

# **MTW Plan**

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# SECTION I. INTRODUCTION AND SUMMARY

## OVERVIEW OF THE MTW GOALS AND OBJECTIVES

This application is the result of many years of thinking about how to manage public housing and the voucher program more creatively, more efficiently and with more measureable outcomes.

Boulder Housing Partners (BHP) is known as an innovator in the industry. We are willing to operate at the leading edge of change, to experiment with new tools and to innovate where others see only obstacles. We have been leaders in thinking with the industry about reform of public housing and have a distinguished list of “among the first” accomplishments that have helped our industry grow. We are more than excited about becoming a MTW agency in order to continue to learn, innovate and move the policy and effectiveness agenda forward.

This proposal achieves a balance between our own innovative thinking and the policy innovations of existing MTW agencies. Richard Rose, in his landmark book *Lesson-Drawing in Public Policy: A Guide to Learning across Time and Space*,<sup>1</sup> suggests that the search for fresh knowledge is not normal. He suggests, instead, that policy-makers should seek to draw lessons from the work that exists and improve and apply them to their own context. This application is a blend of many good ideas, gathered from our MTW colleagues that have much to share, set in a context that is uniquely our own.

Boulder’s MTW proposal builds on many organizational strengths, as well as challenges that are unique to Boulder and common to all housing authorities:

### Strengths:

- Boulder Housing Partners has a long history of successful collaboration and partner-based housing. Indeed, having changed our name to Boulder Housing Partners suggests that our commitment to a partner model is enduring.
- Boulder has a strong commitment to providing resources for affordable housing. The city established a community goal of having 10% of its housing inventory permanently affordable, and it supports that goal with funding from a housing trust fund. The community is very supportive of affordable housing innovation and has provided BHP with almost \$10 million in funds in the past 10 years.
- Boulder Housing Partners has a strong relationship with the University of Colorado. We are excited about how our Moving to Work status will help us continue to leverage each other’s resources.

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<sup>1</sup> Rose, Richard “Lesson Drawing in Public Policy: A Guide to Learning Across Time and Space” 1993, Chatham House Publishers

- Boulder has the 4<sup>th</sup> largest inventory of public housing in the state of Colorado, yet our inventory of small and decentralized units resembles that of many small, rural housing authorities, particularly in the west and mid-west. Eighty eight percent (88%) of all public housing agencies that own public housing have fewer than 500 units; and 77% of all public housing projects are configured in properties of less than 100 units. At the same time, BHP has a substantial voucher program that will provide ample opportunity to support MTW flexibility and initiatives. Our lessons learned will be invaluable for our neighbors, and the nation.
- There are no MTW agencies in HUD Region VIII. Per the demographics above, BHP is the right size to be the representative housing authority for our region.
- BHP created the Boulder Housing Partners Foundation, a 501(c) 3 corporation, in 2000 to assist us in raising funds and providing services to support a customer population that needs service-enriched housing.
- BHP has adopted a challenge of achieving a net zero status in energy usage in its public housing portfolio. BHP is well on our way to achieving this status by installing 480 kW of PV panels at our family sites, currently installing energy conservation measures through our Energy Performance Contract, and soon to install PV panels at our two high-rise buildings for the elderly.
- In 2008, BHP began an undertaking to improve the processes that are used every day by staff. We chose the Six Sigma model. This model, developed in 1981, was designed to improve the quality of process outputs by examining and exploring the cause of errors in processes and reducing the number of variables. BHP has improved the processes that involve opening federally subsidized wait lists, processing applications to determine eligibility and determining whether an acquisition project is ready to proceed. BHP will continue to find success with this model as we move through what we consider to be the biggest process improvement of all times: implementation of the MTW program.
- And finally, BHP has a long history of contributing to the dialogue about reforming federal housing programs, particularly public housing. In 2001, BHP's Executive Director wrote a proposal for NAHRO's Housing Committee that advocated migration of public housing to a real estate platform, similar to the financing modeled in the Section 8 program. That proposal became the basis for NAHRO's proposed pilot program to convert public housing, and contributed to broader discussions regarding public housing's future. Ms. Martens has continued to contribute to the dialogue by chairing NAHRO's Rent Reform Task Force, its Public Housing Committee, and providing testimony to Congress on the future of public housing in 2003 and representing NAHRO at the Public Housing Summit convened in 2008 that provided transition ideas to the Obama administration.

## Challenges:

- Boulder is a high-cost community with very few private-sector solutions for affordable housing. That creates a significant affordability gap for families ready to transition out of our assisted housing inventory into the market. On the flip side, our strong economy provides employment opportunities.
- BHP's customer base has a higher-than-average percentage of households that are people with disabilities and chronically homeless individuals with a dual diagnosis. This puts a tremendous strain on the 1-bedroom inventory in our family and elderly housing and creates a large need for supportive services.
- Boulder has a large immigrant population, many of whom live in public housing. The lessons we learn about working with this population towards citizenship and self sufficiency will be very helpful to the national dialogue.
- With the 2008 change in operating subsidy, BHP's subsidy increased 291%. Before the increase, the deficiency that was so large proved to be both an asset and a liability. It caused us to be creative about filling the operating losses, but it also caused us to redirect the maximum possible amount of capital funds to operations, further aggravating our capital needs backlog. Boulder's initial MTW proposal reflects an effort to address local and national challenges, and to use MTW flexibility to access the richness of resources that exist in the community and at the University of Colorado.

## **BHP'S GOALS, PROPOSED ACTIVITIES AND OUTCOMES:**

**Our plan includes the following goals: the first three are the MTW statutory goals and the last two, while consistent with the statutory goals, are separated to better describe our program:**

1. Reduce cost and achieve greater cost effectiveness in federal expenditures,
2. Create incentives for families to work, seek work or prepare for work,
3. Increase housing choices for low-income households,
4. Pilot a rent policy that will encourage self-sufficiency, assure accurate reporting of income and ensure that customers are not rent burdened, and
5. Preserve, transform and revitalize our public housing.

**Our proposed first year activities include: (see Section V for detailed explanation of each)**

1. Allow BHP to commit project-based vouchers to cover 100% of the units at converted public housing developments.
2. Create a rent simplification structure specifically for elderly households and people with disabilities.
3. Create a rent simplification structure for family households.
4. Implement rent simplification measures for all households.
5. Design the rent reform study.
6. Eliminated the 40% of income cap in the voucher program.
7. Implement a flat utility allowance for the voucher program.
8. Implement a landlord self-certification system for HQS inspections for the voucher program.

**Our anticipated impacts include these specific outcomes:**

1. Convert all of our public housing to a Section 8 project-based financing model that replicates the tremendously successful model we used with our first public housing conversion at Broadway East.
2. Achieve 100% service enrichment at all of our public housing properties.
3. Transform both the practice and perception of public housing into an environment where residents “Live, Learn and Earn”.
4. Focus substantial service support to the voucher population.
5. Amend our rent and program administration guidelines to make the programs more user-friendly, less staff-intensive and more conducive to economic self sufficiency.
6. Address critical gaps in the housing continuum at the entry and exit points for the public housing and voucher program’s participants. We can do this in two ways: by committing up to 60 new vouchers to project-based transitional programs and using the flexibility of our existing funds, along with resources generated by conversion, to create a minimum of 100 new units to be included in BHP’s Boulder Affordable Rentals program.

7. Use leveraged funds from the public housing conversion initiative to bring much-needed gap funds to two projects already in development: Lee Hill Housing for chronically homeless individuals and Red Oak Park Phase II, the Valmont building, for 20 units of transitional housing.
8. Expand the successful partnership that provides college tuition to BHP children who participate in the I Have A Dream (IHAD) program. MTW flexibility will allow us to create more community space, which will allow for another classroom.
9. Incentivize movement along Boulder's housing continuum by encouraging economic self-sufficiency and moving people towards market-rate housing, thus creating more housing opportunities for those on the waiting list.

## SECTION II. GENERAL HOUSING AUTHORITY OPERATING INFORMATION

### Section A:

AMP	Property Information	Number of Public Housing Units	Studio Units	1 BR units	2 BR units	3 BR units	4 BR units
<b>AMP I</b>	<b>BHP Family Sites</b>						
CO016333333	Arapahoe Court 951 - 953 Arapahoe Ave	15		15			
	Diagonal Court 3265 - 3273 30th Street	30			25	5	
	Iris Hawthorne Iris and Hawthorne Ave	14				7	7
	Kalmia 3500 - 3525 Arthur Courts	55		6	32	17	
	Madison 1130 - 1190 35th Street	34		12	14	8	
	Manhattan 660 - 690 Manhattan Ave	44		18	18	8	
<b>AMP 1 Total</b>		<b>192</b>		<b>51</b>	<b>89</b>	<b>45</b>	<b>7</b>
<b>AMP2</b>	<b>BHP Senior Sites</b>						
CO016777777	Northport 1133 Portland Place	50	20	30			
	Walnut Place 1940 Walnut Street	95	58	36	1		
<b>AMP 2 Total</b>		<b>145</b>	<b>78</b>	<b>66</b>	<b>1</b>		
<b>Totals</b>		<b>337</b>	<b>78</b>	<b>117</b>	<b>90</b>	<b>45</b>	<b>7</b>

<b>Current Project Based Vouchers Properties</b>	<b>Program description</b>	<b>Number of Vouchers</b>
Woodlands Community	Housing for participants in the Family Self-Sufficiency Program. On-site services include case management, child care and career support.	35
Holiday Neighborhood	Housing for individuals who are chronically homeless and dually diagnosed. Partnership between BHP and the Boulder County Mental Health Center	10
Broadway East	Converted public housing at Broadway East which provides services through the I Have a Dream Foundation, the Youth Services Initiative program, the Parks & Rec Department and the Regional Transportation District.	44

Note: BHP plans to implement MTW activities beginning January 1, 2012; therefore 2012 would be considered MTW Year One.

<b>Housing Stock Information</b>	
Number of public housing units at the beginning of the year	337 (assumes conversion to project-based assistance has not commenced)
General description of any planned significant capital expenditures by development	\$291,944 to be spent in 2011 at Kalmia, a public housing family site, for general renovation including siding, windows, roofs, gutters, interiors, parking lot repairs
Agency's total budgeted capital expenditures for the fiscal year	\$449,145 estimated to spent in 2011
Description of any new public housing units to be added during the year by development (specifying bedroom size, type, accessible features, if applicable)	none
Number of public housing units to be removed from the inventory during the year by development specifying the justification for the removal	337: to be converted from public housing to project-based assistance
Number of MTW Housing Choice Vouchers (HCV) units authorized	781 (600 baseline, 181 Non Elderly Disabled vouchers included in MTW activities, but funding is excluded)
Number of non-MTW HCV units authorized	76 These include 50 Mainstream vouchers and 26 McKinney Vouchers
Number of HCV units to be project-based during the Plan year, including description of each separate project.	Apart from any public housing conversion action involving project-based vouchers, no additional vouchers will be project-based during the initial MTW year.



## Section B:

Leasing information, Planned – this information is estimated and may be subject to change during the Plan year.	
Anticipated total number of MTW PH units leased in the Plan year	330 (2% budgeted vacancy)
Anticipated total number of non-MTW PH units leased in the Plan year	none
Anticipated total number of MTW HCV units leased in the Plan year	773 (1% budgeted vacancy)
Anticipated total number of non-MTW HCV units leased in the Plan year	76
Description of anticipated issues relating to any potential difficulties in leasing units (HCV or PH)	No anticipated difficulties for 2012
Number of project-based vouchers in use at the start of the Plan year – described below:	89

## Section C:

Waiting List Information	
Description of anticipated changes in waiting lists (site-based, community-wide, HCV, merged)	No anticipated changes for 2012
Description of anticipated changes in the number of families on the waiting list(s) and/or opening and closing of the waiting list(s).	No anticipated changes for 2012

In 2011, BHP converted from a waiting list to the lottery process for the Section 8 Housing Choice Voucher Program. In January 2011, the lottery was open for a period of seven business days, during which time a total of 925 lottery forms were received. From the total, 600 were selected and placed into the lottery pool. The goal is to process all selected applicants from the pool within a 12-month period.

Of the 600 households in the lottery pool:

- 86.8% are extremely low-income (under 30% of the area median income)
- 40.4% are families, 39.8% are elderly households, and 18.6% are individuals with disabilities
- 49.2% are one-person households, 13.3% are two-person households, 12.3% are three-person households, 8.5% are four-person households, and 7.7% are five+-person

households.

BHP continues to maintain a chronological wait list for our public housing and section 8 project-based properties. The wait list opens on a yearly basis and was most recently open from April 11 – May 27, 2011. There are currently a total of 830 households on these wait lists.

Of the 830 households on the wait list:

- 89.6% are extremely low-income (under 30% of the area median income)
- 51.1% are families, 10.4% are elderly households, and 29.2% are individuals with disabilities
- 37.6% are one-person households, 26.3% are two-person households, 20% are three-person households, 8% are four-person households, and 8.2% are five+-person households.

## SECTION III. NON-MTW RELATED HOUSING AUTHORITY INFORMATION

### Section A: Planned sources and uses of other HUD or other Federal Funds

The description of each of these initiatives follows the table. All numbers are for FY 2011<sup>2</sup>. BHP's fiscal year is the same as the calendar year.

<b>A. Non-MTW Related Housing Authority Information</b>	
<b>A. List planned sources and uses of other HUD or Federal Funds (excluding HOPE VI)</b>	
<b>SOURCES</b>	
Section 8 Mainstream Voucher Funding	
Housing Assistance Payments	\$ 414,192
Administrative Funding	\$ 43,044
Housing Choice Voucher Funding (81 NED vouchers)*	
Housing Assistance Payments	\$ 572,808
Administrative Funding	\$ 69,867
Housing Choice Voucher Funding (100 NED vouchers)*	
Housing Assistance Payments	\$ 763,200
Administrative Funding	\$ 45,810
Section 8 Project Based Contract - Canyon Pointe	\$ 491,364
Section 8 Project Based Contract - Glen Willow	\$ 200,256
Section 8 Mod Rehab Project - North Haven	\$ 85,308
Housing First	\$ 274,260
McKinney Vento	\$ 29,903
Public Housing Family Self Sufficiency-ROSS	\$ 61,200
ROSS	\$ 40,392
Green Retro Fit Program**	\$ 30,000
American Recovery and Reinvestment Act of 2009 Funding**	\$ 41,334

\*\*2 BHP received more than \$2.5 million in ARRA and Green Retrofit funds, but those will be largely spent by FY2011.

\*Non-elderly, disabled voucher funding is not included in MTW single fund flexibility.

<b>TOTAL SOURCES</b>	<b>\$</b>	<b>3,162,938</b>
<b>USES</b>		
Section 8 Mainstream Voucher Funding		
Housing Assistance Payments	\$	414,192
Administrative Funding	\$	43,044
Housing Choice Voucher Funding (81 NED vouchers)*		
Housing Assistance Payments	\$	572,808
Administrative Funding	\$	69,867
Housing Choice Voucher Funding (100 NED vouchers)*		
Housing Assistance Payments	\$	763,200
Administrative Funding	\$	45,810
Section 8 Project Based Contract - Canyon Pointe	\$	491,364
Section 8 Project Based Contract - Glen Willow	\$	200,256
Section 8 Mod Rehab Project - North Haven	\$	85,308
Housing First HAP	\$	182,120
Housing First Grant Expense	\$	69,775
Housing First Grant Management Fee and Salary	\$	22,365
McKinney Vento	\$	29,191
BHP Admin	\$	712
Public Housing Family Self Sufficiency-ROSS	\$	30,600
BHP Admin	\$	30,600
BIG ROSS	\$	16,644
BHP Admin	\$	23,748
Green Retro Fit Program	\$	30,000
American Recovery and Reinvestment Act of 2009 Funding	\$	41,334
<b>TOTAL SOURCES</b>	<b>\$</b>	<b>3,162,938</b>

**B. Description of non-MTW activities proposed by the Agency, including applications to other competitive HUD offerings and the agency's associated proposals addressing HUD's Strategic Plan priority goals**

Section 8 Mainstream Voucher Funding	BHP has 50 vouchers through this grant. This grant was awarded to BHP in 1997 when a public housing development was designated as elderly or near-elderly only. These vouchers are designated to provide housing to the population that was excluded from this development (young/disabled population).
Section 8 Project Based Contract - Canyon Pointe	Canyon Pointe is Section 8 New Construction property with 81 one-bedroom units and 1 two-bedroom unit for elderly residents.
Section 8 Project Based Contract - Glen Willow	Glen Willow is a HUD 221(d)(3) property with 34 units ranging from studios to 4-bedroom apartments providing housing for very-low income families.
Section 8 Mod Rehab Project - North Haven	North Haven is a Section 8 Moderate Rehabilitation project with eight units serving as transitional housing for families who are victims of domestic violence; operated in partnership with our shelter for victims of domestic violence.
McKinney-Vento funds: Award 1	McKinney funds allowed for the construction of ten apartments at the Holiday Neighborhood to house individuals who have been chronically homeless and dually diagnosed. Holiday is operated in partnership with the Mental Health Center. McKinney funds continue to provide operating support for case management.
McKinney-Vento funds: Award 2	McKinney funds provide rental assistance support to our Boulder County Housing First program, providing housing and case management support to 26 chronically homeless, dually diagnosed individuals. BHP partners with the Boulder Shelter for the Homeless to run this program. BHP provides the housing assistance and the Boulder Shelter for the Homeless provides the case management services for these individuals to obtain housing and remain successfully housed.
Public Housing Family Self Sufficiency-ROSS	BHP is in its third year of administering the FSS program for the public housing program.
Green Retro Fit Program	Green Retrofit is a program of HUD's Office of Affordable Housing Preservation to renovate and green the multi-family inventory. These dollars are ARRA-derived and are the grant portion associated with a \$1.2 million loan.

ARRA Funding	BHP received both the ARRA Capital Fund formula grant as well as a competitive grant. The funds are being used on solar and energy performance contracting projects.
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BHP’s portfolio of programs outside of MTW is quite broad. As you can see from the table above, BHP is experienced in many of the HUD multi-family programs and has applied for, and received, a number of grants.

Our goals are aligned with HUD’s strategic plan. BHP’s primary goal is to be the single largest contributor to the city of Boulder’s goal to have 10% of all of our housing be permanently affordable. This goal is directly related to HUD’s strategy of increasing the inventory of quality affordable rental units. Our secondary goal is to achieve the maximum possible service delivery at all of our assisted units. This goal aligns with HUD’s goal of using affordable housing as a platform for service delivery. For a more detailed discussion of how BHP’s partnership goals align with HUD’s strategic plan, please see page 119 of the original MTW application.

## SECTION IV. LONG-TERM MTW PLAN

Boulder Housing Partners uses five MTW goals to frame our long-term thinking. In addition BHP has developed the following principles that have guided our MTW plan. With MTW flexibility, BHP plans to be able to:

- Use federal housing resources as compelling tools in creating positive change for families,
- Manage converted public housing as a real estate asset and a vital part of our community's infrastructure,
- Encourage the community, and our prospective customers, to perceive public housing as a place to Live, Learn, and Earn,
- Accelerate the shift of staff focus from paper to people,
- Complete the transformation of a public agency from bureaucratic to entrepreneurial,
- Accelerate changes in outcomes for families from tepid to catalytic,
- Enhance our role in the industry from thinkers to doers, and
- Provide a more complete continuum of housing choices.

Our long-term goals and expectations are described below. The Moving to Work program has three statutory goals. BHP's program includes an additional two goals that better articulate our program, and are consistent with the statutory goals. Not every item listed below requires MTW flexibility. We include these items in order to tell a more complete story of what we are trying to achieve.

Goals in Year One are described in detail below in the discussion about MTW Activities.

### MTW Goal I

#### Reduce cost and achieve greater cost effectiveness in federal expenditures

##### In Year I, we expect to:

1. Streamline and simplify the rent calculation and re-certification process for elderly households and people with disabilities,
2. Simplify the process for income and asset verification for all households,
3. Complete our planning to implement a flat and tiered rent program for families, including the design of a rent reform controlled study with a control group (implementation in year 2),
4. Change from a 30% of rent-with-adjustments-to-income system, to a 26.5% of rent with no deductions for elderly households and people with disabilities,
5. Implement a flat utility allowance,

6. Exclude income from assets with a value less than \$50,000 and disallow participation for households with assets greater than \$50,000,
7. Implement a biennial HQS inspection,
8. Create an MTW Advisory Committee to assist us in longer-term thinking and program evaluation, and
9. Structure our evaluation metrics and benchmarks.

**In years 2-10, we expect to:**

**1. Make standard documents more customer friendly**

BHP initiated a process improvement plan to make all of our documents simpler to understand and more customer-friendly. We want to extend this successful process to the legal documents associated with the programs beginning with the lease and the HAP contract. Customers currently find the documents cumbersome and difficult to follow. The result is that they miss the key requirements and suffer the consequences.

**2. Make the voucher program lease length more flexible**

Many university towns, like Boulder, have a leasing season centered on the school year. This creates many situations in which a landlord is unwilling to sign a one-year lease.

**3. Revise and simplify our portability policy**

The industry has long discussed a variety of needed changes to the administration of portable vouchers. We would like to use MTW flexibility to experiment with a number of ideas that would make local administration more streamlined. Our streamlining would not interfere with payments to other PHAs.

**4. Implement the revised rent system for family households**

The biggest criticism of the public housing and voucher program is that the rent structure creates a strong disincentive to work, and to accurately report income. We propose a rent structure for families that will reward increased income, remove penalties for reporting income and mirror the private market so that the transition from assisted housing to market rate housing will be more seamless. In this MTW goal, BHP will find tremendous efficiency in administering a single rent system for our public housing, voucher and LIHTC programs.



## MTW Goal 2

### Create incentives for families to work, seek work or prepare for work

#### In Year 1, we expect to:

1. Streamline and simplify the rent calculation and re-certification process for households with earned income,
2. Simplify the process for income and asset verification for all households,
3. Complete our planning to implement a flat and tiered rent program for families,
4. Complete planning for our resident mobility program, and
5. Complete planning for community center construction.

#### In years 2 – 10, we plan to:

- 1. Expand the staffing of our Resident Services program so that every public housing and voucher household is assigned a service coordinator.**

BHP has a Resident Services program and a Resident Services Strategic Plan. Our strategic plan calls for an expansion of our service coordinator program so that every household in the program can have reasonable access to a coordinator. Boulder is a service-rich community. BHP's appropriate role is to be the vital link between abundant services and our families who need them. Many barriers cause our public housing and voucher families to be isolated from the services they need. In our 31-year history with service coordination, we know that service connection works. We will use MTW funding flexibility to expand our capacity, as well as free up more of our current staff time so they can focus on connecting our residents and participants to the services they need to become self-sufficient, or to age in place.

- 2. Create a service delivery center at each of our family housing sites.**

BHP has a strong belief that the most effective point of service delivery is home. Our long experience with community centers bears this out. We will convert one to two apartments at each of our family sites in order to create community centers. In addition to providing services, community centers become a focal point for the community and help to create cohesive neighborhoods.

- 3. Expand the program that provides college tuition to BHP students participating in the 'I Have a Dream' program partnership.**

Boulder Housing Partners and the I Have a Dream Foundation (IHAD) formed a partnership 12 years ago to provide a cutting-edge model for the integration of truly affordable housing enriched with services for residents. IHAD is a national initiative that provides children in low-income communities, beginning at the age of nine, with after-school support, guaranteed tuition support and the skills, knowledge and habits to gain entry to higher education and succeed in college and beyond. Since its inception in Boulder 475 kids have participated in the IHAD program and 175 have graduated from high school. Of these graduates, 86% (150) have gone on to

college or vocational schools. Of these 150, 70% have graduated. If we can create more classroom space at each of our family public housing sites, we can work with our IHAD partner to expand their program.

**4. Expand our Community Service and Section 3 programs to build social capital by greater involvement in the community.**

BHP residents who have long been out of the workforce need to update their skills and experience and build networks in order to make re-entry more possible and successful. We propose to expand our community service and Section 3 programs as a pre-employment training program.

**5. Create a system to reward households for progress towards self-sufficiency.**

BHP will work with residents to create a system that rewards their progress towards self-sufficiency and their efforts to make their home and neighborhood a better place to live. BHP, like many housing authorities, finds itself spending the majority of its staff time and resources on the minority of the population that is disrupting personal and community life. We want to turn this paradigm on its head, instead spending time and money on people who are building community. Further, we want to work with residents to create this system. We will suggest that we model it after the Cornerstone Rental Equity program<sup>3</sup>. This program matches many of the ideas we have about enhancing the benefits of renting a home and engaging residents in building equity.

**6. Revise our Public Housing Family Self Sufficiency program to address a lower-skilled population.**

BHP is home to many families that are not yet ready to meet the requirements associated with the Family Self Sufficiency program. We want to develop an FSS program that targets families much earlier in the self-sufficiency continuum. Families who need to gain basic literacy and life management skills are currently under-served.

**7. Expand our current work with the Bridges Out of Poverty program.**

BHP is one of six organizations in Boulder County to implement the Bridges Out of Poverty/ Getting Ahead program. The Bridges Out of Poverty model examines the sources and impact of generational poverty on families, reveals the hidden rules and norms of social class, and supports families as they learn how they can change their behavior to embrace a mental model of prosperity. The concept behind the program is consistent with recent findings in the literature about the Moving to Opportunity program in which “kin-centered networks” worked both for and

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<sup>3</sup> Cornerstone Renter Equity is a management system where residents have a stake in the property where they live by using their contributions to maintain and improve property values and rental income with compensating financial equity. Residents sign a contract with Cornerstone that enables them to earn up to \$10,000 in financial equity in ten years, provided they complete routine work assignments, attend management meetings, and fulfill lease commitments. Residents receive a monthly statement of their earnings, but they must stay in their homes for five years before their credits are vested and are eligible for cash payments. After becoming vested in the Renter Equity Fund, individuals may borrow up to 80% of the value of their credits for any reason.

against families moving out of poverty, often against. In “Moving to Opportunity”<sup>4</sup> Briggs, Popkin and Goering write that “...the most vulnerable among the poor are embedded in ‘communities’ of kin that often expose them to extraordinary risk and burden, no matter where they live.”

BHP wants to use MTW to test this part of the theory that housing solutions will be compromised unless we are addressing the intrinsic beliefs that people hold about being poor.

## MTW Goal 3

### Increase housing choices for low-income households

#### In Year 1, we expect to:

1. Remove the cap on income spent on rent in the voucher program, and
2. Implement a process to test mobility for residents from a Multi-Family Property with a Section 8 Project-Based Contract using Section 8 Housing Choice Vouchers.

#### In Years 2 – 10 we expect to:

Think big. BHP wants to use MTW flexibility to add at least 100 new affordable units to fill critical gaps in our affordable housing continuum (often called a “housing ladder”). With two projects already in development, we are confident that we can make a difference. Boulder has a gap in three critical parts of its continuum:

- Housing for chronically homeless individuals,
- Housing for families and individuals experiencing temporary homelessness and needing a rapid re-housing solution, and
- Families ready to “graduate” from public and voucher housing, but unable to bridge the 300% gap between the average assisted rent and the average fair market rent.

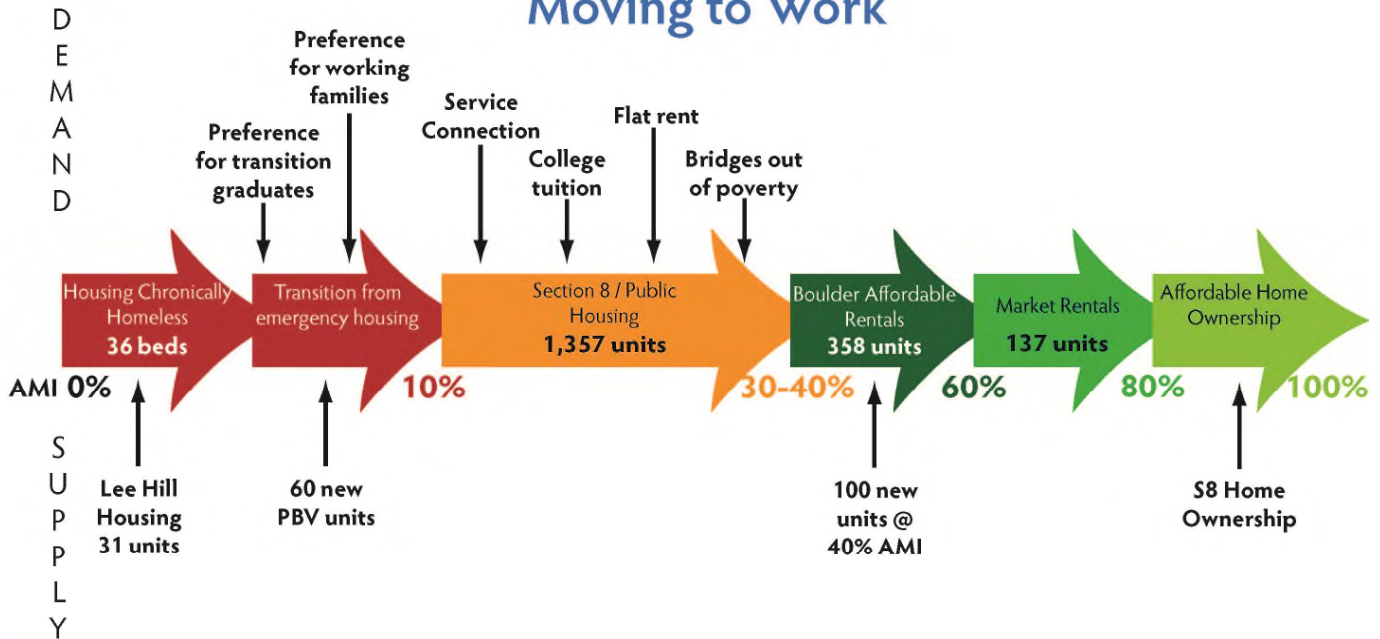
In 1986 BHP began to create a portfolio of non-public housing that has since grown to 495 (358 permanently affordable and 137 market affordable) units and is now managed as Boulder Affordable Rentals (BAR). BAR apartments are available to families earning between 35% and 60% of Boulder’s area median income. These units include 137 BAR units that operate at market rate because they do not have affordable covenants attached. The rent on these units is deliberately lower than the market rent that a typical renter would find in Boulder’s private market to serve as yet another step in the continuum.

The graphic below summarizes our housing continuum, its gaps, and the ways in which MTW flexibility will help address the gaps. The continuum is from 0% to 100% Area Median Income (AMI) and from housing for the homeless to homeownership. The activities described beneath the continuum are the ways in which we will expand the supply of housing. Activities above are ways in which we will work on the “demand” side of the equation, by increasing income and making housing more accessible and affordable.

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<sup>4</sup> Briggs, Xavier, Popkin, Susan J., and Goering, John 2010 “*Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty*” Oxford University Press

# Boulder Housing Partners Moving to Work



1. Use MTW funding flexibility to create 31 newly constructed units of permanent supportive housing for chronically homeless individuals.

In partnership with the Boulder Shelter for the Homeless, BHP has purchased land to build 31 new units of housing for chronically homeless individuals. Our Lee Hill housing project will be supported by project-based vouchers and McKinney-Vento funds. Construction is scheduled to begin in September 2012. MTW flexibility is important in order to bring Replacement Housing Factor Funds to the project without the administrative burden of establishing and managing a separate public housing asset management project (AMP) for a small number of units. The cost of administering such a small AMP and PH program renders the funds too costly to use, and yet they fill a critical gap in the project budget.

2. Increase the cap on project-basing vouchers to dedicate up to 60 vouchers for housing for individuals re-entering the community following homelessness or incarceration.

Boulder's population of single adult men who are trying to re-enter the community need supported SRO housing as a temporary or permanent housing solution. Currently the inventory of housing available to them is limited to BHP's one-bedroom apartments in its elderly or family buildings. The integration of frail, elderly women and homeless men in dense multi-family buildings has had profoundly negative management, security and quality of life implications. We need to provide a supported setting in which people can re-gain skills to live more successfully in the community.

**3. Use resources leveraged from the conversion of public housing, along with MTW flexibility, to create at least 100 new affordable units renting to families at 40% of the area median income.**

Another critical gap in the housing continuum is the lack of options for households ready to move off of federal housing subsidy. Using the flexibility provided to us under the MTW program we propose to increase our Boulder Affordable Rentals inventory by 24%.

We have done extensive pro forma work to test our assumptions that a successful conversion of our public housing to project-based assistance can leverage \$32 million in improvements to public housing, as well as leverage an additional \$11.4 million to add more than 100 new tax credit units to the inventory. Our assumptions include the sale of public housing into a tax credit partnership using 4% low income housing tax credits combined with Private Activity Bonds. The model can support an average of \$28,000 in rehabilitation per unit and completion of new community centers. The new affordable units will be financed with proceeds from the sale of the units combined with other sources such as replacement housing factor funds (5 years), local housing trust fund investment, tax credit investment and conventional debt.

**5. Implement a damage claim for landlords participating in the voucher program.**

A key component of our MTW plan is to make the voucher program more attractive to private landlords. It is an infrequent occurrence in Boulder that voucher participants leave a unit with excessive damage, but it does happen. And then the story spreads. As a consequence, we have had trouble recruiting landlords. We propose to use HAP funds to create a fund for damage claims.

**6. Create a Section 8 homeownership program in partnership with the city of Boulder and Thistle Community Housing.**

Creation of a homeownership program may not require MTW flexibility, but doing so will round out the critical interventions that BHP can make in the housing ladder. The city of Boulder has an active homeownership program that is supplemented by an inclusionary zoning ordinance and a housing trust fund. Absent either of these tools, the average price for a single family home in Boulder is \$535,000 and a multi-family home is \$275,000. We propose to partner with Thistle Community Housing because of their long track record of developing affordable homeownership opportunities. Thistle is Boulder's largest non-profit housing developer specializing in mixed-income homeownership opportunities and community land trust development.

## **MTW Goal 4**

### **Pilot a rent policy that will encourage self-sufficiency, assure accurate reporting of income and ensure that customers are not overly rent burdened.**

BHP has long been interested in rent reform and simplicity. In the 41 years since the introduction of the Brooke Amendment, Congress and HUD have developed a complex and convoluted set of rules

governing the definition of income. Our property management staff spends often up to 60% of their time calculating rent. We want them, instead, to be out on our properties, talking to our customers, leasing units, walking the grounds, planning programs, solving problems, considering future needs of the property, initiating conversations with our clients to define each household's individual success and how to obtain it, and generally being a positive and visible part of the housing community. Instead, they are tucked away in their offices, poring through shoeboxes full of medical receipts.

Our proposal is to maintain – but simplify - the current system of rent-based-on-a-percentage-of-income system for elderly households and people with disabilities. If the Section 8 Voucher Reform Act (SEVRA) were to pass, some rent simplification will be achieved. Our proposal expands the approach to streamlining and simplification, far beyond what is proposed in SEVRA.

For families, we propose a flat and tiered rent structure. For all households, we propose a uniform system of streamlining and simplification.

Rent that is based on adjusted income puts tremendous pressure on achieving the maximum deductions possible, and it creates an odd, and perhaps inappropriate, subsidy for other social service industries. We want to test a belief that residents will be better served if their rent payment reflects simple housing costs, rather than a myriad of challenges including health spending, child care, transportation and aging. To that end, we propose to eliminate all deductions from income for elderly households and people with disabilities. Income will be gross income and not adjusted for any circumstances. In exchange for loss of deductions, we will reduce the rent payment threshold from 30% to 26.5%.

To provide an incentive for elderly households and people with disabilities who wish to be employed, but currently must report their increase in earned income within 10 days, we would remove the requirement that they report this earned income until their next re-certification. This would provide an opportunity for them to increase their income, reap the benefits of that increase and allow them to save, without having 30% of that new income source taken away for rent within 30 days.

Our rent policy for families will be focused on:

- Eliminating the disincentive to work,
- Mimicking the rent structure that families will use as they move into non-HUD affordable rentals, and
- Providing simplicity and predictability for families.

We have reviewed the literature on the effect of rent policy on social outcomes, and we have looked at the rent structure for all of the existing Moving to Work agencies. In taking both into consideration, along with our outreach to hundreds of participants in our public housing and voucher programs, we have concluded that a flat, tiered rent is the best option for us.

Our analysis is summarized in the chart below:

<b>Rent Options</b> → <b>Rent Principles</b> ↓	current system: rent based on income with deductions	simplified rent based on income	flat graduated rent increasing with time of occupancy	flat tiered rent increasing with bedroom size
Affordable	yes	yes	no	yes
Removes or reduces disincentive to work	no	no	yes	yes
Encourages accurate income reporting	no	no	yes	yes
Simple to understand & administer	no	yes	yes	yes
Relates to the product	no	no	no	yes

The challenge of achieving all five principles related to rent policy is daunting. In the chart above, the principles are organized by approximate priority. BHP thinks it's keenly important to continue to tie rent to income. Our households have earned income ranging from \$1,000 to \$50,000 annually. We need to be very sensitive to rent burden.

In place of a rent based on percentage of income we will offer a flat/tiered rent based on the following table (BHP currently has a minimum rent for both the public housing and voucher programs of \$50):

**Rent per bedroom size based on % of Area Median Income**

% of Area Median Income	0 BDRM	1 BDRM	2 BDRM	3 BDRM	4 BDRM
60%	942	1,008	1,210	1,398	1,560
55%	863	924	1,109	1,281	1,430
50%	785	840	1,008	1,165	1,300
45%	706	756	907	1,048	1,170
40%	628	672	807	932	1,040
30%	471	504	605	699	780
20%	314	336	403	466	520
10%	157	168	201	233	260
Minimum rent	50	50	50	50	50

The flat rent approach will apply to both public housing and the voucher program. Its application in public housing is evident. The combination of income band and bedroom size will determine rent.

In the voucher program, the voucher value will be the difference between the payment standard and the suggested affordable rent by bedroom size. In other words, if a family of three has a two-bedroom voucher and income at 30% of the area median income, their voucher value will be \$435:

Payment standard for a 2 bedroom unit	\$1040
Affordable rent at 30% AMI 2 bedroom	<u>- \$605</u>
Voucher value	\$435

In addition, we propose to remove the cap on income that voucher holders can spend on rent so that participants have a wide range of choice in the market, having first been strongly coached that their portion of the rent should be no more than 30% of income.

In order to capture the impacts of the flat/tiered rent strategy in both programs, we will design the rent reform controlled study to measure the impacts on both a treatment and control group. Participants will be assigned to the treatment and control groups by a process which will be developed in year one.

### **In Year 1, we expect to:**

For elderly households and people with disabilities:

1. Adopt a simplified rent based on 26.5% of gross income,
2. Eliminate all deductions,
3. Exclude income from assets below \$50,000,
4. Begin scheduling re-certifications so that they will occur every three years,
5. Eliminate third-party verification except at admissions and for audited files,
6. Eliminate all interim increases, except for increases in unearned income, and
7. Limit to one the number of interim decreases.

For family households:

1. Exclude income from assets below \$50,000,
2. Eliminate third-party verification except at admissions and for audited files, and
3. Eliminate earned income disregard and interim recertifications for increases in income, and
4. Plan for the implementation of the flat/tiered rent system.

### **In Years 2 – 10 we plan to:**

1. Implement a flat/tiered rent system for families households,
2. Implement the rent reform controlled study with the treatment and control groups to test the alternate rent strategies, and
3. Monitor and evaluate the new rent structures for all households.



## MTW Goal 5

### Preserve, transform and revitalize our public housing

In 2006 Boulder Housing Partners became one of the first housing authorities in the nation to implement a new model for the redevelopment of public housing. The new program converted 46 units of public housing to a market-based, financially sustainable model using project-based vouchers and low income housing tax credits, resulting in a rehabilitated community that is both service-enriched and environmentally friendly.

Among the primary innovations was the ability to serve the same low-income population as formerly served in public housing, and the opportunity to offer the families a broad range of services and support. Most prominent is an after-school program created in partnership with the I Have a Dream Foundation (IHAD) for children at the site.

BHP's innovation allowed it to accomplish many goals:

- Update the current units to insure their livability for another 20 years by making basic renovations,
- Continue to serve the same very low-income (0% - 30% of the AMI) population with a service-enriched housing model,
- Expand the amount of affordable housing in this neighborhood,
- Diversify the mix of incomes and housing types,
- Create a more environmentally sustainable community,
- Use market-oriented financing structures, and
- Ensure the continued availability of this housing to the community into the future.

We are not currently able to replicate this model because we have reached our statutory cap in project-basing vouchers. In order to similarly convert the balance of our public housing units, we request flexibility in order to project base 100% of the vouchers *in advance of* having supportive services arranged. Our goal is to preserve the current public housing demographic at these small-scale sites and improve the physical asset and operations, and to bring needed self-sufficiency services to our households.

#### **In Year 1, we expect to:**

1. Amend the process for project-based vouchers, and
2. At a minimum, complete our planning for public housing conversion.

#### **In Years 2 – 10 we plan to:**

- 1. Use MTW flexibility to project base 337 units in former public housing developments converted into a 4% tax credit partnership.**

At the time of conversion, we will use the most effective tool available, whether it is a version of PETRA legislation that has been signed into law or the current Section 18 disposition process. BHP will comply with the certification to participate in the first available round of PETRA implementation

in the most reasonable and constructive manner, given the timing of BHP's activities and congressional action of PETRA.

**2. Test three mobility options for families in the converted public housing properties: none, full and conditional.**

Under current project-based voucher regulations, households can leave their project-based apartment by requesting the next available voucher at the end of one year of tenancy. This provision is at the heart of much debate as the nation considers legislation to convert public housing to project-based financing. BHP wants to use MTW flexibility to test whether families who are able to move with vouchers will achieve greater outcomes than those whose mobility is limited.

## **SECTION V. PROPOSED MTW ACTIVITIES**

### **Activity 2012-1 – Allow BHP to commit project-based vouchers to cover 100% of the units at converted public housing developments.**

#### **A. MTW Initiative Description**

BHP was one of the first housing authorities in the nation to test converting public housing to a project-based voucher model. The Broadway Apartments are now a financially feasible, environmentally friendly, service-enriched asset. Among the primary innovations was the ability to serve the same demographic as previously served in public housing and to offer those households services on-site. Capital improvements ranged from energy and sustainability improvements to improvement of long term operations, catch-up of deferred maintenance, and the addition of a community center to enhance the delivery of resident services.

Beginning with a disposition application in 2011, BHP's current plan is to redevelop its family public housing units following this model described above. The redevelopment will occur in three phases based on proximity, need for capital improvements and schedule to put the units back in service. BHP will work with HUD to convert the public housing to permanently affordable, very low-income housing by combined Private Activity Bonds and 4% low-income housing tax credits with project based vouchers, local grants, and a conventional loan to leverage funds for rehabilitation of the units and construction, at four sites, new community centers.

The first phase of six projects anticipates relatively simple construction and rehabilitation needs, equal to approximately \$25,000 per unit, for 206 units and three community centers, for a total project cost of approximately \$20 million. This phase would begin in 2012 and be completed in 2013. The City of Boulder has already authorized the transfer of approximately \$10 million in Private Activity Bond authority to BHP; additional authority is available from other local jurisdictions.

Phase two consists of one project, 95 units, which is located in central Boulder in an established neighborhood, that will need substantially more rehabilitation and will include a more lengthy entitlement process. That phase would begin in 2013 and be completed in 2013 for a total cost of approximately \$8.5 million.

The final phase consists of a 28-unit project which is located immediately next to a commercial center in North Boulder that is proposed for redevelopment. The City's planning initiative to adopt a consolidated vision, whether a City or property owner led process, for the entire area may take several years to compete. There is also the potential of adding, through the planning and visioning process, new units and a community center to the rehabilitation process. BHP anticipates participating in the planning process with the goal of beginning the rehabilitation in 2014. If just a rehabilitation, the total project costs will be approximately \$3 million.

The underwriting for the new model will include a program of wrap-around services that will include our

key partnerships to date – the I Have A Dream program, the Youth Services Initiative, Intercambio, Workforce Boulder County, Meals on Wheels, CareConnect, Visiting Nurses, and Special Transit.

In sum, the goal is to:

- Improve and green the assets
- Preserve the existing demographic and affordability
- Improve the underlying finance to address deferred maintenance
- Expand the provision of services on-site.

**Waive the 20% cap on project based vouchers:** MTW flexibility is required in order to achieve our goal of transforming public housing so that we can project base up to 100% of the tenant protection vouchers in order to maintain the same customer demographic that currently resides in public housing. We also request MTW flexibility to project base the vouchers without a local competitive process.

**Definition of excepted units:** MTW flexibility is required in order to project base 100% of replacement vouchers at family properties. Our goal is to provide services at each site, but we want to be able to project base *in advance* of such programs being finalized.

**Local project-based voucher program for former public housing residents at converted sites:** In order to preserve the existing demographic and affordability for all current public housing families at the converted sites, BHP may modify the PBV program’s treatment of former public housing residents in the following ways:

- Allow households who were previously paying the public housing flat rents to continue to pay such rents or transitional higher rents that remain close to 30% of their income;
- Provide more flexibility to allow under-housed, or over-housed resident to stay in their current units;
- With respect to mixed citizen households who would otherwise see a significant rent increase, allow owners of the PBV units to request lower contract rents for those families without affecting rent comparability for other units at the development or define market rents to be used in connection with ineligible members of such families in the manner currently applied in the public housing program; and
- Make any other necessary rent or occupancy policy adjustments to provide more similar treatment of the households to their former treatment as public housing residents.

## **B. MTW Statutory Objective**

This activity will:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures by leveraging other funds, and
2. Increase housing choices for low-income households, by preventing potential displacement resulting from application of PBV rent and occupancy rules to former public housing residents.

### C. Anticipated Impacts

BHP anticipates that this activity will:

- Place current public housing developments on a predictable and sustainable real estate platform
- Address the deferred maintenance and capital improvement needs of the properties
- Allow for the provision of services on site through the construction of four community centers at four family sites
- Streamline the management operations by having predictable resources
- Provide for authentic asset management and accurate projections of future capital needs

Potential negative consequences include:

- Introduction of mortgage risk to the affected developments by trading a known subsidy structure for debt
- Appropriations risk of changing the subsidy program on which the developments rely

### D. Baseline and Benchmarks

Metric	Baseline	Benchmark	Implementation schedule
Dollar amount of deferred maintenance	\$13,796,262 (\$41,000 per unit)	Maintenance needs are current and not deferred  Property contributes to replacement reserves for future maintenance needs	End of first year after completion of rehabilitation and lease-up (estimated completion time: 5 years)
Expense PUPA	\$5,700	\$5,000	End of first year after completion of rehab and lease-up
Occupancy rate	98%	98%	End of first year after completion of rehab and lease-up

Contribution to reserves	\$0	\$300 per unit annual	End of first year after completion of rehab and lease-up
On-site service community centers	37% of public housing properties have centers (3 of 8)	86% of converted public housing properties will have centers (7 of 8 sites)	Three existing; two completed by end of 2013, the other two by end of 2017

**E. Data Collection Metrics and Protocols**

BHP will be able to collect all of the data to measure this activity from its financial statements and management reports.

**F. Authorization Cited**

From Standard MTW Agreement, Attachment C, Statement of Authorizations, Sections:

D. 1. e. The Agency is authorized to determine the percentage of housing voucher assistance it is permitted to project-base;

D. 7. The Agency is authorized to develop and adopt a reasonable rent policy and process for project-basing Section 8 tenant-based leased housing assistance; and

D. 7. a. The Agency is authorized to project-based Section 8 assistance as properties owned directly or indirectly by the Agency that are not public housing. Project-based assistance for such owned units does not need to be competitively bid.

**G. Rent Reform Initiative Information**

Not applicable.

## Activity 2012-2 – Rent simplification specifically for elderly households and people with disabilities

### A. MTW Initiative Description

This activity's main objective is to simplify the rent calculation for elderly households and people with disabilities who are currently living on a fixed income from such sources as Social Security, Supplemental Social Security, and Old Age Pension.

**Rent based on 26.5% of income:** BHP's rent policy for elderly households and people with disabilities will be calculated on gross income with no adjustments or deductions to income. In lieu of deductions, rent will be based on this lower percentage of gross income. This percentage was chosen based on the data modeling that was conducted. The proposed 26.5% provides for:

- 74% of affected households with a lower resident rent
- 4% of affected households with the same resident rent
- 10% of affected households with an increase between 1% and 6% of their current rent
- 12% of affected households with a greater than 7% increase in the rent in year one

The 26.5% model satisfies our guiding principle of keeping at least 75% of current residents with a neutral or lower rent.

**Triennial Recertification:** BHP proposes to recertify elderly households and people with disabilities every three years. Annual recertification for our elderly households and people with disabilities living on a fixed income creates much stress and anxiety for very little gain. The vast majority - 92% - are living on Social Security, which has not increased in the past year and for which there will be no cost of living adjustment in 2011 or 2012. The amount of documentation is overwhelming and difficult to gather. The amount of staff time spent to annually recertify a household living on a fixed income greatly outweighs the benefit of the minimal increase in BHP rent receipts.

**Income Disregard:** BHP proposes to disregard increases in income until the next recertification. We want to provide an incentive for people with disabilities and elderly households who wish to be employed, but currently are discouraged from increasing their income due to the requirement that they must report their increase in earned income within 10 days. Considered in concert with the provision to do re-certifications every three years, this change could provide a meaningful opportunity to increase household income, reap the benefits of that increase and enhance economic self sufficiency.

**Limit on interim decreases:** As another measure to create efficiencies, BHP proposes to limit rent changes based on decreases in income to one per year.

## **B. MTW Statutory Objective**

This activity will:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures; and
2. Create incentives for families to work, seek work or prepare for work.

## **C. Anticipated Impacts**

BHP anticipates that this activity will:

- Streamline the recertification process for these households
- Reduce the anxiety and feeling of intrusion into the participants' private information
- Maintain stable rent burden for assisted households for three years
- Simplify the rent calculation, making it easier for assisted households to understand
- Encourage residents and participants who are able to obtain employment
- Significantly reduce administrative time to allow occupancy specialists to spend more time with these residents and participants to assist them and connect them to other resources they may need
- Reduce the amount of time and cost for residents and participants to gather all the documentation for recertification. Elderly and disabled households who claim medical deductions spend the most amount of time gathering information for these deductions. Due to the rules under the Health Insurance Portability and Accountability Act, the housing authority is unable to receive this information directly so residents must gather the medical information such as statements from pharmacies, doctor's offices, hospitals, clinics, etc. as well as copying receipts for the over-the-counter medications). In addition to verify assets, most of the financial institutions now charge for this service, so the household must go to the bank to request the monthly statements.

Potential negative consequences include:

- Loss of rental income to BHP for increases to fixed income households
- For 12% of the elderly and disabled households, they may experience an increase of more than 7% in their total tenant payment. The hardship policy that will be created will cap their increase to 7%.



## D. Baseline and Benchmarks

Metric	Baseline	Benchmark	Implementation schedule
Hours and cost of staff time and salary savings in recertification process related to verifying income, assets, and deductions	Baseline to be determined prior to implementation by a time study	Reduction in hours of staff time of 50% (current hourly wage + benefits is \$26)	Implement at annual recertification, effective in 2012. Results achieved by end of year one.
Average rental income and HAP related to triennial recertification	Average TTP: \$235  Average HAP: \$536	No resulting % loss in TTP  No resulting significant increase in HAP	Will continue to monitor.
Number of households with employment activity	65 elderly households or persons with disabilities	Increase number of households by 1%	Effective January 1, 2012. Increase achieved by end of year one.
Number of hours spent by residents and participants preparing paperwork for annual recertification	To be determined by resident survey prior to implementation	50 % reduction of hours per year per resident/participant	Triennial recertification; begin January 1, 2013, results by December 31, 2013.
Number of hours spent by staff processing 100% of recertifications every year versus triennially for these households	3 hours average for each of 594 households or 1,782 total staff hours	Reduction of 1,888 hours of staff time per year equals salary savings of \$30,000	Triennial recertification, begin January 1, 2013, results by December 31, 2013.

## E. Data Collection Metrics and Protocols

BHP will use a process improvement (Six Sigma, see page 3 for explanation) approach to documenting time required in performing all of the steps associated with our current rent policy.

We will use that information as the baseline from which to measure, at six month intervals, improvements.

We will rely on our operating data base for impact information.

## **F. Authorization Cited**

From Standard MTW Agreement, Attachment C, Statement of Authorizations, Sections:

C. 4, the Agency is authorized to restructure the initial, annual and interim review process in order to affect the frequency and methods and process used to establish integrity of the income information provided, and

C. 11. The Agency is authorized to determine family payment, including the total tenant payment, the minimum rent, the utility reimbursements and tenant rent, and to adopt and implement any reasonable policies for setting rents in public housing including establishing definitions of income and adjusted income, or earned income disallowance,

D. 1. c, the Agency is authorized to define, adopt and implement a reexamination program that differs from the reexamination program currently mandated, and

D. 2. a. the Agency is authorized to adopt and implement any reasonable policies to establish payment standards, rents or subsidy levels for tenant-based assistance and to calculate the tenant portion of the rent that differ from the currently mandated program requirements.

## **G. Rent Reform Initiative Information**

### **1. Agency's Board approval of policy**

The BHP Board's approval of this rent policy is included in the Board's resolution adopting the MTW application and First-Year Annual Plan.

### **2. Impact analysis**

In our analysis of the new rent reform, we found the following:

- 74% of affected households would have a lower resident rent
- 4% of affected households would remain at the same resident rent
- 10% of affected households would have an increase between 1 and 6% of their current rent
- 12% of affected households would have more than a 7% increase in the rent in year one

There are mitigating circumstances for many of the households whose increase would be greater than 7%. In the majority of cases, households experienced a single medical event which resulted in an unusually high amount of medical expenses for one year and would be expected to return to an average amount.

In 2009, the Social Security Administration announced that there would be no Cost of Living Adjustments for the following three years (2010 – 2012). Therefore, no loss of rental revenue would occur until 2013. At that time, based on an average increase in Social Security benefits of 1.5%, the impact of recertifying households on a fixed income every three years to public housing tenant rental revenue would be approximately \$4,449. For the Section 8 participants, the impact would be no increase in HAP in the approximate annual amount of \$9,576. Once implemented, this data would be tracked in order to determine if efficiencies in staff time would continue to outweigh the loss of revenue.

### **3. Annual reevaluation of rent reform initiative**

We will review the percentage of income amount yearly with the goal of balancing access to the programs and equity.

### **4. Hardship case criteria**

In the first year of implementation, BHP will not expect any resident to experience more than a 7% increase in rent. Those residents who would be affected will have their rent increase capped to 7%. A 7% increase in rent represents an average of \$4 per month. Evaluation for the second year would be conducted as needed for those residents affected. It is likely that the 7% cap would be continued, or a different hardship policy implemented.

### **5. Transition period**

#### **Rent at 26.5%:**

In the first year of implementation, all elderly households and persons with disabilities would go through the annual recertification process. This recertification would implement the rent based on 26.5% of gross income and remove all deductions (with the exception of the hardship cases). As these recertifications are processed, each month the first third would be scheduled for their next recertification in three-year's time, the second third would be scheduled in two-year's time and the last third would be scheduled for the following year.

#### **Change in interims:**

The elimination of interim increases due to increases in earned income and the limit of one interim decrease per year would be effective for all these households as of January 1, 2012.

### **6. Documentation of public hearing**

See Section D. Evidence of Community Support and Involvement, (1) Evidence (in the form of sign-in sheets, etc.) that the PHA has provided community and PHA resident participation in developing its MTW application, including a public hearing, for the invitation letter, copy of presentation notes and documentation regarding the public hearings.

## Activity 2012-3 – Rent simplification for family households

### A. MTW Initiative Description

This activity is designed to simplify the rent calculation for family households.

**Eliminate all interim increases:** In the first year of MTW operation while families are still paying rent based on income, BHP will not recalculate rent when an increase results from earned income that was included in the annual income reported on the last recertification. BHP's experience tells us that an average of 33% of our family households have, over time, left jobs once they understood what their new rent would be. This policy outcome is not only unfortunate; it has created significant additional work when the interim is done yet again.

**Eliminate Earned Income Disregard:** As a companion measure to the elimination of interim increases, BHP will eliminate the earned income disregard program. Earned income disregard has a similar intention of elimination of interims, with an excessive amount of complexity.

**Plan for Flat and Tiered Rent:** In the second year of MTW operation, families with earned income will move to a rent system with a flat rent based on income in tiers, and associated with bedroom size. The detail for the program can be found on page 22. As the rent structure is designed, we will also design the control groups in order to adequately capture the effect of the rent strategies (see Activity Five).

In year one, BHP, in conjunction with our evaluation partner, the University of Colorado at Boulder (CU), will design the system that will be used to rigorously test the effect of the alternate rent strategies that we have proposed to implement in year two. All family households with earned income participating in the Section 8 Housing Choice Voucher Program will be candidates for participation in either the demonstration or control group. From the Section 8 Housing Choice Voucher population, BHP will create a computer-generated control group equal to 10% of the size of the treatment group. For the public housing, BHP will select one or more representative buildings in which to conduct the control, in order to create a control group that equals 10% of the size of the public housing treatment group. Control group participants will be reviewed for diversity indices related to neighborhood, family size, age, ethnicity, head of household and race. Our goal will be to define a control group that reflects the population as a whole and is fully representative of the treatment group.

Results related to rent reform that the current MTW agencies have been reporting are very encouraging, but are compromised in translation to policy change because the rent reform activities have not been controlled. BHP has a strong desire to contribute our experience and data to changing affordable housing policy. At the same time, we propose to size the control group at the smallest possible census that meets the standards for controlled experiments. We believe that the proposed activities related to rent reform offer a benefit to families that should not be unreasonably withheld. Our evaluation partner at the University of Colorado has raised the question and has offered assistance in the design of the group.

The ideas mentioned above are preliminary and subject to input from HUD regarding research needs and input from the University of Colorado. BHP will also confer with HUD to assure its compliance with HUD’s timing needs and requirements for implementation within two years of the execution of the MTW Agreement, and will make any necessary timing adjustments.

## B. MTW Statutory Objective

This activity will:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures; and
2. Create incentives for families to work, seek work or prepare for work.

## C. Anticipated Impacts

BHP anticipates that this activity will:

- Encourage households to increase earned income
- Maintain a stable rent burden for assisted households
- Significantly reduce administrative time to allow occupancy specialists to spend more time with these residents and participants to assist them and connect them to other resources they may need

Potential negative consequences include:

- Minimal loss of rental income to BHP
- Potential for rent burden to participating families when the year two rent system is implemented

## D. Baseline and Benchmarks

Metric	Baseline	Benchmark	Implementation schedule
Increase proportion of working households	36% of families have earned income	Increase of 2% in number of working families	By second annual recertification under MTW of all households, December 2013

Increase average income from employment	Average earned income is \$16,400	Increase in average earned income of 2%	By second annual recertification under MTW of all households, December 2013
Number of staff hours in recertification process related to income changes (both increases and decreases)	168 interim recertifications processed annually due to increases in income, or 250 staff hours (31 staff days)	Reduction in staff time by 60% or 150 hours (19 staff days or a \$3,900)	Results achieved by end of first MTW year.
Number of paybacks due to unreported increases in income	3% of family households in PH initiated a payback agreement in the last 12 months	Less than 1% of families will initiate paybacks	Results achieved by end of first MTW year.
Increase level of employment for families, (i.e. part-time, three-quarters time, full time)	Baseline to be determined prior to implementation based on 2011 income levels for family households.		Results achieved by end of second MTW year when recertifications are processed.

## E. Data Collection Metrics and Protocols

BHP will use a process improvement (Six Sigma) approach to documenting time required in performing all of the steps associated with our current rent policy. We will use that information as the baseline from which to measure, at six month intervals, improvements.

We will rely on our operating data base for financial information to determine the average increase in employment income.

## F. Authorization Cited

From Standard MTW Agreement, Attachment C, Statement of Authorizations, Sections:

C. 4, the Agency is authorized to restructure the initial, annual and interim review process in order to affect the frequency and methods and process used to establish integrity of the income information provided, and

C. 11. The Agency is authorized to determine family payment, including the total tenant payment, the minimum rent, the utility reimbursements and tenant rent, and to adopt and implement any reasonable policies for setting rents in public housing including establishing definitions of income and adjusted income, or earned income disallowance,

D. 2. a. the Agency is authorized to adopt and implement any reasonable policies to establish payment standards, rents or subsidy levels for tenant-based assistance and to calculate the tenant portion of the rent that differ from the currently mandated program requirements.

**G. Rent Reform Initiative Information**

**1. Agency’s Board approval of policy**

The BHP Board’s approval of this rent policy is included in the Board’s resolution adopting the MTW application and First-Year Annual Plan.

**2. Impact analysis**

By eliminating all interim increases due to increases in earned income, BHP will not realize any increase in tenant rent to BHP, or any decrease in HAP payments to landlords. Staff savings from not processing recertifications should outweigh the loss of income.

We plan to implement the flat/tiered rent structure in year two and will continue impact modeling during the first year planning phase. Based on analysis of the flat/tiered rent structure as described in the long-term vision, we found that public housing families who are fully eligible for subsidy would have an average rent burden of 27.3% under this new system. For voucher families who are fully eligible for subsidy would have an average rent burden of 23.9%.

Public Housing:		Section 8 vouchers:	
Eligible Family Size	Average Rent Burden	Eligible Family Size	Average Rent Burden
2	25.0%	2	25.3%
3	36.0%	3	26.1%
4	27.9%	4	20.4%
5	26.7%	5	19.5%
6	25.6%	6	20.4%
7	22.7%	7	7.8%
<b>Average</b>	<b>27.3%</b>	<b>Average</b>	<b>23.9%</b>

Our continued testing does not find a negative, or regressive, impact based on family size or ethnicity as the table, above, confirms. The findings are counterintuitive but continue to be affirmed with multiple data runs.

We have also modeled for sensitivity as families change tiers. The first thing to observe is that the tiers are broad. Households in the 10% tier need to increase their income by 100% to jump to the 20% tier. Households with 20% income need to increase income by 50% to jump to the 30% tier. Based on what we know from national studies about moving to opportunity, households are not experiencing large increases to income. We expect that families will be able to stay in their assigned rents for long enough to be able to accumulate significant savings from increases in earnings.

A second consideration is that households with income at the bottom of the tier are paying 30% of their income towards rent. As they move “up” the income tier, their proportion of rent decreases, nearing 23% of their income that is being used towards rent. Based on modeling, however, the average percentage-of-income-towards-rent change from tier to tier is less than 7%.

Both the rent chart (repeated from page 23) and income chart can be found on the next page:



**Rent per bedroom size based on % of Area Median Income**

<b>% of AMI</b>	<b>0 BDRM</b>	<b>1 BDRM</b>	<b>2 BDRM</b>	<b>3 BDRM</b>	<b>4 BDRM</b>
60%	942	1,008	1,210	1,398	1,560
55%	863	924	1,109	1,281	1,430
50%	785	840	1,008	1,165	1,300
45%	706	756	907	1,048	1,170
40%	628	672	807	932	1,040
30%	471	504	605	699	780
20%	314	336	403	466	520
10%	157	168	201	233	260
Minimum rent	50	50	50	50	50

**Income limits per family size based on % of Area Median Income**

<b>% of AMI</b>	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>	<b>7 Persons</b>	<b>8 Persons</b>
60%	37,680	43,020	48,420	53,760	58,080	62,400	66,720	70,980
55%	34,540	39,435	44,385	49,280	53,240	57,200	61,160	65,065
50%	31,400	35,850	40,350	44,800	48,400	52,000	55,600	59,150
45%	28,260	32,265	36,315	40,320	43,560	46,800	50,040	53,235
40%	25,120	28,680	32,280	35,840	38,720	41,600	44,480	47,320
30%	18,840	21,510	24,210	26,880	29,040	31,200	33,360	35,490
20%	12,560	14,340	16,140	17,920	19,360	20,800	22,240	23,660
10%	6,280	7,170	8,070	8,960	9,680	10,400	11,120	11,830

### **3. Annual reevaluation of rent reform initiative**

Annual reevaluation for this activity will not begin until implementation of a flat/tiered rent for families.

### **4. Hardship case criteria**

No hardship case criteria would be needed for this activity in year one of implementation. We will develop hardship criteria in concert with the implementation of the flat/tiered rent.

### **5. Transition period**

The elimination of all interim increases due to earned income would apply as of January 1, 2012. All current households who are within the Earned Income Disallowance period would continue to receive the benefit until its completion under the current rules. No new cases of Earned Income Disallowance would need to be processed, as they would be covered under the elimination of all interim increases due to earned income.

### **6. Documentation of public hearing**

See Section D. Evidence of Community Support and Involvement, (1) Evidence (in the form of sign-in sheets, etc.) that the PHA has provided community and PHA resident participation in developing its MTW application, including a public hearing, for the invitation letter, copy of presentation notes and documentation regarding the public hearings.

## Activity 2012-4 – Rent simplification for all households

### A. MTW Initiative Description

In the first year of the MTW program, we will implement a series of changes that will be applicable to elderly households, people with disabilities and families in order to simplify the income and asset verification process. A survey will be conducted so families can compare and rate the new recertification process to determine if it is simpler and less confusing for them.

**Source documentation:** Boulder Housing Partners will adopt a policy to allow households to provide computer-generated documentation from the income-source, or hand carry third-party verification forms to and from the income source, if no other documentation can be submitted. Verifying all household income by third-party verification is a very time-consuming process for participating households. Households are required to submit detailed, documented verification of all sources of income and assets. Staff then sends third-party verifications to agencies whose staff resources are already limited. This initiative will decrease time and resources spent by all parties involved.

**Asset limitation:** Upon admission to the public housing or Section 8 Program, household assets will be limited to \$50,000 in value. For new admissions, we will not impute income from assets. For existing customers, income from assets below \$50,000 will be excluded.

**Self-certification of assets:** Household assets will be verified by third-party verification or documents upon admission to the programs. This will provide the baseline for occupancy specialists to use in future years to determine if households are eligible to self-certify to the amount of assets they hold.

### B. MTW Statutory Objective

This activity will:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures.

### C. Anticipated Impacts

BHP anticipates that this activity will:

- Streamline the recertification process for all households
- Simplify the rent calculation, making it easier to understand for assisted households
- Significantly reduce administrative time to allow occupancy specialists to spend more time with these residents and participants to assist them and connect them to other resources they may need

- Reduce by half the time it takes us to let residents know what their new rent or HAP will be. We have found that this interim period causes a great deal of anxiety and stress for our residents

Potential negative consequences include:

- A reduction in annual tenant revenue to BHP for the public housing portfolio in the amount of \$2,640 per year.
- An increase in annual HAP to landlords of \$918 per year.
- Exclusion of families that need housing assistance but have sizeable assets.

#### D. Baseline and Benchmarks

Metric	Baseline	Benchmark	Implementation schedule
Number of staff hours and cost in recertification process related to income and asset verification	Current staff hours required to recertify (to be determined prior to MTW year one)	Reduction of 60% of staff hours (average of \$26 per hour)	For all households, at annual recertification, beginning January 1, 2012. Results achieved by end of year one.
Number of days prior to new rent taking effect that participant receives notification of final rent/HAP	30 days in advance of effective date	60 days in advance of effective date	For all households, at annual recertification, beginning January 1, 2012. Results achieved by end of year one.
Reduction in annual tenant revenue to BHP for public housing households due to exclusion of income from assets	Annual tenant rent as of 2011 year end	Decrease of \$2,640	Results shown by end of MTW year one.

Increase in HAP to landlords based on exclusion of income from assets.	Annual HAP payments as of 2011 year end.	Increase of \$918	Results shown by end of MTW year one.
Number of households excluded from program due to total assets more than \$50,000	Baseline to be determined by beginning of year one.	Less than 2%	Results shown at end of MTW year one.

**E. Data Collection Metrics and Protocols**

BHP will use a process improvement (Six Sigma) approach to documenting time required in performing all of the steps associated with our current rent policy. We will use that information as the baseline from which to measure improvements, at six month intervals.

We will rely on our waiting list data for impact information. We will establish a financial report from our database to evaluate the impact to tenant rental revenue and HAP. If it is noted that an increase to HAP or a decrease to tenant rental revenue exceeds administrative savings, a lower threshold amount may be established.

**F. Authorization Cited**

From Standard MTW Agreement, Attachment C, Statement of Authorizations, Sections:

C. 4, the Agency is authorized to restructure the initial, annual and interim review process in order to affect the frequency and methods and process used to establish integrity of the income information provided, and

C. 11. The Agency is authorized to determine family payment, including the total tenant payment, the minimum rent, the utility reimbursements and tenant rent, and to adopt and implement any reasonable policies for setting rents in public housing including establishing definitions of income and adjusted income, or earned income disallowance,

D. 1. c, the Agency is authorized to define, adopt and implement a reexamination program,

D. 2. a. the Agency is authorized to adopt and implement any reasonable policies to establish payment standards, rents or subsidy levels for tenant-based assistance and to calculate the tenant portion of the rent that differ from the currently mandated program requirements, and

D. 3. b. the Agency is authorized to adopt and implement any reasonable policy for verifying family income and composition and for determining resident eligibility.

## **G. Rent Reform Initiative Information**

### **1. Agency's Board approval of policy**

The BHP Board's approval of this rent policy is included in the Board's resolution adopting the MTW application and First-Year Annual Plan.

### **2. Impact analysis**

The impact of eliminating income from the first \$50,000 of assets will result in a decrease of rental income to BHP from public housing residents in the amount of \$2,640.

Currently, 4% (6 households) of BHP's new admissions for 2010 have assets that exceed the \$50,000 limit.

### **3. Annual reevaluation of rent reform initiative**

We will review the asset limit yearly with the goal of balancing access and equity.

### **4. Hardship case criteria**

The hardship policy will apply to households who have assets in excess of \$50,000 at the time of admission to the program who would not be qualified to participate in the program. If the household meets the following criteria, they would qualify for an exception:

- Household is elderly or a person with disabilities.
- They do not own a home or other real estate.
- Their assets only include money in a bank (savings, CDs, money market) account.
- They plan to use the asset for assisted living in future years.
- They are currently living on no income or a fixed income.

The Advisory Committee that will be created will hold hardship meetings once per month to review all requests.

### **5. Transition period**

The elimination of third-party verifications and self-certification of total assets less than \$50,000 will be effective at the first annual recertification of current residents and participants beginning January 1, 2012.

The exclusion from annual income of the first \$50,000 of assets will be effective at the first annual recertification of current residents and participants beginning January 1, 2012.

The \$50,000 limit on total assets will be applied to all new admissions to the public housing and Section 8 Housing Choice Voucher Program as of January 1, 2012

## **6. Documentation of public hearing**

See Section D. Evidence of Community Support and Involvement, (1) Evidence (in the form of sign-in sheets, etc.) that the PHA has provided community and PHA resident participation in developing its MTW application, including a public hearing, for the invitation letter, copy of presentation notes and documentation regarding the public hearings.

## Activity 2012-5 – Eliminate the 40% of income cap in the voucher program

### A. MTW Initiative Description

**Elimination of the 40% cap:** BHP proposes to waive the current 40% cap on the percentage of income spent on rent. Units where the family's portion of rent will exceed 40% of their income will be approved on a case-by-case basis after explaining the monetary consequences to the family. Our goal is to allow for maximum resident choice in the voucher program and substantially increase participants' ability to understand the program and lease up more quickly. The Boulder rental market is driven by the university students who are able to pay more for rent due to support from their parents. Many landlords can demand a higher rent than what the payment standard covers. In many of the cases where the family hits the 40% limit, the rent is over the limit by \$25 or less. Some families would be very willing to pay the extra \$25 in order to live where they have chosen.

BHP's desire to simplify the voucher program comes from long experience witnessing participant confusion about the voucher program. Despite using state-of-the-industry briefing tools, many participants leave the briefing unsure about how to apply the information as they begin their search. As a result, the number of calls we field during the lease-up process is enormous. We want participants to be confident about their choices in the market.

In MTW Year Two, voucher families will migrate to a flat voucher allowance. We want to combine the simplicity of the flat rent voucher with permission to find any apartment that fits the family's school/work/services/transportation needs.

### B. MTW Statutory Objective

This activity will:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures by reducing calls to Section 8 staff during lease-up period, because the program will be clearer, and
2. Increase housing choices for low-income households.

### C. Anticipated Impacts

BHP anticipates that this activity will:

- Increase housing choice
- Simplify the process for participants
- Decrease the amount of time it takes to locate and lease a unit



Potential negative consequences include:

There are two schools of thought related to choice: one - allow adults to make reasonable decisions for themselves, and two - protect adults from the bad choices they might make. BHP wants to test our belief in the former – that adults, armed with good information and good support, will make responsible choices about their housing. It is possible, however, that we will be wrong on this in more instances than are tolerable. We will track rent burden carefully and monitor to be sure that this policy is not regressive or harmful. All instances where a family would pay more than 40% of their income towards rent will trigger a more in-depth conversation with the family to review and assess their choice. A calculation work sheet showing the family’s income, amount paid towards rent and utilities, and the amount of income remaining for other expenses will be created and discussed with the family.

#### D. Baseline and Benchmarks

Metric	Baseline	Benchmark	Implementation schedule
Average number of days to lease up	29 days	26 days	Implement new policy on January 1, 2012, with benchmark met by end of first year
Percentage of participants who successfully lease up	71%	75%	Implement new policy on January 1, 2012, with benchmark met by end of first year
Number of calls to staff and questions during lease up	Staff time related to lease up questions (Baseline to be determined through a time study)	10% reduction	Implement new policy on January 1, 2012, with benchmark met by end of first year

Percentage of gross rent burden	Of current participants, 53% over 30% and 6% over 40%	There is not a performance benchmark for this metric. We will track it to indicate the impact of the policy.	Implement new policy on January 1, 2012, with benchmark met by end of first year
Number of new landlords participating	257 current landlords	1% increase  (This benchmark will also be affected by Activity Six.)	Implement new policy on January 1, 2012, with benchmark met by end of first year

## **E. Data Collection Metrics and Protocols**

BHP can pull all of the information we need on this activity from our data base. A new tracking tool will be developed for staff related to measuring the volume of questions received and assistance provided during the lease-up period.

## **F. Authorization Cited**

From Standard MTW Agreement, Attachment C, Statement of Authorizations, Section:

D. 2. a. The Agency is authorized to adopt and implement any reasonable policy to establish payment standards, rents or subsidy levels for tenant-based assistance and any reasonable policies to calculate the tenant portion of the rent.

## **G. Rent Reform Initiative Information**

### **1. Agency's Board approval of policy**

The BHP Board's approval of this rent policy is included in the Board's resolution adopting the MTW application and First-Year Annual Plan.

### **2. Impact analysis**

This initiative is expected to increase housing choice. Currently, the units being proposed by participants often exceed the 40% cap by very small margins, measured in the tens of dollars. We want to be able to allow them to flex in order to find housing that most closely meets their needs.

Because this is a voluntary measure, there is some potential that participants will make an unwise choice to become severely rent burdened. Participants will be provided coaching as to how this choice will impact them.

**3. Annual reevaluation of rent reform initiative**

The number of households who have chosen to pay more than 40% of their income towards rent will be reviewed annually, along with each household's current situation. If evidence becomes apparent that this activity is not working for the good of participants, this policy will be changed.

**4. Hardship case criteria**

Because this is a voluntary activity and participants will be counseled as to rent burden prior to lease up, no hardship case criteria is needed.

**5. Transition period**

This activity would be implemented as of January 1, 2012 for all new admissions to the voucher program and any current participant moving from one unit to another.

**6. Documentation of public hearing (may be same as Annual Plan hearing)**

See Section D. Evidence of Community Support and Involvement, (1) Evidence (in the form of sign-in sheets, etc.) that the PHA has provided community and PHA resident participation in developing its MTW application, including a public hearing, for the invitation letter, copy of presentation notes and documentation regarding the public hearings.

## Activity 2012-6 – Implement a flat utility allowance for the voucher program

### A. MTW Initiative Description

Another way in which the voucher program is complicated for a participant is the consideration of how utilities will affect the maximum contract rent they can search for. If participants were able to work with a flat utility allowance based on bedroom size they could determine, without calling us, whether the proposed rent of a unit they are considering will be acceptable to BHP. The goal of this activity, therefore, is to simplify the calculation and reduce anxiety during the lease-up period.

**Flat Utility Allowance:** BHP proposes the following flat utility allowance by bedroom size in the voucher program in place of the current menu of dozens of configurations. The difference between the two flat allowances is high due to which utilities are being included. If a resident is paying for water and sewer, the cost is much higher to the participant.

Utility Allowances by bedroom size	0	1	2	3	4
No water	\$20	\$55	\$65	\$80	\$100
With water	\$95	\$110	\$135	\$175	\$205

### B. MTW Statutory Objective

This activity will:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures, and
2. Increase housing choices for low-income households, because the rent structure will be easier for landlords to understand.

### C. Anticipated Impacts

BHP anticipates that this activity will:

- Reduce confusion for voucher participants by simplifying the calculation for gross rent
- Reduce reluctance of landlords to participate in the program
- Enable the search for housing to be more effective for participants
- Increase participant awareness to find more energy-efficient units, consistent with Boulder’s commitment to a Climate Action Plan. Boulder has just adopted a green rental licensing program which will require all landlords to make energy improvements to their rental units

in order to receive a rental license. Consumers will be able to shop for a rental unit by comparing the energy efficiency scores of the entire inventory.

- Shorter lease up period

Potential negative consequences include:

- Possible increase in resident rent due to a higher utility allowance resulting in undue rent burden for a small number of households.

#### D. Baseline and Benchmarks

Metric	Baseline	Benchmark	Implementation schedule
Number of calls to staff during lease up	Staff time related to lease up questions (Baseline to be determined)	Reduction of 50%	Implement new policy on January 1, 2012, with benchmark met by end of first year
Average lease up days	29 days	27 days  (This benchmark will also be affected by Activity Five.)	Implement new policy on January 1, 2012, with benchmark met by end of first year
Number of participating landlords	257 current landlords	265 or 3% increase	Implement new policy on January 1, 2012, with benchmark met by end of first year
Number of hardship cases	Zero	Less than 3%	Implement new policy on January 1, 2012, with benchmark met by end of first year

#### E. Data Collection Metrics and Protocols

BHP will use a process improvement (Six Sigma) approach to documenting time required in performing all of the steps associated with our current rent policy. We will use that information as the baseline from which to measure, at six-month intervals, improvements.

A new tracking tool will be developed for staff related to measuring the volume of questions received and assistance provided during the lease-up period.

## **F. Authorization Cited**

From Standard MTW Agreement, Attachment C, Statement of Authorizations, Section:

D. 2. a. The Agency is authorized to adopt and implement any reasonable policy to establish payment standards, rents or subsidy levels for tenant-based assistance and any reasonable policies to calculate the resident portion of the rent.

## **G. Rent reform initiative information**

### **1. Agency's Board approval of policy**

The BHP Board's approval of this rent policy is included in the Board's resolution adopting the MTW application and First-Year Annual Plan.

### **2. Impact analysis**

Based on extensive modeling of the utility change, the average unit allowance will increase slightly and thus we are not expecting any significant impact. Of the 545 households who currently have a utility allowance, 158 (25%) will experience a decrease of more than 5% in the amount of the utility allowance. 54 (8%) will experience a decrease of more than 10%, and 36 (6%) will experience a decrease of more than 15%. The average decrease in utility allowance is \$6.

### **3. Annual reevaluation of rent reform initiative**

An annual review of the flat utility allowance will occur to take into account the need for any changes in the utility allowances.

### **4. Hardship case criteria**

If a participant needs a higher utility allowance due to a disability, the household will be able to request one using the Reasonable Accommodation procedure.

If a participant experiences a decrease of more than 10% in the amount of utility allowance allotted to them, they can apply for a hardship review. BHP will review six months of utility bills (January to June or July to December). Upon review, participant will receive the lesser of the old utility allowance, or the average of six-months of utility cost.

### **5. Transition period**

The flat utility allowance would be put into effect at the annual recertifications for all participants beginning January 1, 2012.

**6. Documentation of public hearing (may be same as Annual Plan hearing)**

See Section D. Evidence of Community Support and Involvement, (1) Evidence (in the form of sign-in sheets, etc.) that the PHA has provided community and PHA resident participation in developing its MTW application, including a public hearing, for the invitation letter, copy of presentation notes and documentation regarding the public hearings.

## Activity 2012-7 – Implement a landlord self-certification system for HQS inspections for the voucher program

### A. MTW Initiative Description

BHP will implement a landlord self-certification system for HQS inspections for the Section 8 Housing Choice Voucher Program. The goal of this activity is to reduce costs. All funds saved in administrative efficiencies in the voucher program will be redirected to more resident/participant service programs. Currently, participants are given brochures and oral explanation during a briefing on what to look for when they are searching for a unit. A factsheet will be created and given to all current participants to explain this new activity and provide detail regarding the standards the unit should meet.

**Biennial HQS inspections:** Annual inspections will be conducted every other year, dependent on the following criteria:

- If the unit successfully passed the prior year's HQS inspection,
- If the landlord will self-certify that the unit currently meets or exceeds HQS standards,
- If the landlord and/or participant has not requested an HQS inspection be done by staff, and
- If there have been no complaints about the unit from the resident.

### B. MTW Statutory Objective

This activity will:

1. Reduce cost and achieve greater cost effectiveness in federal expenditures.

### C. Anticipated Impacts

BHP anticipates this activity will:

- Achieve cost savings of 40% annually by reducing outside contractor costs
- Allow for inspections to occur at the time of annual recertification, rather than months prior to the recertification
- Shift more responsibility to residents to ensure adequacy of the unit in which they live



Potential negative consequences include:

- More HQS issues during subsequent second-year inspection
- More potential complaints from participants
- More staff time spent training participants on Housing Quality Standards
- Increase in inspections due to complaints from participants

**D. Baseline and Benchmarks**

Metric	Baseline	Benchmark	Implementation schedule
Cost of inspections by outside contractor	\$27,130 annually	\$14,795 annually (45% reduction)	Policy will go into effect on January 1, 2012, benchmark reached by end of first year
Number of units failing HQS inspections	Baseline to be determined prior to implementation	No increases.	Results shown by end of MTW year one.
Number of tenant complaints regarding unit HQS standards	Baseline to be determined prior to implementation	No increases.	Results shown by end of MTW year one.

**E. Data Collection Metrics and Protocols**

BHP will pull the data needed from its financial statements and data base. To help evaluate the success of this activity, BHP will track the number of inspections conducted and requests for special inspections, and the percentage of failed HQS inspections, separately for annual inspections and inspections where an annual inspection was not done in the previous year.

**F. Authorization Cited**

From Standard MTW Agreement, Attachment C, Statement of Authorizations, Section:

D. 5. The Agency is authorized to certify that housing assisted under MTW will meet housing quality standards established or approved by HUD. The certification form will be approved or

provided by HUD.

**G. Rent Reform Initiative Information**

Not applicable.

## SECTION VI. ON-GOING MTW ACTIVITIES

Not applicable

## SECTION VII. SOURCES AND USES OF FUNDING

A. List planned sources (Operating, Capital, HCV) and uses of MTW funds	
SOURCES	
Operating Subsidy	\$ 491,880
Capital Fund Program	\$ 459,000
Housing Choice Vouchers (600 baseline, NED vouchers excluded)	
Housing Assistance Payments	\$ 4,570,500
Administrative Funding	\$ 517,533
<b>TOTAL</b>	<b>\$ 6,038,913</b>
USES	
Operating Subsidy	\$ 491,880
Capital Improvements	\$ 353,100
Operations	\$ 60,000
Administrative Expense (COCC)	\$ 45,900
Housing Choice Vouchers (600 baseline, NED vouchers excluded)	
Housing Assistance Payments	\$ 4,570,500
Administrative Funding	\$ 517,533
<b>TOTAL</b>	<b>\$ 6,038,913</b>
This description of sources and uses does not reflect a converted public housing portfolio because the timing is unknown.	
B. List planned sources and uses of State or Local funds	
Boulder Housing Partners receives a substantial amount of state and local funding that is principally applied to the Boulder Affordable Rentals program. This program is explained on page 36 and complements the activities under MTW in filling critical gaps in the affordable housing continuum. State and local funds will not be used for implementation of MTW activities in MTW Year One.	

**C. If applicable, list planned sources and uses of the COCC**

<b>SOURCES</b>	
Asset Management Fee Revenue	\$ 87,360
Property Management Fees	\$ 456,408
Bookkeeping Fees	\$ 64,800
Office Supply Fees	\$ 39,996
Development Fees and Tech Assistance	\$ 494,772
Cash Flow from Boulder Affordable Rentals	\$ 146,879
Tax Credit Management Fees	\$ 156,937
Section 8 Management Fees	\$ 199,720
Capital Grant Admin Fees	\$ 121,757
Interest Income	\$ 170,000
Maintenance Charges to Properties	\$ 1,056,000
Other Receivables	\$ 271,504
Other	\$ 55,720
<b>TOTAL</b>	<b>\$ 3,321,853</b>
<b>USES</b>	
Salaries and Benefits	\$ 2,646,900
Property Cost (Home Office)	\$ 117,010
Dues and Fees	\$ 36,979
Expendable Equipment	\$ 69,546
Insurance	\$ 26,226
Mortgage Interest	\$ 23,182
Office Supplies	\$ 32,064
Phone	\$ 37,024
Postage and Printing	\$ 48,160
Staff Training	\$ 55,900
Maintenance Vehicle Expense	\$ 60,060
Replacement Reserves	\$ 54,000
Debt Principal Reduction	\$ 10,382
Other	\$ 104,420
<b>TOTAL</b>	<b>\$ 3,321,853</b>

**D. If using a cost allocation or fee-for-service approach that differs from 1937 Act requirements, describe the deviations.**

BHP is not using a cost allocation system that deviates from the 1937 Act requirements.

**E. List or describe use of single-fund flexibility, if applicable, describe uses across traditional program lines or special circumstances in support of an MTW activity.**

In the initial MTW Year, BHP proposes to use \$60,000 of Capital Funds for the administration of the MTW Program. In 2012, BHP plans to use Replacement Housing Factor Funds for construction of permanently supportive housing. In subsequent years, BHP plans to take full advantage of single-fund flexibility.

**F. Projected Cash and Reserve Balances January 1, 2011**

**Public Housing Cash**

Operating Cash	\$	755,000
FSS Escrow	\$	5,000
<b>TOTAL</b>	<b>\$</b>	<b>760,000</b>

**Section 8 HCV**

Net Restricted Assets	\$	800,000
Net Unrestricted Assets	\$	120,000
FSS Escrow	\$	40,000
<b>TOTAL</b>	<b>\$</b>	<b>960,000</b>

**Section 8 Project Based Multi-Family Properties**

Operating Cash	\$	493,000
Replacement Reserves	\$	4,000
<b>TOTAL</b>	<b>\$</b>	<b>497,000</b>

**COCC**

Replacement Reserves	\$	839,000
Other Restricted Cash	\$	420,000
Operating Cash	\$	850,000
<b>TOTAL</b>	<b>\$</b>	<b>2,109,000</b>

<b>Total projected cash and reserve balances</b>	<b>\$</b>	<b>4,326,000</b>
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## G. 2011 Sources and Uses by AMP

SOURCES	Public Housing 1	Public Housing 2	Public Housing Subtotal
Tenant Dwelling Rental (Net)	\$ 911,880	\$ 409,224	\$ 1,321,104
HUD-Operating Subsidy	\$ 196,080	\$ 295,800	\$ 491,880
Federal Capital Grants	\$ 261,671	\$ 197,329	\$ 459,000
Tenant Late Fees	\$ 6,396	\$ 1,920	\$ 8,316
Tenant Work Order Charges	\$ 4,740	\$ 3,000	\$ 7,740
Tenant Reimbursed – Utilities	\$ 2,120	\$ 4,720	\$ 6,840
Interest Income	\$ 1,260	\$ 384	\$ 1,644
Laundry	\$ 13,500	\$ 10,560	\$ 24,060
Miscellaneous Revenue	\$ 12,077	\$ 27,410	\$ 39,487
<b>TOTAL SOURCES</b>	<b>\$ 1,409,724</b>	<b>\$ 950,347</b>	<b>\$ 2,360,071</b>
USES			
Salaries and Benefits	\$ 93,540	\$ 76,680	\$ 170,220
Capital Improvements	\$ 201,621	\$ 151,479	\$ 353,100
Capital Improvement Admin Fees	\$ 26,210	\$ 19,690	\$ 45,900
Maintenance materials	\$ 54,610	\$ 29,930	\$ 84,540
Contract Labor & Repairs	\$ 177,195	\$ 96,928	\$ 274,123
BHP Contract Labor	\$ 196,080	\$ 117,840	\$ 313,920
Extraordinary Maintenance	\$ 42,100	\$ 32,600	\$ 74,700
Garbage and Trash Removal	\$ 40,680	\$ 9,000	\$ 49,680
Utilities	\$ 232,593	\$ 126,423	\$ 359,016
PILOT	\$ 70,080	\$ 29,040	\$ 99,120
Asset Management Fee	\$ 22,440	\$ 17,400	\$ 39,840
Audit Fees	\$ 7,980	\$ 6,192	\$ 14,172
FSS Expense	\$ 4,440	\$ 360	\$ 4,800
Insurance Expense	\$ 38,667	\$ 17,226	\$ 55,893
Interest Expense	\$ 1,080	\$ 840	\$ 1,920
Legal Expense	\$ 2,040	\$ 1,800	\$ 3,840
Miscellaneous – Expense	\$ 4,124	\$ 2,683	\$ 6,807
Phone Expense	\$ 2,652	\$ 8,472	\$ 11,124
Property Mgmt & Bookkeeping Fee Expense	\$ 141,600	\$ 111,444	\$ 253,044
Resident Services Fee Expense	\$ 43,440	\$ 89,232	\$ 132,672
Staff Training	\$ 1,872	\$ 1,464	\$ 3,336
RRC Allocation	\$ 4,680	\$ 3,624	\$ 8,304
<b>TOTAL OPERATING COSTS</b>	<b>\$ 1,409,724</b>	<b>\$ 950,347</b>	<b>\$ 2,360,071</b>
<b>TOTAL NET INCOME (LOSS)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **SECTION VIII. BOARD RESOLUTION AND EVALUATION METHODOLOGIES**

### **A. Board Resolution**

See the following pages for Resolution #20:

AUTHORIZES SUBMISSION OF AN APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) TO PARTICIPATE IN THE MOVING TO WORK (MTW) DEMONSTRATION PROGRAM, INCLUDING THE FIRST ANNUAL MTW PLAN (PLAN), BASED UPON THE INFORMATION DESCRIBED IN THE HOUSING AUTHORITY REPORT, AND APPROVES THE PLAN AND SPECIFICALLY THE RENT POLICY DESCRIBED IN THE PLAN; AND APPROVES THE ADOPTION AND IMPLEMENTATION OF PROVISIONS INCLUDED IN THIS RESOLUTION AND THE ATTACHMENTS

And Resolution #21:

A RESOLUTION FOR THE PURPOSE OF APPROVING THE ANNUAL MOVING TO WORK PLAN AND CERTIFICATIONS OF COMPLIANCE.

## B. Evaluation Methodologies

### **Description of any planned or ongoing Agency-directed evaluations of the demonstration, if applicable.**

BHP proposes to partner with the University of Colorado to evaluate the social outcome portions of our application. BHP has placed our proposal in the context of the research work that is ongoing in the field of housing and poverty outcomes.

Much has been written about the use of rental housing to affect social outcomes in the lives of households living in poverty. Boulder's application is informed by Betsey Martens' work as an adjunct member of the University of Colorado faculty from 2007-2009 teaching Housing Policy, as well as some recent studies that have been particularly compelling:

- the work of Susan Popkin of the Urban Institute and her recent ground-breaking work with the Chicago HOPE VI Panel Study<sup>5</sup>,
- the recently published book by Xavier Briggs, John Goering and Susan Popkin's work in studying the Moving to Opportunity (MTO) program, and
- the Harvard Joint Center for Housing Studies' work in re-thinking rental housing policy.

Much of the outcome-based research has studied four key types of intervention:

1. Provision of training, employment services and supportive services,
2. Modification of the rent-based-on-income structure,
3. Simple provision of vouchers to assist households in moving to neighborhoods of lower poverty and greater opportunity, and
4. Enhanced provision of vouchers, including relocation assistance and connection to supportive services.

Despite many well-conceived programs and interventions, housing policy has not yet produced the substantial outcomes hoped for. Some of the outcomes have been positive and encouraging. Voucher-based interventions have produced much better living conditions and a heightened sense of safety and security among households studied over time. Particularly in the Chicago study, young women have fared better than young men in changing patterns that lead to potential negative outcomes.

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<sup>5</sup> Focus on Critical Rental Housing Experiments: Framing the Discussion, Daniel McCue 2008 Harvard Center for Joint Housing Studies

Briggs, Xavier, Popkin, Susan J., and Goering, John 2010 *“Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty”* Oxford University Press

Popkin Chicago HOPE VI Panel Study (The CHA's Plan for Transformation: How Have Residents Fared? Susan Popkin, Diane K. Levy, Larry Buron, Megan Gallagher, and David J. Price August 2010)



However, many challenges remain for these families who, at the end of five years in the case of the HOPE VI Panel Study, report shockingly poor health and persistently low levels of employment.

Similarly, in the MTO longitudinal study, three lessons are shared with policy makers that have bearing on how Boulder's MTW program should be structured:

1. Safe affordable housing in low-poverty neighborhoods is required,
2. The most vulnerable of poor are embedded in "communities of kin" that often expose them to extraordinary risk and burden, no matter where they live, and
3. Conventional housing choice programs (the voucher program) are compromised because poor people exist in a poverty of information.

Given the resources in the Boulder community, and given the nature of its neighborhoods and the demographic of its resident population, BHP's program can contribute to advancing the study of the literature in five distinct ways, by testing:

- Three options related to family mobility: full mobility, conditional mobility and a control group with no mobility,
- The effectiveness of place-based delivery of service,
- The power of a flat, tiered rent to increase income and employment,
- The effectiveness of substituting successful networks for "communities of kin", and
- Whether strong supportive services to children in the household creates positive outcomes for the adult members.

### **Approach:**

Once the Moving to Work implementation is underway in the second half of 2011, we will conduct baseline research and refine the data that BHP needs to be collecting with our academic partner at the University of Colorado. We will jointly advertise a fellowship available to a doctoral candidate who will design and execute the evaluation. The on-going longitudinal work will be sponsored by the University.

Our evaluation participation will be focused on outcomes for residents. The administrative and financial outcomes for Boulder Housing Partners will be managed and evaluated internally.

### **Administrative Efficiency Evaluation:**

BHP proposes to work with the University of Colorado in refining our metrics, baseline and benchmark approach, and then rely on our internal staff to gather and trend data.