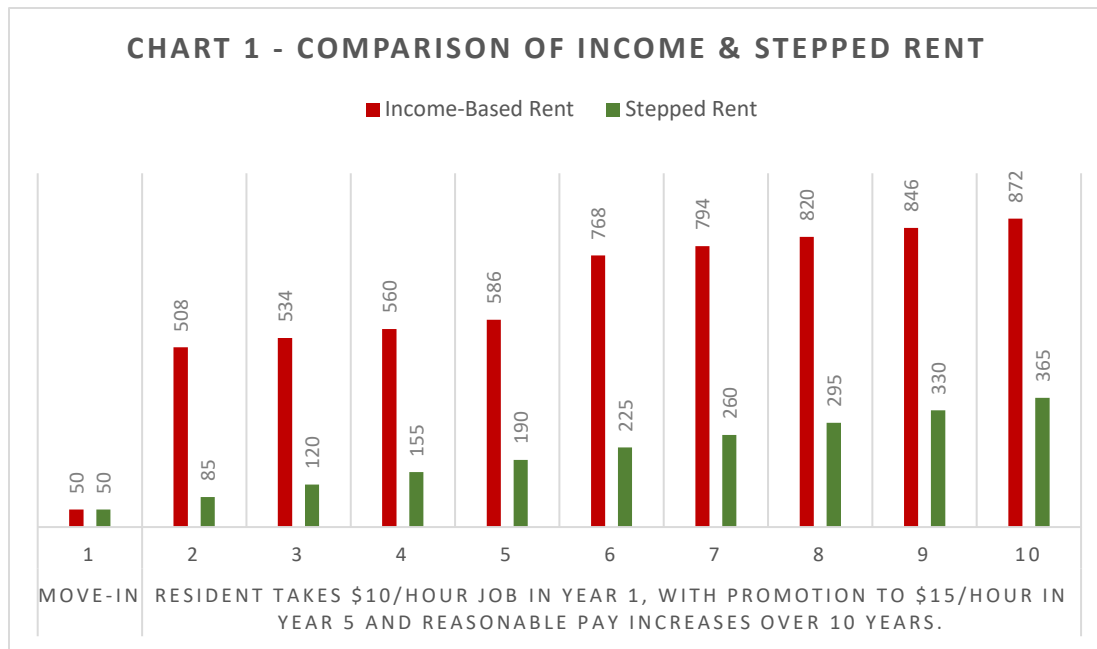
Self Sufficiency: The traditional income-based rent creates a significant barrier for families who want to join the work force. In listening sessions over several years, we have identified consistent messages from our residents. The most essential is that 30% of adjusted gross income results in a rent that is approximately 45% of the family’s take home pay. That means, essentially, that one out of two paychecks they receive every month goes to rent. That harsh reality is compounded by the fact that a job often means loss of SNAP benefits needed to feed the family, along with increased transportation, child care, and other expenses.

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feeling bound to a government housing program. When families successfully graduate from the program, that will free up opportunities for others who need assistance to begin the process of stabilizing their lives, going to work, and moving their families toward self-reliance.

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We believe these more supportive rent and incentive structures will ultimately begin to heal relationships both inside and outside our affordable housing communities, by reducing the stigma experienced by families living in Asheville Housing communities and changing the broader community narrative about the work our families are doing to move toward self-reliance.

Housing Choice will be supported by landlord incentives (MTW Waivers 4.a.–c.) to encourage participation in our program so that our RAD project-based voucher families who chose to move with a tenant-based vouchers will have more choices and opportunities to effectively use those tenant mobility vouchers.

Cost Effectiveness will be supported by shifting to triennial reexaminations for stepped rent families, and by simpler FSS escrow account calculations (MTW Waivers 10.d. & e.), self-certification of assets (MTW Waiver 3.d.), HQS inspections conducted by independent internal staff rather than outside contractors (MTW Waiver 5.c.), and by streamlined verification procedures (Agency Specific Waiver).

g. Impact on the agency's ability to meet the MTW statutory requirements. This initiative will enhance our ability to meet the five statutory requirements:

- We will continue to ensure that at least 75% of families assisted are very low-income. As a 100% HCV agency, Asheville Housing requires that all new admissions meet that income requirement.
- The stepped rent model is a reasonable rent policy designed to encourage employment and self-sufficiency. We believe the rent study will demonstrate that

result and/or suggest modifications that will be even more effective in the long term. The goal of employment and self-sufficiency will be enhanced for all residents through the MTW FSS policy modifications proposed concurrently.

- We will continue to assist substantially the same total number of eligible low-income families as would have been served without MTW flexibility. We anticipate revenue neutrality as described above, which will ensure that the same number of families are served going forward, so long as HUD funding continues to grow to reflect the increasingly competitive housing market.
- We will maintain a comparable mix of families by family size as would have been provided otherwise. The demographics of our applicant pool over the last two decades have trended toward smaller family sizes and we expect that trend to continue. The stepped rent model will serve all family sizes well. To ensure that largest families also receive that benefit, we have reduced the rent step for the largest bedroom sizes to the lowest level (2%) allowed by HUD.
- We will of course continue to ensure that our assisted housing under MTW meets the Secretary’s housing quality standards, by assigning well trained staff to carry out those inspections with appropriate quality control follow up.

h. Impact on hardship requests. We seek to avoid a large number of specific hardship requests in the initial implementation year by implementing the automatic transition hardship adjustment. We do expect a modest increase in such requests after the implementation year, which should be manageable with the reduced burden on staff resulting from the shift to triennial reexaminations for stepped rent participants. We appreciate HUD’s decision to allow use of adjusted income in setting the first year stepped rents, which will significantly reduce the number of hardships requested.

i. Impact on protected classes. In our review and input sessions, we identified potential impacts on families with children, particularly those who are already working and have a number of dependents and childcare costs. To address those concerns, we adjusted the rent steps lower than originally projected for larger bedroom sizes and negotiated with HUD to allow use of adjusted rather than gross income in setting the initial rent.

From a broader perspective, we acknowledge our role in the disparate structural impacts on BIPOC communities of the real estate market and federal housing policy generally. We believe the income-based rent in particular, over the last 50 years, has adversely impacted communities of color who reside in disproportionate numbers in federally assisted housing. This basic structural component has established a major barrier, making it difficult for families to go to work and separating working family members who could otherwise be living with their loved ones. This MTW plan is a purposeful step toward replacing that structure and repairing those adverse impacts.

Asheville Housing MTW Supplement 2022

Stepped Rent Hardship Policy

As a general rule, each family's rent (total tenant payment) will increase by the stepped rent increase each year after the first year. The sole exception will be if the family is granted a hardship under this policy.

- i. Hardship Process:
 - a. Hardships must be requested by the family in writing, with the exception of the automatic transition hardship described below.
 - b. When a hardship request is received and it states a valid reason for a hardship, staff will provide a temporary adjustment, consistent with the guidelines below, effective the first day of the next month after the request is received. This temporary adjustment will apply only during the first month.
 - c. The family must provide written third-party documentation to support the hardship request within 14 days, to enable staff to verify the hardship. Staff will decide whether to grant the hardship within 14 days after receiving the required third-party documentation.
 - d. If staff determine that a verified hardship exists, they will provide hardship relief as outlined in the guidelines below.
 - e. If the family does not provide third-party documentation or staff determines that the request does not meet the hardship requirements, the temporary relief will end on the last day of that first month, and the family may be required to enter into a repayment agreement.
 - f. If a family is approved for a hardship, and later experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their total tenant payment.
 - g. If a family is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once staff approves a hardship, the hardship will not end early.
 - h. When a family is approved for a temporary hardship, they will be notified when the hardship expires. Prior to that expiration date, the family may request an extension in writing.
 - i. When a hardship expires, the family will return to paying the stepped rent, including any annual stepped rent increases that were scheduled to take effect during the period of the hardship.

- j. The total tenant payment will never be adjusted below the \$50 minimum rent.
 - k. Hardship decisions are subject to second level review under the informal review and hearings procedures in Chapter 16 of the Administrative Plan.
- ii. Hardship Guidelines:
- a. Hardship Due to High Rent Burden: Families participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The rent burden may be caused by a reduction in income, an increase in eligible deductions or allowances, the annual stepped rent increase, or a combination of factors.
 - i. *Automatic Transition Hardship:* For families already receiving assistance at the time of enrollment in the stepped rent, when we conduct the transition income examination, we will compare the family’s current adjusted income with their prior year adjusted income. If the current adjusted income is lower than their prior year adjusted income, staff will automatically determine if the family is eligible for this hardship, and, if so, apply the hardship adjustment.
 - ii. *Hardship Requested by Family:* At any other time, this hardship must be requested in writing by the family.
 - iii. *Eligibility:* A family will be eligible for this hardship adjustment if their rent burden (total tenant payment divided by their current monthly adjusted income) exceeds 40%.
 - iv. *Remedy:* The family’s total tenant payment will be adjusted downward to 40% of their current monthly adjusted income, or the \$50 minimum rent, whichever is higher.
 - v. *Duration:* Three months, which may be extended in three-month increments, if the family requests an extension and provides appropriate verification.
 - b. Stepped Rent Reset for Sustained Hardships. If a family receives a temporary hardship due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the family may request that we reset their stepped rent. Staff will consider these requests on a case-by-case basis and decisions will be made in consultation with a senior Housing Support Specialist.
 - i. *Eligibility:* The family has been approved for a hardship due to high rent burden, above, and remains in hardship status with approved extensions for at least 12 consecutive months. The family requests a reset, and we determine this remedy would be better than renewing temporary income-based hardships. Except in extraordinary circumstances, this reset will be available only once for each family.

- ii. *Remedy:* Staff will calculate a new stepped rent total tenant payment at 28% of prior year adjusted income, or the \$50 minimum rent, whichever is higher. This will not be a temporary hardship; the reset total tenant payment will apply for 12 months and will establish a new base on which future annual step increases will be applied.

- c. Retirement/Disability. If the head of household, spouse or co-head becomes elderly or disabled, or if a family member becomes disabled requiring full-time home care by the sole head of household, the family may request a hardship.
 - i. *Eligibility:* The head of household, spouse or co-head reaches age 62 and decides to retire, or becomes disabled, or a family member becomes disabled requiring full-time home care by the sole head of household.

 - ii. *Remedy:* Transition to the income-based rent.

- d. Other Changed Circumstances. A family may request a hardship for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-of-pocket expenses (for example, a large medical bill that the family is required to pay), or if the family is facing eviction due to inability to pay rent. We will consider these requests on a case-by-case basis.
 - i. *Eligibility:* Staff determine that circumstances beyond the family’s control make it difficult for the family to pay the stepped rent total tenant payment, and temporary rent relief is necessary.

 - ii. *Remedy:* Staff will set the family’s total tenant payment to the \$50 minimum rent for up to two months.

**Asheville Housing Authority
MTW Supplement to the PHA Plan - Public Process
Public Input and Comments**

Asheville Housing’s public process has been extensive, starting before development of the MTW Supplement documentation with two resident input sessions in November and December 2021. We mailed letters to all tenant-based and project-based voucher holders informing them of those meetings. After the Draft MTW Supplement was prepared and posted, we held six additional public input sessions, including one facilitated by Zoom, also with notice by letters to all program participants. On April 5, 2022, we presented the plan to the Resident Advisory Board and received and incorporated their comments. On April 27, 2022, we held formal public hearings on the MTW Supplement and amendment of the 2022 PHA Plan. Documentation of input received at all sessions and the public hearings is outlined below.

Pre-Policy Development Sessions:	
Pisgah View Apartments - 11/30/2021	2
Central Office – 12/14/2021	3
After Policy Draft Developed and Posted:	
Hillcrest Apartments - 03/01/2022.....	5
Klondyke Homes - 03/02/2022.....	7
Pisgah View Apartments - 03/08/2022	9
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Maple Crest Apartments - 04/19/2022.....	13
Resident Advisory Board – 4/5/2022.....	16
Public Hearings – 4/27/2022.....	20
Additional Public Hearing – 5/25/2022	22

Note: Exhibit A is the final presentation given at the Board of Commissioners Public Hearing on April 27. Each input session began with a similar presentation, modified and supplemented over time as the MTW policies developed.

**Resident Input Session – Pre-Policy Development
Pisgah View Apartments - 11/30/2021**

1. When is all of this supposed to start?
 - a. As of right now, we're targeting to get things underway before the end of next year. People who recertify in October will be getting the paperwork a few months in advance, and they'll have a meeting then to figure out if they're eligible, and if so, where they'll be assigned.
2. I just recertified in September, so this won't affect me until then?
 - a. If your recert was effective September 1st, it likely won't until later the following year. We still don't have exact dates, and it could be pushed down another month or two, but expect to hear from someone probably in 2023.
3. I think it sounds like a really good idea.
4. How are you going to keep this from hitting people like me who are on disability? I can't my rent going up \$35 a month.
 - a. If you're on disability, you'll be excluded from the stepped rent.
5. Oh, so this won't apply to me?
 - a. Correct. Everyone on disability will keep having their rent calculated the old way.
6. What happens if I don't get a job? Are you going to take away my housing?
 - a. Everyone on the stepped rent will be encouraged to work, but there's still no work requirement. We're just trying to make it easier for you to go work and have it not hurt you so much when you do. As long as you still pay your rent, you won't be in any danger of losing your housing.
7. But the rent's still going to keep going up even if I don't have a job?
 - a. Yes. So, if you go out and get a job, it'll be a lot easier. And you can apply for a hardship if the rent increases are faster than your income increases.
8. How long do those last?
 - a. We haven't finalized that at this point. It might be as little as one month, and HUD lets us do as long as 12 months. We're in discussions internally about the best approach. Probably somewhere around 3-6 months, but we'll update everyone when that's further decided.
9. I like this a lot. I don't work, I'm disabled, and I'm not going to dealing with this, but I wish it was around when I was working. Would've been easier on me and my kids, back when every time I'd try to get a job, the rent would shoot super high and I just couldn't handle it.

- a. So, you would need to quit the job to keep up with the rent?
10. Yeah, all the time.
- a. Well, the hope is that with this program, that won't be necessary any more.

**Resident Input Session – Pre-Policy Development
Central Office - 12/14/2021**

1. I think this sounds like a really good, really awesome idea.
 - a. Could you elaborate at all on what appeals to you about it?
2. Just everything. The Self-Sufficiency, the stepped rent, the helping everybody with making it easier to find jobs. I really like it.
 - a. Thank you.
3. I have a question: will this help with finding houses with the vouchers?
 - a. Part of what we're interested in using some the funding for this for is funding landlord incentives to encourage landlords to accept the voucher and lease up with our residents.
4. But nobody to actually help us find anything? Because I've had my voucher. I've been through the whole thing three or four times now and nobody out there takes the voucher.
 - a. We have a Landlord Outreach Coordinator who contacts landlords and tries to pitch the benefits of the program. Obviously, we know it's an uphill battle with this market, but she is a resource. We also usually have a Tenant Outreach Coordinator to help with making connections between people with vouchers and openings, but we're currently in the process of hiring a new one. Those positions are independent of this program as well.
5. Is this a new voucher? What will it help with?
 - a. It's not a new voucher. Just the same voucher that you already have. It's just a new way of calculating rent portions so that you can increase your income, go to work, and not have it affect your rent as it has in the past.
6. How do we sign up for this? It sounds really, really good.
 - a. You won't sign up. HUD requires us to spend six years studying the stepped rent, which means that half of eligible participants will be randomly assigned to the stepped rent, half to the traditional calculation.
7. So, we don't get any choice?

- a. No, we're sorry, but it will have to be randomly assigned. That's one of the parts that we aren't really happy about, but it's what they need to do to do the study to ensure that they fairly sort everybody out and get accurate results.
8. How is this going to affect things for me? Because I already have a job, plus I've got my daughter in day care, and it sounds like my rent is going to go up with this.
 - a. With the current way the calculations are set up, HUD is looking to use gross income instead of adjusted, so that would result in your household having an increase if you currently have childcare deduction.
 9. By how much?
 - a. We can't really say without looking into your particular case, but I suppose it would depend on how much out of your paycheck you're putting towards childcare.
 10. Well, I'm part-time. I only just started a few months ago, and I'm spending a lot on daycare. My boss only calls me in when he needs me, but it's probably like 20 hours a week at least, sometimes more, and my daughter goes into daycare whenever I'm working.
 - a. I just pulled up your info. I don't want to share your private information in a public forum like this, but it looks like your rent could more than double just by having that deductions taken away. That's definitely something we're going to have to bring up in these meetings we're having with HUD. For our staff, there's not much issue with calculating deductions, and a lot of what we've heard about them removing that is to make it easier on staff. It does look like, at least for your household, that could have a really real negative impact.
 11. It really will. I like this stepped rent idea and this self-sufficiency thing, but hearing that, I'm kind of scared. I might have to quit my job.
 - a. Well, and that's exactly what we're trying to avoid. We're really looking to avoid penalizing the people who are doing what we're asking them to do. In your case, you're working, and we're not wanting to make that harder.
 12. Okay, thank you. Yes, if you can do something with this, I think this will be a really good thing.
 - a. We'll definitely take that down. I think we'll need to look into the numbers and see how many households it will affect. You aren't going to be the only one.¹

¹ This discussion became a key policy development point. When we researched the numbers there as many as 150 families who would be impacted at least in part by the loss of the dependent allowance and the childcare deduction. We joined with other stepped rent PHAs and advocated with HUD to allow a more generous child care hardship and extend it beyond the first year. The problem was eventually resolved when HUD granted approval was granted to use 28% of adjusted income rather than gross income for all tenants enrolling in the stepped rent.

**Resident Input Session
Hillcrest Apartments - 03/01/2022**

1. So, I have to say, I really like this idea. I especially like the Family Self-Sufficiency part. You guys adding to a savings account, that's the kind of thing that can really help people.
 - a. Thank you.
2. This sounds like a really good idea.
 - a. That's great. Could you say a bit more about what you like about it?
3. The small rent jumps sound great. Because the last time I got a job, my rent just blew up and I couldn't handle it. I like that a lot.
 - a. Do you think with a smaller increase, you could have handled it more easily?
4. Oh yes, absolutely. I've been in housing almost 22 years now, and it's always been a struggle. I worked and I made it work, but with all of my kids, it was always hard. And my son wanted to get a job and that made things harder, and it got easier when he moved out, but if he didn't have to do that, I would've liked it better. He's off doing his own thing, of course, but it would have been nice.
 - a. Sure. And with this model, you could have him in the household and it won't hurt anything after the initial year, even if he started working.
5. Similar to that, I have my son and his girlfriend wanting to move in with me soon, and I'm a little worried. Is my rent going to go up a lot if they do?
 - a. Are you asking about right now, or under the new program?
6. Either? Or I guess, right now?
 - a. For right now, you'll want to talk to your eligibility specialist, and get an idea. Are either of them working?
7. No, not right now.
 - a. Then it shouldn't affect your rent portion, unless there's some change to your bedroom size, and if that's the case, it might help your rent portion, but you'll want to reach out to your eligibility person to get all of the details before you do that.
8. Okay, who is that?
 - a. We can talk after the meeting and get you all of the contact info you need.
9. I have a question. So, what is this going to do to me if I can't work? I'm a full-time caregiver for my adult son, who has disabilities. I can't work because I need to be home with my son. So, how is this potentially going to affect me? Because I can't work.

- a. That’s an interesting situation, and I’m not really sure that we’ve considered that. I think that in a case like yours, we may be able to convert you over to one of the special-purpose vouchers and specifically excluding you from the eligibility. But that’s a situation we haven’t thought about, so thank you.
10. So, how would that work?
- a. There isn’t a process in place right now, but it would probably be that in your meeting with your eligibility specialist to assign you to a group, you can let them know your situation, and then see about converting your voucher to a Mainstream or Non-Elderly-Disabled voucher. We’d need to do a little more research to see exactly, but if we can convert you to one of those disability vouchers, and then you’ll be exempted from the study.
11. So, nothing would change for me?
- a. Effectively, yes, nothing would change. Your rent would still be calculated based on your income. Other than the minimum rent going up to \$50, which may or may not affect you based on what your current income is, you shouldn’t see any change.²
12. I’ve got a question. There’s no way we can opt out of this thing, right?
- a. You can choose whether or not your data will be included in the study, but everyone who isn’t in one of the excluded groups will be assigned either to the stepped rent or the standard rent.
13. I really don’t like that I don’t have a choice.
- a. That’s understandable. Ideally, we’d love to be able to give everyone a choice, let everyone who wants to be on this program be on it, because ultimately, we think it’ll be the best thing for everybody, maybe even for people who are elderly or disabled and still want to work. But this is the way we need to do it at least for the six years of the study. And they need us to do random assignment to make sure that their study results are accurate.
14. I get that. But I don’t like it. I’d really rather be able to sit down with all of this and decide what’s the best thing for my family.
- a. We’ll definitely take that down. We don’t know if that’s something that we’ll be able to change because of the study, but we’d definitely like that feedback to let them know that that isn’t your preference.
15. I have a question about that too. Is that \$50 just for the people on this stepped rent? Or is it for everybody.

² This was another comment that impacted policy. The hardship policy has developed to allow families in this situation, where the sole adult family member has to stay home to care for a disabled child, to continue in the traditional rent calculation model.

- a. It's going to be program-wide. Right now, it's \$27 a month, and across the board, it'll be going up to \$50.
16. Okay. People aren't going to like that, you know?
- a. We understand, but the HUD standard rule allows for a minimum rent up to \$50 per month, and they are requiring that for the stepped rent families. We believe it should be the same for all families.
17. I remember when the rent was like \$15, and it's just going up and up.
- a. This is the minimum rent for the program and we are not proposing to go higher than the standard amount allowed. The good news is for families on the stepped rent, when you go to work, even with the rent steps, you'll have more money in your pocket.

**Resident Input Session
Klondyke Homes - 03/02/2022**

1. When is this supposed to start rolling out, next year?
 - a. The timeline has shifted a bit, but right now, we're targeting families that recertify effective December the 1st. So, the paperwork for that should be going out in August. January recerts will go out in September, and so on until we cycle through all families over 12 months.
2. I just recertified last month, Or I turned in my papers last month, I haven't gotten anything back yet. So, when should I be getting this?
 - a. If you turned it in last month, you probably have an April effective date, so your next recertification packet would probably be going out in December. There's always a chance the start date will get pushed back again, but around then most likely.
3. So, we won't get to pick whether or not we're in this?
 - a. No. The selection process is done randomly by computer.
4. I don't really like that. This could be really good for me and my family, and it might just not happen for us because we happen to not be assigned?
 - a. It's definitely one of the aspects of this that we like the least. It would obviously be great if everyone were able to select which option worked the best for your particular family. But HUD and the company they're contracting with to do this study need random selection to make sure the study results are valid, so it needs to be randomly assigned.
5. There's no way that we can fix that?

- a. We're taking down everything said in these meetings, and you definitely aren't the first one to communicate a concern about this. But I don't know how likely it is that it'll change anything about the random assignment. Of course, if all of this goes really well and the study demonstrates success, we have some hope that we'll be able to do it across the entire Housing Authority for everyone who's eligible, but first we need to complete the six-year study.
6. Okay, I just want you all to know that I really don't like that part. This stepped rent idea sounds really great for some people, and getting people out to work is wonderful. I've been in Housing since I came to Asheville in 2004, and that's been the hardest thing. I'm glad you're trying something, I just wish it wasn't random.
 - a. Understood.
7. I have a question: I have a daughter who I take care of full time, and it means that I really can't work. Or if I do, I need to figure out who's going to watch her. These steps can really make things harder for us. The rent going up to \$50 is already going to be a problem.
 - a. We did have someone in a similar situation in a previous one of these sessions—someone who was a full-time caregiver for an adult child with disabilities. What I can say is that for that person, we have the possibility of transferring her over to a special-purpose voucher or gran. And yes, in that case, like for everyone, the minimum rent will go up to \$50, but the overall rent will still be calculated based on the fixed income for that household. We are considering a hardship for families like yours and we've been in talks with HUD about making some adjustments to the deductions, allowing child care to continue to be a factor in easing the rent burden, hopefully making things a little easier for you to go to work.
8. I'm having a little trouble with the rent jumps. You're saying that if I'm in a two bedroom, my rent is going to go up \$35 every month? How does that save us any money? My rent is \$27 right now. You're going to add \$35 one month, \$35 the next, and so on? That'll be like \$400 by the end of the year.
 - a. Let me clarify. On the stepped rent, it would only go up once a year, but the rent would still be paid monthly. So, if you're currently at \$27, the first increase would take you to \$50, the new minimum rent. After a year of paying that every month, it'll go up \$35 to \$85 per month for that year, and another the next year to \$120. It's only going up every year, not every month. We'll need to make sure that's clear in all of our materials.
9. Yes, please. That really didn't make sense.
10. This...this is wonderful. It'll really let people get ahead.

- a. Would you be willing to say more about that?
11. It just seems like a really good idea. People will be able to put away a little extra money, save some. Some months are hard out here, and I think if I only had to worry about \$50 of rent, or little increases like \$35, it'd be so much easier.

**Resident Input Session
Pisgah View Apartments - 03/08/2022**

1. I have to say that I really like it. It sounds like a great idea.
 - a. Thank you. Is there any particular part that stands out to you?
2. Just all of it. The stepped rent, that Family Self-Sufficiency thing. It sounds awesome.
 - a. Thank you.
3. I have a question. What exactly is this going to do for households where someone is disabled and somebody else isn't and they want to work?
 - a. I guess that would depend on who is head of household, and who the person who wants to work is.
4. Me. I'm head of household.
 - a. Okay, and in this situation, you are...?
5. I'm the disabled person. I'm on Social Security. My son is 18 though, and he wants to work, and I want to let him. But this isn't going to work for us, right?
 - a. If you're the head of household and you're on Social Security, you'd be exempt from the study, and stay on traditional rent. And yes, any income that your son would bring in after age 18 would continue to be factored into the rent calculation.
6. Could he maybe move out into one of these stepped rent apartments?
 - a. They aren't specific apartments. It's the households that would be randomly assigned. If he left your household and applied and his name came up on the waitlist, he might be randomly assigned to the stepped rent study, but that's a lot of "if's" and isn't really a guarantee. If he is an adult and wants to apply for his own place, that is an option for him. If he stays with you, he may want to look into getting him into the Self-Sufficiency Program, and that way, even though the rent would go up, there would be the additional benefits of that program.
7. This initiative sounds very in line with some of the previous policies that you all put forward to assist with college preparedness for the youth in the program, is that right?

- a. I think you are talking about the I Have A Dream Program, which was privately funded and this is not the same. I mean, yes, when the ultimate goal here is to encourage growth, employment and self-sufficiency for our families, one of the benefits we hope to see might be more of those opportunities for kids who grow up in housing. If families can go to work and better provide for their children, that will definitely benefit everyone in the family.
8. Well, I just want to say thank you, because from what I'm seeing and understanding, it allows people who are struggling to find a balance. With Asheville being the third highest in the country as far as excessive rental rates, this is a real blessing. It shows that housing is moving in a positive direction rather than a frustrating direction. It sounds like, with the incentives there, people like my son, who have little to no hope living in the city of Asheville, it gives them some hope. It gives him an opportunity to find a place of his own without the agitation of the private market.
 - a. Thank you for that. I do want to say that we know how rough the rental market is, that's why we've been funding landlord incentives and we have a Housing Support Specialist and an Outreach Coordinator on staff. It's a rough situation out there, and this is one piece of the puzzle that we hope will alleviate some of the barriers you all encounter.
9. I got a question. Is there any way that you all can work with Food Stamps on all of this? Because I like the idea of my rent not going up so much because I'm working, but I also know that once I start, they take my benefits way down, or all the way away.
 - a. SNAP Benefits are run by the County, and they're among the local agencies that signed a letter of support for this initiative. I don't think it's impossible that we can look into some relief options there, but their hands may be tied. We can always try though. One thing I can say though is that for those who lose their food stamps, this will allow them to use personal income to cover those expenses. It's more money in your pocket, not going to us, and food is among the expenses we expect you will spend that on.

Resident Input Session
Deaverview Apartments - 03/10/2022

1. I think it's going to be alright. Give people a little more motivation to try harder. Still cheaper than going anywhere else, but gives you motivation to get yourself up to that level. I like it.
 - a. We appreciate that.
2. People can get a job, pay their rent, and that money can go towards rent or whatever else they want to do with it.

- a. That's the idea, yes.
3. This might be really good for anybody who wants to start a small business. Is that anywhere with the incentives?
 - a. It's a possibility, sure. The smaller rent increases mean that whatever opportunities you'd like to pursue, it's a little easier. We hadn't thought about a specific incentive in the FSS goals for starting a small business, but that is definitely something we can consider over time.
4. So, if we get signed up with this program, is that going to affect when we can move into the new building?
 - a. This initiative is independent from the new construction.
5. Oh, so this has nothing to do with it?
 - a. Correct. The stepped rent has to do with changes in rent calculations to encourage families to move to work. The new construction is a physical update that's needed for Deaverview to improve the quality and expand the number of apartments.
6. Okay, so let me ask about this: Is this program going to do anything about the drug problem that we have going around here? Because I have to say it, I see people wandering around at all hours and I know exactly what they're doing. And it's just plain not safe.
 - a. We've never been blind to the problems your describing here, but this isn't specifically geared towards addressing those concerns. Obviously, we ask that you keep the manager aware of anything that needs to be reported, and report any criminal activity you see to the police confidential information line.
7. You know that you can call the police, and they don't even bother showing up.
 - a. We know. But still, it's an important step. Where this is concerned, we're hoping that the ability to address some of the systemic issues that have affected people in housing over the years might reduce some of what you're talking about over time.
8. It's some good motivation, I like it.
9. I have another question. Now, I know that I've been in and out of recovery for a really long time, and I've been sober for eight years now, thankfully, for me and my girls. I wonder if there's anything that you all can do to help with those kinds of recovery services. Like, you have these incentives for jobs and savings, but you're not going to get anywhere with some people unless you can get through that.
 - a. An incentive for recovery doesn't sound like a bad idea. We'll definitely take that down. I don't know if it'll work for this program necessarily, but as something we should definitely look into.

10. I think that's awesome. You all are making changes now, and it's better late than never.
 - a. Could you elaborate on that at all?
11. Something needed to be done on the rent for years now. And I know it's not all on the local level, and it's really great that you're doing it now. Could have helped a lot of people if it'd have been done sooner, but that's how it goes.

**Resident Input Sessions
Aston Park Tower - 03/17/2022**

1. Is this going to help us with getting more places on Section 8?
 - a. That's going to be one aspect of it. It allows us to use some funding to continue landlord incentives, which we're hoping will help people with vouchers have an easier time finding a good place to live.
2. That's good, because we really need that. I've had Section 8 a lot over the last ten years, and I never find anything. Everybody hears "Section 8" and they won't even call you back, and it's frustrating.
 - a. That's an issue we're definitely aware of. We do have a Housing Search Specialist on staff to try and help with that search. Obviously, it doesn't stop how hard it is—Asheville is an incredibly difficult market. Everyone's aware of that. But we think the landlord incentives can help a little.
3. Is there anything that you're doing to build more affordable housing in Asheville?
 - a. We know that some of our local partners are working on some new tax credit units. I know there's been some news on that converted hotel over near Tunnel Road. On our end, we just completed the conversion of Lee Walker Heights over to Maple Crest.
4. You know that's always going to be Lee Walker Heights. You can call it whatever you like, that's what it's called and always will be.
 - a. Sure. Of course, none of these are going to be a magic bullet to solve affordable housing in Buncombe County, but the hope is that all of these alongside the MTW initiative can help get us closer to where we need to be.
5. And these incentives do what now?
 - a. Back during the height of COVID, we used some of that funding to pay incentives to landlords to encourage new lease-ups. If it's a new landlord to the program, they get a one-time bonus along when they sign a lease. Same thing for existing landlords putting new units online that have never had a voucher holder in them. There were some others for four-bedrooms and high opportunity census tracts, but we had a lot of success with that during COVID, and were continuing to use

flexible funding to provide the incentives. I don't have the numbers in front of me, but I think we helped probably around 60 households in the last year. We also have the advantage that landlord incentives include damage mitigation, so we have that as a selling point for any landlords worried about our families, which we know is just a stereotype for a lot of our families, but is actually true for some.

6. Okay. I'm interested. I'm interested in the idea of the extra money to be set aside for additional expenses, enrichment for children, and self-care. On a minimum basis, I'm grateful for the system as it exists. I know what homelessness is like. Having a place is a good thing, but the only thing holding me back was not being able to work and be home, and my children's lives suffered because of that.
 - a. The hope is that that will be less of a burden, and that you'll have more in your pocket to go towards everything you might need.
7. And that's important. You don't just want to afford your rent, you want some quality of life. If this gives that to us, I like it.

**Resident Input Session
Maple Crest Apartments - 04/19/2022**

1. Any chance in getting a financial incentive for paying rent on time, regardless of whether or not they're on FSS. This would be helpful particularly to me on disability.
 - a. That's an interesting idea. We'll take that down and maybe see if it's something we can explore in the future—maybe some kind of new escrow system.
2. That'd be great.
 - a. We'd need to brainstorm about it some. I know we'd like to organize something like that for Resident Association leadership. It's a good idea.
3. This sounds good. When I was working, and got a job, my rent went right up, so this sounds like it'd help.
4. On the news, we heard that there are some new developments going up down the road. Are those going to be PPM or Housing Authority?
 - a. No, those are going to be market rate.
5. It's my experience in the year and a half I've lived in Asheville, most landlords won't accept Section 8, even if you have a great rental history. How's this going to help with that?
 - a. That's true, and with our landlord incentives we are trying to counteract that—we also have staff working on community outreach and building those links. We've had some success with our landlord incentives funded from other sources over the

last couple of years, and we're hoping to continue and expand upon that with this program.

6. So, you're saying that if I bring my child in onto my lease, and he works, it won't hurt?
 - a. If you're on the stepped rent, that's correct.
7. Has this started yet?
 - a. Not yet, we're targeting to start with recertification paperwork going out in July or August for recertifications effective in December or January.
8. You have to apply for this though, right?
 - a. No, you'll have a meeting giving you an option about having your information in the study, but you'll be assigned to one group or another by random selection.
9. Okay, so how will I know what group I'm in?
 - a. You'll get a letter in the mail about having a meeting with your Housing Support Specialist, and they will walk you through the study enrollment process, then press a button and the computer will assign you.
10. It sounds like it's for the younger generation since it won't let people in who are disabled or elderly.
 - a. That's right. The eligible group will be between 18 and 56 because they don't want anyone in the study who will turn 62 during the 6 years.
11. You think that'll get more people out working?
 - a. That's the goal. Hopefully, it will help them see they can go to work and do better for their families without facing a huge increase in rent. If they're already working, then in the first year there will be an income-based calculation, but not after. They'll start wherever they are and step up from there. There won't be a work requirement to keep the apartment, but we are hoping to encourage people to be able to go to work without a penalty.
12. It sounds like a great idea. Does the FSS cover a Master's Degree?
 - a. Yes, there can be an FSS Award for any degree that is Associates or higher, e. I should clarify that it won't pay the tuition for your Master's and it also isn't an award that is paid up front. The FSS escrow is accrued over time and paid out when you graduate from the program.
13. Can we get any kind of chart that shows the difference between the old calculation and this new one?
 - a. That'll likely need to involve a conversation with an FSS Coordinator, since the escrow under the old plan is really case-by-case, based on where you start. That's

true of the new one too, but it's a little easier to predict.

14. So, I'm in FSS now, is there automatically \$250 in my account?
 - a. No, it would only be placed in if you signed up after this new chart goes into effect and if you choose to switch over to the new chart from the traditional escrow calculation.

15. Say I get a job making \$40,000, my rent won't go up because of that?
 - a. You'll see your regular stepped rent increases, but if you get a job after enrolling in the stepped rent, that won't have an effect.

16. Say I move somebody into my place, do I still need to report that to Housing?
 - a. Yes, but if you add them after enrolling in the stepped rent their income won't affect your rent portion.

**Resident Advisory Board Meeting
Central Office - 04/05/2022**

1. If I'm chosen for the Stepped Rent and my neighbor is not, and we're both qualified, is there any plan for how to handle that?
 - a. I would say there are advantages to both, but obviously, one is much better for those who are going to work. All we can really say, though is that is the way that HUD needs us to do it, so that they can make empirical determinations of what works and what doesn't.
2. Looking at the FSS goals and awards chart, what is this part about getting a license?
 - a. Under the new FSS awards program, one of the goals is successfully receiving a driver's license.
3. I'm going back and forth: let's say I'm looking at what I can be incentivized for on FSS, and let's say I've already graduated high school—I can't receive credit for that if I did it beforehand? Where it says complete training programs, is that per certificate?
 - a. Yes, theoretically, if it fits with your plan. You might change your career plan in the middle, which is fine, but probably would not take the time to get multiple certifications in different fields of work.
4. What is the part of the chart about securing childcare about?
 - a. That element of the FSS award chart is for getting a voucher to help with childcare. The county will provide them for people working, and the hard part is of course finding someone to accept it, but this award reflects that the family took the initiative to apply and follow through to get one.
5. When is this supposed to be implemented?
 - a. The Board is scheduled to vote at the end of April, and then we'll send it to HUD. They'll have 75 days to approve it. We're shooting to get started August 1, meaning people who receive their paperwork in August will be first to enroll in the rent study, and then rolling on after that. It'll happen as part of the recertification process. The alternate FSS awards may be on a slightly different schedule, but we hope to have that running as well by the end of the year.
6. What age did you say was elderly?
 - a. Because the study is for six years, they don't want people who will turn 62 in that time. So, this study will exempt anyone 56 or older. After that, an elderly family is just one with a head of household, spouse or co-head who is 62 or older.
7. So, the Board has to approve this before you can submit the application?
 - a. The Board approved the application, but still needs to approve the policies before we submit them to HUD. We'll also be adding more initiatives year by year as

part of our annual planning process.

8. So, these FSS awards can be tweaked over the years?
 - a. The amounts and exact awards can be amended from time to time by the Board. The stepped rent amounts could also be adjusted eventually as Fair Market Rents change, but we'll try to keep them the same for the six-year rent study.
9. The reason why this really doesn't work is because there's a piece missing—like, okay, we're going to build this escrow—how are we going to be encouraged to go to work? Is there a placement program, or something I can try out? Some people have never had a job, dealing with social and addiction issues—how do you get people encouraged to want to participate? I'm in the FSS program, I'm self-employed and getting ready to start my business, but I had to do that myself.
 - a. Like a life coach?
10. Yes.
 - a. Well, we have an FSS Coordinator who can link you up with local business development agencies and the like. The idea is to connect people with those community resources. It's also a mental step that we need to take as an agency and agency employees. We're not here just to keep lights or count your income. We're here to provide the ability for people to start a business or get a job. We're looking to remove the barriers that discourage that now.
11. I'm really curious about how people are selected for this. Are they targeting people who are able-bodied and not employed?
 - a. Yes, we're looking at everyone 18-56 who is not disabled, not already on FSS, and not on a Special Purpose Voucher. Many of those folks are not working now, or at least not reporting cash income, and this will allow them to go to work at a decent job with benefits and earning credits toward retirement with Social Security. We have a huge number of people currently on the minimum rent, and were trying to move a barrier out of their way, and provide them with some FSS incentives.
12. I really think that this is going to work—I have a better understanding now, and I've sat in two sessions already. I like it.
13. How would this work for families with income from DSS, Food Stamps, and SSI? There's no cliff-holder or cushion for those groups?
 - a. Good Question. The County also supported this idea, and I don't know if we can talk to them about amending some of their policies. Looking at all of those benefits – including child care vouchers, child support payments, health insurance for a child, Work First, and food stamps – some could go down, some do not, and

maybe there's some flexibility to extend the ones that do.

14. There is a gap there, if I have a better paying job and my SNAP benefits are reduced, that's a big loss
 - a. Correct. Right now, if you're on the regular rent and get a job, we take a big chunk of that take-home pay and if you lose SNAP benefits that is a big impact. With the stepped rent, you will at least keep more of your paycheck to spend on food and other expenses, and be allowed some time to make the adjustments.

15. My biggest thing would be for Housing managers knowing about these things when people are moving in. A lot of people in Housing don't even know about things like the FSS Program, even if they've lived here for years. They should know it from Day 1.
 - a. That's a good point. We do need to redouble our efforts to inform residents about the benefits, whether they are meeting with intake staff, their site manager, a housing support specialist or an FSS coordinator, it is important that we market and explain the program early and often.

16. You should also be utilizing the FSS Workers in the community to let us know about these things. We don't know half the time, unless there's a meeting where they introduce themselves. It's more like we need to come to them instead of their coming to us like it used to be. Until that picks up, you aren't going to see much change. Everybody needs to reach out more, come out from behind the desk.
 - a. We hear that, and hear that it's a much broader comment than just this immediate initiative. Those are all things that we need to deal with, and we acknowledge this. The main point we're taking away from your comment is that for this to work, the outreach needs to be there.

17. This cuts off when you're 56. I'm 54, so I'm on the door of this, but I can say this: For years, Housing didn't think about helping us with jobs or transportation or anything like that. This helps, yeah, but I'm honestly here for less for myself than for someone else, just so that I can be there for someone else. It's good that you have the hardships and everything, but for some people, it's just a little too late. I want to make sure that we let these younger people know they have the opportunity. There are still dots that need to be connected though—we need to let people know.
 - a. To speak to your comment about this being great when you were just starting out, we're hoping that after the six years, if this works, we can transition everyone eligible to it. The income-based rent has been around since 1970 and every generation since has had this model in place. For more than 50 years it's been a barrier against going to work, an incentive to work under the table, or keep your partner who works off the lease, and it's trapped people in Housing. Because so much of our population is African American or other people of color, it's one of the systematically racist structures we implement. We hope to change that structure with the gradual stepped rent. It will give people the freedom to take a

job, move in their partner, build up social security benefits, and that's why we're fighting for it. For exactly the reason you're feeling right now, it should have been here 40 or 50 years ago.

18. I'd like to know what else you can use your escrow money for?
 - a. When you graduate and complete the program, you're cut a check and you can do whatever you want with it. Many people use it for a down-payment on a home, or to purchase a car, but the money is yours to spend as you see fit.

19. So, what I have to think about is what has to go into my escrow when I'm working, and I'm in school right now, and if this is a lottery, and it's 50/50, why can't I choose which program I'm going to be in to see which one is better for me?
 - a. Are you in FSS?

20. Yes.
 - a. Then you'll be exempt from stepped rent. You can, however, choose for yourself whether you want to stay with the current FSS escrow structure or switch to the new FSS awards chart. You can discuss with your FSS coordinator and go over the goals and your current escrow and figure out which one will be better for you—some people start with very low income and rent, and get a lot with their increases, others join FSS after they are already working and their traditional escrow will be lower. They may want to choose the new chart.

21. So, in doing this study, what are the benefits for the Asheville Housing Authority? Is there any benefit like tax credits or funding from this?
 - a. No. We'll get to spend some HUD funds a little differently, but MTW just comes with funding flexibility, not additional funding. We're hoping that for our staff currently focused calculating rent, they'll be freer to offer some supportive services or link you with resources. And that the money you get from going to work? More of that will stay in your pocket.

22. Could that create more FSS staff?
 - a. We'll have to see over time. It's possible we could have more FSS staff, it's possible the housing support staff may be able to stretch their functions. That kind of change will probably be gradual. As it is, we have tried to staff an FSS worker at every development, and we will be educating all staff on implementation of these new initiatives.

**Public Hearings on Amendment of 2022 PHA Plan
Regular Meeting of the Board of Commissioners
April 27, 2022**

1. Public Hearing on the MTW Supplement to the 2022 PHA Plan.

Vice Chair Jennifer Pickering opened a Public Hearing on the MTW Supplement to the 2022 PHA Plan at 6:15 pm. **David Nash** gave a brief presentation of the MTW Supplement describing the process of applying for the rent reform cohort and focusing primarily on the Stepped Rent Study and MTW flexibilities for the Family Self-Sufficiency Program, but also outlining all proposed MTW activities and statutory goals addressed in the proposed 2022 Plan Supplement. MTW Activity waivers requested for 2022 include the Cohort #2 stepped rent study, MTW flexibilities for the FSS program, self-certification of assets under \$50,000, landlord incentives, waiving the third-party requirement for HQS inspections, and an amended verification hierarchy. All three statutory objectives of the MTW demonstration are addressed by at least one of these elements. The presentation also outlined key comments from public input sessions held over the last five months, and how those comments have shaped our policy decisions. A copy of the presentation is attached as Exhibit A.

Public Comment:

Allison Smith commented that she thinks this is a great program that will motivate residents to add people to their leases that have income, instead of hiding them. She wished the program had been in place when she was raising her children in public housing, because it would have helped her family make ends meet and move toward self-sufficiency.

There being no further public comments, the public hearing was closed at 6:42 pm.

2. Public Hearing on a Safe Harbor Waiver Related to Triennial Recertifications.

Vice Chair Jennifer Pickering opened a Public Hearing at 6:45 pm. **David Nash** explained that HUD allows pre-approved regulatory waivers, so long as certain safe-harbor provisions are included. A separate public hearing is required if we propose to waive one of those safe harbor provisions. In connection with the stepped rent study, we are including triennial recertifications, but we are changing one of the safe harbor provisions: Rather than allowing an interim adjustment once a year if a family's income decreases by 10% or more, we will be providing hardship adjustments.

Public Comment: None

The public hearing was closed at 6:55 pm.

3. Public Hearing on Amendment of the 2022 PHA Plan.

Vice Chair Jennifer Pickering opened the Public Hearing at 6:56 pm. **David Nash** explained that we are adopting the MTW Supplement as an Amendment to the 2022 PHA Plan, which on its own requires a public hearing.

Public Comment: None

The public hearing was closed at 7:01 pm.

4. Authorization to Submit the MTW Supplement as an Amendment to the 2022 PHA Plan for Approval by HUD.

Gene Freeman made a motion, seconded by **Roy Harris** to submit the MTW Supplement as an amendment to the 2022 PHA Plan for approval by HUD.

Jennifer Pickering recommended creating a slogan that will help identify MTW and what it stands for. She asked how long the HUD review is, and **David Nash** said the HUD generally has 75 days to review a PHA Plan or Amendment, so we expect a response near the end of July.

Gene Bell said that he is a proponent of MTW and has hoped we would get here for several years. This will give low income families a similar opportunity to middle income families and let them build their capacity over time.

The Board voted as follows:

AYE

Ms. Amy Kemp

Mr. Roy Harris

Mr. Gene Bell

Mr. Gene Freeman

Ms. Jennifer Pickering

NAY

**Public Hearing on Agency Specific Waiver
Regular Meeting of the Board of Commissioners
May 25, 2022**

Public Hearing on the Agency-Specific Waiver related to the Verification Hierarchy.

Chair Tillman Jackson opened a Public Hearing at 7:20 pm. **David Nash** explained that we inadvertently omitted one of the public hearings required for our MTW Supplement to the PHA Plan last month. We are proposing a specific waiver that is not covered by the standard set of waivers pre-approved by HUD and that agency-specific waiver requires its own public hearing. This waiver concerns the HUD verification hierarchy for documentation required to verify income. We are proposing to simplify the verification process by reducing the types of verification from six to four. We are asking HUD to allow us to rely more on the available online systems and resident self-certification, checked later through the online system. This will reduce the amount of paperwork that residents are required to gather and the time that staff are required to spend on the verification process.

Public Comment: None

The public hearing was closed at 7:25 pm.

Moving to Work PHA Plan Supplement

Asheville Housing Board of Commissioners – 4.27.2022

Moving to Work Demonstration

- Asheville Housing applied and was accepted by HUD as a Moving to Work (MTW) agency
- One of 10 in the nation selected to test an alternate rent policy.
- Community outreach sessions - past, present and future – have guided and will influence our policy decisions.

Moving to Work

- Allows policy and regulatory flexibility to work toward three main goals:
 - Give **incentives to** families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to **obtain employment and become economically self-sufficient**
 - **Increase housing choices** for eligible low-income families
 - Reduce cost and **achieve greater cost effectiveness** in federal expenditures

Work Incentive - Stepped Rent

- Note: Stepped rent will not apply to residents who are –
 - Elderly
 - Disabled
 - Currently participating in the Family Self-Sufficiency Program or
 - Have a special purpose voucher like a HUD-VASH, Mainstream, or Non-Elderly Disabled voucher.
- These families will continue to have rent calculated based on their current income at the time of annual recertification.

Stepped Rent Policy

- Under stepped rent, rent will start based on the families income in the year prior to implementation, or a \$50 minimum rent, whichever is greater.
- After the first year, rent is not based on income. It will increase by a set amount each year based on bedroom size.
- **Stepped rent will allow you to work, get a higher paying job, or add a working family member to your lease without increasing your rent.**
- Instead, your rent will step up each year, allowing you to plan for the future. When you go to work, stepped rent will let you keep more of your earnings for other expenses and savings.
- Families on the stepped rent will provide income information **every three years**, but it will not affect the rent.

Stepped Rent Policy

	OBR	1BR	2BR	3BR	4BR+
2022 HUD Fair Market Rent	1,188	1,209	1,378	1,879	2,359
Minimum Rent Increase (2%)	24	25	28	38	48
Maximum Rent Increase (4%)	47	48	55	75	94
Simplified Rent Increase Amts	25	30	35	40	50

Stepped Rent Policy

COMPARISON OF INCOME & STEPPED RENT - 2BR APT



Stepped Rent Policy

- There will be a hardship policy to adjust rent temporarily if you lose a job or your earnings cannot keep up with the step increases
- We are required by HUD to study the impacts for six years. For study purposes, during the first year of implementation, eligible families will be selected randomly by lottery, and approximately half will be assigned to the stepped rent and half to the traditional income-based rent.

FSS Escrow Awards

Category	Goal Achieved	Deposit to Escrow
FSS Engagement	Signed COP & ITSP (Enrollment)	\$250
	Active Participation (Quarterly)	\$75
	Graduation from FSS	\$2,000
Education/Training	Complete High School Equivalency (GED)	\$500
	Complete Training/Certificate Program	\$750
	Earn Associate Degree or Higher	\$2,000
Employment	New Employment (1 st entry after enrollment)	\$500
	Employment Promotion	\$750
	Employment Retention (awarded annually)	\$500
	Childcare (voucher or other reliable)	\$250
	State Issued Driver's License	\$250
	Reliable Transportation (personal vehicle)	\$500

FSS Escrow Awards, continued

Lease	Timely Rent Payments (awarded annually)	\$250
	No Lease or Housekeeping Violations (awarded annually)	\$250
	Resident Association Leadership (awarded annually)	\$250
Financial Strength/ Asset Building	Engage in Financial Education/Counseling Program	\$250
	Improve credit score to 640	\$1,000
	Increase Personal Savings (match up to \$2,000 at graduation)	variable
Homeownership	Complete Homeownership Training Program	\$500
	Closing on Purchase of Home	\$2,500
	Transition off of Housing Subsidy	\$2,500

Other First-Year MTW Policies

- **Increasing Housing Choice:** Landlord incentives for accepting a voucher participant in an apartment or home new to the program
- **Enhanced Cost Effectiveness:**
 - Simplified verification procedures to speed the recertification process for staff and residents
 - Inspections using staff inspectors to speed the process and save money

Suggestions, questions, comments?

- Accepting written or verbal comments
- Open discussion now or
- When you think of it tomorrow:

Alexander Ruiz
MTW Transition Coordinator
aruiz@haca.org
828-239-3529

Summary – Key Resident Comments

- Complete mailing to all residents and voucher participants
- Nine total meetings, 2 in December prior to policy development
- Most comments in favor of the concept. People particularly liked the stepped rent being separated from income combined with the FSS award table.
- A number of questions from or about people with disabilities – primary response: they will be exempt.
- Some specific issues.

Summary – Key Resident Concerns

- Gross vs. Adjusted Income: For the initial rent step, HUD was originally requiring us to use gross income and eliminate deductions, with temporary short term hardships. This caused significant concern for at least one family in an input session with child care expenses.
- Response: We pulled extensive data and advocated with HUD for broader adjustments that would not end after the first year.
- Resolution: HUD agreed for us to use 28% of income for these stepped rent families and ultimately agreed that we could use adjusted income, which will allow full deduction of both items. This will make it much easier for families who are already working to transition to the new program.

Summary – Key Resident Concerns

- Single parent with a disabled child who needs to stay home to provide full time care.
- Resolution: We wrote the hardship policy to include an option for families like this to convert back to the standard income based rent. We also may be able to transfer some of these families to the special purpose Mainstream voucher program.

Summary – Key Resident Concerns

- Random selection for the rent study. Some residents were eager to sign up for the stepped rent and we had to explain that we could not let them do that.
- Resolution: This is an aspect of the rent study that we cannot change at least for the first year of study enrollment.

Summary – Key Resident Concerns

- Very hard to find an apartment or house on the private market where families can use a Housing Choice Voucher.
- Resolution: Our MTW plan includes increased landlord incentives and a permanent funding source for those incentives. We also have appealed the fair market rent, increased our payment standards and have staff working on this every day. We are also working to preserve everything we have and expand affordable housing units with each of our redevelopment projects.

**Public Hearing on Safe Harbor Waiver
Regular Meeting of the Board of Commissioners
April 27, 2022**

Public Hearing on a Safe Harbor Waiver Related to Triennial Recertifications

Vice Chair Jennifer Pickering opened a Public Hearing at 6:45 pm. **David Nash** explained that HUD allows pre-approved regulatory waivers, so long as certain safe-harbor provisions are included. A separate public hearing is required if we propose to waive one of those safe harbor provisions. In connection with the stepped rent study, we are including triennial recertifications, but we are changing one of the safe harbor provisions: Rather than allowing an interim adjustment once a year if a family's income decreases by 10% or more, we will be providing hardship adjustments.

Public Comment: None

The public hearing was closed at 6:55 pm.

Agency Analysis of Public Comments: N/A

**Public Hearing on Agency Specific Waiver
Regular Meeting of the Board of Commissioners
May 25, 2022**

Public Hearing on the Agency-Specific Waiver related to the Verification Hierarchy.

Chair Tillman Jackson opened a Public Hearing at 7:20 pm. **David Nash** explained that we inadvertently omitted one of the public hearings required for our MTW Supplement to the PHA Plan last month. We are proposing a specific waiver that is not covered by the standard set of waivers pre-approved by HUD and that agency-specific waiver requires its own public hearing. This waiver concerns the HUD verification hierarchy for documentation required to verify income. We are proposing to simplify the verification process by reducing the types of verification from six to four. We are asking HUD to allow us to rely more on the available online systems and resident self-certification, checked later through the online system. This will reduce the amount of paperwork that residents are required to gather and the time that staff are required to spend on the verification process.

Public Comment: None

The public hearing was closed at 7:25 pm.

Agency Analysis of Public Comments: N/A

Asheville Housing Authority
MTW Supplement to the PHA Plan – Public Process
Agency Analysis of Public Input

Asheville Housing’s public process has been extensive, starting before development of the MTW Supplement documentation with two resident input sessions in November and December 2021. We mailed letters to all tenant-based and project-based voucher holders informing them of those meetings. After the Draft MTW Supplement was prepared and posted, we held six additional public input sessions, including one facilitated by Zoom, also with notice by letters to all program participants. On April 5, 2022, we presented the plan to the Resident Advisory Board and received and incorporated their comments. On April 27 and May 25, 2022, we held formal public hearings on the MTW Supplement and amendment of the 2022 PHA Plan.

There were important and recurring themes in the input we received and when we had discretion to adjust policy, resident questions and comments significantly impacted the development of the policy in several important ways:

1. The vast majority of residents who participated in our public input sessions responded positively to the Stepped Rent. Many said it will help them better support their families as working residents, and more senior residents that they wished the Stepped Rent option had been available to them when they were first starting out as Asheville Housing resident. This positive response from residents, who live with the current rent structure every day, affirms that we are on the right track with this policy.
2. Gross vs. Adjusted Income: A resident raised a concern about eliminating adjustments to income at the second pre-policy development meeting in December. HUD had proposed that all rent reform PHAs would use gross income, eliminate deductions from income and replace those with temporary hardship adjustments that would ease the impact of the change only for the first 12 months. This resident asked a question about that, and we determined that elimination of the childcare deduction and dependent allowance, even with a temporary hardship, could result in doubling her rent over the first two years of implementation. We did a database search and confirmed there were a significant number of working residents who could be impacted by this change. That led to an extensive advocacy effort, backed by all five stepped-rent PHAs, to allow a more lasting hardship that would not result in a rent increase by more than the annual stepped rent amount, or continue to use adjusted income for the initial rent determination on the stepped rent. HUD ultimately agreed that we could use a modified percentage of income, and continue to use adjusted income as the initial rent determination measure. A comment from one resident led to a significant policy change that will ease the transition for working families moving from the income-based rent to the stepped rent, supporting the goal of the stepped rent to encourage work and self-sufficiency.
3. Single Parent Caring for a Disabled Dependent: Several residents in the input sessions asked how the stepped rent would impact them if they are required to stay home and care for a

disabled dependent. Disabled families, which include families where they head of household, co-head or spouse is a person with disabilities, are excluded from the stepped rent. That exclusion does not necessarily apply to families caring for other disabled family members. We considered transferring families to special purpose Mainstream vouchers, which would work for a tenant-based voucher family, but not for project based. Based on that resident input, we added a hardship provision that will allow families in this situation to request and receive a transition back to the income-based rent.

4. **Difficulty Finding Tenant-Based Housing:** Several residents raised concerns about difficulty in locating a home or apartment that will accept a tenant-based voucher. This is a significant issue for both tenant-based and project-based residents, because with our 100% RAD conversion our project-based residents have a preference to move with a tenant-based voucher after one year. This resident input confirmed our decision to include landlord incentives as a housing-choice element in the MTW Supplement. We are also taking other steps to promote housing choice, including a successful reevaluation of the 2022 Fair Market Rents for our FMR Area, funded with MTW flexibility, continuing staff positions to assist with housing searches, and dedicating a staff member to our HCV Homeownership program, to promote equity opportunities for our residents.
5. **Random Selection for the Stepped Rent Study:** Several residents asked how they could sign up for the stepped rent or expressed concern that they would not have a choice to do so. We shared that concern and raised it with the HUD/MDRC team. In the end, we could not resolve this concern. We explained that HUD is required to evaluate the effectiveness of the stepped rent model, and has determined that a six-year study including individual random assignment is necessary to accomplish that goal.

Asheville Housing leadership and staff are truly grateful to all residents and others who participated in the public process. Honest and collaborative dialogue directly impacted our policy design in large and small ways, and the end result is definitively better as a result.