U. S. Department of Housing and Urban Development  
Office of Public and Indian Housing

Special Attention of:  
Public Housing Agency Directors;  
Public Housing Hub Office Directors;  
Public Housing Field Office Directors;  
Program Center Coordinators;  
Resident Management Corporations;  
Resident Councils

NOTICE PIH-2020-21  
Issued: August 28, 2020  
Expires: This notice remains in effect until amended, superseded or rescinded

Subject: Request for Applications under the Moving to Work Demonstration Program for Fiscal Year 2020: COHORT #2 – Rent Reform

1. Purpose and Background

This Notice offers eligible public housing agencies (PHAs) the opportunity to apply for admission to the Moving to Work (MTW) Demonstration Program. MTW allows PHAs to design and test innovative, locally designed housing and self-sufficiency strategies for low-income families by permitting PHAs to use assistance received under Sections 8 and 9 of the United States Housing Act of 1937, as amended, 42 U.S.C. 1437, et seq., (1937 Act) more flexibly and by allowing certain exemptions from existing public housing and Housing Choice Voucher (HCV) program rules, as approved by HUD.

The MTW Demonstration Program was originally authorized by Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, P.L. 104-134; 42 U.S.C. 1437f note (1996 MTW Statute). Section 239 of the Fiscal Year 2016 Appropriations Act, P.L. 114-113, (2016 MTW Expansion Statute), authorizes HUD to expand the MTW Demonstration Program by an additional 100 PHAs over seven years (hereafter, the “MTW Expansion”). The 2016 MTW Expansion Statute provides that PHAs selected as part of the MTW Expansion must be high performers, meet certain size and site selection requirements, and represent geographic diversity across the country.

This Notice lays out the second step by which PHAs will be selected for the second cohort of the MTW Expansion. Only PHAs that submitted a Letter of Interest according to PIH Notice 2019-04 and that were notified by HUD that they are eligible for the second cohort by email are invited to submit an application under this Notice requesting MTW designation. If a PHA has a question as to its eligibility, please inquire by email at: MTWcohort2@hud.gov.

Selection criteria is based on the requirements of the 1996 MTW Statute, the additional criteria in the 2016 MTW Expansion Statute, and other indicators that ensure qualified PHAs are selected. These criteria will also allow HUD to test important policy priorities of interest to the
Department and the assisted housing community. Applications for other cohorts of the MTW Expansion will be sought through separate, future selection notices.

Section 2 of this Notice highlights important elements of the program structure and evaluative components of the MTW Expansion. Section 3 gives an overview of how the second cohort of PHAs under the MTW Expansion will be selected. Section 4 provides information on submitting an MTW Plan and application package to this second step of the application process for the second cohort. Section 5 provides additional detail on the selection process and scoring criteria. Finally, Section 6 gives administrative details and contact information.

2. **Program Structure for PHAs Selected to Participate in the MTW Expansion**

   **A. MTW Expansion Overview**

   The MTW Demonstration Program was first established under the 1996 MTW Statute to provide statutory and regulatory flexibility to participating PHAs under three statutory objectives. Those three statutory objectives are to:

   - reduce cost and achieve greater cost effectiveness in federal expenditures;
   - give incentives to families with children where the head of household is working; is seeking work; or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and
   - increase housing choices for eligible low-income families.

   Also established under the 1996 MTW Statute are five statutory requirements that PHAs participating in the MTW Demonstration Program must meet throughout the term of their MTW participation. Before obtaining MTW designation as part of the MTW Plan and application package submitted under this Notice, and, if designated, throughout the term of MTW participation, PHAs will certify as to compliance with these requirements in accordance with the “Operations Notice for the Expansion of the Moving to Work Demonstration Program” as published in the Federal Register (MTW Operations Notice). Throughout the term of MTW participation, HUD will also quantifiably monitor these requirements in accordance with the MTW Operations Notice. These are:

   - to ensure at least 75% of families assisted are very low-income as defined in Section 3(b)(2) of the 1937 Act;
   - to establish a reasonable rent policy that is designed to encourage employment and self-sufficiency;
   - to continue to assist substantially the same total number of eligible low-income families as would have been served absent MTW;
   - to maintain a comparable mix of families (by family size) as would have been provided

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1 The MTW Demonstration Program may only provide certain policy changes (flexibilities) related to provisions of the 1937 Act. The MTW Demonstration Program does not provide any waivers of other applicable federal, state or local laws or regulations. For more information on the history of the MTW Demonstration Program, please go to: www.hud.gov/mtw.
had the funds not been used under the MTW Demonstration Program; and

- to ensure housing assisted under the MTW Demonstration Program meets housing quality standards established or approved by the Secretary.

The 2016 MTW Expansion Statute requires that HUD increase the MTW Demonstration Program by 100 PHAs over seven years. Per the 2016 MTW Expansion Statute, PHAs selected must be high performers and represent geographic diversity across the country. Further, these PHAs may administer HCVs only, public housing only or HCVs and public housing, but must fall within the following categories:

- no less than 50 PHAs shall administer 1,000 or fewer aggregate authorized public housing and HCV units;
- no less than 47 PHAs shall administer 1,001-6,000 aggregate authorized public housing and HCV units;
- no more than 3 PHAs shall administer 6,001-27,000 aggregate authorized public housing and HCV units;
- no PHA shall be granted the designation if it administers in excess of 27,000 aggregate authorized public housing and HCV units; and
- five of the PHAs selected shall be agencies with portfolio awards under the Rental Assistance Demonstration (RAD).

Per the 2016 MTW Expansion Statute, MTW Expansion PHAs will be added to the MTW Demonstration Program in cohorts that will test specific policy changes. These policy changes have been established with advice from an MTW Research Advisory Committee. The policy change that will be tested by the second cohort of PHAs selected under this Notice, as well as the other policies to be tested by other cohorts of the MTW Expansion, are discussed in more detail in Section 2(C) of this Notice.

B. Program Structure

The program structure of the MTW Expansion is explained in greater detail in the MTW Operations Notice. The Department selected this program structure with the intent to balance the desire to preserve maximum flexibility for the PHAs selected under the MTW Expansion with the need to retain key protections for assisted families and the mandate to conduct robust evaluation.

The MTW Operations Notice governs the participation of all PHAs in the MTW Expansion, including those in the second cohort selected under this Notice and those in cohorts selected under other notices. It establishes a program structure, details terms and conditions and provides all available MTW waivers and associated activities. The MTW Operations Notice was informed by extensive public comment.

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2 Decisions on geographic diversity will take under consideration both PHAs to be added under the MTW Expansion and current MTW PHAs.

3 For more information on the establishment, purpose, members and meeting content of the MTW Research Advisory Committee, please go to: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/mtw/expansion.
In order to participate in the MTW Expansion, PHAs will need to have the information technology capability to upgrade their Inventory Management System/Public and Indian Housing Information Center (IMS/PIC) software to accommodate the MTW flexibilities.

C. Evaluation of MTW Expansion PHAs

The MTW Expansion Statute directs HUD to add PHAs to the MTW Demonstration Program by cohort and to test one specific policy change for each cohort. Under the advisement of the MTW Research Advisory Committee, HUD has established the overall policies to be studied by the cohorts in the MTW Expansion as well as what will be studied by the second cohort selected under this Notice.4

Cohorts may receive specific waivers/activities to facilitate the policy being tested. In addition, each of the MTW waivers and associated activities described in the MTW Operations Notice will be available to each cohort to the extent the waiver does not impact the evaluation of a specific policy to be studied within that cohort.

The policies to be tested for each of the cohorts of the MTW Expansion are explained below. Additional information on the timing and research design of future policies to be tested under the MTW Expansion will be given in greater detail in the selection notices for those cohorts. Policies to be tested under the MTW Expansion are:

- **Overall Impact of MTW Flexibility:** In the first cohort, the overall effects of MTW flexibility on a PHA and the residents/participants it serves will be evaluated for PHAs with under 1,000 combined public housing and HCV units.
- **Rent Reform:** In this cohort, different rent reform models that may or may not be income based, to include tiered rents, and/or stepped-up rents, will be evaluated.
- **Work Requirements:** In this cohort, work requirements for residents/participants who are at least 18 years old, non-elderly and non-disabled will be evaluated.
- **Landlord Incentives:** This cohort will evaluate how to improve landlord participation in the HCV program through incentives such as participation payments, vacancy payments, alternative inspection schedules and other methods.
- **Overall Impact of MTW Flexibility:** In the fifth cohort, the overall effects of MTW flexibility on a PHA and the residents/participants it serves will be evaluated for the remaining PHA slots available in the MTW Expansion.

**Second Cohort Rent Reform Policies**

The second cohort of the MTW Expansion will evaluate alternative rent policies designed to increase resident self-sufficiency and reduce PHA administrative burdens. An independent research team will work with HUD and the selected PHAs to assist in implementation and evaluate the effects of the alternative rent polices.

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Eligible households\(^5\) will include residents/participants in both the public housing and HCV programs, including existing, currently assisted households and new households admitted during the alternative rent enrollment period (described below). Elderly and disabled households will be excluded.\(^6\) Households with special purpose vouchers and homeownership vouchers will be excluded.\(^7\) Households paying a public housing flat rent or ceiling rent will be excluded.\(^8\) Households already participating in the Family Self-Sufficiency (FSS) program will be excluded.\(^9\) HUD and the independent research team will consider other exclusions in partnership with selected PHAs.

Within the MTW PHA, all eligible households will be randomly assigned to either a control group, to which the existing rent policy\(^10\) will apply, or a treatment group, to which the alternative rent policy will apply.

Each selected MTW PHA will implement one alternative rent policy. The MTW PHA will bear primary responsibility for implementing the alternative rent policy. The research team will support MTW PHAs with a variety of implementation tasks, including: conducting random assignment, training MTW PHA staff on the new rent policy, providing information on the new rent policy to participating households, and updating MTW PHA data/software systems.

After PHAs are selected, HUD anticipates six to twelve months to finalize the rent policies, train staff, update data/software systems, and complete any other tasks required before the rent policies can be implemented. After that point, the enrollment period will begin. During the enrollment period, each eligible household will be randomly assigned to the control group rent or the treatment group rent, undergo a regular income examination, be asked to complete a baseline survey, and receive notifications regarding their rent. HUD expects the enrollment period to last approximately one year, so that regular income examinations and other PHA tasks can be spread out over time.

During the enrollment period, any new admissions who qualify as eligible households are expected to undergo random assignment and participate in the study. After the enrollment

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\(^5\) In PIH Notice 2019-04, HUD stated that eligible PHAs must administer 1,000 or more existing non-elderly, non-disabled households across both the public housing and HCV programs (not including special purpose vouchers). In this Notice, HUD is excluding additional households from the evaluation. Any eligibility determination on number of households conducted previously is unaffected by this change.

\(^6\) Within the scope of the MTW Operations Notice, MTW PHAs may amend the definition of an elderly person to increase the elderly age to an individual who is at least 65 years old. This waiver and associated activity, however, is restricted for the second cohort. Rather than increasing the elderly age threshold, the threshold will be lowered to determine which households are included in the second cohort rent reform demonstration. Any household with a head of household, co-head of household, or spouse aged 56 or older at the time of enrollment would be excluded from the evaluation, because they would surpass the age 62 elderly threshold during the six-year evaluation period.

\(^7\) These households will be excluded because MTW authority can only be used to modify rent rules for the traditional public housing and HCV programs.

\(^8\) These households will be excluded because the purpose of this study is to examine alternatives to the income-based Brooke rent (where rent/participant contribution is equal to 30% of adjusted income).

\(^9\) These households will be excluded because the alternative rents would likely be incompatible with the FSS escrow arrangement.

\(^10\) Currently, most HUD-assisted households pay a rent/participant contribution equal to 30% of their adjusted income (known as the Brooke rent).
period is concluded, the PHA may choose whether newly admitted non-elderly, non-disabled households will be subject to the alternative rent policy or the regular rent rules (i.e. Brooke rents).

The study is expected to last six years after the enrollment period is concluded. Each PHA selected in the second cohort must continue to administer the alternative rent policy throughout that six-year study period. Households randomly assigned to the new rent rules or existing rent rules must remain in that group for six years (unless they leave assistance, port out to another jurisdiction, or are exempted from the study for other reasons such as a disability).

The rent policies that MTW PHAs in the second cohort may implement include:

- **MTW Test Rent #1 – Tiered Rent**: Households are grouped by income into tiers. Within each tier, rents (or, in the HCV program, participant contribution) are fixed. Any income increase within a tier does not affect the household’s rent/tenant contribution. Income reexaminations will occur every three years; if a household’s income increases into a higher tier, it’s rent will not change until the triennial income reexamination.

- **MTW Test Rent #2 – Stepped Rent**: Rents are increased annually (or, in the HCV program, the participant contribution is increased) by a fixed amount. The PHA will choose the size of the annual stepped rent increase, but it may not be less than 2% of the Fair Market Rent (FMR) or exceed 4% of the FMR (adjusted for unit size). Each year, the PHA may (but is not required to) review and adjust the annual stepped rent increase. Each household’s year one rent will be set at 30% of their gross income (or the PHA’s minimum rent). After the first year, each household’s rent will increase by the annual stepped rent increase, regardless of their income.

- **MTW Test Rent #3 – PHA Proposed Alternative Tiered/Stepped Rent**: PHAs may propose a tiered or stepped rent that is different from the two HUD test rent policies above. A PHA proposing an alternative policy must, however, be able to ensure a sample size of at least 4,000 existing non-elderly, non-disabled households. Only a PHA that serves at least 4,000 non-elderly, non-disabled households in the public housing and/or HCV programs may propose an alternative policy. When provided with eligibility status and invited to submit an application under this Notice, each eligible PHA was notified if it was or was not eligible to apply under MTW Test Rent #3. In addition to the sample size requirement, any alternative policy proposed by a PHA must be a tiered rent or stepped rent and must fit within the boundaries established by HUD. These boundaries are outlined in Attachment 1.

More information on these alternative rent policies and the specific elements of each are available in Attachment 1 of this Notice. All policies must provide hardships, which are also discussed in Attachment 1.

In order to effectively evaluate these alternative rent policies, PHAs selected under this second cohort must forgo the ability to utilize certain MTW waivers/activities associated with rent reform outside the scope of the evaluation on their non-elderly, non-disabled

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11 In the second cohort Request for Letters of Interest (PIH Notice 2019-04) applicant PHAs were given the opportunity to partner to meet the 4,000 household sample size for MTW Test Rent #3. No PHAs expressed interest and that option was therefore removed from this Notice.
households for a period of six years after the enrollment period has concluded. The following MTW waivers/activities will not be available to PHAs selected under this second cohort of the MTW Expansion for that time period:

- Waiver 1 on Tenant Rent Policies, Activities a-w (unless used as a part of the HUD-approved alternative rent policy);
- Waiver 3 on Reexaminations, Activities a-b (unless used as a part of the HUD-approved alternative rent policy);
- Waiver 6 on Short-Term Assistance, Activities a-b;
- Waiver 7 of Term-Limited Assistance, Activities a-b;
- Waiver 8 on Increase Elderly Age, Activity 8; and
- Waiver 12 on Work Requirements, Activities a-b.

In addition, while PHAs selected under this second cohort of the MTW Expansion may utilize Waivers 10 and 11 on Self-Sufficiency Programs, Waiver 13 on Public Housing as an Incentive for Economic Progress, Waiver 14 on the Moving On Policy, Waiver 16 on Deconcentration of Poverty in Public Housing and Waiver 17 on Local, Non-Traditional Activities, HUD must provide approval to ensure the activity will not have a significant impact on the second cohort evaluation before any activities under these waivers may be implemented.

PHAs selected under this second cohort of the MTW Expansion may propose Safe Harbor Waivers and Agency Specific Waivers under the regular process as described in the MTW Operations Notice. HUD will review any such proposals with the independent research team to assess whether they conflict with the second cohort evaluation. No waivers or activities that create a mandatory self-sufficiency program, impose a time limit and/or work requirement, or alter rents/reexaminations will be considered.

Participation in the second cohort may also affect an MTW PHA’s participation in RAD. A PHA selected under this second cohort of the MTW Expansion may not pursue a RAD conversion to Project-Based Rental Assistance (PBRA) that affects households subject to the evaluation for the above time period. A RAD conversion to project-based vouchers (PBVs) would not be limited.

3. **Overview of the Second Cohort of the MTW Expansion**

The second cohort of the MTW Expansion will consist of PHAs with 1,001 or more aggregate authorized public housing and HCV units. The exact number of PHAs to be selected under the second cohort is dependent on research capabilities and funding. HUD anticipates selecting approximately ten PHAs to the second cohort. To select these PHAs, HUD is conducting a two-step application process.

In the first step of the application process, PHAs interested in receiving MTW designation under the second cohort that believed they met the eligibility criteria in Section 4(B) of PIH Notice 2019-04 submitted a Letter of Interest package to HUD. The Department utilized HUD systems and the materials submitted by the interested PHAs to confirm eligibility under PIH 2019-04. All PHAs that submitted a Letter of Interest package under PIH 2019-04 were notified via email
with a determination as to their eligibility.

The Department used the information provided by PHAs in the Letter of Interest packages to further refine the rent policies to be tested and to generate the full selection criteria utilized in this Notice.

Under this Notice, in the second step of the application process, PHAs notified by HUD that they were eligible under PIH 2019-04 may submit an MTW Plan and application package to the second cohort of the MTW Expansion. A list of these PHAs is available on the MTW website.\(^{12}\)

4. Submission of MTW Plan and Application Package

A. MTW Plan and Application Package Submission Format Overview

PHAs notified by HUD of their eligibility under PIH 2019-04 and that continue to maintain high performer status must submit an MTW Plan and application package to HUD by the submission deadline given in Section 4(E) of this Notice.

The MTW Plan and application package must consist of:

i. PART I - MTW Plan and Rent Reform Information (according to Section 4(C)(ii) of this Notice); and

ii. PART II - Appendices 1-4 (according to Section 4(C)(iii) of this Notice).

B. MTW Plan and Application Criteria for Eligibility

To be eligible to submit an MTW Plan and application package under this Notice, the PHA must have been notified by HUD that it is eligible under PIH Notice 2019-04. If a PHA has a question as to its eligibility under PIH Notice 2019-04, please email an inquiry to MTWcohort2@hud.gov.

By the MTW Plan and application package submission deadline provided in Section 4(E) of this Notice, PHAs must also continue to meet the statutory eligibility requirement that they are designated as a High Performer under the Public Housing Assessment System (PHAS) or as a High Performer under the Section Eight Management Assessment Program (SEMAP) as verified by HUD.

C. MTW Plan and Application Package Submission Format

PHAs that meet the eligibility criteria in Section 4(B) of this Notice must submit an MTW Plan and application package as described in this section.

i. MTW Plan and Application Contents and Organization

a) Electronic Submission Requirement

The MTW Plan and application package must be submitted electronically as a

\(^{12}\) This list is available at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/expansion/cohort2.
converted PDF or as a Microsoft Word document (1997 version or higher) to
Marianne Nazzaro; Director, Moving to Work Demonstration Program; e-mail:
MTWcohort2@hud.gov. The submittal e-mail should be titled “MTW Expansion
Cohort #2 MTW Plan and Application” and should include the name of the PHA and
relevant contact information of a primary contact person in the body of the email.

The primary contact person identified will receive an email confirming receipt within
72 hours of submission.

b) Instructions on MTW Plan and Application Package Layout and Page Count

The first part of the MTW Plan and application package will consist of narrative
information responding to Section 4(C)(ii) of this Notice. All pages should be
numbered in this first part of the MTW Plan and application package. The second
part of the MTW Plan and application package will consist of appendices and other
supporting documentation responding to Section 4(C)(iii) of this Notice. Pages
should be numbered only in Appendix 4 of this second part of the MTW Plan and
application package.

The first part of the MTW Plan and application package containing the narrative
information must contain page numbers and be no more than 15 pages. Any pages
beyond this limit will not be reviewed. Pages here must be double-spaced, on 8½ x
11-inch paper, use Times New Roman 12-point font, and contain no less than a one-
inch margin on all sides. If one or more of these requirements are not met on a
particular page, that page will be counted as two pages. A main cover page and the
table of contents will not count towards the page limit. Any other cover pages in the
first part of the MTW Plan and application package will count towards the page
limit. Information provided beyond the page limit will not be reviewed and may
affect the PHA’s MTW Plan and application score. Information provided for the
specific test rent, and delineated as such, does not count towards the page count.

The second part of the application containing the appendices consists mainly of
certifications and forms that must be submitted as provided in this Notice or as
published by HUD. There are no page limits associated with Appendices 1-3
described below. Appendix 4 must contain page numbers and be no more than 10
pages. There is no prescribed format for the pages in Appendix 4 as they may be
letters of support, meeting materials, sign-in sheets, resumes, etc.

c) Public Process Requirements

The MTW Plan and application package must undergo a public process period,
elements of which include all of the following:

• The PHA must notify public housing residents and/or HCV participants (as
  applicable to the PHA’s inventory) of its intention to participate in the MTW
  Demonstration Program. This notification must be in advance of developing Part
  I of the MTW Plan and application package.

• The PHA must hold at least two resident/participant meetings (separate from, and
  before, the required public hearing).
After the two resident/participant meetings, the PHA must publish a notice that a hearing will be held on the MTW Plan and application package. The draft MTW Plan and application package (in the format described) and all relevant information, must be available for public inspection for at least 30 days before submission of the MTW Plan and application package to HUD.

The PHA must conduct a public hearing to discuss the MTW Plan and application package and invite public comment.

The PHA’s Board of Commissioners (or equivalent governing body) must approve the MTW Plan and application package by resolution no less than 15 days after that public hearing.

d) **MTW Plan and Application Package Table of Contents**

All MTW Plan and application packages must be submitted with a table of contents arranged in the following order:

**PART I** *(Contains no more than 15 pages and has page numbers).*
- MTW Plan – this is a narrative section that responds to Section 4(C)(ii)(a) of this Notice.
- Rent Reform Information – this is a narrative section that responds to Section 4(C)(ii)(b) of this Notice. Information provided for the specific test rent, and delineated as such, does not count towards the page count.

**PART II** *(No page limit or page numbers necessary for Appendices 1-3. Appendix 4 contains no more than 10 pages and has page numbers).*
- Appendix 1: Moving to Work Certifications of Compliance – this must be signed and submitted as described in Section 4(C)(iii)(a) and Attachment 2 of this Notice.
- Appendix 2: Public Process Documentation – this must be completed and submitted as described in Section 4(C)(iii)(b) of this Notice.
- Appendix 3: Required Standard Forms – this must include the completed forms described in Section 4(C)(iii)(c) of this Notice.
- Appendix 4: Other Supporting Documentation – the PHA may provide supporting documentation as described in Section 4(C)(iii)(d) of this Notice.

ii. **PART I - MTW Plan and Rent Reform Information**

This section provides narrative information on the scope and quality of the PHA’s planning for its proposed local MTW program.

**a) MTW Plan**

*(I) Vision for PHA’s Local MTW Program*

Provide the PHA’s overall vision for its local MTW program and the unique challenges and opportunities that participation in the MTW Demonstration Program
would bring. The vision should be described as it relates to the three statutory objectives of the MTW Demonstration Program – cost effectiveness, self-sufficiency and housing choice. Provide an explanation of the reason(s) why the PHA wants to participate in the MTW Demonstration Program.

Provide a description of the experience and skills of the PHA personnel with primary responsibility for the administration of the local MTW program.

Provide a statement of fair housing and other civil rights goals, strategies, and specific actions. This subsection parallels the fair housing statement in the PHA Plan template that corresponds to the type of PHA. The statement supports the PHA’s civil rights certification in its efforts to comply with 24 CFR 5.154, 5.160, 903.7(o)(3) and 903.15(d).

(II) Plan for Future Community/Resident Engagement

Discuss how the PHA plans to continue to engage assisted households in its low-income and affordable housing programs, as well as the broader community and stakeholders, in the implementation and development of its local MTW program. Describe any planned affirmative outreach and engagement efforts with racial and ethnic minorities, persons with limited English proficiency, persons with disabilities, families with children and groups representing such persons.

(III) PHA Operating and Inventory Information

Narratively provide a general description of the PHA’s current public housing and HCV program units and the households that it serves. Discuss any major changes the PHA anticipates to the demographics of the households it serves. Discuss any major plans the PHA has for its housing stock as a result of its participation in the MTW Demonstration Program. Discuss challenges that the PHA faces in occupying public housing units, leasing HCV units and/or serving the special needs of specific populations.

Provide specific examples of how the PHA has demonstrated innovation and creativity within its current program (included grants received, participation in other HUD programs, etc.)

(IV) Plan for Local MTW Program

Describe what types of initiatives the PHA seeks to implement in its local MTW program and why. It is not necessary that the PHA put forth discrete activities but should rather discuss how the PHA seeks to utilize MTW flexibility in its community to address local needs. This discussion should be organized under the three statutory objectives of the MTW Demonstration Program, including: Cost Effectiveness, Self-Sufficiency, and Housing Choice.
(V) Proposed Use of MTW Funds

Request authority to use public housing and HCV funds flexibly in this section. Then, list or describe the PHA’s proposed uses of MTW Funds. Describe how/if the PHA plans to use funds flexibly across the traditional Section 8 and Section 9 programs.

(VI) Evidence of Significant Partnerships

Discuss any significant partnerships between the PHA and other public agencies, city/state/local governments, private nonprofits and/or for-profit entities (particularly local welfare offices and local providers of job training and related services). The PHA should clearly explain how such partnerships will help to achieve the vision of the PHA’s local MTW program and contribute to the success of the alternative rent policy. Discuss how the PHA intends to leverage funding and/or other in-kind resources in the implementation of its local MTW program.

b) Rent Reform Information

(I) Alternative Rent Policy Selection and Rationale

Identify the alternative rent policy (MTW Test Rent #1, MTW Test Rent #2 or MTW Test Rent #3) that the PHA seeks to implement. Select only one policy. Provide a rationale for why that rent policy was chosen, including how it aligns with the PHA’s goals and vision. This description must demonstrate a sound understanding of the selected alternative rent policy. Additional detail on the alternative rent policies may be found in Attachment 1 of this Notice.

(II) Describe Alternative Rent Policy to the Public

The PHA must go through a public process, as discussed in Section 4(C)(i)(c); therefore, it is important to clearly describe the selected alternative rent policy to the public. Regardless of the selected alternative rent policy, all of the following must be included:

- estimate of when the enrollment period will begin and how the alternative rent policy will be rolled out (see the description and expected time frames in Section 2(C) of this Notice);
- explanation of which assisted households will be eligible to participate in the study, and explanation that random assignment (i.e. a lottery) will be used to determine which assisted households pay the alternative rent;
- explanation of how the alternative rent can be beneficial for assisted households; and
- explanation of how the hardship policy will help assisted households if household income decreases or if it is determined the household cannot keep

13 Per the 1996 MTW Statute, applicant PHAs must request the authority to use public housing and HCV funds flexibly in the MTW Plan and application package.
pace with the rent increases.

Depending on the alternative rent policy that the PHA has chosen, the PHA must also include additional information. The information requested below must be provided for the specific test rent, delineated on its own page(s), and is exempt from the page count and format requirements given in 4(C)(i)(b).

**MTW Test Rent #1: Tiered Rent**

If the PHA selects MTW Test Rent #1, the following must be included:

- presentation of the Tiered Rent table, including the minimum and maximum income for each tier and the rent associated with each tier (30% of the monthly income at the midpoint of the tier).

**MTW Test Rent #2: Stepped Rent**

If the PHA selects MTW Test Rent #2, the following must be included:

- description of how large the stepped rent increases will be (using current FMRs, calculate the minimum (2% of FMR) and maximum (4% of FMR) annual stepped rent increase, in dollars, by unit size);
- explanation that the rent increase numbers may change, if FMRs change, but that they generally indicate the minimum and maximum annual rent increase that the PHA might implement;
- indication as to whether the PHA intends to use the lower end or higher end of the stepped rent range (2%-4%);
- indication as to whether the PHA intends to review and update the size of the stepped rent increases each year (or set them for the full six-year study period). To the extent possible, dollar amounts should be used and be easy for the general public to understand; and

*For example:*

“The table below shows the Fair Market Rents for our PHA, and the minimum and maximum annual rent increase allowed under this stepped rent policy.

<table>
<thead>
<tr>
<th></th>
<th>Efficiency</th>
<th>One-bedroom</th>
<th>Two-bedroom</th>
<th>Three-bedroom</th>
<th>Four-bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Fair Market Rent</td>
<td>$970</td>
<td>$1,110</td>
<td>$1,360</td>
<td>$1,780</td>
<td>$2,320</td>
</tr>
<tr>
<td>Minimum rent increase</td>
<td>$19.40</td>
<td>$22.20</td>
<td>$27.20</td>
<td>$35.60</td>
<td>$46.40</td>
</tr>
<tr>
<td>Maximum rent increase</td>
<td>$38.80</td>
<td>$44.40</td>
<td>$54.40</td>
<td>$71.20</td>
<td>$92.80</td>
</tr>
</tbody>
</table>

Based on current Fair Market Rents, we intend for monthly rents to increase each year by: $20 for an efficiency unit; $23 for a one-bedroom unit; $28 for a two-bedroom unit; $36 for a three-bedroom unit; and $47 for a four-bedroom unit. If we are selected for MTW we will review the latest Fair Market Rents and consider updates to these numbers, but we intend to set the annual rent change near the low
end of the allowable range. Once we set the annual rent change it will be fixed for the full six years of the rent reform study.”

- explanation of how the rent will be calculated in the first year for assisted households under the stepped rent policy; how rents will increase in subsequent years; and how the hardship policy will provided relief for assisted households that need it.

**MTW Test Rent #3: PHA-Proposed**

If the PHA selects MTW Test Rent #3, the following must be included:

- description and justification of the PHA-proposed policy;
- explanation of how the policy will: incentivize assisted households to increase their income; protect those households that experience hardships; and reduce administrative burden on the PHA;
- demonstration that the policy: is feasible; might be of interest to other PHAs and the housing policy community; and complies with the parameters set in Attachment 1;
- explanation of how rents will be set initially; how rents will change over time; how the alternative rent can be beneficial for assisted households; and how the policy will help assisted households if they experience a hardship; and
- explanation of why the PHA’s policy is different from the HUD-proposed options in MTW Test Rents #1 and #2 and why it would be better suited for the applicant PHA. HUD expects any PHA-proposed policies under MTW Test Rent #3 to offer an interesting and important contrast with the HUD-proposed policies in MTW Test Rents #1 and #2.

**(III) Information Technology Plan**

Briefly describe the PHA’s plan for transitioning its information technology systems to accommodate its local MTW program. Give any examples of other systems changes from which the PHA may draw experience.

iii. PART II - Appendices

a) **Appendix 1: Moving to Work Certifications of Compliance (Attachment 2 of this Notice)**

The PHA must provide a certification that the application is consistent with the “Moving to Work Certifications of Compliance.” A certification sheet for this purpose is provided in Attachment 2 of this Notice. This should be completed and executed by the PHA according to the provided instructions and submitted with the MTW Plan and application package.

b) **Appendix 2: Public Process Documentation**

The PHA must provide documentation that the elements of the public process described in Section 4(C)(i)(c) of this Notice were met. There is no prescribed
format or page limit for this appendix, but materials must include:

- Evidence that public housing residents and HCV participants (as applicable to the PHA’s inventory) were notified of the PHA’s intention to participate in the MTW Demonstration program;
- Evidence that two resident meetings were held;
- The public notice advertising the public hearing;
- Evidence that the public hearing was held (items could include minutes, sign-in sheet, etc.); and
- A resolution signed by the Board of Commissioners (or equivalent governing body) adopting the application, including the MTW Plan, and certifications contained therein. The resolution must also confirm the PHA selected alternative rent policy and that the public process requirements described in Section 4(C)(i)(c) of this Notice were met. There is no prescribed format for the Board Resolution.

c) **Appendix 3: Required Standard Forms**

The PHA must provide completed versions of the:

- Certification of Consistency with the Consolidated Plan (form HUD-2991);
- Certification of Payments (form HUD-50071); and
- Disclosure of Lobbying Activities (SF-LLL) if applicable.

Blank copies of these Standard Forms may be accessed at: www.hud.gov/mtw.

d) **Appendix 4: Other Supporting Documentation**

The PHA may elect to provide other materials such as letters of support, community meeting materials, resumes, etc. to substantiate and reinforce narrative information provided in the MTW Plan and application package. Pages in this appendix must be numbered and length is limited to 10 pages.

D. **Corrections to Deficient MTW Plan and Application Packages**

HUD will uniformly notify each applicant of any curable deficiency by email, give instructions for how to address the curable deficiency, and give a date by which the PHA must respond to the curable deficiency. Failure to respond according to the instructions and deadline may result in the PHA failing to meet the requirements of this Notice.

E. **MTW Plan and Application Package Submission Deadline**

MTW Plan and Application packages in response to this Notice must be received by: **11:59 pm Eastern Standard Time (EST) on FRIDAY, JANUARY 8, 2021.**
5. Selection Process and Scoring Criteria for Second Cohort of the MTW Expansion

A. Selection Process

Each MTW Plan and application package will first be assessed on the following threshold elements:

- Whether the PHA is a high performer in either PHAS or SEMAP as of the submission deadline in 4(E) of this Notice (as verified by HUD);
- Whether the PHA chose one alternative rent policy for which they are eligible as described in Section 4(C)(ii)(b)(I) of this Notice;
- Whether the required, signed forms were provided according to 4(C)(iii)(a) and 4(C)(iii)(c) of this Notice; and
- Whether the public process requirements explained in Section 4(C)(i)(c) of this Notice were met.

HUD will separate MTW Plan and application packages that meet these threshold elements by MTW Test Rent policy and score and rank them within each MTW Test Rent policy. Within the MTW Test Rent policies, selection will be based on the score of the applications (based on the scoring criteria in Attachment 3 of the Notice) and other factors affecting HUD’s obligations under the MTW Expansion Statute (including geographic diversity and RAD participation) and HUD’s ability to carry out a rigorous evaluation of rent reform policies (including sample size requirements and evaluation resources). After HUD’s review of MTW Plan and application packages submitted under this Notice, selected and non-selected PHAs will be notified by HUD via email. Selection does not constitute formal entry into the MTW Demonstration Program. Selected PHAs may not flexibly use Section 8 and Section 9 funding or invoke any MTW flexibility before formal entry into the MTW Demonstration Program when an Annual Contributions Contract (ACC) amendment detailing MTW participation is executed by both HUD and the PHA and any other requirements of the MTW Operations Notice are met.

Non-selection under this second cohort will not preclude eligible PHAs from applying to a future cohort under the MTW Expansion and receiving MTW designation, provided the PHA is eligible under the terms of the selection notice for that future cohort.

B. Scoring Criteria

Scoring of MTW Plan and application packages will be based on the three rating factors of: Capability (30 points), Feasibility of the MTW Plan/Rent Reform (50 points), and Resident and Community Support and Involvement (20 points). A total of 100 points are available. A more detailed point breakdown table may be found in Attachment 3 of this Notice.

C. Information for Applicants Not Selected

For a period of at least 60 days after the announcement of successful applicants is made, HUD will provide to a requesting applicant a debriefing related to its application. A request for debriefing must be made by e-mail by an authorized official of the applicant PHA and
submitted to Marianne Nazzaro; Director, Moving to Work Demonstration Program; e-mail: MTWcohort2@hud.gov. The e-mail should be titled “MTW Expansion Cohort #2 Debrief” and should include the name of the PHA and relevant contact information in the body of the email.

Information provided during a debriefing will include, at a minimum, the final scores and reviewer comments the applicant received for each of the three rating factors given in Attachment 3 of this Notice.

6. **Administrative and Contact Information**

   **A. Paperwork Reduction Act**

   The information collection requirements contained in this document are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 2501-3520). The OMB control number is 2577-0216. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

   **B. Additional Resources**

   PHAs interested in applying to the second cohort of the MTW Expansion under this Notice will find resources available in compiling applications at: www.hud.gov/mtw. Here, HUD will post this Notice, copies of Attachments 1-3, links to the standard forms listed in Section 4(C)(iii)(c) of this Notice, and Frequently Asked Questions.

   **C. Contact Information**

   For further information, contact: Marianne Nazzaro; Director, Moving to Work Demonstration Program; e-mail: mtw-info@hud.gov, or visit the MTW Demonstration Program website at: www.hud.gov/mtw.

   

   /s/

   R. Hunter Kurtz, Assistant Secretary for
   Public and Indian Housing
The “rent” resulting from by the alternative rent policy is the tenant’s total contribution, including a utility allowance. If a public housing household has a tiered/stepped rent of $300, they would pay the PHA an amount equal to $300 minus their utility allowance. If an HCV household has a tiered/stepped rent of $300, they would pay their landlord an amount equal to $300 minus their utility allowance.

The alternative rent policies will include a utility allowance and must allow for utility reimbursements. That is, if a household has a utility allowance greater than their tiered/stepped rents, they will receive a utility reimbursement from the PHA. PHAs may utilize a simplified utility allowance. HUD encourages PHAs to adopt the simplified utility allowance tested by four existing MTW PHAs (Lexington, Louisville, San Antonio, and Washington, DC) in the Rent Reform Demonstration. HUD will provide more information on this simplified utility allowance after PHA selection.

HCV households cannot pay more than the actual gross rent for their unit. If an HCV household has a tiered/stepped rent of $700, but they live in a unit with gross rent of only $650, the household would pay the full $650 and receive zero HUD subsidy. Even if the payment standard and FMR are higher (say, $900) this household would receive zero HUD subsidy. If, however, such a household moved to a different unit with a gross rent of $900 (and the FMR/payment standard allowed for this amount), their rent would be subsidized $200.

If an HCV household rents a unit with gross rent above the payment standard, they are responsible for that incremental amount above the payment standard. This incremental amount would be added to their base tiered/stepped rent.

Regular income reexaminations will happen every three years. Reducing the frequency of
reexaminations from annual to triennial will reduce PHA administrative burden and enable tenants to increase their income, within the three-year period, without a corresponding rent increase. Details related to the triennial income reexamination will vary for tiered rents and stepped rents (discussed further in the following pages).

MTW Test Rents #1 and #2 also include a hardship policy. The hardship policy provides temporary rent relief, between 1 month and 12 months, that can be renewed as needed. The PHA may determine the duration of the hardship rent for each family, tailored to that family’s circumstances. The purpose of the hardship policy is to provide a household with rent relief until they increase their income to the point where the hardship rent is no longer needed. Details related to the hardship policy will vary for tiered rents and stepped rents and are discussed further in the following pages.

PHAs will have some additional discretion to offer hardships in situations where a household would not normally qualify, but requires temporary rent relief to avoid eviction or other similar consequences. For example, if a household's income has not decreased, but they face a major unanticipated medical bill, the PHA can determine an appropriate remedy.

If a household moves in between regular triennial reexaminations, its rent may change. For example, if an HCV household moves to a new unit, its rent will be recalculated based on the gross rent and payment standard corresponding to the new unit. HUD will work with the selected PHAs to identify other circumstances in which a household’s rent might change within the triennial reexamination period.

MTW Test Rents #1 and #2 will both use a definition of income that differs from the existing rent rules. PHAs will not apply the allowances or deductions typically used to calculate “adjusted income.” Instead, income will be defined as total annual income (field 7i from the HUD-50058 form), also referred to sometimes as gross income.

Under the existing rent rules, income is defined as the amount that the family expects to receive in the next 12 months. This is sometimes referred to as “current/anticipated income.” In MTW Test Rents #1 and #2, the triennial income reexaminations will measure gross income over the prior year. This should improve the accuracy of income reporting and better represent a household’s long-term earnings potential. HUD will work with the selected PHAs to determine how best to measure gross income over the prior year.

Although the alternative rents will use prior year gross income for triennial reexaminations, when a tenant’s income drops substantially (such as when they lose employment) their prior year gross income is no longer a good representation of their circumstances. Therefore, PHAs will continue to use current/anticipated income when reviewing hardship requests.

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14 Eligibility will continue to be calculated according to Section 3(b)(2) of the 1937 Act.
MTW Test Rent #1 – Tiered Rent (Income-Based)

### Summary of MTW Test Rent #1 – Tiered Rent (Income-Based)

- **Income-Based Tiers**: MTW Test Rent #1 establishes income-based tiers of $2,500 increments. Within those tiers, rent is based on 30% of gross income at the midpoint of the tier.
- **Minimum Rent**: The minimum rent is $50. This is the rent for the lowest tier (income between $0 and $2,499).
- **Initial Tier Placement**: Households are placed into the tier that corresponds to their total annual gross income in the prior year.
- **Triennial Income Reexaminations**: At the triennial income reexamination, the household’s total annual gross income in the prior year will be measured, and they will be assigned to the appropriate tier. In between triennial reexaminations, a household’s rent will not change even if it advances to a higher tier.
- **Hardship rents**: If the household’s total annual gross income drops into a lower tier between triennial reexaminations, they will receive a hardship. For 1 to 12 months (at the PHA’s discretion) they will pay a hardship rent based on the tier that corresponds to their current/anticipated total annual gross income.

Households will be grouped by gross income into tiers. Within each tier, rents (or, in the HCV program, participant contribution) are fixed. Any income increase within a tier does not affect the household’s rent/tenant contribution.

Tiers are in $2,500 increments. That is, the lowest tier includes households with gross income between $0 and $2,499; the next tier includes households with gross income between $2,500 and $4,999; and so on. The number of tiers would vary by PHA, with the maximum tier going up to the PHA’s area median income. Table 1 presents the minimum and maximum gross income for each tier up to $32,499.

When a household begins participating in the tiered rent, they will be assigned to a tier based on their total annual gross income in the prior year. Within each tier, the rent is set to be affordable at the midpoint of the tier. Households in the lowest tier (with gross income less than or equal to $2,499) will pay a minimum rent of $50. For all other tiers, the rent is equal to the midpoint of the tier divided by 12 times 30%. All households in a tier have the same rent.

Each household’s tiered rent will apply for three years. During that three-year period, their rent will not increase. After three years, each household will have a triennial income reexamination and be placed in the tier that matches their total annual gross income in the prior year.

Between triennial reexaminations, a household’s tiered rent will change if it is approved for a hardship rent. Hardships must be requested by the household. A household will receive a hardship if its total annual gross income—measured as current/anticipated income—drops into a lower tier than the tier they were assigned to in their triennial reexamination. The hardship rent will be the tiered rent that corresponds to their new (lower) tier. However, this is expected to be temporary. The hardship rent will last between 1 and 12 months (at the PHA discretion). The hardship rent may be

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The one exception is HCV households renting a unit with gross rent above the payment standard. As noted under “Cross-Cutting Provisions” such households are responsible for the rent above the payment standard.
renewed, if needed. But if the hardship rent expires, and the tenant does not request (or the PHA does not approve) a hardship renewal, then the household’s rent will return to the tiered rent assigned at the most recent triennial income reexamination.

Table 1: Tiered Rent

<table>
<thead>
<tr>
<th>Tier</th>
<th>Tier Income minimum</th>
<th>Tier Income maximum</th>
<th>Tiered rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0</td>
<td>$2,499</td>
<td>$50</td>
</tr>
<tr>
<td>2</td>
<td>$2,500</td>
<td>$4,999</td>
<td>$94</td>
</tr>
<tr>
<td>3</td>
<td>$5,000</td>
<td>$7,499</td>
<td>$156</td>
</tr>
<tr>
<td>4</td>
<td>$7,500</td>
<td>$9,999</td>
<td>$219</td>
</tr>
<tr>
<td>5</td>
<td>$10,000</td>
<td>$12,499</td>
<td>$281</td>
</tr>
<tr>
<td>6</td>
<td>$12,500</td>
<td>$14,999</td>
<td>$344</td>
</tr>
<tr>
<td>7</td>
<td>$15,000</td>
<td>$17,499</td>
<td>$406</td>
</tr>
<tr>
<td>8</td>
<td>$17,500</td>
<td>$19,999</td>
<td>$469</td>
</tr>
<tr>
<td>9</td>
<td>$20,000</td>
<td>$22,499</td>
<td>$531</td>
</tr>
<tr>
<td>10</td>
<td>$22,500</td>
<td>$24,999</td>
<td>$594</td>
</tr>
<tr>
<td>11</td>
<td>$25,000</td>
<td>$27,499</td>
<td>$656</td>
</tr>
<tr>
<td>12</td>
<td>$27,500</td>
<td>$29,999</td>
<td>$719</td>
</tr>
<tr>
<td>13</td>
<td>$30,000</td>
<td>$32,499</td>
<td>$781</td>
</tr>
</tbody>
</table>
The Stepped Rent policy will increase tenant rents annually by an amount unrelated to each household’s income. The annual stepped rent increase will be a specific dollar amount, by unit size. It will be established by the PHA and can be set anywhere between 2% and 4% of the Fair Market Rent. The PHA can choose whether to review and adjust the stepped rent increase each year, or leave it fixed for the 6-year study period.

For example, consider a PHA that has FMRs presented in Table 2. The smallest rent increase that the PHA could choose would be equal to 2% of the FMR, and the largest rent increase would be equal to 4% of the FMR. When the policy is being implemented, this PHA decides to set the annual stepped rent increase at $20 for an efficiency unit; $23 for a one-bedroom unit; $28 for a two-bedroom unit; $36 for a three-bedroom unit; and $47 for a four-bedroom unit. After one year, each household’s rent would increase by the amount that corresponds to their unit size.

Table 2: Sample FMRs and Minimum/Maximum Stepped Rent Increases

<table>
<thead>
<tr>
<th></th>
<th>Efficiency</th>
<th>One-bedroom</th>
<th>Two-bedroom</th>
<th>Three-bedroom</th>
<th>Four-bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Market Rent</td>
<td>$970</td>
<td>$1,110</td>
<td>$1,360</td>
<td>$1,780</td>
<td>$2,320</td>
</tr>
<tr>
<td>Minimum rent increase (2%)</td>
<td>$19.40</td>
<td>$22.20</td>
<td>$27.20</td>
<td>$35.60</td>
<td>$46.40</td>
</tr>
<tr>
<td>Maximum rent increase (4%)</td>
<td>$38.80</td>
<td>$44.40</td>
<td>$54.40</td>
<td>$71.20</td>
<td>$92.80</td>
</tr>
</tbody>
</table>

Once the PHA establishes the annual stepped rent increase, the PHA can choose to leave it fixed for 6 years. Even if FMRs change (that is, if the 2% and 4% FMR boundaries shift), the PHA will not be required to change the annual stepped rent increase. The PHA can, however, choose to review and update the size of the increase. For example, if the PHA above determines that the rent increases are not large enough to maintain budget-neutrality, it could set a larger stepped rent increase. When the PHA reviews and updates the annual stepped rent increase it should use the most recent FMRs to determine the minimum and maximum allowable rent increase.

The minimum and maximum stepped rent increases must be based on Fair Market rents for a metropolitan area or county—not Small Area Fair Market Rents. Similarly, the annual stepped rent increases should not vary within the PHA’s service area.
The PHA will conduct a triennial income reexamination with each household. The PHA will use this triennial reexamination to document income and household changes, and to confirm eligibility, but **not** to calculate the household’s rent. The rent would continue to increase according to the stepped rent policy. The triennial reexamination will also serve as an opportunity for the PHA to monitor how the household is doing under the stepped rent policy.

In general, each household’s rent will increase by the stepped rent increase, each year after the first year. The sole exception would be if the household is granted a hardship by the PHA.

Hardships must be requested by the household. Upon request, the PHA will conduct a hardship review and determine the household’s *current/anticipated total annual income*. A household will be approved for the hardship if their rent exceeds 40% of their current/anticipated total annual gross income. The hardship rent will equal 30% of the household’s current/anticipated total annual gross income. PHAs will have some additional discretion to offer hardships in situations where a household would not qualify based on the 40% rent burden criteria. If a household is facing a significant increase in costs (e.g. a major medical bill), has a death in the family, or other similar circumstances, the PHA can determine an appropriate remedy to provide the household with temporary rent relief.

The hardship rent will last for 1 to 12 months (at the PHA’s discretion) and can be renewed as needed. When the hardship rent expires, if the household does not request (or the PHA does not approve) a hardship renewal, the household’s rent will return to where it was prior to the hardship. Time spent in a hardship status will effectively pause the stepped rent increases. If a household receives a hardship 11 months into the study period, and that hardship lasts 6 months, their first stepped rent increase would be applied after 18 months.

If a household spends 12 consecutive months in a hardship status, and at the end of that time the household requests an ongoing hardship rent, the PHA has two options. First, the PHA could continue to provide the household with temporary hardships as described above. This could be burdensome for a PHA, particularly if the PHA sets the hardship duration at less than 12 months. As an alternative, the PHA could reset the household’s stepped rent. The PHA could approve a stepped rent reset even if the household does not have a rent burden above 40%. If the PHA resets a household’s stepped rent, that would operate similar to initial enrollment. The household’s new rent would be based on 30% of their prior year income and would apply for a full year. At the end of that year, the household would resume the stepped rent increases.
MTW Test Rent #3 – PHA Proposed Alternative Tiered/Stepped Rent

Summary of MTW Test Rent #3 – PHA Proposed Alternative Tiered/Stepped Rent

PHAs may propose a tiered or stepped rent that is different from the three MTW Test Rents policies above. A PHA proposing an alternative policy must:

- **Sample Size**: Ensure sample size of at least 4,000 existing non-elderly, non-disabled households to be randomly assigned to either the treatment group or the control group.
- **Conform to Boundaries**: Any alternative rent policy proposed must be a tiered or a stepped rent and meet the boundaries described below.

PHAs may propose a tiered or stepped rent that is different from the three MTW Test Rents policies above. A PHA proposing an alternative policy must, however, be able to ensure a sample size of at least 4,000 existing non-elderly, non-disabled households. A PHA that serves at least 4,000 existing non-elderly, non-disabled households in the public housing and/or HCV programs may propose an alternative policy on its own. In addition to the sample size requirement, any alternative policy proposed by a PHA must be a tiered rent or stepped rent, and must fit within the boundaries outlined below.

If a PHA chooses to develop its own **tiered rent policy**, that policy must fit within the boundaries described below.

- **Overall Objectives**: The policy must be designed to achieve simplification and improved administrative efficiency. PHAs are also encouraged to use the policy to encourage resident self-sufficiency, to the extent practicable.
- **Tiers**: Tiers must be no smaller than $2,000 and no larger than $10,000. The PHA may set tiers of varying increments (e.g. tiers of $2,500 up to a certain income level, and tiers of $5,000 above that point).
- **Rent-setting within Tiers**: The PHA may decide what rent households would pay within each tier. However, the rents may not be set at a level that would result in more than 10% of affected households paying more than 40% of their income for rent.
- **Other**: All other rent-related policy provisions not discussed above would be left to the discretion of the PHA, within the constraints of the MTW Operations Notice.

If a PHA chooses to develop its own **stepped rent policy**, that policy must fit within the boundaries described below.

- **Overall Objectives**: The policy must be designed to incentivize assisted households to increase their earnings and move towards self-sufficiency. PHAs are also encouraged to use the policy to achieve simplification and improved administrative efficiency, to the extent practicable.
- **Year 1 Rent**: The rent that each household pays in the first year of the stepped rent schedule must have some relation to their ability to work towards self-sufficiency. Income at baseline is HUD’s preferred proxy, but the PHA may propose an alternative method for determining year one rent. The PHA should not require all households to pay the same rent in year one.
- **Income-Rent Connection**: After year one, rents must not increase based on a household’s income. The PHA may use regular income reexaminations to reset rents and mitigate hardships, but only when a household’s income is stagnant or decreasing.
• **Stepped Rents**: The PHA may decide what form the stepped rents take. The PHA could simply set an annual stepped rent increase (as under MTW Test Rent #2). The PHA could establish a stepped rent “schedule” as envisioned the two stepped rent policies HUD presented in Notice PIH-2019-04. Rents could increase less often than every year. However, the policy may not force a rent increase larger than 10% of the Fair Market Rent in any year.\(^\text{17}\)

• **Maximum Rent (Final Step)**: The PHA may decide whether to set a maximum rent (the final step in the schedule), and at what level. The maximum rent should be appropriate for the PHA’s housing market. In low-cost housing markets, it may be appropriate to have the maximum rent set at the FMR. In higher-cost housing markets, it may be more appropriate to have the stepped rent policy culminate in an ongoing shallow subsidy.

• **Hardship Policy**: The PHA must have a hardship policy that provides rent relief to households that experience an involuntary loss of employment or income. HUD strongly recommends that the PHA also have some hardship provision for households that cannot increase their earnings enough to keep pace with the scheduled stepped rent increases. The hardship policy must also attempt to prevent any household from being evicted as a result of the stepped rent policy. If a household cannot make their rent payments under the stepped rent policy, and other hardship provisions do not resolve their situation, the household should be returned to the Brooke rent for one year. After a year the PHA can reevaluate the household and may resume the stepped rent.

• **Other**: All other rent-related policy provisions not discussed above would be left to the discretion of the PHA, within the constraints of the MTW Operations Notice.

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\(^{17}\) The 10% FMR cap excludes rent changes that result from the expiration of a rent hardship.
| CERTIFICATIONS OF COMPLIANCE |

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**OFFICE OF PUBLIC AND INDIAN HOUSING**

Certifications of Compliance with HUD and Federal Requirements and Regulations:  
Board Resolution to Accompany Application to the Moving to Work Demonstration Program

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Acting on behalf of the Board of Commissioners of the applicant public housing agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the application to the Moving to Work (MTW) Demonstration Program for the PHA and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the application and implementation thereof:

1. The PHA will adhere to the MTW Operations Notice or successor notice and all requirements therein.

2. The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to ensure at least 75% of families assisted are very low-income as defined in Section 3(b)(2) of the 1937 Act throughout the PHA’s participation in the MTW Demonstration Program.

3. The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in establishing a reasonable rent policy that is designed to encourage employment and self-sufficiency.

4. The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to assist substantially the same total number of eligible low-income families as would have been served absent MTW throughout the PHA’s participation in the MTW Demonstration Program.

5. The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to maintain a comparable mix of families (by family size) as would have been provided had the funds not been used under the MTW Demonstration Program throughout the PHA’s participation in the MTW Demonstration Program.

6. The PHA will adhere to HUD guidance in the MTW Operations Notice or successor notice in continuing to ensure housing assisted under the MTW Demonstration Program meets housing quality standards established or approved by the Secretary throughout the PHA’s participation in the MTW Demonstration Program.

7. The PHA published a notice that a hearing would be held, that the application and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the application by the Board of Commissioners, and that the PHA conducted a public hearing to discuss the application and invited public comment.

8. The PHA took into consideration public and resident comments (including those of its Resident Advisory Board or Boards) before approval of the application by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the application.
(9) The PHA certifies that the Board of Commissioners has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).

(10) The PHA certifies that it will carry out its application in conformity with: Title VI of the Civil Rights Act of 1964 (42 USC 2000d-200d-4); the Fair Housing Act (42 USC 3601-19); Section 504 of the Rehabilitation Act of 1973 (29 USC 794); Title II of the Americans with Disabilities Act of 1990 (42 USC 12101 et seq.); all regulations implementing these authorities; other applicable Federal, State, and local civil rights laws; and that it will affirmatively further fair housing, which means that it will: (i) take meaningful actions to further the goals identified by the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (ii) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (iii) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d). Note: Until the PHA is required to submit an AFH, the PHA must follow the certification requirements of 24 CFR 903.7(o) in effect prior to August 17, 2015. Under these requirements, the PHA will be considered in compliance with the certification requirements of 24 CFR 903.7(o)(1)-(3) and 903.15(d) if it: (i) examines its programs or proposed programs; (ii) identifies any impediments to fair housing choice within those programs; (iii) addresses those impediments in a reasonable fashion in view of the resources available; (iv) works with local jurisdictions to implement any of the jurisdiction’s initiatives to affirmatively further fair housing that require the PHA’s involvement; and (v) maintains records reflecting these analyses and actions.

(11) The PHA will carry out its plan in conformity with HUD’s Equal Access Rule at 24 CFR 5.105(a)(2).

(12) The application is consistent with the applicable Comprehensive Plan (or any plan incorporating such provisions of the Comprehensive Plan) for the jurisdiction in which the PHA is located.

(13) The application certifies that according to the appropriate State or local officials that the application is consistent with the applicable Consolidated Plan, which incorporates a fair housing strategy that reflects the jurisdiction’s AFH or Analysis of Impediments to Fair Housing Choice (AI), as applicable, and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.

(14) The PHA complies with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD’s implementing regulations at 24 C.F.R. Part 146.


(17) The PHA complies with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

(18) The PHA complies with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.

(19) The PHA complies with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

(20) The PHA complies with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

(21) The PHA will take appropriate affirmative action to award contracts to minority and women’s business enterprises under 24 CFR 5.105(a).

(22) The PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.

(23) With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

(24) The PHA will keep records in accordance with 2 CFR 200.333-200.337 and facilitate an effective audit to determine compliance with program requirements.
(25) The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

(26) The PHA will comply with the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Rewards at 2 CFR Part 200.

(27) The application and all attachments are available at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

<table>
<thead>
<tr>
<th>PHA NAME</th>
<th>PHA NUMBER/HA CODE</th>
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/we, the undersigned, certify under penalty of perjury that the information provided above, as well as any information provided in the accompaniment herewith, is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. § 3729, 3802).

<table>
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<tr>
<th>NAME OF AUTHORIZED OFFICIAL*</th>
<th>TITLE</th>
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| SIGNATURE | DATE |

* Must be signed by either the Chairman or Secretary of the Board of the PHA’s legislative body. This certification cannot be signed by an employee unless authorized by the PHA Board to do so. If this document is not signed by the Chairman or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.
<table>
<thead>
<tr>
<th>Rating Factor and Sub-criteria</th>
<th>Points</th>
<th>Primary Location in Application</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RATING FACTOR 1: Capability. [Up to 30 points total]</strong></td>
<td></td>
<td></td>
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<tr>
<td><em>The PHA’s demonstrated capability to effectively plan, implement, and administer a local MTW program and partner with the evaluation team.</em></td>
<td></td>
<td></td>
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<tr>
<td>(a) Relevant experience and skills of PHA personnel;</td>
<td>Up to 5 Points</td>
<td>Section 4(C)(ii)(a)(I)</td>
</tr>
<tr>
<td>(b) Ability to convey a compelling and comprehensive vision of the planned local MTW program and how MTW flexibility will be used to support assisted households and the community;</td>
<td>Up to 10 Points</td>
<td>Section 4(C)(ii)(a)(I)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Section 4(C)(ii)(a)(III)</td>
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<tr>
<td></td>
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<td>Section 4(C)(ii)(a)(IV)</td>
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<td></td>
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<td>Section 4(C)(ii)(a)(V)</td>
</tr>
<tr>
<td>(c) Specific examples of the PHA’s innovation, creativity and ability to partner exhibited in existing HUD programs; and</td>
<td>Up to 10 Points</td>
<td>Section 4(C)(ii)(a)(III)</td>
</tr>
<tr>
<td>(d) Scores in PHAS and/or SEMAP and HCV unit and budget utilization.</td>
<td>Up to 5 Points</td>
<td>Verified by HUD.</td>
</tr>
<tr>
<td><strong>RATING FACTOR 2: Feasibility of the MTW Plan/Rent Reform. [Up to 50 points total]</strong></td>
<td></td>
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<tr>
<td><em>The PHA’s demonstrated understanding of the rent reform policy and plan to establish a feasible local MTW program:</em></td>
<td></td>
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<tr>
<td>(a) Demonstration of the PHA’s understanding of the chosen rent reform policy and how it will impact the PHA’s assisted households;</td>
<td>Up to 20 Points</td>
<td>Section 4(C)(ii)(b)(I)</td>
</tr>
<tr>
<td>(b) Information on how the PHA plans to implement the chosen rent reform policy. For PHAs that propose their own rent policy under MTW Test Rent #3, this will also include an assessment of the feasibility and policy relevance of the PHA’s proposed policy; and</td>
<td>Up to 25 Points</td>
<td>Section 4(C)(ii)(b)(II)</td>
</tr>
<tr>
<td>(c) Information Technology Plan.</td>
<td>Up to 5 Points</td>
<td>Section 4(C)(ii)(b)(III)</td>
</tr>
<tr>
<td><strong>RATING FACTOR 3: Resident and Community Support and Involvement. [Up to 20 points total]</strong></td>
<td></td>
<td></td>
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<td><em>The degree to which public housing residents, HCV participants and the wider local community have been involved in and supportive of developing the PHA’s MTW Plan and application.</em></td>
<td></td>
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<tr>
<td>(a) The PHA was able to engage public housing residents and HCV participants in</td>
<td>Up to 10 Points</td>
<td>Section 4(C)(iii)(b)</td>
</tr>
</tbody>
</table>
the MTW Plan and application process in a meaningful way;

(b) Where feasible, the PHA considered feedback received from the public in the MTW Plan and application process. The PHA communicated the goals of rent reform and responded effectively to any concerns; and

(c) The PHA demonstrated established partnerships and identified partnership opportunities that would contribute the success of its local MTW program.

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<thead>
<tr>
<th>TOTAL POINTS AVAILABLE</th>
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<tbody>
<tr>
<td>RATING FACTOR 1: 30 Points</td>
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<tr>
<td>RATING FACTOR 2: 50 Points</td>
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<tr>
<td>RATING FACTOR 3: 20 Points</td>
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<tr>
<td>TOTAL: 100 Points</td>
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