

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

LOUISVILLE METRO HOUSING AUTHORITY (LMHA)

November 2008

INTRODUCTION

The Louisville Metro Housing Authority (LMHA) joined the U.S. Department of Housing and Urban Development's (HUD) national Moving to Work (MTW) Demonstration Program in August 1999. LMHA's MTW program focuses on increasing housing choices for low-income communities by revitalizing and modernizing its most distressed public housing units to create opportunities for housing and homeownership.

LMHA's service area is the Louisville/Jefferson County metropolitan area located in Kentucky, with a population of 709,264 as estimated by the U.S. Census Bureau in 2007. The major industries providing employment opportunities include manufacturing, accommodation, and food services.

LMHA's MTW program includes both public housing and Housing Choice Vouchers (HCV). As of the end of fiscal year 2008, there were 4,218 public housing households and 8,960 HCV households. In the public housing program, this includes 4 family developments (2,048 units), 4 elderly or disabled developments (1,056 units), 8 mixed-income sites (513 units), and an additional 601 units that are scattered across the city and not part of a traditional public housing development. Utilizing MTW flexibilities, LMHA has been able to better serve its clients by:

- Negotiating a *utility allowance program* to increase administrative efficiency;
- Implementing a *rent simplification program* to increase administrative efficiency;
- Instituting *term limits* at new scattered sites to increase client self-sufficiency;
- Forming partnerships using *project-based HCV vouchers* to increase housing choice; and
- Developing *new sites and scattered site units* to increase housing opportunity.

This report reviews LMHA's MTW program promising practices since the program's inception and discusses the agency's progress towards meeting MTW program objectives. The report is based on interviews with housing authority staff and HUD MTW coordinators. It also draws on reports and data on MTW participants collected by LMHA, HUD, Abt Associates Inc., and Optimal Solutions Group, LLC over the course of the demonstration.

The report is organized according to the broad goals of the Moving to Work Demonstration Program: (1) providing work incentives to encourage resident self-sufficiency (2) implementing administrative simplicity and program cost reduction (3) increasing housing choice and homeownership. Many of LMHA's programs fall under multiple goals, but will be highlighted in the most relevant section.

INITIATIVES TO INCREASE ADMINISTRATIVE EFFICIENCY

MTW flexibilities have allowed Louisville Metro Housing Authority to respond quickly to changes in local housing conditions and address tenant needs more proactively. LMHA has utilized MTW block grant authority to negotiate better service for tenants and to make rent simplification changes in an effort to increase administrative efficiency.

Utility Allowance Program

In the fall of 2005, Louisville Gas and Electric Company (LG&E) announced a 43 percent increase in natural gas rates. In response to this announced change, LMHA immediately revised its utility allowance schedules to reflect the increased cost. Unfortunately, these changes would only provide relief to families entering into new leases as the new allowance were only taken into account at the time of lease. LMHA wanted to devise a method to assist all families in the HCV Program.

"MTW fiscal fungibility is very important to LMHA."

- Tim Barrv. *Executive Director*

Utilizing MTW block grant authority, LMHA was able to enter into an agreement with LG&E to pay a set fixed amount of utility expenses (based on the average increase in heating costs for these families) for every LMHA family using natural gas to heat their home. In return, LG&E agreed to waive numerous late penalties and fees these families had accumulated. In total, LMHA paid \$643,000 to LG&E on behalf of these families, all of whom had an account in their name for service at LMHA's address of record for their HCV unit.

Promising Practice: MTW provides block grant privileges for housing authorities to combine public housing and Housing Choice Voucher funds. This provides more leverage for housing authorities like LMHA to negotiate with service providers for the benefit of tenants. LMHA believes that close working relationships with local stakeholders and service providers is important because it improves the overall quality of services provided to assisted-housing clients, and allows the agency to respond quickly and appropriately to unforeseen situations.

Rent Simplification for Elderly Tenants

LMHA has found that elderly tenants have a relatively stable income and spending stream, yet they are still subject to the same stringent regulations as non-elderly clients. Utilizing MTW regulatory flexibilities, LMHA implemented rent simplification in FY2008 for elderly tenants, which includes standard medical deductions and an earned income disregard for elderly households. This exemption also applies to full-time students as well. LMHA will also be recertifying elderly households and full-time student households bi-annually instead of annually, largely because of the steady income stream of elderly households.

SELF-SUFFICIENCY INITIATIVES

MTW flexibilities have allowed LMHA to experiment with initiatives through pilot programs in order to better devise programs to help residents reach self-sufficiency. In FY 2007, LMHA implemented time limits at a few of the new scattered site areas to target a population of their clients who would like to eventually become self-sufficient from assisted-housing programs.

Term Limits

MTW regulatory flexibility has enabled LMHA to institute time limits and rent policy changes as self-sufficiency initiatives. In FY 2007, LMHA instituted a five-year time limitation on residency in the new scattered housing sites, single family public housing, and ACC rental units created off-site under the Clarksdale HOPE VI Revitalization program. LMHA also requires that heads of households in these units must be working at least 30 hours per week to be eligible for these units, but has exemptions for the elderly and those with disabilities.

While the impact of this initiative is still unknown (the first families to be impacted by the time limit will not happen until FY 2012), LMHA anticipates that the time limit to assistance will encourage affected residents to become and remain self-sufficient after the five-year time period is over. This initiative will also increase the number of affordable housing opportunities available to low-income families in the Louisville area because after five years, the scattered site units under the Clarksdale HOPE VI will be available to be rented to another low-income family.

HOUSING CHOICE INITIATIVES

The Moving to Work program has allowed LMHA to form successful partnerships with local agencies that aid those with special needs to combine housing assistance with services. LMHA has formed partnerships with the YMCA (to help homeless men), Day Spring (to provide independent living opportunities for adults with developmental disabilities), and Project Women (to help single mothers obtain college degrees). Furthermore, LMHA has also actively utilized MTW fungibility to revitalize and modernize its housing stock.

Project Based HCV Voucher Partnerships

In the past, LMHA was restricted by both funding and statutory limitations, which made helping clients with special needs very difficult. Utilizing block grant MTW flexibilities, LMHA has been able to form partnerships with local organizations to provide both housing and supportive services. In these partnerships LMHA provides project-based Housing Choice Vouchers to compliment the services of local entities.

LMHA currently has a Housing Assistance Payment (HAP) contract for a 41-unit program with the YMCA of Louisville. This program has operated since 1989, providing outreach to single, adult, income eligible males who are in need of housing. Many of these men have mental, emotional, or substance abuse problems that affect their ability to interact with others and perform the tasks required to be approved for admission into a traditional assisted-housing program. Many of the individuals referred to LMHA for admission simply find themselves unable to make it to the HCV office for scheduled appointments due to lack of convenient transportation. To mitigate this problem, LMHA will use the block grant flexibility provided by MTW to provide funds to train a YMCA-hired caseworker to provide supportive services to applicants and residents on-site at the YMCA. LMHA will train this caseworker to properly complete the initial process for determining eligibility before the case is sent to LMHA for final processing. MTW flexibilities will also be used to improve administrative efficiency at this site through a streamlined site-based HQS inspection process.

Lesson Learned: Serving the hard to house population often requires additional resources and supports that are not needed by more mainstream populations. Using their MTW flexibilities, LMHA was able to develop a local solution to facilitate the creation of achievable housing options for this population.

Scattered Site Units Redevelopment

One goal of LMHA is to modernize its housing stock through redevelopment in order to de-concentrate poverty in public housing and improve living conditions. MTW funding fungibility allows LMHA to combine operating capital and HCV funding to purchase and construct scattered site units. This has provided residents with more choice in selecting public housing neighborhoods. Furthermore, residents also have more housing choice in suburban settings since the City of Louisville and Metropolitan Louisville merged in 2003.