



# **Moving To Work**

## **Annual Plan**

### **Fiscal Year 2007**

## Introduction

The Vancouver Housing Authority plans a major change to the Moving to Work demonstration in the upcoming year. We have completed the transition from our previous program requiring mandatory participation in a self-sufficiency program and incorporating time-limits on housing assistance. With a new three-year extension to our MTW contract, and the possibility of an even longer contract in the future, we have developed a new demonstration incorporating flat rents and subsidies. We believe that these new policies will continue our tradition of promoting self-sufficiency and rewarding work among the families we serve while still maintaining the assistance and security for our most vulnerable clients.

The MTW demonstration was developed to allow Housing Authorities to design and test ways to promote self-sufficiency amount assisted families, achieve programmatic efficiency and reduce costs, and increase housing choice. The flat rent and flat subsidy policy outlined in this plan will meet all of these goals and provide valuable information for consideration by advocates for, and providers of, low income housing. Flat rent policies have been demonstrated by other Housing Authorities in the MTW program with great success. The demonstration we have developed builds on this success, while at the same time offers new features that should achieve even greater efficiencies and administrative cost reductions. For example previous demonstrations did not include the entire population of tenants under Public Housing and the Voucher program. By including elderly and disabled tenants in our demonstration we hope to demonstrate a way to achieve greater administrative efficiency without substantially affecting the amount of subsidy provided to this population. This program will also expand our policy of rewarding work by allowing those who worked *in the past* and now receive a relatively higher income under Social Security to pay a rent or receive a subsidy based on the minimum income of an elderly or disabled family. In other words the majority of our elderly and disabled population will gain under this program.

Housing assistance based on a percentage of income can discourage self-sufficiency. Tenants whose rent goes up shortly after obtaining work often wonder if it's worth it. The flat rent and subsidy program will encourage self-sufficiency by allowing tenants to enjoy the full value of their new incomes and at the same time provide a powerful incentive to those who are not working by requiring a significant rent payment regardless of reported income.

This demonstration will achieve efficiency and administrative cost reduction by eliminating a number of currently required actions such as individual calculation of rents and interim reviews of eligibility. The overall simplicity of the flat subsidy concept will encourage more owners to participate and will result in more housing choice. Housing choice will also expand through bringing back a version of the old "shopper's incentive" from the original Voucher program where, if a family chooses a less expensive unit, they directly benefit rather than the Housing Authority.

VHA anticipates that these proposed changes are significant enough to warrant either a substantial amendment to, or an entirely new, MTW agreement with HUD. We are also completing a substantial revision to both the Section 8 Administrative Plan and the Public Housing Admissions and Occupancy Policy. We hope to all of these required changes completed by year end allowing us to convert all tenants to this new rent structure on January 1, 2007.

# I. Households Served

## A. Number and Characteristics of Households Served

**Table 1**

**Number and Characteristics of Households Served**

	Households Currently Served		Households Projected to be Served at Period End	
	Public Housing	Vouchers	Public Housing	Vouchers
Total Number of Households	504	1943	515	1968
Distribution by Family Type				
Family	258	675	264	670
Elderly	96	501	96	523
Disabled (Under age 62)	150	767	155	775
Distribution by Bedroom Size				
Studio	0	0	0	0
1 Bedroom	105	994	105	1015
2 Bedroom	202	478	206	485
3 Bedroom	169	351	176	350
4 Bedroom	24	90	24	88
5 Bedroom	4	19	4	20
6+ Bedroom	0	11	0	10
Distribution by Income Range				
Below 30% of Median	431	1631	425	1618
Between 30% and 50% of Median	66	286	90	350
Between 50% and 80% of Median	6	26	0	0
Above 80% of Median	1	0	0	0
Distribution by Race of HOH				
White	386	1650	395	1665
Black/African American	64	180	65	185
American Indian/Alaska Native	7	22	7	23
Asian	42	73	43	75
Native Hawaiian/ Other Pacific Is.	5	18	5	20
Unknown				
Distribution by Ethnicity of HOH				
Hispanic or Latino	20	72	22	75
Not Hispanic or Latino	484	1873	493	1893

The distribution by bedroom size for Voucher households is based on issued size per the current subsidy standards, and not the actual size of the units chosen by households. Note that under the planned flat subsidy program there will no longer be subsidy standards and subsidies will be based on the number of household members rather than an assigned bedroom size. The projection for the end of the period is based on what bedroom sizes would be assigned if the VHA were still doing so.

## B. Number and Characteristics of Households on the Waiting List

**Table 2**

**Number and Characteristics of Households on the Waiting List**

	Households Currently on Waiting Lists		Households Projected to be on Waiting list at Period End	
	Public Housing	Vouchers	Public Housing	Vouchers
Total Number of Households	3960	6103	3000	5000
Distribution by Family Type				
Family	2302	3396	1800	2800
Elderly	123	859	100	700
Disabled (Under age 62)	1535	1848	1100	1500
Distribution by Bedroom Size				
1 Bedroom	2123	2994	1600	2350
2 Bedroom	1430	1988	1136	1600
3 Bedroom	339	902	200	855
4 Bedroom	43	181	40	165
5 Bedroom	18	31	17	25
6 Bedroom	7	7	7	5
Distribution by Income Range				
Below 30% of Median	3628	5492	2755	4700
Between 30% and 50%	308	574	225	275
Between 50% and 80%	22	35	20	25
Above 80% of Median	2	2	0	0

## C. Number Projected to be Served at End of Period

See Tables 1 and 2 for end of period projections. Projections assume full lease up in both programs and the fact that households with incomes over 50% of Area Median will no longer be on the programs. The waitlist projection assumes a closure of the waiting list effective 11/1/2006. The VHA has traditionally kept waiting lists open at all times, but is closing due to the very large list and the accompanying administrative costs.

## D. Narrative discussion/explanation of change

VHA anticipates the trend of serving an increasing number of elderly and disabled households versus families with children will continue. This trend is in part due to a high number of program exits by graduating families in our previous MTW self-sufficiency program, but this same trend toward serving more elderly and disabled is reported by other local Housing Authorities who do not have large self-sufficiency programs. VHA staff also believe that the long wait for assistance is also a factor as families are more likely to move without providing a forwarding address during the waiting period, or may have other changes in circumstances during the waiting period (currently about 5 years).

## **II. Occupancy Policies**

### **A. Statement of Policies Governing Eligibility, Selection, Admissions, Assignment and Occupancy of Families**

VHA plans few significant changes to our policies governing eligibility, selection, admission, assignment, and occupancy. Admission to both Public Housing and the Voucher program will be restricted to families whose anticipated annual income falls below 50% of the Area Median Income (AMI) as published annually by HUD. VHA will continue the previous practice adopted under MTW of requiring at least 75% of new admissions to both programs each year have anticipated annual incomes below 30% of AMI and will practice income targeting in the selection process from the waiting list if the number of new admissions of families below 30% of AMI begins to fall (note that this has not been necessary in the past 7 years under MTW).

A new waiting list preference will be adopted for the Voucher program that will allow Public Housing tenants who previously were approved for a larger unit and now have experienced reductions in family size, and where the VHA has been unable to offer a smaller Public Housing unit for at least 90 days since the family was placed on the transfer list, and the family requests housing under the Voucher program as an alternative to continuing to pay the higher flat rent charged for the larger unit they are no longer qualified for under the occupancy standards in Public Housing.

For families where the sole member or all members are designated as elderly or disabled the VHA proposes to do a required eligibility review only once every two years. All other families will be required to have a required review of eligibility annually. All families will be required to complete the HUD approved release and consent form annually.

VHA will continue to follow current HUD verification guidance for third party verification and will continue to determine, and report through the MTW 50058 module, anticipated annual income. However, income deductions will not be calculated as they will have no effect on rent or subsidy. For those tenants who would otherwise be eligible for a deduction for medical expenses we have determined that only the relatively higher income families in this category (elderly and disabled) have these expenses as the lower income are eligible for the Washington State medical coupon program. Almost all of these relatively higher income tenants will receive more subsidy or have a lower rent despite the lack of a medical deduction.

Interim reviews for changes in income will not be done as they would not affect the flat rent or subsidy. Families will not be required to report changes in income other than at their required eligibility review unless they are FSS participants. Families with changes in family composition will be required to report if any member has left the household or if they have a new member through birth, adoption, or legal custody. Families who wish to add a member (other than through birth, adoption, or legal custody) to their household must have written approval from the VHA prior to that member moving into the assisted unit. Changes in family composition that result in a change in the flat subsidy under the Voucher program, or result in a required unit transfer in Public Housing, will not be effective until the next scheduled required review of eligibility.

VHA will continue to consider all Public Housing tenants exempt from Community Service requirements, however the reason has changed. Previously, required participation in the MTW self-sufficiency program was determined to be reason for exemption. With flat rents all tenants will be required to pay rent regardless of a lack of income, so participation in community service would negatively impact tenants who may need as much time as possible to obtain income sufficient to pay rent.

## **B. Statement of Rent Policy**

VHA will determine the flat subsidy (Voucher program) and flat rent (Public Housing) amounts annually as part of the budget process and anticipated Federal funding levels. In the Voucher program flat subsidy amounts will be set based on family size rather than bedroom size. The need to determine subsidy standards (bedrooms) based on various family compositions will be eliminated. Elderly and disabled families will not be excluded from this proposal, rather the structure and distribution of the subsidy amounts will be such that an elderly or disabled single person will be able to afford a modest unit with the minimum amount of income such a person could receive (the current SSI amount of \$603 a month). This base flat subsidy for a single person will incrementally increase for each additional member of the household regardless of familial relationship or gender. In determining the amounts of the flat subsidies each year VHA will also consider the distribution of different family sizes in the program and the waiting list, funding available, Fair Market Rents and the local housing market, and the need to assist substantially the same number of families that would otherwise be assisted under a conventional Voucher program.

In Public Housing flat rents will be based on unit size, so occupancy guidelines will be retained. VHA will determine a flat gross rent for each size unit (number of bedrooms) and will determine tenant rent by deducting a utility allowance for utilities the tenant is responsible for paying. The gross rent for a one bedroom will be set at an amount determined to be affordable to a person receiving the current SSI payment and rents for larger units will be incrementally higher with an overall goal of collecting substantially the same amount of rent revenue as would otherwise be collected under a conventional program and in consideration of operating subsidies.

Families in the voucher program will receive the full amount of the flat subsidy (paid to the owner under the terms of the Housing Assistance Payments contract) regardless of the size of the unit provided that it passes Housing Quality Standards (HQS) regarding overcrowding. VHA will approve units that meet rent reasonableness regardless of the tenant income or portion of the rent. VHA will continue to calculate and publish utility allowances for the Voucher program but only for tenant education and for use by housing programs.

The VHA will adopt a hardship policy that will include provisions for repayment agreements for rent due in Public Housing where the tenant is temporarily unable to pay rent due to a lack of income and they have made such a request prior to the rent being due. The hardship policy will also provide that for families in the Voucher program who have been evicted for non-payment consideration will be made when determining whether or not a substantial violation of family obligations has taken place.

If, at a required review of eligibility, it is determined that the families anticipated income exceeds 50% of AMI the flat subsidy or flat rent amount will end at the effective date of the review. Families in the

Voucher program will be allowed to retain their Voucher for 6 months and should their anticipated annual income fall below 50% of AMI during that period the flat subsidy will be reinstated. Families in Public Housing will be allowed to remain in the Public Housing unit for up to 12 months provided they comply with the lease and pay the ceiling rent amount; if their anticipated annual income falls below 50% of AMI during that time the flat rent amount will be reinstated.

The VHA will determine special flat subsidy amounts for special housing types such as shared housing and pad space rentals. For mixed families under the non-citizen rule flat subsidies will be prorated and flat rents will be determined by using a prorated amount of the ceiling rent for the non-citizen members and a prorated amount of the flat rent for eligible members of the family.

### III. Changes in Housing Stock

**Table 3**

**Changes in Public Housing Stock**

Project	Description	Current Units	Projected Units at Period End
WA 8-1	Skyline	148	148
WA 8-2	Van Vista	39	39
WA 8-3	Fruit Valley/Hazelwood/Stapleton	50	50
WA 8-4	Scattered Units	55	55
WA 8-5	Scattered Units	36	36
WA 8-7	Scattered Units	60	60
WA 8-8	Scattered Units	18	18
WA 8-9	Scattered Units	12	12
WA 8-14	Scattered Units	10	10
WA 8-16	Ridgefield	12	12
WA 8-19	Scattered Units	11	11
WA 8-21	Scattered Units	14	14
WA 8-22	Scattered Units	30	30
WA 8-23	Scattered Units	5	5
WA 8-24	Camas	14	14
Total		514	514

## IV. Sources and Amounts of Funding

### A. Funding Included in the Consolidated Budget Statement

Table 4

#### Sources and Amounts of Funding Included in Consolidated Budget Statement

Source	CY 2006	FY2007
Public Housing Tenant Rent	963,920	822,020
Public Housing Op. Subsidy	753,410	1,090,000
Public Housing Comp Grant	687,160	750,000
Section 8	10,837,520	11,232,000
MTW Tech. Ass. Grant	-	-
Interest	80,420	90,000
Other Revenue	250,760	260,000
<b>Total</b>	<b>13,573,190</b>	<b>14,244,020</b>

### B. Funding Outside Consolidated Budget Statement

### C. Consolidated Budget Statement

Table 5

#### Consolidated Budget Statement FY2007

	Total VHA	Consolidated MTW	Consolidated Non-MTW
<b>Revenue</b>			
Dwelling Rent	12,788,580	822,020	11,966,560
Lease Revenue	315,000	-	315,000
HUD and Other Grants / Admin Fees	14,220,000	13,249,980	970,020
Admin / Management Fees	60,000	-	60,000
Non-Profit Reimbursement	790,000	-	790,000
Interest	3,400,000	90,000	3,310,000
Port. Admin Fees	150,000	150,000	-
Other Revenue	1,300,000	110,000	1,190,000
<b>Total Revenue</b>	<b>33,023,580</b>	<b>14,422,000</b>	<b>18,601,580</b>
<b>Expenses</b>			
<b>PERSONNEL</b>			
Admin Salaries	2,014,000	158,000	1,856,000
Housing Assist Salaries	1,253,000	980,000	273,000
Maintenance Salaries	1,020,000	456,700	563,300
Other Salaries	1,104,000	-	1,104,000
Employee Benefits	1,680,000	460,800	1,219,200
<b>TOTAL PERSONNEL</b>	<b>7,071,000</b>	<b>2,055,500</b>	<b>5,015,500</b>



	Total VHA	Consolidated MTW	Consolidated Non-MTW
<b>DISCRETIONARY</b>			
Admin Expenses	1,940,000	-	1,940,000
Housing Assistance - Other	17,000	7,500	9,500
Utilities	1,540,000	354,000	1,186,000
Maintenance Materials	520,000	106,000	414,000
Maintenance Contracts	230,000	78,000	152,000
Landscape	232,000	-	232,000
Turnover Expenses	620,000	27,500	592,500
Insurance	280,000	60,000	220,000
PILOT	-	-	-
Depreciation	3,010,000	780,000	2,230,000
Other General Expense	6,880,000	1,200	6,878,800
<b>TOTAL DISCRETIONARY</b>	<b>15,269,000</b>	<b>1,414,200</b>	<b>13,854,800</b>
<b>PASS THROUGH</b>			
Housing Assistance Payments	10,562,000	10,232,000	330,000
<b>TOTAL PASS THROUGH</b>			
<b>Total Routine Expenses</b>	<b>32,902,000</b>	<b>13,701,700</b>	<b>19,200,300</b>
Donations/Loans	65,000	-	65,000
<b>Total Expenses</b>	<b>32,967,000</b>	<b>13,701,700</b>	<b>19,265,300</b>
<b>Net Surplus(Deficit)</b>	<b>56,580</b>	<b>720,300</b>	<b>&lt;663,720&gt;</b>
Plus Depreciation	3,010,000	780,000	2,230,000
Less Interest Expense	-	-	-
Less Principal on Debt	<1,500,000>	-	<1,500,000>
Less Replacement Reserve Deposits	<520,000>	-	<520,000>
Less Capital Costs Using Cash Flow	<700,000>	<590,000>	<110,000>
Plus Developer Fee due	-	-	-
Less Capital Expenditures from Reserves	<600,000>	-	<600,000>
Plus Transfers from Reserves	650,000	-	650,000
Plus Allocated Income	2,750,000	-	2,750,000
Less Allocated Expenses	<2,620,000>	<900,000>	<1,720,000>
<b>Cash Flow</b>	<b>526,580</b>	<b>10,300</b>	<b>516,280</b>

## V. Uses of Funds

### A. Previous Year Expenditures by Line Item

### B. Planned Expenditures by Line Item

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**Table 6****Previous and Planned Expenditures by Line Item**

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Expense	CY2006	FY2007
Admin Expenses - LRPB	860,000	885,800
Admin Expenses - S8	980,000	1,010,000
Maintenance Expenses	560,000	580,000
Utilities	340,000	354,000
Insurance	58,000	60,000
PILOT	-	-
Employee Benefits - LRPB	180,000	220,800
Employee Benefits - S8	190,000	240,000
HAP Payments	11,120,000	10,232,000
FSS Escrow - LRPB	-	-
FSS Escrow - S8	-	-
Other General Expense	1,100	1,100
Depreciation	780,000	780,000
Total	15,069,100	14,363,700

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**C. Proposed Activities/Investments Change****D. Reserves Balance**

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**Table 7****Previous and Planned MTW Reserves**

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	CY2006	FY2007
Public Housing	525,000	550,000
Section 8	170,603	179,000
FSS/MTW Tenant Escrow	900,000	800,000
Total		

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## VI. Capital Planning

### A. Major Capital Needs and Projects

The Skyline area units are in need of roof replacements on 59 buildings. There is also various amounts of cracked and raised concrete that needs repair. The Van Vista building is a 10-story high-rise with elderly occupants that is in need of a new roof. It also has several panes of blown or cracked window glass that needs replaced. Redbrick Corner is a large apartment complex whose fence is rotting. We plan on replacing the boards and keeping the steel posts in place. Several of our single family homes in scattered areas will be targeted for interior upgrades such as new kitchen and bath cabinets, fans, tub surrounds, etc.

### B. Planned Capital Expenditures

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**Table 8**

**Planned Capital Expense FY2006**

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Project	Description	Capital Needs	Projected Expense
WA 8-1	Skyline	Concrete Repair/Replacement	24,000
WA 8-1	Skyline	Roofing	100,000
WA 8-2	Van Vista	Roofing	100,000
WA 8-2	Van Vista	Glass Replacement	25,000
WA 8-5	Scattered Sites		
WA 8-7	Scattered Sites	Fencing	25,000
WA 8-8	Scattered Sites		
WA 8-9	Scattered Sites		
WA 8-14	Scattered Sites		
WA 8-16	Ridgefield		
WA 8-19	Scattered Sites		
WA 8-21	Scattered Sites		
WA 8-22	Scattered Sites		
WA 8-23	Scattered Sites		
WA 8-24	Camas		
All	Various LRPB Units	Interior Upgrades	200,000
Total			474,000

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### C. Demolition and Disposition Requests

The VHA has no plans for demolition or disposition of any Public Housing stock.

### D. Homeownership Activities

The VHA has no plans for making Public Housing stock available for homeownership.

## VII. Management Information for Public Housing

### A. Vacancy Rates

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**Table 9**

**Current and Projected Vacancy Rates**

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Project	CY2006	FY2007
Skyline	.05	.05
Van Vista	.05	.05
FrtVily/Hzlwd/Stpltn	.05	.05
All Scattered Units	.05	.05
Ridgefield	.05	.05
Camas	.05	.05
Overall Rate	.05	.05

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### B. Rent Collections

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**Table 10**

**Current and Projected Rent Collection Rates**

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	CY2006	FY2007
Collection Rate	95%	95%

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### C. Work Orders

### D. Inspections

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**Table 11**

**Current and Projected Work Order and Inspection Rates**

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	CY2006	FY2007
Routine Work Orders	13.9 days	10 Days
Emergency Work Orders	<24 hrs	<24 hrs
Percent of Units Inspected	100%	100%

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## **E. Security**

The VHA does not anticipate any issues or new actions regarding security this fiscal year.

## **VIII. Management Information for Section 8 Vouchers**

### **A. Leasing Information**

#### **1. Units under Lease at Beginning of Period**

VHA anticipates to be fully leased (1968 Vouchers) at the beginning of the period.

#### **2. Target Lease up Rate at End of Period**

VHA anticipates to be fully leased (1968 Vouchers) at the end of the period.

#### **3. Plans regarding Rent Reasonableness, Expanding Housing Opportunities, and Deconcentration of Low-income Families**

VHA will adopt a new procedure for determining rent reasonableness. Currently a unit-to-unit comparability is done, with VHA maintaining a library of non-assisted units for use as comparables. Beginning next year a unit-to-market procedure will be adopted utilizing rent data collected and published by the local landlord association along with any other local market data that may be available. VHA has considered a unit-to-market procedure in the past, but believed that a unit-to-unit comparable was at least marginally more accurate and that despite having a much higher administrative cost was justified in that it assisted in keeping housing assistance (HAP) expense down. With the flat subsidy policy the amount of rent requested by owners will have no effect on the HAP amount, so a method with a much higher administrative cost is no longer justified. VHA considered and rejected the possibility of not doing any rent reasonableness at all as part of the flat subsidy policy as it is felt that rent reasonableness should be maintained as a form of tenant protection.

VHA anticipates that the flat subsidy policy will expand housing choices for Voucher holders. The relative simplicity of the policy should cause more owners to participate in the program and the fact that families will be able to choose smaller and/or less expensive units without fear of receiving a lower subsidy will result in more options for tenants.

VHA plans no new activity regarding deconcentration of low income families, but does plan to closely monitor the distribution of families selecting units in poverty versus higher income census tracts. The new rent policy may result in a higher percentage of families choosing less expensive units in order to keep their own portion of the rent as low as possible and this could result in an increase in families residing in poverty census tracts. However this is by no means certain, so VHA will continue to brief new Voucher Holders on the advantages in choosing to live in higher income areas and will determine if additional measures are needed at a later date.

## C. Inspection Strategy

VHA plans to no longer require an annual inspection for each assisted tenancy under the Voucher program. We will continue to require a unit to pass HQS prior to starting a Housing Assistance Payments contract, but will develop an ongoing inspection strategy based on geographical area and on targeting specific properties that may be more problematic due to age, location, or owner. All continuously assisted units will be inspected at least once every three years, but many will have inspections more frequently. Both owners and tenants will be encouraged to request special or “complaint” inspections if issues arise with lease compliance by either party.

During the initial year under flat subsidies we anticipate a significant increase in the number of participants choosing to move in order to lower their portion of the rent. The rough projection for next year in Table 12 is based on both a significant drop in the number of annual inspections, or those with current assisted tenants, and an increase in the number of inspections generated by Request for Tenancy Approval (RFTA) forms being submitted by movers.

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**Table 12**

### **Current and Anticipated Section 8 Inspections**

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	CY2006	FY2007
Annual Inspections	1796	1000
RFTA Inspections	721	1000
Re-Inspections of Fails	575	460
Total	3092	2460
%Failing First Inspection	23%	23%

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## IX. Resident Programs and Self-Sufficiency

The VHA is committed to a continuation of the FSS program. Those participants who have chosen to continue their self-sufficiency contracts begun under the previous MTW program will continue to be supported and be allowed to continue accrual of escrow up to the MTW escrow cap and/or the expiration of their contract. As the number of MTW self-sufficiency participants still continuing their programs has dropped below 100 the VHA has begun a new FSS program following the current Federal regulations for such a program. As new FSS participants will be signing five-year contracts, which may extend beyond the current MTW demonstration, it is felt that it is important to not deviate from the Federal program. This includes not having a cap on escrow as in the MTW self-sufficiency program. Escrow calculation itself in the FSS program is based on incremental increases in earned income and tenant rent or reduced housing assistance. In a flat rent/subsidy program we will continue to calculate and deposit escrow for FSS participants as if their housing assistance was calculated conventionally, but they will be required to pay the flat rent (Public Housing) or receive the flat subsidy (Vouchers) regardless of their escrow calculation or income.

## **X. Other Information Required by HUD**

**A. Board Resolution (attached)**

**B. Five-Year Action Plan – Capital Fund Program (attached)**