

Areas of Opportunity

September 2020

High opportunity neighborhoods often have attributes that, based on recent research¹, seem to have a positive effect on the economic mobility of residents. Public housing agencies (PHA) can help create high opportunity neighborhoods through revitalization efforts that deconcentrate poverty-stricken areas. PHAs can also help families move to areas with higher opportunity. Achieving these goals can be challenging but Moving to Work (MTW) innovations can help agencies overcome many obstacles.

Moving Families to Areas of Opportunity

High opportunity neighborhoods are often expensive. Housing Choice Voucher (HCV) program participants may find it challenging to find landlords willing to lease to them. Besides the discrimination that assisted households sometimes face, owners may feel that it makes more sense financially to rent to unassisted families. This may be, in part, because payment standard requirements may limit the amount an agency can pay owners in certain areas.

To encourage owners to rent to voucher holders, MTW agencies can pay the owner a housing assistance payment (HAP) higher than allowed by rent reasonableness regulations. An MTW agency can also allow the family to pay a higher percentage of their income toward rent than allowed by HCV requirements. Either option could increase the rent paid to the owner and encourage owners to enter the program. This could help assisted households move to areas of higher opportunity.

Revitalizing Neighborhoods

Deconcentrating and transforming high poverty areas is another way that agencies can help families live in high opportunity neighborhoods. Grant programs exist that help PHAs leverage public and private dollars to revitalize neighborhoods. However, MTW innovations can help MTW agencies transform areas without being awarded a grant.

MTW fungibility gives MTW agencies the ability to dedicate more funds to public housing transformation. This is because MTW agencies can use HCV administrative fees and HAP funds for eligible public housing activities. MTW agencies can also take advantage of the local, non-traditional (LNT) housing development program to revitalize blighted neighborhoods and developments by implementing certain activities that may be outside of the Section 8 and Section 9 programs. LNT housing development programs give agencies the authority to use MTW funds to acquire, renovate and build affordable housing units for low-income families. Eligible activities include gap financing for non-PHA development of affordable housing, development of project-based voucher units or tax credit partnerships.

Authorizations

MTW Agencies Operating under the MTW Operations Notice:

- 2.a-2.d – Payment Standards and Rent Reasonableness
- 16 – Deconcentration of Poverty in Public Housing Policy
- 17.c – Local, Non-Traditional, Housing Development Programs
- 5.c – Third-Party Requirement
- 5.d – Alternative Inspection Schedules

Legacy Agencies under Attachment C of the Standard Agreement

- D.2.a – Payment Standards
- D.2.c – Reasonable Rent
- MTW Agreement and PIH Notice 2011-45

¹ [Spotlight on Underserved Markets](#): Affordable Housing in High Opportunity Areas, Freddie Mac Multifamily