

MTW Operations Notice
Frequently Asked Questions
Updated November 18, 2020

Questions that are new in this version are marked with “(NEW)”.

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General

1. Who do I contact if I have questions about the MTW Demonstration Program or the MTW Operations Notice?

One of your key resources will be the MTW Operations Notice and Appendixes, which is located [here](#). If you have a specific question, please send it to the MTW Office general mailbox at mtw-info@hud.gov and we will provide you with a timely response.

2. What is the status of the MTW ACC Amendment to the Annual Contribution Contract(s) (MTW ACC Amendment)? Where do I find it and how do I get it executed?

The final MTW ACC Amendment can be found [here](#). It will be provided to an MTW agency after it has been selected through the process that is outlined in the selection notices for the MTW cohort studies.

3. If the MTW Operations Notice is final, why is HUD still asking for comments on some of the MTW waivers?

HUD has added additional MTW waivers to the Operations Notice that are similar to waivers available to existing MTW agencies. These waivers were not included in the prior versions of the MTW Operations Notice which were available for 60- and 45-day public comment periods. As such the public has not had an opportunity to comment on them. HUD is particularly interested in the public’s assessment of the safe harbors for these waivers. While the MTW Operations Notice is final, it will be a living document, which can be added to and modified over time. The public’s input on these new waivers may lead to such modifications.

4. Why did HUD make changes to the hardship policy and impact analysis, including requiring them from some waivers?

The final MTW Operations Notice eliminates one or both of the requirements for an impact analysis and hardship policy from several of the activities related to rent reform waivers if there is not significant risk to the tenancy of residents as determined by HUD. In addition, in order to respond to concerns about transparency, two additional questions have been added to the impact analysis, which must now be appended to the yearly MTW Supplement to make them more accessible to the public. Finally, to respond to concerns about the infrequency of PHAs' use of hardship policies MTW agencies will be required to discuss their hardship policy(s), which must also be appended to the MTW Supplement, with residents during intake, reexamination, and to consider their applicability should a potential termination of assistance occur due to an MTW activity.

5. What is the difference between Safe Harbor Waivers and Agency-Specific Waivers?

For the full definition of Safe Harbor and Agency Specific, reference the [MTW Operations Notice](#).

Safe Harbor Waivers – An MTW agency can request a Safe Harbor Waiver when it wants to implement an activity associated with an Appendix I waiver outside of the listed safe harbors.

Agency-Specific Waivers – An MTW agency can request an Agency-Specific Waiver in order to waive a provision of the 1937 Act or its implementing regulations that is not already included in the Appendix I of the MTW Operations Notice.

The MTW Supplement to the PHA Plan identifies the elements that should be included in any Safe Harbor or Agency-Specific Waiver request. MTW agencies must work closely with their residents and stakeholders when developing the Safe Harbor Waivers; therefore, when submitting a Safe Harbor Waiver, the MTW agency must, in addition to following the PHA Plan public process requirements, also hold a meeting to specifically discuss the Safe Harbor and/or Agency-Specific Waiver requests.

6. Are safe harbors with asterisks always required when implementing an MTW waiver?

All of the listed safe harbors must be followed when implementing an MTW waiver. PHAs cannot elect to implement only some of the safe harbors listed under an MTW waiver. An agency may request, through the safe harbor waiver request process, to either amend or remove a safe harbor for good cause. However, safe harbors marked with an asterisk (“*”) may not be removed or amended, through the safe harbor waiver request process. For instance, the requirement to conduct an impact analysis when listed as a safe harbor for an MTW waiver must be completed before the implementation of that waiver and cannot be waived.

7. Can a PHA apply different waivers, or combinations of waivers, to different portions of their portfolio?

Yes, a PHA may apply any waiver or group of waivers (activity), to whatever portion of its public housing or HCV portfolio it sees fit; after the waivers in questions have been approved in a MTW Supplement, the agency-specific, and/or safe harbor waiver process. This includes but is not limited to having different income certification activities for elderly/disabled participants and non-elderly/non-disabled participants, having different rent activities for the public housing or voucher programs. It can also be more granular applying a waiver or activity to a single public housing or PBV development.

8. To implement an MTW waiver is there anything a PHA must do other than identifying the waiver in the MTW Supplement to the PHA Plan (MTW Supplement)?

To implement any MTW waiver a PHA must first identify the waiver in an MTW Supplement, once that has been reviewed and approved by HUD as part of the PHA plan process, the PHA may implement the waiver. Prior to completing the MTW Supplement, a PHA must have a public comment period, as is required in the PHA Plan process. This gives a PHA's community the opportunity to comment on any MTW Waivers it intends to implement. A PHA must also review the safe harbors for any waivers it intends to implement. Certain safe harbors, such as conducting an impact analysis or developing a hardship policy, must be completed, and appended to the MTW Supplement so that both the public and HUD may review them. In cases where a process must be developed, such as altering rent reasonableness determination procedures a PHA must develop this process prior to the public comment period so that it can be reviewed by its community. This does not mean that such processes or policies cannot change after public comment or implementation; the public and HUD can be made aware of these changes when applicable in future MTW Supplements.

9. What is the difference between MTW waiver 10 (FSS Program with MTW Flexibility Activities) and MTW waiver 11 (MTW Self-Sufficiency Program)?

Waiver 10 applies to PHAs with a Family Self-Sufficiency (FSS) grant and allows them to waive certain aspects of the FSS program, while still participating in the program. Waiver 11 allows PHAs to create an "FSS-like" program without being a part of FSS. There are no FSS grant funds attached to participants in an MTW Self-Sufficiency program. An agency may use waiver 11 if they are not a part of FSS or if they wish to extend an "FSS-like" program to more participants than can be covered by their FSS grant.

10. Where do I find the MTW Supplement to the PHA Plan (MTW Supplement)? When will it be final?

The MTW Supplement is going through the PRA process and HUD has already received and considered comments provided during the [60-day comment period](#). The MTW Supplement will soon be published in the Federal Register shortly for the 30-day public comment period.

MTW expansion agencies will attach the MTW Supplement to the PHA Plan and the MTW agency will ensure that the MTW Supplement is widely available to its residents and stakeholders.

This form will be found at [HUDClips](#) on HUD.gov website.

11. Do Fair Housing rules apply to MTW Agencies? May residents/participants request a reasonable accommodation with regard to MTW activities?

The MTW Demonstration offers no flexibility with regard to Fair Housing. MTW PHAs in the MTW Expansion must continue to follow all applicable Fair Housing rules. Residents/participants may continue to request a reasonable accommodation from the MTW PHA as they would otherwise be entitled to do. Residents/participants may request a reasonable accommodation from MTW activities.

12. What is the purpose of the Housing Assistance Payments (HAP) Rider and where can I find it?

Some waivers listed in Appendix I of the MTW Notice give MTW agencies the authority to amend current HAP contract requirements for the Section 8 Tenant Based Assistance Housing Choice Voucher (HCV) and Section 8 Project-Based Voucher (PBV) Programs. The purpose of the HAP Rider is to ensure that the provisions of the MTW Notice and approved MTW Supplement to the PHA Plan supersedes HAP Contract language if there are any conflicts. The Department attached the MTW HAP Rider to HCV and PBV HAP forms HUD- 52530A and B, HUD-52641, and HUD-52642. These forms can be found at [HUDClips](#) on HUD.gov website.

Serving Substantially the Same (STS) Number of Families Requirement

1. When will HUD calculate the STS Requirement for MTW Expansion PHAs?

The STS Requirement will be calculated at the end of every calendar year for each MTW Expansion PHA. The STS Requirement will be fully assessed after the PHA's first full year as an MTW Expansion PHA.

2. How are families and/or individuals that receive services, but no housing assistance incorporated into the calculation?

The STS Requirement counts only families that receive housing assistance. Families that receive services only are not included.

3. Where will HUD get the data to calculate the STS requirement?

HUD published data sets and systems will be used wherever possible. There is some information that can only be obtained from the MTW PHA. This will be provided to HUD by the PHA in the MTW Supplement to the PHA Plan.

HCV Funding

1. How did HUD arrive at the HAP Renewal Methodology?

The 1996 MTW Statute and the 2016 MTW Expansion Statute, together, require that an MTW agency shall neither receive diminished funding nor any more funding as a result of participating in the MTW demonstration program. By basing HAP Renewal eligibility solely on expenses (subject to the HAP Renewal Eligibility Cap explained in question 2 below), renewal for the expansion MTW agencies closely aligns with the current renewal methodology used for non-MTW agencies in order to prevent a diminishment or surplus in funding due to MTW participation, while still allowing for local flexibility on eligible MTW expenses.

2. If HAP renewal eligibility is based on expenses, why is there an eligibility cap?

A non-MTW agency's renewal funding eligibility is limited by the amount of funding that the agency has available to be used for HAP expenses and by an absolute statutory restriction on over-leasing above that agency's HCV cap. Renewal funding eligibility for a non-MTW agency is reduced by the HAP expenses attributable to over-leased units. Expansion MTW Agencies are not subject to the restriction on over-leasing.

In order to comply with the statutory requirement that the MTW agency does not receive more HAP funding than the agency would have absent the MTW designation, the cap is the equivalent to the maximum amount of HAP renewal funding that the agency would have been eligible to receive if the over-leasing restrictions remained in place. The MTW agency still has maximum flexibility to use its eligible funds for either HAP and non-HAP expenses and to lease above its authorized units, while the cap ensures that the MTW agency's maximum renewal eligibility does not increase HCV funding above and beyond what it could have potentially received as a non-MTW agency.

Example:

MTW Year	Calendar Year	HAP Expenses*	Non-HAP MTW Expenses*	Total HAP + non-HAP MTW Expenses*	HAP Renewal Eligibility Cap**	Renewal Eligibility for subsequent CY***
N/A	2020	\$ 4,000,000	N/A	N/A		\$ 4,000,000
1	2021	\$ 3,600,000	\$ 400,000	\$ 4,000,000	\$ 4,500,000	\$ 4,000,000
2	2022	\$ 3,800,000	\$ 1,000,000	\$ 4,800,000	\$ 4,700,000	\$ 4,700,000

*To be included in the renewal formula, HAP expenses and non-HAP MTW expenses must be paid from the following sources of funds:

- HCV budget authority
- HUD-held HAP reserves
- PHA-held Restricted Net Position (RNP)
- HAP Set Aside Funds
- Unrestricted Net Position (UNP)

**Estimated Monthly PUC (CY 2020's PUC adjusted for inflation each year) X Unit Months Available (UMAs)

***Lesser of HAP + non-HAP MTW or Renewal Cap. Subject to inflation factor and any applicable national proration.

3. Does the HAP Renewal Methodology change Administrative Fee funding?

No, as is the case for all MTW and non-MTW agencies alike under current appropriations law, administrative fees will be calculated on the basis of the actual number of units leased as of the first day of each month.

4. How are an agency's Administrative Fee Reserves considered as part of the re-benchmark year's HAP renewal calculation?

While there is no restriction against an MTW agency using Administrative Fee Reserves for non-HAP MTW expenses, only Administrative Fee Reserves used for HAP expenses will be considered for the HAP Renewal calculation. Administrative Fee Reserves used for HAP are only included in the renewal calculation AFTER considering non-HAP MTW expenses spent from eligible sources (see list of eligible sources in the Question 2 footnote).

If HAP expenses covered by the MTW Agency's Administrative Fee Reserves exceed non-HAP MTW expenses for the calendar year, then the difference is applied to the HAP renewal calculation.

Example:

An MTW agency reports the following for a CY:

- HAP expenses = \$4,000,000
- Administrative Fee Reserves for HAP = \$300,000
- Non-HAP MTW expenses = \$200,000

The use of the \$300,000 from the Administrative Fee Reserves is first applied to the MTW agency's reported non-HAP MTW expenses, which means all \$200,000 of the non-HAP MTW expenses are ineligible for HCV renewal funding. The renewal calculation would include the remaining **\$100,000** (\$300,000 - \$200,000) from the Administrative Fee Reserves that is attributed to the MTW agency's reported HAP expenses.

5. **(NEW) Can HAP and Administrative Fee Reserves that have been accumulated prior to MTW designation be used flexibly once the PHA has received MTW designation? And how should PHAs who plan to onboard soon be tracking and reporting on HAP and Administrative Fee reserves?**

The flexible use of pre-MTW reserves is subject to continued action by Congress, so HUD will inform MTW Expansion Agencies of the status of this flexibility after December 11, 2020 by publishing the status of this flexibility on the MTW webpage [here](#).

MTW Expansion agencies should be tracking pre-MTW HAP/Administrative Fee reserves separately and are responsible for being aware of each year's appropriations act, and for maintaining accurate recordkeeping to demonstrate compliance with this requirement.

6. **(NEW) Can funding for Special Purpose Vouchers (SPVs) be used flexibly?**

No. SPV funding is intended for specifically appropriated purposes and cannot be used flexibly. Other MTW Flexibilities (i.e. not fungibility) may be applied to SPV households subject to specific NOFA requirements. For more information on SPVs and MTW Flexibilities, please see the Q&A document [here](#).

PIC and HUD-50058 Reporting

1. **Will MTW agencies continue to submit data in IMS/PIC?**

HUD is currently developing an upgrade to the IMS/PIC system, named PIC-NG, that is expected to be ready in January 2021.

2. **Are there any reporting differences for MTW agencies in IMS/PIC?**

MTW agencies will have the same reporting requirements for reporting family data, maintaining building and unit information, and maintaining other basic data about the PHA (address, phone number, e-mail address, etc.) in IMS/PIC. There are two key differences in reporting for MTW agencies. First, MTW agencies will not be scored in SEMAP unless and until such time as HUD develops an MTW-specific system that is consistent with SEMAP, or successor system, but they can elect to be scored if they choose to opt in. If an MTW agency elects to receive its overall

SEMAP score, the agency must continue to be scored for the duration of the demonstration, or until the agency is assessed under the MTW-specific assessment system, whichever comes first. Second, MTW agencies will submit the HUD-50058 MTW Expansion instead of the HUD-50058 they submitted prior to their designation as an MTW agency.

3. What are the differences between the HUD-50058 and HUD-50058 MTW Expansion?

The HUD-50058 MTW Expansion is a derivative of the HUD-50058. Many of the data elements (lines) are the same so that HUD will be able to more accurately evaluate MTW agencies based upon what cohort they are in. HUD also added several data elements that will assist in the evaluations. The HUD-50058 MTW Expansion will be used to report family data for households where MTW flexibilities are being implemented. If MTW flexibilities do not apply to a household (e.g. VASH vouchers as outlined in the [MTW and SPV Q&A](#)), the agency should report that household's data on the HUD-50058.