

# Moving to Work (MTW) Transition Plan Guidance

## 1. Overview

Transitioning out of the MTW Demonstration requires careful planning, coordination of efforts, and consideration of a number of different administrative functions. Upon termination or expiration of the Standard MTW Agreement or MTW Annual Contributions Contract (ACC) Amendment, public housing agencies (PHAs) participating in MTW must begin the transition process with sufficient time to comply with current HUD regulations and minimize impacts on households.

Where possible, MTW termination or expiration dates coincide with the end of the PHA's fiscal year. Confirmation of any termination or expiration dates are on the MTW website: <https://www.hud.gov/sites/dfiles/PIH/documents/MTWKeyDates.pdf>.

This document lays out the circumstances that would necessitate an MTW PHA to transition out of the MTW program. It also provides information on establishing and submitting an MTW Transition Plan, which includes timing of ending MTW activities and administrative practices. Next, it discusses the process to request to extend portions of MTW flexibility after the termination or expiration date of MTW designation. Finally, it discusses the transition back to non-MTW funding calculations and systems.

## 2. Circumstances Necessitating Transition Out of the MTW Program

There are three primary circumstances that would necessitate an MTW PHA to transition out of the MTW program. These are: termination of MTW designation by the PHA, termination of MTW designation by HUD, or expiration of the MTW Agreement or MTW ACC Amendment.

In all three circumstances, the PHA is obligated to establish an orderly phase-out of MTW activities and to describe this process in an MTW Transition Plan to be approved by HUD. The content and approval process of the MTW Transition Plan is described in more detail in Section 3 of this document.

### A. **Termination of MTW Designation by the PHA**

PHAs may choose to terminate the Standard MTW Agreement or MTW ACC Amendment at any time. The PHA must provide written notification of the termination, a board resolution that includes the desired effective date of the termination, and an MTW Transition Plan to its applicable points of contact in the HUD MTW Office and HUD Field Office. Upon HUD's receipt and review of these documents, HUD will send a communication back to the PHA confirming the termination and termination date. It is the PHA's responsibility to end all MTW activities that it has implemented through its Annual MTW Plan or MTW Supplement to the PHA Plan by the termination date that the PHA provides.

## **B. Termination of MTW Designation by HUD**

HUD may terminate the Standard MTW Agreement or MTW ACC Amendment according to the applicable Termination and Default clauses in those documents (Section VIII of the Standard MTW Agreement and Section 7 in the MTW ACC Amendment).

Depending on the nature of the termination, HUD will communicate to the PHA the due date for the MTW Transition Plan and the target termination date.

## **C. Termination of MTW Designation by Expiration of the Standard MTW Agreement or MTW ACC Amendment**

MTW designation in the Standard MTW Agreement and the MTW ACC Amendment are both subject to an expiration date. Not later than one year prior to that expiration date, the PHA must submit an MTW Transition Plan to its applicable points of contact in the HUD MTW Office and HUD Field Office.

## **3. MTW Transition Plan**

The PHA is obligated to establish an orderly phase-out of MTW activities and to describe this process in an MTW Transition Plan to be approved by HUD.

### **A. Timing of Submission and Review of the MTW Transition Plan**

Where the PHA is terminating MTW designation, it should submit an MTW Transition Plan to HUD at least 75 days before the desired termination date to ensure ample time for HUD review and approval.

Where HUD is terminating MTW designation, HUD will communicate to the PHA the due date for the MTW Transition Plan.

Where the termination is due to expiration of the Standard MTW Agreement or MTW ACC Amendment, the PHA should submit an MTW Transition Plan to HUD not later than one year prior to that expiration date.

In all cases, the PHA should submit the MTW Transition Plan to its applicable points of contact in the HUD MTW Office and HUD Field Office.

Upon receipt of the timely-submitted MTW Transition Plan by HUD, HUD will review and respond to the PHA within 75 days. HUD's review may require response, edits and discussion by the PHA.

After the MTW termination or expiration date, the PHA will no longer be exempt from provisions of the 1937 Housing Act and its implementing regulations via MTW waiver authority, and therefore must, at that time, be in full compliance with current HUD regulations.

## **B. Content of MTW Transition Plan**

It is the responsibility of the PHA to take the necessary actions to facilitate the transition out of the MTW program. The PHA's MTW Transition Plan should describe the process that the PHA plans to undertake to ensure an orderly phase-out of MTW activities.

Upon the MTW termination or expiration date, the PHA will no longer be permitted to utilize MTW flexibilities contained in Attachments C or D of the Standard MTW Agreement or Appendix I of the MTW Operations Notice (including any previously approved Agency-Specific Waivers or Safe Harbor Waivers). The PHA should list active MTW activities and describe timelines and processes for ending elements that require MTW flexibility. It is the PHA's responsibility to plan in such a manner that it will be able to end all features implemented through MTW by the MTW termination or expiration date, as HUD cannot guarantee that it will be able to extend beyond that any features of the Annual MTW Plan or of the MTW Supplement to the PHA Plan. The PHA may not propose any new MTW activities in the MTW Transition Plan.

Upon the MTW termination or expiration date, the PHA will no longer be permitted to exercise MTW funding flexibility. Existing regulations governing the disbursement and expenditure of HUD funding for non-MTW PHAs will apply. The PHA should describe any changes that will occur in PHA operations to cease the utilization of MTW funding flexibility. For the HCV program, PHAs should identify the number of unit months expected to be under lease, the number of unit months authorized, and the source of funds that will be used to fund those units in excess of the authorized levels at the time of the MTW termination or expiration date. The PHA must also describe steps it will take to reduce and end any over-leasing.

The PHA should describe any planned communications on the transition out of the MTW program to its residents, participants, and other stakeholders. The PHA must address how residents will be impacted by the transition out of the MTW program (e.g., timelines, revised leases, rent increases/decreases, contracts of participation).

### **4. Requests to Extend Portions of MTW Flexibility beyond Termination/Expiration of MTW Designation**

If the PHA seeks to extend any portions of MTW flexibility beyond the MTW termination or expiration date, the PHA must submit them to HUD in writing separate from the MTW Transition Plan. The request must explain how the MTW element has proven to be successful, why continuation of the MTW element is necessary or beneficial, and how long continuation is proposed beyond the MTW termination or expiration date. Only written approval from HUD constitutes permission to continue the MTW element beyond the MTW termination or expiration date.

HUD will consider PHA requests to extend features of its MTW designation but will do so at HUD's sole discretion and according to legal constraints for HUD to grant such an extension. Any extension of MTW flexibility, therefore, is subject to HUD's explicit and written approval.

It should be noted that HUD does not have the ability to waive laws or statutes outside of the MTW program. Requests to extend elements of MTW designation would, therefore, likely be done through HUD's standard regulatory waiver process to waive portions of regulations, handbooks, or notices for a specific duration of time and for specific good cause

## **5. Transition to Non-MTW Funding Calculations and Systems**

After the MTW termination or expiration date, the PHA will revert back to non-MTW funding calculations in all applicable HUD programs and be subject to non-MTW HUD reporting requirements.

### **A. Transitioning to Non-MTW HUD Funding Calculations**

For the calendar year that begins following the MTW termination or expiration date, the PHA will be required to submit all budget documents for public housing operating subsidy, Housing Choice Voucher (HCV) funding, and the Capital Fund in accordance with HUD instructions. Upon the MTW termination or expiration date, all reserves held at the PHA or at HUD on behalf of the PHA will be subject to non-MTW guidance, practices and statutes.

- i. *Public Housing Funds:*** For PHAs transitioning from an MTW ACC Amendment, there is no MTW-specific flexibility related to the calculation of public housing Operating Fund subsidy funds or public housing Capital Funds in the MTW Operations Notice. These funding source calculations will therefore continue with no change.

For PHAs transitioning from a Standard MTW Agreement with no MTW specific flexibility related to the calculation of public housing Operating Fund subsidy funds or public housing Capital Funds in the Attachment A to the Standard MTW Agreement, funding source calculations will continue with no change.

For PHAs transitioning from a Standard MTW Agreement with an alternative public housing Operating Subsidy in the Attachment A, the PHA's public housing Operating Subsidy funding will be calculated according to the Operating Fund Formula at 24 CFR Part 990. Not later than one year prior to that expiration or termination date, the PHA must email applicable points of contact in the HUD MTW Office and HUD Field Office to request support in ensuring they are able to submit timely and accurate Operating Subsidy funding forms 52722 and 52723.

Capital Funds will continue with no change as there is no flexibility with regard to public housing Capital Funds in the Standard MTW Agreement. For these PHAs, a reconciliation of public housing funds and units will be necessary.

PHAs transitioning from either a Standard MTW Agreement or an MTW ACC Amendment must ensure that public housing status data is accurate in HUD systems to ensure the accurate calculation of public housing funding.

- ii. *HCV Funds:*** For both PHAs transitioning from a Standard MTW Agreement and an MTW ACC Amendment, HCV Administrative and Housing Assistance Payment

(HAP) funds will be calculated according to current non-MTW rules after the MTW termination or expiration date. After the MTW termination or expiration date, PHAs may not fund HCV units in excess of the authorized statutory cap of the PHA's total voucher inventory.

PHAs may need a reconciliation of HCV units to determine the correct funding amounts.

## **B. Re-Establishing Non-MTW HUD Reporting Requirements**

PHAs transitioning out of the MTW program will be subject to non-MTW HUD reporting requirements upon the MTW termination or expiration date. The following is a list of HUD systems that the PHA should consider but is not exhaustive of all possible non-MTW HUD requirements.

- i. *Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP)*:** PHAs exempt from PHAS and/or SEMAP scoring by the terms of their Standard MTW Agreement or the MTW Operations Notice, will need to re-establish regular reporting based on the standard schedule. Scores will be calculated and published in the PHA fiscal year following the MTW termination or expiration date.
- ii. *IMS/PIC (Inventory Management System/PIH Information Center) (or successor system)*:** PHAs that have been reporting into an MTW-version of the HUD-50058 must begin reporting in the regular HUD-50058 after the MTW termination or expiration date. For some PHAs, it may take one year to fully populate the IMS/PIC database (or successor system). PHAs must make any software modifications necessary to implement the transition prior to the MTW termination or expiration date. PHAs may receive individualized HUD guidance on this element depending on their circumstances.
- iii. *PHA Annual Plan and 5-Year Plan Submissions*:** PHAs will need to complete a PHA Annual Plan and a 5-Year Plan, following the standard submission format and schedule upon the MTW termination or expiration date.
- iv. *Family Self-Sufficiency (FSS) Program*:** Upon the MTW termination or expiration date, if the PHA was exercising MTW flexibility in its FSS Program, the PHA must modify the FSS Action Plan and escrow policies to conform to existing non-MTW PHA rules.
- v. *Energy and Performance Information Center (EPIC)*:** Upon the MTW termination or expiration date, the PHA must cease utilizing Budget Line Item (BLI) 1492 and report according to non-MTW PHA guidance.
- vi. *Financial Data Schedule (FDS) Reporting*:** PHAs should report using FDS reporting instructions for non-MTW PHAs in effect in the PHA fiscal year following the MTW termination or expiration date.