

# 2009 Moving to Work Conference Report

April 28-30, 2009 - Washington, DC



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

## EXECUTIVE SUMMARY

The Moving to Work (MTW) Demonstration program, authorized by Section 204 of the 1996 Appropriations Act and administered by the U.S. Department of Housing and Urban Development (HUD), is a demonstration program that provides the 30 participating public housing authorities (PHAs) flexibility in administering their housing programs. The purpose of the MTW Demonstration is to give public housing agencies and the Secretary of HUD the flexibility to design and test various approaches for providing and administering housing assistance that:

- Reduce cost and achieve greater cost-effectiveness in Federal expenditures;
- Give incentives to families with children where the head of household is working, 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 low-income families.

On April 28-30, 2009, HUD sponsored a conference in Washington, DC. The 2009 MTW Conference brought MTW agencies together to discuss accomplishments and best practices, review lessons learned, and to share ideas. The theme of the 2009 Conference centered on renewing the concept of MTW as a demonstration. Approximately 163 individuals attended the conference, representing 29 MTW agencies, as well as several industry groups (NAHRO, PHADA and CLPHA), HUD headquarters and field office staff, and HUD's MTW contractors.

The format of the conference consisted of a mix of panel discussions and small group breakout sessions covering a variety of issues. The first morning focused on rent reform initiatives using MTW flexibilities. Five MTW agencies presented on their MTW rent reform activities. A sixth group discussed how to lay the groundwork for rent reform strategies. The morning of the second day was dedicated to developing outcome questions for some of the most commonly implemented MTW activities, by statutory objective. Other topics covered during the conference included reporting requirements, using MTW flexibilities in the development process, incentivizing employment with MTW, using MTW to develop homeownership programs, resident interactions and obtaining resident buy-in, evaluation of MTW activities, MTW and energy efficiency, block granting and the interaction of MTW funding streams, developing localized asset management strategies, and marketing the MTW demonstration.

This Conference Report provides a summary and a record of the topics discussed at the conference and will serve as a resource for ongoing discussion and future resolution of issues.

Appendix A provides copies of the handouts included in the conference registration folder. Appendix B includes handouts from sessions held during Day 1 of the conference. Appendix C includes handouts from sessions held during Day 2 of the conference. Finally, Appendix D includes handouts from Day 3 of the conference.

## 2009 MOVING TO WORK CONFERENCE AGENDA

### Washington Plaza Hotel April 28 – 30, 2009

Sponsored by:  
U.S Department of Housing and Urban Development  
and  
Optimal Solutions Group, LLC

#### Day 1 – Tuesday, April 28, 2009

- |                 |  |                     |
|-----------------|--|---------------------|
| <b>8:00 am</b>  | <b>Registration</b><br><i>Pick up registration materials; sign up for concurrent sessions;<br/>order and pre-pay for today's lunch.</i>                                | <b>Foyer</b>        |
| <b>9:00 am</b>  | <b>Welcome</b><br>Paula O. Blunt/Dominique Blom<br>General Deputy Assistant Secretary/Deputy Assistant Secretary<br>Office of Public and Indian Housing                | <b>Federal Room</b> |
| <b>9:30 am</b>  | <b>Review Agenda and Logistical Information</b><br>Marianne Nazzaro<br>MTW Coordinator, HUD  | <b>Federal Room</b> |
| <b>9:45 am</b>  | <b>Developing Rent Reform Initiatives</b><br>Ivan M. Pour<br>MTW Program Director, HUD   | <b>Federal Room</b> |
| <b>10:00 am</b> | <b>Break</b>   | <b>Foyer</b>        |
| <b>10:15 am</b> | <b>Small Group Discussions on Rent Reform Initiatives</b>  |                     |
|                 | <b>Group 1 – Portage Metropolitan Housing Authority</b><br>Time Limits and Rent Structures Developed to<br>Encourage Employment and Self-Sufficiency                   | <b>Adams</b>        |
|                 | <b>Group 2 – Housing Authority of Tulare County</b><br>Flat Rents, Flat Subsidies and Time Limits  | <b>Jefferson</b>    |
|                 | <b>Group 3 – Delaware State Housing Authority</b><br>Time Limits, Rent Caps and Escrow Accounts  | <b>Franklin</b>     |
|                 | <b>Group 4 – Housing Authority of the County of San Mateo</b><br>Tiered Rent Structure   | <b>Monroe</b>       |
|                 | <b>Group 5 – Laying the Groundwork for Rent Reform</b><br>Steps to consider when developing alternate rent strategies  | <b>Diplomat</b>     |
|                 | <b>Group 6 – King County Housing Authority</b><br>Creating Administrative Efficiencies, Removing Disincentives<br>to Increasing Income, and Promoting Self-Sufficiency | <b>Washington</b>   |

**Day 1 – April 28, 2009 – Continued**

**11:30      Debrief on Rent Reform Discussions      Federal Room**  
Facilitator  
Ivan M. Pour, MTW Program Director

**12:30 pm Lunch      Federal Room**  
*Each MTW Agency will have an opportunity to meet with its MTW Coordinator and other HUD staff to answer agency-specific questions related to its Annual MTW Plans and Reports, the Standard MTW Agreement, MTW site visits, proposed initiatives and any other topics important to the Agency.*

**Afternoon Concurrent Sessions**

**2:00 pm      Using MTW Flexibility in the Development Process      Washington**  
PHA Participants:  
Charlotte Housing Authority  
HUD Resource:  
Luci Blackburn, MTW Coordinator

**Incentivizing Employment with MTW      Adams**  
PHA Participants:  
Atlanta Housing Authority  
HUD Resource:  
Anice Schervish, ROSS Program Manager

**Evaluating Voucher-Only MTW Initiatives      Monroe**  
PHA Participants:  
Massachusetts Department of Housing and Community Development  
HUD Resource:  
Sarah Gibson, Abt Associates

**Using MTW to Develop Successful Homeownership Programs      Franklin**  
PHA Participants:  
Minneapolis Public Housing Authority  
HUD Resource:  
Ron Atkielski, Optimal Solutions Group

**Using MTW when Project Basing Vouchers      Jefferson**  
HUD Resource:  
Ivan M. Pour, MTW Program Director

**Q & A on Attachment B: Sections V & VI – MTW Activities      Diplomat**  
HUD Resource:  
Marianne Nazzaro, MTW Coordinator

**Day 1 – April 28, 2009 – Continued**

- 3:30 pm Break** **Foyer**
- 3:45 pm Project Based Vouchers - Disposition of Property** **Jefferson**  
PHA Participants:  
Keene Housing Authority  
HUD Resource:  
Tamara Gray, Deputy Director, Special Applications Center
- Integrating Residents into the Planning Process** **Monroe**  
PHA Participants:  
Minneapolis Public Housing Authority  
HUD Resource:  
Luci Blackburn, MTW Coordinator
- Evaluating MTW Initiatives –** **Washington**  
**Atlanta Housing Authority’s Benchmarking Study**  
PHA Participants:  
Thomas “Danny” Boston Ph.D., Consultant to the Atlanta Housing Authority  
HUD Resource:  
Michelle Wood, Abt Associates
- MTW and Operating and Capital Fund Financing** **Adams**  
PHA Participants:  
Pittsburgh Housing Authority  
HUD Resource:  
Kevin Gallagher, Office of Capital Improvements
- Control Experiments** **Franklin**  
HUD Resource:  
Jennifer Stoloff, Office of Policy Development and Research
- Q & A – Sources and Uses of Funds** **Diplomat**  
HUD Resource:  
Ivan M. Pour, MTW Program Director
- 6:00 pm Informal Social Gathering**

**Day 2 – Wednesday, April 29, 2009**

- 8:15 am Intro to Block Granting (Optional)** **Monroe**  
Ivan M. Pour, MTW Program Director
- 9:00 am Developing Outcome Measures** **Federal Room**  
Marianne Nazzaro, MTW Coordinator
- 9:30 am Informal Break** **Foyer**
- 9:45 am Small Group Discussion on Developing Outcome Measures  
by Statutory Objective**

**Greater cost-efficiency of federal expenditures:**

- Group 1 – Block Granting of Funds **Washington**  
Group 2 – Energy Efficient Strategies **Diplomat**

**Incentivize families to achieve self-sufficiency:**

- Group 3 – Work Requirements **Monroe**  
Group 4 – Rent Reform using Time Limits and Escrow Accounts **Franklin**

**Increase Housing Choice:**

- Group 5 – Project Based Assistance **Jefferson**  
Group 6 – Housing and Neighborhood Quality **Adams**

- 11:30 am Debrief** **Federal Room**
- 12:30 pm Lunch (on your own)**

**Afternoon Concurrent Sessions**

- 2:00 pm Resident Initiatives that Further MTW Objectives** **Monroe**  
PHA Participants:  
Chicago Housing Authority  
Resource:  
Ron Ashford, Director of HOPE VI Community and Supportive Services
- MTW and Energy Efficiency** **Franklin**  
PHA Participants:  
Cambridge Housing Authority, District of Columbia Housing Authority  
HUD Resource:  
Dick Santangelo, Public Housing Management and Occupancy Division

**Day 2 – April 29, 2009 – Continued**

**Developing a Local Asset Management Strategy**

**Jefferson**

PHA Participants:

King County Housing Authority

HUD Resource:

Greg Byrne, Director, Financial Management Division, Real Estate Assessment Center

**Creating Partnerships to Help End Homelessness**

**Washington**

PHA Participants:

Portage Metropolitan Housing Authority,

San Mateo County Housing Authority,

Lawrence Douglas County Housing Authority

HUD Resource:

Ron Atkielski, Optimal Solutions Group

**Developing Baselines and Benchmarks**

**Adams**

HUD Resource:

Jennifer Stoloff, Office of Policy Development and Research

**Q & A on Impact Analysis and Hardship Policy Development**

**Diplomat**

Resource:

Michelle Wood, Abt Associates

**3:30 pm Break**

**Foyer**

**3:45 pm Executive Directors Meeting**

**Franklin**

**HUD Field Staff Meeting**

**Diplomat**

**Marketing MTW to Critical Stakeholders**

**Adams**

HUD Resource:

Sarah Gibson, Abt Associates

**Evaluating the Effects of MTW Policy Changes on  
Neighborhoods, Local Communities and Agency Operations**

**Monroe**

Resource:

Thomas “Danny” Boston Ph.D., Consultant to the Atlanta Housing Authority

**Assembling Quality MTW Plans and Reports**

**Washington**

HUD Resource:

Laurel Davis, Optimal Solutions Group

**5:15 pm Day Concludes**

**Day 3 – Thursday, April 30, 2009**

**8:15 am Developing an Alternate PHAS Scoring Methodology (Optional) Federal Room**  
Ivan M. Pour, MTW Program Director

**9:00 am Panel – Using MTW Flexibility to Work through Troubled Economic Times Federal Room**

Facilitator:

Marianne Nazzaro, MTW Coordinator

Panelists:

Bob Boyd, Minneapolis Public Housing Authority

Sharon Wilson Geno, Ballard Spahr Andrews & Ingersoll, LLP

Ivan M. Pour, MTW Program Director

**10:00 am Break Foyer**

**10:15 am Conference Feedback – Questions/Comments Federal Room**

Facilitator:

Marianne Nazzaro, MTW Coordinator

Panelists:

Dominique Blom, Deputy Assistant Secretary of Public Housing Investments

Milan Ozdinec, Deputy Assistant Secretary of Public Housing and Voucher Programs

Bessy Kong, Deputy Assistant Secretary of Policy, Program and Legislation Initiatives

J. David Reeves, Deputy Assistant Secretary, Real Estate Assessment Center

Greg Byrne, Director, Financial Management Division, Real Estate Assessment Center

Ivan M. Pour, MTW Program Director

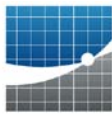
**11:30 am Closing Remarks Federal Room**

Dominique Blom

Deputy Assistant Secretary of Public Housing Investments

**12:00 pm Conference Concludes**





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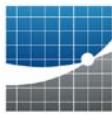
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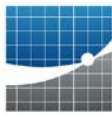
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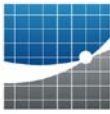
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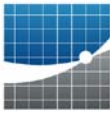


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## **DAY 1 – APRIL 28, 2009**

## OPENING REMARKS

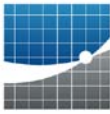
Dominique Blom, Deputy Assistant Secretary for Public Housing Investments, welcomed the MTW agencies, HUD field office and headquarters staff, and representatives from industry groups to HUD's 2009 Moving to Work Conference. She stressed that newly confirmed Secretary, Shaun Donovan, and General Deputy Assistant Secretary for the Office of Public and Indian Housing, Paula Blunt, had hoped they would be able to attend the conference, but were unable to attend due to issues with the upcoming budget that necessitated their presence and involvement.

Ms. Blom noted that the most important people in the room were staff from the MTW agencies—as they were the ones creating new, innovative initiatives. She thanked members of the 13 MTW agencies that were part of the MTW Conference Planning Committee, as well as Marianne Nazzaro, whose vision she acknowledged as the basis of the 2009 Conference. Additionally, Ms. Blom welcomed the group's feedback going forward to ensure an even better conference next year. The feedback from the 2008 conference participant surveys recommended a longer conference, longer sessions, and the provision of more information regarding sessions prior to the conference's start. Based on that feedback, HUD and the Conference Planning Committee created a packed agenda that will allow agencies to share their MTW experiences in both formal and informal environments.

Ms. Blom acknowledged the MTW Demonstration's numerous accomplishments during 2008: nearly all of the MTW agencies executed the Standard Agreement, which extends the demonstration through each agency's 2018 fiscal year; the approval of Attachment B (Form 50900) of the MTW Agreement by the Office of Management and Budget (OMB), which will allow for a robust evaluation of the demonstration; the development of the First Amendment to the Standard Agreement, which allows MTW to develop a local asset management program; and the establishment of a Catalog of Federal Domestic Assistance (CFDA) number, which will streamline financial reporting.

These successes have captured the attention of Congress, which has given HUD the ability to select three new MTW agencies in the 2009 Appropriations Bill. These new MTW participants must meet the following criterion: 1) have 5,000 or less Housing Choice Vouchers (HCV) and public housing units, 2) be a current HOPE VI grantee, and 3) be a current high performing agency

Ms. Blom revisited the three statutory objectives of MTW, which are to: 1) increase the efficiency of Federal expenditures, 2) promote economic self-sufficiency of families, and 3) increase housing options for low-income households. While there are over 3,000 public housing authorities across the country, only 30 (soon to be 33) agencies are participating in the MTW demonstration. These agencies have the authority to waive certain statutory requirements so that they can better address the needs in their specific communities. Ms. Blom encouraged agencies to use their MTW toolbox to experiment with how to accomplish the three statutory objectives and to take this opportunity to learn from each other and brainstorm new approaches to reach the statutory objectives.



Ms. Blom noted the importance of demonstrating the success of MTW through rigorous evaluation—the main theme of the 2009 MTW Conference and an important issue to Secretary Donovan, who describes himself as a “numbers guy.” Therefore, the provision of data, trends, and rigorous studies remains crucial to ensuring the continuation of the demonstration, and that HUD’s policy staff from the Office of Policy, Programs and Legislative Initiatives (OPPLI) and the Office of Policy Development and Research (PD&R) were integrated throughout the conference sessions to serve as a resource for agencies that have questions about evaluating their MTW activities.

Ms. Blom called on MTW agencies to think differently, brainstorm, innovate, and network with their colleagues throughout the conference in an effort to share ideas that will allow for a stronger demonstration.

## REVIEW AGENDA AND LOGISTICAL INFORMATION

Marianne Nazzaro, MTW Coordinator, welcomed attendees to the conference, reviewed the agenda and provided logistical information for the conference. She explained that on Tuesday and Wednesday there will be several breakout sessions and discussion groups which will utilize six different breakout rooms

Ms. Nazzaro then outlined the contents of the registration folder. Each folder contains the following:

- Agenda
- Abstracts
- Contact Info Sheet
- Terminology Handout
- Reporting Matrix Shell Handout
- Standard Agreement
- Attachment B
- Attachment C
- First Amendment to the Agreement
- Conference Feedback Form Packet
- Blank Index Cards
- Happy Hour Flyer
- Attachments from Welcome Letter

Ms. Nazzaro stressed the importance of the conference feedback survey, which will be critical to planning next year's conference. The index cards are to be used if a question arises during a session that a HUD facilitator cannot answer. Then, on the last day of the conference there will be a Question and Answer session from senior PIH staff to answer these questions. Ms. Nazzaro then overviewed the agenda for the remainder of the conference.

### **Tuesday Morning**

On Tuesday morning, there will be six breakout sessions (lasting 1.25 hours each) that discuss rent reform initiatives. A number of MTW agencies have offered to share their experiences in developing and implementing these activities. Ivan Pour will describe these sessions following these announcements. At 11:30 AM all participants will reconvene in the Federal room to recap the morning discussions. At 12:30 PM lunch will begin. Seating for the buffet lunch will be in the Federal room and will provide attendees with a chance to interact with other MTW agencies, MTW coordinators, and other HUD staff in attendance.



## **Tuesday Afternoon**

On Tuesday afternoon, there will be a total of 12 concurrent sessions covering a variety of topics, from integrating residents into the planning process to developing control experiments. Ms. Nazzaro noted that the topics (and length) of these sessions are based on the input from the Conference Planning Committee, which incorporated the feedback from last year's conference. The purpose of these sessions is for MTW agencies to learn from each other, discuss what has worked and what hasn't, and to brainstorm innovative methods to use the flexibilities provided by the MTW demonstration to achieve the three statutory objectives. Most of these sessions will start with an MTW agency (or agencies) sharing their experiences, and the sessions will be facilitated by HUD or contractor staff. But, the facilitators are there only to keep the conversation moving. The main purpose is for agency staff to further discussions amongst themselves.

The following sessions will be held at 2:00 PM

- Using MTW in the Development Process
- Incentivizing Employment with MTW
- Evaluating Voucher-Only Initiatives
- Using MTW to Develop a Successful Homeownership Program
- Using MTW when Project Basing Vouchers
- Q & A on Attachment B

Then the following sessions will be held from 3:45 – 5:15 pm

- Project Based Vouchers – Disposition of Property – Keene
- Integrating Residents into the Planning Process
- Evaluating MTW Initiatives – Atlanta's Benchmarking Study
- MTW and Operating and Capital Fund Financing
- Control Experiences
- Q & A – Sources and Uses of Funds

## **Tuesday Evening**

On Tuesday evening, there will be an informal gathering. Ms. Nazzaro encouraged conference participants to attend as well as to explore Washington, DC during their stay, referring to a list of local restaurants and attractions in the registration folder.

### **Wednesday Morning**

Early Wednesday morning, there is an optional session hosted by Ivan Pour, MTW Program Director, which will provide an introduction to block granting of funds. Between 9:00 – 9:30 AM, Ms. Nazzaro will provide an overview of the morning discussion groups on developing outcome measures and evaluating MTW activities. The morning breakout sessions will begin promptly at 9:45 AM, and each will brainstorm outcome measures for activities relating to one of the three statutory objectives. Following the breakout sessions, there will be a debriefing session in the. Lunch on the second day will be from 12:30-2:00 PM.

### **Wednesday Afternoon**

On Wednesday afternoon, there will be two sets of concurrent sessions—one block of six and one block of five. The details on each of these sessions are included in the registration packets.

### **Thursday Morning**

Early Thursday morning, Ivan Pour will facilitate an optional discussion on developing an alternate PHAS scoring methodology. At 9:00 AM on Thursday, the first of two panel sessions will begin in the Federal Room. The first panel will outline how MTW flexibilities can be used to address the current economic conditions. Bob Boyd of the Minneapolis Public Housing Authority will share the agency's innovative foreclosure prevention program. Panelists Sharon Wilson Geno of Ballard Spahr Andrews & Ingersoll, LLP and Ivan Pour, the MTW Program Director, will provide insight as to how PHAs could address economic challenges using their MTW flexibilities. The panel will then field questions from participants and hopefully generate ideas on how agencies can use their MTW flexibilities to further help their own communities during these difficult times.

The second panel will provide an open forum for MTW agencies to pose questions to senior PIH staff that have not been answered during the conference. The panel will include: Dominique Blom, Deputy Assistant Secretary of Public Housing Investments; Milan Ozdinec, Deputy Assistant Secretary of Public Housing and Voucher Programs; Bessy Kong, Deputy Assistant Secretary of Policy, Program and Legislative Initiatives; J. David Reeves, Deputy Assistant Secretary of the Real Estate Assessment Center; Greg Byrne, Director, Financial Management Division, Real Estate Assessment Center; and Ivan M. Pour, MTW Program Director.

Finally, Deputy Assistant Secretary Dominique Blom will provide the closing remarks at 11:30 AM.

## DEVELOPING RENT REFORM INITIATIVES

Ivan Pour, MTW Program Director, thanked attendees for persevering through the inclement weather throughout the country to make it to Washington, DC. He thanked Deputy Assistant Secretary Dominique Blom for making the MTW demonstration a priority and for her leadership. He noted that the main theme of the conference is to demonstrate and evaluate. A good starting place will be developing a rent policy that encourages economic self-sufficiency. These rent policies can be formulated in a variety of ways—from major changes in rent structure to more limited reforms such as time limits. The morning sessions will provide an opportunity for agencies to discuss their innovative rent reform initiatives.

Mr. Pour then provided an overview of the morning sessions:

The Portage Metropolitan Housing Authority (PMHA) will overview its rent reforms focused on assisting homeless families, time limits, and modifying rent structure to enable resident progress toward increased self-sufficiency. Additionally, PMHA will review its initial MTW rent reform policies and the associated successes and lessons learned.

The Housing Authority of Tulare County will review the successes, challenges, and lessons learned associated with implementing the following rent reforms: 5-year time limits in its Housing Choice Voucher (HCV) program, time limits with flat rents in the public housing program, and flat subsidies in the HCV program.

The Delaware State Housing Authority (DSHA) will discuss how it helps residents enter the private market through its use of time-limited assistance, rent contribution caps, and resident savings accounts. DSHA will provide an overview of the core components of this policy, the impacts of this policy on its residents, and the lessons learned.

The Housing Authority of the County of San Mateo (HACSM) will talk about the proposed tiered rent structure for the agency's HCV program. HACSM will provide an overview of this proposed policy, including the impetus for its development, the planning process, resident and stakeholder perceptions, and anticipated future impacts.

The King County Housing Authority (KCHA) will discuss its ambitious plan to implement a multi-phase overhaul of its public housing and HCV rent policies, entitled 'Easy Rent.' In this session, KCHA staff will review the components of the Easy Rent program and the anticipated outcomes. KCHA staff also will discuss the extensive public process being undertaken during the development and implementation of the program.

Finally, Marianne Nazzaro, MTW Coordinator, will review the critical steps to consider when developing alternate rent strategies. From considering agency needs and goals, to developing a proposed strategy, obtaining public input, and tweaking the strategy to local dynamics—this session will help housing authorities develop the necessary plan to build a strong foundation for MTW rent reform initiatives.

## **GROUP 1: PORTAGE METROPOLITAN HOUSING AUTHORITY TIME LIMITS AND RENT STRUCTURES DEVELOPED TO ENCOURAGE EMPLOYMENT AND SELF-SUFFICIENCY**

This session was led by Fred Zawilinski, Executive Director, and Romaine Chritton, Housing and Special Projects Manager, at the Portage Metropolitan Housing Authority (PMHA). Upon entering the Moving to Work (MTW) demonstration in 1999, PMHA took an early role in initiating rent reform activities. PMHA's rent reforms have focused on assisting homeless families, time limits, and modifying the rent structure to enable resident progress towards increased self-sufficiency. These approaches have produced successes, but as county demographics have changed in recent years, PMHA has noticed a need to change these policies to better address current dynamics.

Ms. Chritton provided an overview of Portage County. The county is located in northeastern Ohio in a rural area with a population of approximately 155,000. She reported that the poverty rate in the county is 12 percent and the median income is \$48,000. She further explained that the unemployment rate is approximately 10 percent, and the unemployed population is comprised mainly of residents who lost their jobs in the manufacturing industry.

Mr. Zawilinski explained that the primary goal of the MTW rent reform in Portage County is to provide a housing continuum to foster development of self-sufficiency activities. One of the ways PMHA attempted to promote self-sufficiency was by offering eligible families that demonstrate that they are good tenants an "upgrade" to single-family homes, which are usually larger than the multifamily homes. PMHA observed that the upgrade incentive did not work for the following two reasons:

- Families were homeless to begin with and therefore size of a home did not matter to them, or
- Tenants perceived moving homes as a burden.

Furthermore, PMHA required that families that graduated to single-family units leave the system after three years or alternatively return to the multi-family unit. The lesson learned from the rent reform policy was that the time limit system was not effective in Portage County. In addition, with the inception of Temporary Assistance for Needy Families (TANF), a five-year time limit was not a strong enough incentive for families to gain economic sufficiency.

PMHA engaged in several resident meetings to get feedback from tenants. After analysis of the failed rent reform time limit system, PMHA implemented the additional policies discussed below.

### **Minimum Rent**

Families are required to pay a minimum rent of \$25 that will increase by \$25 every two years during tenure in public housing, and will be capped not to exceed \$250 per month. Households with a head of household or spouse who is elderly or disabled are exempt from the minimum rent policy. This policy is expected to provide an incentive to maintaining employment while

allowing residents more flexibility than the time limit feature. In addition, the policy is expected to help raise rent revenue for PMHA.

### **Maximum Rent**

One of the challenges that PMHA has encountered has been filling vacancies. When families reach an annual income of \$32,000, they have historically left public housing. As a result, the relatively high-income families were leaving the programs and leaving behind the low-income families. To counter this challenge, PMHA implemented the maximum rent policy. The maximum rent policy was established to allow for rents set at less than 30 percent of adjusted gross income. Maximum rent is \$450 per month for one and two bedroom units and \$475 per month for three and four bedroom units regardless of income. However, after five years in public housing the maximum rent will increase to 90 percent of the HUD Fair Market Rents. Elderly and disabled households are exempt from the time limit rents. This policy is expected to provide increased rent revenue as families with higher incomes leaving public housing are typically replaced with low-income families.

### **Change in Employment Income**

Changes in employment income resulting in an increase or decrease of \$1,000 in annual income are not processed until the next annual re-certification. This policy is expected to provide an incentive to maintain employment.

### **Rent Adjustment for Income Decreases**

PMHA will process adjustments for income decreases that are expected to be 30 days or longer. This rent reform policy is expected to reduce the administrative burden for rent calculations as well as allowing 30 days for residents to find new employment.

### **Asset/Interest Income**

Assets and interest income are not considered in the income calculation determining rent. This policy is expected to encourage families to save and acquire assets.

### **Overall Percentage of Income Amounts for Rent Calculations**

The overall percentage of income amounts for rent calculations will be changed from 30 percent of adjust gross income to 25 percent of employment income plus 28 percent of other forms of income. Rent charged will be the greatest of the adjusted income calculation, 10 percent of gross income or the minimum rent. This policy is expected to provide incentives to find and maintain employment.

### **Dependent Deduction**

PMHA increased the dependent deduction from \$480 to \$960 to a new range of \$500 with a maximum of \$1,000. This policy is expected to encourage low-income families to take advantage of this incentive and apply for public housing.

### **Deduction for Senior or Disabled Adults**

The deduction for senior or disabled adults in the household will be increased from \$400 to \$500, and a household with two or more senior or disabled adults will be allowed up to a \$1,000 deduction in rent the calculation. Low-income families will be encouraged to take advantage of this incentive and apply for public housing.

### **Deduction for Absent Child**

The deduction for an absent child may be claimed when the household head, co-head, or spouse is paying child support, but the household would remain subject to the \$1,000 maximum cited earlier. This policy is expected to provide incentives to finding and maintaining employment or other income-producing activities.

### **Providing Transitional Housing**

Up to 42 units of transitional housing will be set aside for previously homeless families at Renaissance Place and Community Estates. Through a partnership with Family and Community Services and its Portage Area Transitional Housing (PATH) program, residents receive intensified, on-site case management services as they move toward self-sufficiency. This policy is expected to provide previously homeless families with on-site supportive services that emphasize goal-setting and establish a plan for self-sufficiency.

### **Maintain Existing Supportive Services Arrangements with Partners and Increase the Number of Partners**

Existing supportive services arrangements with local non-profits will be maintained as the PMHA seeks new grants that can support self-sufficiency efforts. PMHA also is seeking to simplify rent determination policies to enable staff to spend more time on self-sufficiency topics and referrals to the Portage Workforce Connection. One of PMHA's goals is to increase the number of partners providing supportive services to residents and participants. Another goal is to increase the number of households reporting employment to 65 percent by 2014.

Ms. Chritton informed the group that PMHA used to be heavy on grants, and now the agency seeks grants to provide workshops and social services for residents. PMHA works in collaboration with other local agencies to coordinate bidding for grants. Currently, PMHA depends on non-profits for financial support. PMHA contracts all delivery of services. Mr. Zawilinski advised the group that one of the things to keep in mind is building the confidence level in residents and establishing achievable goals. He explained that most often the residents struggle with a lack of confidence since they do not believe that they can achieve self-

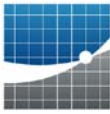
sufficiency. He further advised that agencies should conduct extensive demographic analysis assessing factors such as the economic climate of the region prior to implementing rent reform policies.

PMHA has concluded that rent structure changes have been more successful than time limits, and that the progressive percentage rent system works better than the flat rent system. Mr. Zawilinski explained that there is room for error when calculating the rents. PMHA allows for employment incentives, education incentives, and a senior deduction allowance. He clarified that the program does not have a mandatory work requirement. When determining rent, PMHA excludes income from overtime, asset gains and interest.

Mr. Zawilinski explained that there are 1,700 families on the waiting list for public housing, however PMHA's waiting list is artificially inflated since some people on the list are also on the waiting list for a Section 8 voucher and would prefer Section 8 assistance. He stated that on average 90 percent of people prefer Section 8 assistance. An agency representative questioned if a retention policy of relatively higher income tenants was necessary given that there are less wealthy people on the waiting list who are more desperate for housing. Ms. Chritton responded that PMHA has to compete with the private market; hence, the agency needs to consider cost-containment practices. Mr. Zawilinski explained that often the relatively higher-income families who voluntarily leave public housing cannot sustain self-sufficiency in the private market and they return after two to three years. In addition, he explained that case workers play a vital role in understanding family structure and in advising tenants to make good housing decisions. Furthermore, since Portage County is in a rural area where there is a lack of public transportation, public housing is more inconvenient for extremely low-income families.

Ms. Chritton further explained that based on anecdotal evidence, having tenants with stable incomes that act as role models for the community is an additional social benefit to the community. Retaining the ceiling rent mitigates the disincentive that was caused by rising incomes. Mr. Zawilinski explained that if a family prefers Section 8 assistance, and they are occupying public housing, they may qualify for a transfer to Section 8 assistance if homeownership is their goal. A representative from HUD asked what the impact of the income disregard was. Ms. Chritton responded that the income disregard fosters work, provides incentives for smaller families, and moves tenants to work. PMHA is currently considering reducing rent from 30 percent of adjusted income to 25 percent, which would result in substantial savings in income disregard to reward income. Currently, a change in income of \$1,000 or less has no effect on the rent calculation. This policy is meant to encourage employment and mitigate the disincentive of employment or higher income.

Furthermore, Mr. Zawilinski explained that as an effort to help tenants secure jobs in this difficult economy, PMHA provides a computer lab and works with a transportation company to mobilize tenants. A representative from HUD inquired if PMHA has implemented activities to promote the "role model effect." Ms. Chritton responded that PMHA holds resident meetings where tenants discuss challenges and achievements, hence promoting the role model effect. PMHA has two sites that were consciously built with meeting space to foster formal and informal meetings of tenants. Ms. Chritton stated that there are 305 public housing units in



Portage, and all the residents are members of the resident council. PMHA has a resident council whose main goal is to foster role modeling. An agency representative informed the group that their agency provides GED classes and testing. The representative further noted that while the GED services provided by the agency have been successful in helping tenants pass the GED, once they obtain employment there is a “fear” of security. The housing agency has five resident coordinators that devote their time to helping residents overcome their fears of self-sufficiency. Mr. Zawilinski explained that in an effort to encourage progress towards self-sufficiency, PMHA has imposed a five-year time limit for minimum rent. After five years in public housing, the minimum rent for a family is escalated so that they do not stay in public housing rent free indefinitely.



## **GROUP 2: HOUSING AUTHORITY OF TULARE COUNTY FLAT RENTS, FLAT SUBSIDIES AND TIME LIMITS**

Margaret Lowe, Deputy Director of the Housing Authority of Tulare County (HATC), provided a background of HATC's rent reform initiatives. She explained that HATC had jumped at the opportunity to join the MTW demonstration. Using the flexibilities afforded by MTW, HATC created two rent reform initiatives: 1) flat rents and subsidies for public housing and Section 8 residents, and 2) time limits. Since 2004, families have been successfully "timing out" of public housing and Section 8 units. Ms. Lowe noted that families have the opportunity to re-enter the waiting list and be re-housed. HATC has utilized a "carrot and stick" approach. The carrot comes in the form of families keeping money that they save due to the flat rent structure. However, residents have a time limit in their units, which acts as a stick to move them into the mainstream housing market.

An agency representative noted that it had considered time limits but received staunch opposition from local advocacy groups and thus is not pursuing this type of reform. Another agency faced similar opposition from advocacy groups, but noted that developing a policy that allows residents back onto the waiting list may alleviate some of this opposition.

A participant asked HATC if they have to go to court to evict residents. HATC does not need to take these cases to court. Residents are given notices every year, and HATC is willing to work with residents in the last six months to find new housing, with the option of rejoining the waiting list. If the resident is unwilling to leave, they will be evicted and will not be allowed back on the waiting list. This policy does not apply to elderly and disabled residents. HATC believes that, since the public housing waiting lists are so long, it is in the best interests of the community to give as many residents as possible the opportunity to utilize public housing if they need it. This method also prevents generations from remaining in public housing or Section 8. HATC does not follow-up with residents once they leave due to a lack of resources, and understands the concern that this policy may result in some residents falling through the cracks. Ms. Lowe noted that HATC has established partnerships to create job training programs and homeownership programs to assist residents' transition out of public housing.

An industry group representative stressed how time limits are an important issue to advocacy groups. He noted that these groups, at times, overdramatize the hardships created for residents and only focus on existing tenants while ignoring the thousands that are stuck on waiting lists. Income-based rents do not incentivize residents to move out of public housing and create an adversarial relationship with the housing authority in which residents attempt to hide income. By decoupling rent from income, housing authorities can create better relationships with their residents and reduce the rent fraud rate.

Ms. Lowe also noted that once families reach 120 percent of Area Median Income (AMI) HATC provides them with a 6-month eviction notice because residents do not need the housing subsidy

at this income level. HATC also has received funds from the U.S. Department of Agriculture (USDA) for 550 units for agricultural workers.

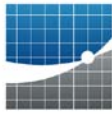
One agency is interested in term limits and has established a voluntary program associated with the Family Self-Sufficiency (FSS) program. Under this program, residents can elect to live in a certain housing development and agree to move within five years. If they do not move within this timeframe, they lose their escrow account that holds their savings over this period.

HATC has also established a Hardship Committee—made up of five outside community members including business people and social service agency staff. The Hardship Committee reviews hardship cases on an individual basis and judges them based on whether they are caused by voluntary changes in an individual's life or an exogenous, catastrophic event that was unavoidable. The former is not a valid excuse for residents to remain in public housing if their time limit has expired. Ms. Lowe noted that these choices can be difficult because they may result in placing residents into homelessness. However, HATC recognizes that there is no program that is perfect, and that a lack of funding results in some residents not being housed. An agency representative noted that this was necessary because there was no point in having term limits if they were not being enforced.

HATC's flat rent subsidy allows the agency to communicate to tenants their exact Section 8 subsidy. One aspect of the flat rent subsidy that provides more housing choices for residents is the allowance of renters to pay housing costs that exceed 40 percent of their income. This flexibility allows residents to live in a safer neighborhood or nearer to a family member if they so choose. The 40 percent rule has been applied to all residents, not just those participating in MTW. An agency representative expressed the concern that flat rent subsidies may push residents to cheaper apartments, and not single-family homes. Another agency has never considered time limits because once families reach 100 percent AMI they have most likely left public housing anyway. That agency prefers an income-based rent program, as their studies show that there will always be chronically poor individuals that will never have the resources to move into mainstream housing.

One agency has considered time limits if a good foundation can be formed for the resident. Another agency has a five-year time limit for 75 single-family scattered site units. They have not instituted time outs for residents yet, and if residents have not been mainstreamed after five years, they are returned to public housing. Two other agencies have also attempted to institute time limit policies. Ivan Pour, MTW Program Director, noted that HATC has gone further than any other MTW agency in its institution of time limits.

Ms. Lowe noted that time limits can be instituted, but that it requires "guts" from the housing authority. Flat rent subsidies also are palatable, as Section 8 landlords prefer flat rents because they are much simpler to calculate than normal Section 8 rents. HATC will transition all able-bodied residents into the MTW demonstration starting in 2010. HATC has also created a list of subsidized housing for individuals that have timed out, including tax credit projects, USDA-sponsored housing, and shelters.



HATC has not instituted a work requirement and does not offer case management services. These services are provided by social service providers and nonprofit agencies, not the housing authority. Ms. Lowe concluded by saying that agencies that wanted to establish time limits should:

- Incorporate advocacy groups in the planning process early;
- Enlist the waiting list population to speak in support; and
- Note that time limits may be more palatable given the declining amount of public housing funding from HUD.

Ms. Lowe pointed session participants to the agency's website ([www.hatc.net](http://www.hatc.net)) for more information.

### **GROUP 3: DELAWARE STATE HOUSING AUTHORITY TIME LIMITS, RENT CAPS, AND ESCROW ACCOUNTS**

In this session, the group discussed how the Delaware State Housing Authority (DSHA) uses time limits, rent caps, and escrow accounts in its MTW program. The session began with representatives from the DSHA describing their program to attendees and then responding to questions about the design from attendees. Then, there was discussion about the design of the DSHA program, including what elements worked well. Broadly, the group agreed that many of the characteristics of the DSHA program may not be applicable to other MTW sites.

One of the original MTW grantees, the DSHA administers 508 units of public housing and 905 Housing Choice Vouchers (HCV) in Kent and Sussex Counties. Currently, there are 400 people in the MTW program. Since 1999, the DSHA has been able to move 170 people into homeownership and an additional 380 people from subsidized to unsubsidized housing. It is mandatory to participate in the MTW program initially unless the applicant is elderly or disabled. DSHA staff commented they like the fungibility between public housing and the HCV program. When administrators have seen a reduced amount of subsidies, the block grant money can be used for additional vouchers.

The DSHA staff briefly discussed the program's use of an escrow account. The escrow accounts are based on HUD's 30 percent of income to rent rule. Rent that participants pay above the rent cap of 30 percent of the household's income goes into an escrow account that the head of household receives at the end of the program. Once a household obtains an income that is 40 percent or greater of their contract rent, it can then begin to collect the money it has saved in its escrow savings account. The DSHA handles the escrow accounts and is responsible for depositing the money in these accounts.

Participants had a lengthy discussion about who was allowed to apply for the DSHA MTW program. While individuals from outside the jurisdiction can apply for MTW, there is a preference given to those individuals or families already residing in or working in the two-county region. An MTW voucher cannot be moved out of the jurisdiction unless there is an extreme circumstance. For example, if a participant becomes employed in another county, is in good standing, and has a good work history, then the participant may take the voucher to a neighboring county. Decisions like this are dealt with on a case-by-case basis.

There was also interest in how DSHA determines whether a household has successfully completed the MTW program. Participants in the DSHA MTW program are considered to have successfully completed the program if their income exceeds 40 percent of their contract rent. For participants who do not meet the 40 percent income level at the end of the 5-year program, they enter a "safety net." Currently, there is no time limit for the 100 households using the safety net. The DSHA has considered the addition of a time limit for the safety net, possibly 2 years. The Delaware Housing Coalition, a nonprofit organization, will be included in revising a safety net. Once a vocal challenger of the MTW program, the Housing Coalition has greatly reduced its opposition to the program and is working with DSHA to make improvements.

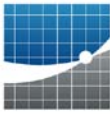
Since 1999, there has been a single waiting list for the voucher and public housing programs run by the DSHA. Applicants must take what they are offered first, unless they are elderly or disabled. Elderly and disabled applicants have the option to refuse their first offer and stay instead at the top of the list to wait for the option they prefer (such as a voucher instead of public housing). DSHA staff reaches out monthly to those on waiting lists and lets them know where they are via a postcard. There has been an increase in the number of applications since DSHA has begun accepting applications for housing assistance online. Participants commented that this level of interaction with households on the waiting list may not be possible in all sites due to the high cost.

In the DSHA program, elderly or disabled households are defined by HUD, so as long as the head of household is elderly or disabled, the family is considered elderly or disabled for the purposes of the program waitlist. Of the 5,600 people on the DSHA waiting list, 30 percent are elderly or disabled. The group discussed the increase in elderly and disabled households on public housing waiting lists nationwide. Other attendees echoed this situation of a high percentage of elderly and disabled on their waiting lists, and a conversation ensued about potential causes and solutions. There was recognition that allowing elderly or disabled applicants to refuse units may not be fair to all applicants, and that this policy may need to be adjusted in the future. Ideally, the body of the MTW program would be reflective of the waiting list. The group then questioned whether an entire household can be excluded from MTW if only the head of household is elderly or disabled.

Several participants wanted to know more about how DSHA handles case management. Case managers for DSHA's MTW program have 50 cases at two different geographic sites and assist families in overcoming barriers to housing and employment; the housing authority staff handles recertification, family programs, and referrals. If the head of household or another family member is not meeting education or work requirements, then the case manager will meet weekly with the family. In the past, DSHA has had to terminate participants for noncompliance with the MTW program. The site has adopted a three-strike program, where the participant loses the subsidy and is barred from the program after obtaining three strikes. Program staff explained that a strike is always a last resort. If a household receives a strike, it is entitled to hearings. There was then a more in-depth discussion about the mechanics of the strike process.

Attendees also inquired about the extent to which case managers in the DSHA program collaborated with the local school systems. The case and property managers in DSHA work closely with school districts. The districts provide after-school and adult education programs at public housing sites. MTW staff also works with other state agencies, as well as nonprofits, to leverage other programs and resources for program participants. Attendance of youth in school is followed by case management staff as necessary. The smaller jurisdictions facilitate this type of information sharing between program and school staff.

Participants wanted to know more about how the homeownership component of the program has fared in the worsening economy. Since it is a more rural area, home prices have not risen in Delaware as much as other regions of the country. To the knowledge of program staff, families for the most part have been able to sustain their homeownership in the worsening economy. A



few families have collected their money in market rate rent housing. However, they have not done well in the tight economy and have asked to come back on waiting list.

The session concluded with a brief conversation about how MTW programs can evolve in the next several years. Many attendees commented they think families are being short-changed by the ability of households with elderly or disabled family members to wait for the type of assistance they desire. As this group grows in the coming years with the aging of the baby boomer generation, it will be necessary to better balance the needs of these two groups.

## **GROUP 4: HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO TIERED RENT STRUCTURE**

The session was lead by Bill Lowell, Deputy Director of the Housing Authority of the County of San Mateo (HACSM) and Jennifer Anderson, HACSM's MTW Project Manager. The session began with an overview of the tiered subsidy rent structure table developed by HACSM.

Mr. Lowell noted that this was the 10<sup>th</sup> version of the tiered subsidy table, and that this version will take effect on July 1, 2009 (pending the approval of HACSM's MTW Plan by HUD). He said that San Mateo County is located outside of San Francisco, between the city and the county of Santa Clara. San Mateo County is ethnically, racially, and economically diverse, and has a total population of just above 700,000 residents. The price of housing in the region is very high. HACSM has about 4,000 Housing Choice Vouchers (HCV) and is in the process of disposing of its small inventory of public housing units. The average housing assistance payment (HAP) is about \$1,000.

It was noted that points of consideration for this discussion include how tiered rents can increase efficiency and save time during the leasing process, how leaser awareness can help streamline the process, and how the policy can continue to be modified to become more practical.

### **Research, Development and Planning**

Ms. Anderson said that the idea of tiered rents originated after hearing the presentations from the Keene Housing Authority (KHA), Vancouver Housing Authority (VHA), and Cambridge Housing Authority (CHA) at the 2008 MTW Conference. HACSM's visits to other local housing authorities, including the Housing Authority of County of Santa Clara (HACSC) and the Housing Authority of Tulare County (HATC), helped shape the idea further. The first question HACSM asked when considering tiered rents was who the initiative would affect. HACSM identified the main stakeholders and obtained their input on the issue. These stakeholders included the participants, landlords, owners, community partners, and legal advisory groups. Information gathering methods included surveys, focus groups, an internal task force, and an advisory committee. The stakeholder groups deliberated on how the policy will affect areas of program administration and resident experiences. This process started in July 2008.

The advisory committee met a total of four times. Ms. Anderson said that HACSM had to explain MTW and present it as waiver program that can be used to do a number of creative initiatives, as the participants' initial perception was that MTW was a type of welfare reform or a new time limits program. The dialogue continues to this day. HACSM actively contacts the advisory group members through email and phone calls to seek continued feedback. The input from legal advocacy groups was noted to be of key importance in pinpointing challenges that would be faced by certain groups and families as a result of the new policy. HACSM was able to use the input gathered early in the process to tweak its plans and mitigate concerns.

HACSM also tried to engage the program participants to in the planning process by inviting them to meetings and sending out surveys asking for suggestions on the kinds of policies they

would like to see implemented. A different set of questions was posed for landlords, most of whom submitted their responses online.

The shortcomings associated with HACSM's current program structure were determined to include time (the processing takes too long), complexity (procedures are hard to understand and are prone to error), excessive rigidity of requirements, and demand in excess of supply. HACSM noted that they recently opened the waiting list and that 23,000 applications were received. There is approximately a three-year wait for a Section 8 voucher. HACSM is striving to serve more families by creating a prioritization scheme. HACSM's goals include increasing timeliness, decreasing complexity, increasing housing opportunities, fostering participants' self-sufficiency and identifying new avenues for providing housing assistance.

### **MTW Initiatives**

HACSM's tiered rent structure is being implemented concurrently with other MTW activities that are designed to increase administrative efficiency and make the receipt of assistance a more easily understood process for residents. The approach HACSM adopted for increasing timeliness and decreasing complexity was to modify the verification rules for medical and childcare expenses that take place as a part of the application and rent calculation and recertification processes. HACSM noted that the main goal was to simplify processes for residents.

In its FY10 Annual MTW Plan submission, HACSM proposed to simplify medical deductions and childcare deductions, and to remove the requirement for a third party verification of income from assets totaling less than \$50,000. HACSM will verify information through spot-checks. HACSM will use EIV and tenant-provided documents when verifying income. In response to a question from an attendee, HACSM indicated that residents are aware of available deductions and that they do utilize these deductions. Ms. Anderson noted that about 50 percent of the agency's population is elderly or disabled.

HACSM also noted that a goal is to streamline the leasing process. To that avail, HACSM removed the 40 percent payment standard cap on the percentage of income that a resident can pay towards housing. This will enable the agency to house people more quickly. HACSM is also planning to provide participant education services guided by the general approach of allowing families and individuals to make decisions regarding how much housing they can afford. HACSM noted that a goal is to reframe the relationship between the housing authority and residents. HACSM wants to empower residents to make their own decisions.

Ms. Anderson also said that HACSM plans to remove the standard utility allowance calculation schedule and utilize a standard deduction for all households in a way that creates no benefit loss to the recipients. Under this plan, all households would receive the same utility deduction, and all households would receive it even if the landlord pays the utilities.

An agency representative noted their challenge with changes in the level of utility allowances and asked how HACSM approaches this. Ms. Anderson replied that HACSM uses various reports to do cost comparisons and evaluating who are the recipients and the non-recipients. It was noted that tenants have control over the use of utilities; the standard deduction is thus the



same for everyone regardless of the bedroom size and the actual use. One of HACSM's goals is to ensure that participants understand what benefit they get and under what conditions, thus leaving it up to the individuals to choose what is right for them. HACSM is faced with a constant tradeoff between the number of individuals it can serve and the depth of services it can provide.

HACSM tries to increase participants' self-sufficiency through encouraging families to take personal responsibility in housing decisions and providing avenues for growth through collaborations with community partners.

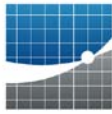
### **Tiered Subsidy Development**

HACSM's tiered rent structure was developed by combining CHA's flat rent approach with KHA's step-down subsidy approach. HACSM favored a flat rent approach and wanted to ensure affordability to both the participants and the housing authority.

The tiered rents table was discussed (see Appendix C for a copy of this handout). It was noted that the tiered rent model is based on three factors – the fair market rent, bedroom size, and income. When constructing the table, an attempt was made to get as close to the current payments as possible while still keeping control. The table is based on the adjusted annual income and the subsidy is based on the voucher size for which participants are eligible. If the participant is eligible for a three bedroom voucher and moves into a two bedroom residence, the deduction is based on the three bedrooms rather than the two bedrooms. A question was asked about whether fair market rents were accurate for San Mateo County. The response was that they were with the exception that two and three bedroom units are highly valued and the owners may often hike the prices up, which is why HACSM considered setting them at 110 percent of the fair market rents. Another question was asked about whether HACSM considered pegging their rents to a reasonable amount for the county. The response was that it would be hard to implement due to geographical variations within the county. HACSM preferred to use something stable that people could easily understand and refer to such as fair market rents. Hardship criteria are in place for those who need additional assistance. If a participant rents a smaller unit than he or she is eligible for no check for the difference is issued, and HACSM said that all participants will pay some portion of the rent, ideally at minimum \$100.

A Microsoft Excel workbook allows HACSM to vary the fair market rent and annual adjusted incomes. It was shown how changes in the percentage of the fair market rent changed the numbers while keeping tiers the same. In contrast, changes in annual adjusted incomes changed the tiers. As the annual adjusted incomes became larger rents became flatter. The new tiered rent structure is proposed for implementation starting in July 2009 with the next contact HACSM has with participants.

It was emphasized that the approach needed to be income-neutral. Another key consideration was that most residents actually paid more than 30 percent of income on rent. In response to that HACSM, used 33.3 percent for the participant contribution amount which increased cost-effectiveness.



HACSM conducted a cost analysis by assessing the impact of applying the utility deduction with current income and tiers. For some families, a \$100 deduction resulted in bringing them over the line for the next tier. HACSM also looked at who the people on the edges were. It was emphasized that the latter would depend on the participant populations and may be different for different markets. One of the major problems for the families that were identified was actually finding and getting into the unit.

A question was asked about how HACSM approaches its education initiatives. The answer was that participant education exists as a carve-out program, and involves coordinating with other service providers that offer workshops in budgeting and credit improvement. HACSM also helps participants connect with community colleges and job training programs. With owners, the dialogue happens continuously as HACSM continues to educate them about the current programs.

A more involved Microsoft Excel workbook that includes all of the costs was shared and discussed. During this discussion, it was noted that implementation is expected to occur over a three year period, which will allow sufficient time for adjustment.

Ms. Anderson noted that the rent calculation process is summarized in the handout distributed in the session. Rent calculation stops at the annual adjusted income, which simplifies the process. A question was asked about whether HACSM uses any criterion when placing residents. HACSM's only preferences in providing housing are for the individuals who live or work in San Mateo County.

The following potential negative impacts of the tiered rent approach were listed:

- Increased tenant rent portions,
- Increased costs to the housing authority,
- Technological challenges, and
- Transition challenges.

Potential positive impacts were summarized as follows:

- Simplification of the rent calculation process,
- Streamlining of the lease-up process, and
- Cost savings in day-to-day expenditures, staff time, and reduction in errors.

## **GROUP 5: LAYING THE GROUNDWORK FOR RENT REFORM**

Marianne Nazzaro, MTW Coordinator, reviewed the main purpose of this session: to provide an introduction on how to lay the groundwork for rent reform activities and to discuss potential rent reform initiatives. She encouraged participants to visit other sessions if they were interested in hearing specific examples of rent reform initiatives. Ms. Nazzaro wanted agencies to learn from each other, whether through a time-limit initiative or recertification reforms. Now that MTW has been extended through each agency's 2018 fiscal year, HUD is expecting agencies to implement innovative rent reforms.

### **What are the most important objectives?**

Ms. Nazzaro asked the group why an agency would implement an alternative rent reform strategy. She noted that any objective related to rent reform should tie back to the MTW's three statutory objectives: 1) increase the efficiency of Federal expenditures, 2) promote economic self-sufficiency of families, and 3) increase housing options for low-income households. Agencies must decide which objective(s) will be influenced by rent reform. For example, if an agency switches from annual to biannual recertifications to save money, how is that money being used to promote activities related to the three statutory objectives?

One agency representative noted that their jurisdiction has a disproportionate amount of elderly and disabled residents in its public housing programs, which resulted in residents questioning why they had to do annual recertifications if there is no chance in income. He explained that the agency was able to satisfy tenants while saving money administratively. Similarly, another agency reformed its earned income disregard policy to ease burden on residents and agency staff and instituted a 2-year window in which the earned income disregard would not change. Even if residents lose their job or their income increases, the disregard will not change.

The agency is now examining a time-limited MTW initiative. It will buy 20 foreclosed units as part of a rent-to-own program in which residents must position themselves to buy the house within 5 years. The administrative savings freed up resources to dedicate time and energy to facilitating a partnership with the State to provide better assisted living services. Ms. Nazzaro stressed the need to evaluate the effect of rent reform initiatives by measuring how the initiative may influence other areas of programming.

### **What constituencies support these objectives and what constituencies require consultation and education?**

Ms. Nazzaro warned agencies that most jurisdictions that have done alternate rent reform strategies have received push back from advocacy groups. She urged agencies to involve legal advocacy groups, resident groups, and government officials early in the rent reform planning process.

### **What agency financial factors should be considered when exploring rent reform options?**

Ms. Nazzaro noted the importance of weighing the financial impacts of a rent reform policy. Questions that should be asked include: Is the policy revenue neutral? Is the policy trying to save the agency money? If so, what is being done with these savings? Will the policy generate additional rental income? A HUD representative indicated that the financial realities of a rent reform policy could affect how these initiatives are presented to the community. If rent reforms are couched as a money-making venture for the housing authority, community groups may view this as being done at the expense of the quality of housing and services offered.

### **What is the procedure for planning the specifics of rent reform?**

Ms. Nazzaro encouraged agencies to ask the following questions regarding their rent reform planning: How does an agency incorporate stakeholders into planning process? How does an agency involve advocacy groups? How does an agency involve neighborhood residents? An agency representative noted that the agency tried to involve people from the community that objected to rent reform in the past to be part of a planning committee for MTW in the hopes of reaching a compromise in the planning stage. However, the agency found that its strongest challengers used this opportunity to present counter arguments that stymied the planning process significantly. Ms. Nazzaro encouraged agencies to contact other agencies that have had to redo their planning process to discern lessons learned and best practices.

### **What can be learned from other PHAs that have attempted rent reform?**

While HUD wants to encourage agencies to have dialogue and learn from each other, it also does not want every agency doing the exact same rent reform. To that end, Ms. Nazzaro encouraged agencies to examine other service agencies or nonprofits that have alternative rent structures. An agency representative explained that there appears to be language from HUD that implies that time limits imply full-scale rent reform. If this is the presumption, then it partly explains agencies' hesitancy to move forward with full-scale rent reform. He stressed that it is important to think of rent reform as being more creative than just time limits. Ms. Nazzaro noted that time limits are one example of a rent reform initiative, but that HUD is interested in agencies being as creative as possible with their alternative rent strategies.

### **How can a rent reform initiative be phased in?**

Ms. Nazzaro provided examples of how a rent reform strategy can be phased into the community. One agency has a huge portfolio, but the MTW demonstration only covers two pilot programs. These pilot programs are focused on rent reform for a small community and allow them to be evaluated on a small scale. Now, after deeming the pilot program a success, the agency is seeking to expand the pilot across a larger population of voucher holders. Additionally, another agency had initially applied rent reform strategies to elderly and disabled families to examine the potential savings gains. Once these savings were realized, the agency used the extra funds to implement phase two of the rent reform strategy, which will include all families.

### **Who will rent reform cover initially?**

The spectrum of public housing residents that the rent reform will initially cover will vary across agencies. One agency experienced intense opposition to rent reform for all residents, while there was less opposition to rent reform for voucher holders only.

An industry group representative noted that agencies must remember that rent reform is not just a local issue. There will be constituencies locally and nationally that feel threatened by rent reforms that: 1) undercut the fundamentals of the Brook amendment and 2) disconnect rents from income. Opposition may also be felt other from organizations. Agencies that choose to do rent reform will be subject to intense scrutiny nationally. Ms. Nazzaro noted that, if there is a national rent reform, then MTW could be the barometer for what works and what doesn't.

### **Will preference be giving in waiting list for those accepting rent reform rules?**

Ms. Nazzaro encouraged agencies to ensure that rent reform policies are not breaking any fair housing regulations. Beyond that, the agency must determine if it is worthwhile to create a control group that does not receive rent reform and compare it to those groups that do. Is the housing portfolio large enough to make this worthwhile?

### **What type of rent structure will be chosen?**

Public housing authorities have numerous options when choosing an optimal rent structure: flat rents, tiered rents, etc. It is important to determine what types of reforms will work best for the individual community. It was noted that MTW agencies typically have more simplified rent calculations than regular agencies.

### **What term limits will be part of rent reform?**

Ms. Nazzaro explained that it was important for agencies to determine what happens to families that time out. Are families able to maintain steady housing? Are families able to come back on the rent rolls? Two agencies determined that 3-year to 5-year term limits are too short.

One participant explained that the utility allowance results in the greatest error in rent calculations. In this instance, the housing authority could not explain to renters and landlords how utility payments worked and there was no basis for comparison unless there was a sewer and water allowance.

Another participant asked if work requirements are considered rent reform. Ms. Nazzaro explained that it depends how the work requirement was implemented and marketed. For instance, would the work requirement impact total rent? She encouraged participants to attend sessions about incentivizing employment with work requirements later in the conference. An agency representative noted that households are consistently breaching work requirements, and that a major challenge remains ensuring that residents comply with the work requirement. Another agency representative asked the group how to enforce community service requirements. She continued by saying that, whether agencies admit it publicly or not, it is extremely difficult

to evict people that are not following work requirements as many judges will not evict tenants that would become homeless otherwise.

The industry group representative posed another issue about the work/community service requirements. He argued that instituting a work requirement doesn't incentivize work; rather, it instructs residents to only do the minimum to maintain their current rent. Instead, he suggested rent reforms that will encourage residents to grow their incomes and then reap the benefits of those savings. An agency representative responded that the issue was not this simple. Family Self-Sufficiency (FSS) programs and the earned income disregard are incentives that encourage residents to save, however these incentives do not work for many people. At some point, some people just need requirements to motivate their behavior. In the end, she noted that a multi-incentive approach would most likely have the best results.

Ms. Nazzaro factored local employment dynamics into the discussion. She explained that it was important to factor in job availability to any system so that residents are not set up to fail. Furthermore, the presence of market-rate housing in the area is necessary if residents are expected to transition out of public housing. Ms. Nazzaro noted that perhaps this would be a good opportunity to establish a control group to test the impact of the work requirement. A HUD representative noted that long-term public housing residents may have different characteristics than those that transition briefly, and that this is important when looking to set up control experiments.

### **Will term limits be coupled with self-sufficiency assistance?**

Ms. Nazzaro encouraged agencies to think about how to provide self-sufficiency support to families. Many agencies have used partners within the community to leverage resources to tackle this issue and others (such as homelessness).

### **What are hardship provisions?**

HUD has drafted guidance of what a hardship policy should consist of and a session will occur later in the conference that will go through this guidance. The draft language regarding the hardship policy is located in Attachment B of this Conference Report.

### **How will rent reform be evaluated and modified?**

Ms. Nazzaro noted that evaluation strategies are based on the objective of the rent reform. Once defined, how do you measure it? What is the financial impact on the agency? What is the financial impact on families? These are questions that need to be considered when instituting any rent reform policy.

## **GROUP 6: KING COUNTY HOUSING AUTHORITY CREATING ADMINISTRATIVE EFFICIENCIES, REMOVING DISINCENTIVES TO INCREASING INCOME, AND PROMOTING SELF-SUFFICIENCY**

In this session Kristin Winkel, Senior Development Manager at the King County Housing Authority (KCHA), provided an overview of the agency’s rent reform and financial modeling approach—“Easy Rent.” Ms. Winkel provided a brief background on KCHA. The agency serves more than 12,000 households throughout the county, outside of Seattle. This geographic area includes Eastside Bellevue, Redmond, and less expensive south county areas. KCHA’s housing stock consists of 2,600 public housing units and over 9,000 Section 8 voucher units.

KCHA approached rent reform through a two-phase process called “Easy Rent” in an effort to achieve the following objectives:

1. Simplify rent calculations and streamline the process to produce administrative efficiencies;
2. Create rent calculations that are easily understood by residents and less burdensome for seniors and the disabled; and
3. Promote employment and increased wages for working families.

### **Phase I: Recommendations and Implementation**

This first phase of “Easy Rent” incorporated:

1. All households in KCHA’s mixed-population buildings, and
2. Other public housing and Section 8 households where 100 percent of adults are elderly or disabled -AND- 90 percent of household income comes from a fixed source (i.e. Social Security, SSI, pension or GAU).

This fixed-income population represented 39 percent of KCHA’s total residents served, which amounted to approximately 3,100 voucher holders and 1,300 public housing residents. KCHA then undertook an extensive 15- 24-month process to gain the Board’s approval. During this process KCHA conducted a population analysis, mapped current annual review processes, researched alternative rent reform ideas, tested financial models to determine revenue and rent burden, followed a public process, and gained feedback from the Board. Ms. Winkel explained that there was a primary reliance on front-line staff, but KCHA also incorporated feedback from residents, fellow public housing authorities, and advocates.

Ms. Winkel explained that, using an outside consultant, KCHA developed a financial model that would ensure that any rent reform would:

- More or less be revenue neutral;
- Minimize rent changes: goal for most households to see little or no rent change;

- Ensure minimum of 75 percent of households served have incomes below 30 percent of AMI;
- Meet minimum reserve requirements; and
- Easy to implement and for residents to calculate their own rent (back of envelope).

The financial model variables included income adjustments and deductions, cost of living adjustments, asset verification, income verification, and recertifications and self-certifications. The total tenant payment (TTP) percentage was lowered (from 30% to 28.3%) to reach a revenue neutral situation (across both programs). There were no changes to existing utility allowances and reviews were changed from a biennial to a triennial basis. Ms. Winkel suggested that any agency contemplating undertaking a similar project should involve their IT people in the process early; otherwise modeling changes will not be doable. From this analysis, KCHA projected that two full time employees in the Section 8 department that spent 100% of their time on reviews would now be able to use their time elsewhere.

## **Phase II: Working and Work-able Families**

In Phase II of “Easy Rent,” KCHA is considering:

- Simplifying utility allowance calculations;
- Creating a rent table with two components: gross income bands and number of bedrooms;
- Applying “Easy Rent” to all Section 8 voucher holders; and
- Creating a working family incentive that permits a 10-percent income increase without a rent increase.

## **Questions**

### ***How does KCHA measure staff time?***

KCHA uses staff interviews and supervisory feedback to determine staff time. Other agencies have used time logs to measure staff time

### ***Should a financial break be given to working families with children to cover child care costs?***

KCHA does offer some break for high medical costs, and has a hardship appeal for costs over \$3,000.

### ***What were the staffing results?***

KCHA agreed not to make any employee cuts in advance of the analysis. KCHA shifted duties within the program.



## DEBRIEF ON RENT REFORM DISCUSSIONS

Each of the six small groups presented an overview of their discussion.

### **Portage Metropolitan Housing Authority**

The Portage Metropolitan Housing Authority (PMHA) presented on its use of time limits and rent structures developed to encourage employment and self-sufficiency. The group felt that the most interesting part of the discussion was on the philosophies behind principles implemented and on those chosen not to be implemented. PMHA found that the rent reform initiatives that supported work efforts were most successful. PMHA is moving toward a simpler rent calculation. The agency feels there is a need for this because they cannot easily explain to tenants how they calculate their rents. PMHA is also moving toward a tiered percentage-based system; rent will be calculated on employment income at 25 percent and for all other types of income at 27 percent. PMHA will eliminate deductions and wants a system that will keep the agency from having to make projections on what their tenants' incomes will be. PMHA also has a strong relationship with local non-profit organizations and relies on those agencies to provide services. The agency views itself as a provider of housing, not social services.

PMHA previously implemented an initiative where it started families in a basic public housing unit and tried to use the promise of a "better" (such as scattered site) unit as an incentive. This initiative did not work as planned, as the agency did not factor in the cost of moves and because many families ended up liking the original units they had and did not want to move. In addition, many families did not want to change communities just to get a different unit.

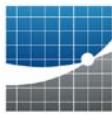
PMHA also has found that time limits were not very successful. The initiative only worked well with public housing units used as transition units for families who are homeless. These units have firm two-year term limits.

PMHA discussed how the agency sets flat rents at market rate levels. This approach did not work, as those residents who could afford market rates would move out before switching from an income-based rent to a flat rent.

PMHA has found that the voucher program is the more desired program in the community. The agency has tried to retain Section 8 households to have them serve as role models. These families are also a good source of increased rental income.

### **Housing Authority of Tulare County**

The Housing Authority of Tulare County (HATC) presented on its use of flat rents, flat subsidies and time limits. The agency times-out families after five years. This policy was enacted in 2004. Since then, HATC has timed-out 1,200 families (public housing and Housing Choice Voucher (HCV) combined). During a family's five years on the program, all able-bodied families in public housing have a flat rent and on the HCV program receive a flat subsidy. Only the elderly and disabled have rent linked to income. HATC cautioned that agencies need to look at their communities to see if time limits will work and they need to consider the will of the



constituency. HATC urged the agencies to not let people tell them that time limits cannot be done. HATC has never gone to court for timing-out families, even in public housing. Once families time-out, they can go back on the waiting list. There is no lifetime time-out.

### **Delaware State Housing Authority**

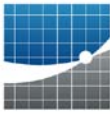
The Delaware State Housing Authority (DSHA) presented on the use of time limits, rent caps and escrow accounts. DSHA is a state agency that is both a housing authority and a state finance agency. DSHA's jurisdiction is very rural. Because of these factors, DSHA's program might not work for other MTW sites. Using MTW authority, DSHA implemented escrow accounts that are charged as rents. Residents who successfully complete the MTW program can access the account to use toward homeownership or toward renting a market rate unit. DSHA has both time limits and a safety net. The agency continually reviews its program and looks at what other programs are doing. DSHA is looking into simplifying its rent structure and putting a time limit on the safety net. DSHA also needs to figure out how to address the increasingly large percentage of voucher holders that are elderly or disabled; while just 30 percent of the waiting list is elderly or disabled, 60 percent of voucher holders are elderly or disabled.

### **Housing Authority of the County of San Mateo**

The Housing Authority of the County of San Mateo (HACSM) presented on the development of its tiered rent structure. HACSM is proposing to implement a tiered subsidy table with decreased rental complexity. The agency is working with stakeholders to analyze the impacts of the proposals they are considering. HACSM would like to streamline its current rent calculation by changing the income verification process. While the rent calculation would remain the same, the agency would limit what sources of income need to undergo third party verification. As part of the changes HACSM is considering, the agency would also increase the level of quality control that occurs. The changes HACSM is considering are in addition to changes it has already implemented. Because HACSM's rental market is tight, it needed to have a rental process that allowed voucher recipients to lease up more quickly. HACSM found that the flat subsidy did not work; it either ended up being too expensive for the agency or the tenant. HACSM is looking into allowing tenants more flexibility in choosing their units so the process is more like the private market.

### **King County Housing Authority**

The King County Housing Authority's (KCHA) jurisdiction is the entire county surrounding, but not including, the city of Seattle. KCHA is half way through its two-phase rent reform initiative. Phase 1 was for the elderly and disabled and Phase 2 is for the working and work-able. Phase 1 was termed "Easy Rent". Under Easy Rent, KCHA streamlined deductions, set at a lower percentage of TTP, and implemented a three-year review cycle. For Phase 2, KCHA is looking into a system that is easier to for participants understand and easier for staff to implement. KCHA is considering a tiered rent schedule by income and bedroom size and is considering a working family deduction, such as a 10 percent or a flat deduction, for those just entering the workforce. KCHA also discussed the process it went through to implement rent



reform and recommended that agencies need to be very thorough in reaching out with all who need to be involved.

### **Laying the Groundwork for Rent Reform**

The sixth group discussed laying the groundwork for rent reform. Questions that agencies looking to implement rent reform should consider include:

- What are the objectives you are trying to accomplish?
- How will the objectives be seen by legal aid/advocacy groups?
- How will you address any negative impacts on tenants?
- What are the financial impacts of the initiative on your agency?
- If not revenue neutral, can you take a loss? What will you do with gain?

## USING MTW IN THE DEVELOPMENT PROCESS

In this session Kathleen Foster of the Charlotte Housing Authority (CHA) discussed development strategies being used at CHA under its MTW program. Other public housing authorities (PHAs) in attendance also shared examples about their experiences using MTW flexibility in development activities. The discussion was facilitated by Luci Blackburn, an MTW Coordinator at HUD.

CHA is in its second year of the MTW demonstration and the agency has several development initiatives underway. A fundamental goal for the agency's MTW program is to increase the number of units available on the ground in higher quality neighborhoods and to help residents move toward self-sufficiency. The agency hopes to use the MTW demonstration flexibility to help break the cycle of poverty via increased rates of high school graduation among public housing residents and voucher holders. Initially, the CHA considered its goal to be increasing resident employment and earnings by 10 percent each year, but the average annual income of its residents is about \$7,000 per year, so even a 10 percent increase in earnings (\$700) will not be sufficient to help the family move out of poverty. The CHA decided that it was important to consider other impacts beyond increased employment and earnings in planning its MTW initiatives. Thus, one of their main focuses now is on children, with the long-term goal of increasing high school graduation rates.

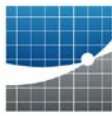
CHA began planning for development activities to be pursued under MTW prior to signing the MTW agreement using a two-year process to examine the assets currently owned by the CHA. They used a process called a Strategic Asset Model (SAM) to review every development, to decide whether to:

- Keep the development
- Drop the development
- Reposition the development

The choice to retain a property was most often conditioned on whether the property was located in a neighborhood with a high-performing school, rather than on factors like the condition of the property. CHA also adopted the Community Standards Policy, a more stringent standard than current local building codes or HQS to determine whether developments should be retained. The Community Standards Policy considers factors like energy efficiency, landscaping, and neighborhood quality to rate developments.

During the planning phase, CHA also forged relationships with the local schools by meeting with the School Board officials and superintendent because the CHA considers schools the key to reducing poverty. Schools were interested in working with the CHA. The school partnership had three main components:

- Coordinate with a HOPE VI development to set aside 15 acres for the school district to build a new school,



- Focus on growth in suburbs according to schools plans for improvement in schools, and
- Build tax property developments near schools.

The schools were very interested in finding opportunities to swap land with the CHA, but in some cases the interests of the schools were not in line with goals of the CHA—for example, while the schools were interested in seeking housing exclusively for teachers and staff, the CHA does not undertake this type of specialized development focused on a specific population. However, the Fair Housing Act does not allow for rental housing to be targeted exclusively to school employees when federal funds are used in the development.

In addition to developing the SAM, and forging partnerships with the schools, CHA determined that it wanted to pursue an acquisition/rehabilitation model to meet its development goals. The agency's approach would be to locate properties in strong neighborhoods even if the property itself was not in good repair (e.g., they would look for "C" properties in "B" neighborhoods). It took about 2 years of negotiation to establish a line of credit that would allow CHA to acquire properties quickly. Obtaining this financing is a challenge in today's market, but there are some sources available. Good acquisition/rehabilitation targets include expiring tax credit properties as well as new properties becoming available as a result of foreclosures. One participant noted that the FDIC website has listings of multifamily developments in foreclosure as does Fannie Mae, and these may offer viable properties to purchase. Other agency representatives also discussed acquiring condominium development units in this way.

In addition to the partnership with schools and the acquisition/rehab model, CHA also is working on expanding the availability of supportive housing families with special needs, who, while not technically disabled, may not be able or willing to meet CHA's Moving Forward work requirement. Another agency had done a master lease arrangement with service providers in which the service provider gets the units, provides services to residents, and is the master lease holder from the agency.

Kathleen Foster then discussed other challenges associated with implementing the acquisition/rehabilitation model for multifamily developments in Charlotte. The agency wanted to establish a new Total Development Cost (TDC) formula because the CHA did not plan to do gut rehabilitation on newly acquired properties, and to finance the purchase meeting the lender requirements of 10-15 percent of the price is difficult when Section 9 units developed cannot support long-term debt. CHA has attempted to use MTW flexibilities to fill this equity gap. One agency at the session asked whether HOME funds through HUD's Office of Community Planning and Development can be used as a funding source for this. A HUD representative indicated that HOME funds can be used in conjunction with HOPE VI revitalization funds in this way. The Housing Trust Fund was another source of gap financing suggested by attendees at the session. CHA has found that developing tax credit properties requires as long as five years, making the strategy less appealing now than acquiring existing properties. However, purchasing existing developments must be done quickly, usually within 60-120 days, and this means that financing arrangements for each deal must be established very quickly.

Several agencies at the session then discussed ways that PHAs can support the Section 9 program. In a mixed income acquisition/rehab with 30% Section 9 units—a PHA typically needs 10 percent equity to purchase the apartment complex and then 30 percent in additional “equity” because the Section 9 units won’t support debt. But, even given these challenges, CHA remains very interested in forging an acquisition/rehab model for development given the number of properties and units that are available in the community.

The HUD representative and several other agencies at the session pointed out that MTW can help PHAs in acquiring and developing new units. Several agencies at the session expressed a desire to have a waiver from the mixed-finance review process for deals processed through MTW because investors in these deals review the paperwork very carefully. According to the HUD representatives present, only the evidentiary paperwork review can currently be waived for MTW agencies seeking mixed-finance development approvals.

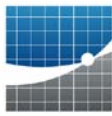
One agency representative described a process that the agency used to develop 345 units of project-based Section 8 housing. They were able to acquire a property in poor condition that was being disposed of as a tax-credit property and was using market rate rents. The agency financed the purchase and rehabilitation of the property using replacement housing factor funds from another site; bond financing; capital funds; and tax credit funds. The agency acquired the property and performed a gut rehab. The development now functions as a project-based Section 8 property.

Several other agencies described development projects they have implemented. One agency has done land banking, taking advantage of opportunities to acquire land at reduced prices for future mixed-finance developments. This agency does not have many tax credit properties at the current time, but does have about 125 units of project-based Section 8.

Another agency acquired a Resource Access Center, which the agency developed for the city. The property includes a day center for adults who are homeless and has 130 units of affordable housing attached to it. They have used project-based Section 8 and public housing funds for this development. Some of the units are public housing with operating subsidy, and others are Section 8. The units are small studio apartments.

CHA does not currently have a lot of Supportive Housing Program (SHP) projects in place, but does operate a 64-unit Single Room Occupancy development and is considering working to convert them to public housing units to combine SHP and public housing.

The session next included a review of some components of Attachment C to the new Standard MTW Agreement. One question was whether the demolition/disposition process can be streamlined for MTW agencies. HUD representatives at the session indicated that streamlining features will be available in the future, but are under internal HUD review. Such changes might allow PHAs to acquire land much more quickly and could reduce review time from as long as 120 days to as little as 2 weeks.



Another agency asked whether HUD can clarify what is required in requests for an alternative TDC. This agency was interested in establishing a local TDC level, and would like to know whether different MTW agencies are asking for different supporting materials in TDC requests. One agency indicated that they had submitted an alternative TDC request and HUD asked for a revised methodology for the request, not simply a revision of basic factors in the calculation. Some agencies indicated that they have been instructed that it is possible to request a new TDC, but passing the pro-rata test is required. For example, 80 percent of MTW funding cannot be put into a development if only 20 percent of the resulting units will be MTW units.

One agency has experience with commercial space in which the first floor is used for retail shops and the second floor is for elderly housing.

The session concluded with a summary of models that can be used to develop units:

- Acquisition / Rehab,
- Re-positioning existing assets
- Supportive housing development.

Another option that some agencies have used is to form partnerships with non-profit organizations or a separate non-profit affiliate of the PHA for development activities. The non-profit instrumentality allows the PHA to be a co-developer of new properties. In sum, there are plenty of opportunities available to PHAs for acquiring affordable properties. If CHA can address issues with filling the equity gap when acquiring properties, they expect good deals to come onto the market in the next 6-12 months. They want to use the MTW flexibility to take advantage of these opportunities to increase the long-term supply of affordable housing.

## INCENTIVIZING EMPLOYMENT WITH MTW

Anice Schervish, Resident Opportunities and Self Sufficiency Program (ROSS) and Public Housing Family Self-Sufficiency (FSS) Program Manager in the Office of Public Housing Investments (OPHI), was the session's facilitator. She explained that the goal of this session will be to brainstorm ideas regarding work requirements, work incentives, and techniques for evaluating these types of initiatives. She reminded the participants of a dual bottom line that should be considered when formulating policies that incentivize employment: 1) what will ensure positive outcomes for residents, and 2) the costs to the housing authority. She then introduced the three panelists from the Atlanta Housing Authority (AHA): Barney Simms, Senior Vice President; Adrienne Walker, Vice President of Planning; and Renee Bentley, Vice President for Housing Choice Operations.

Mr. Simms noted how excited he was to see such a diverse range of housing authorities present. He began by giving a recent history of public housing policy in Atlanta. In 1994, as the city was preparing to host the 1996 Summer Olympics, AHA's CEO Renee Lewis Glover instituted a plan to change public housing in Atlanta, which at the time had the highest crime rate in the nation. Historically, Atlanta's public housing had been concentrated in isolated developments in marginalized communities, dating back to the first public housing in the country in the 1930s. Since 1994, AHA has employed a mixed-income strategy that sought to change the living environments and the mindsets of its public housing residents.

Mr. Simms explained that AHA's Catalyst Program has revitalized 14 large communities, six of which were HOPE VI or Quality of Life Initiative developments. Thousands of residents have been relocated from these developments, due in no small part to the flexibilities afforded by the MTW demonstration. Mr. Simms then turned to his colleagues, who he explained would provide the details of Atlanta's public housing transformation. Following that explanation, the panel would engage in a question and answer session.

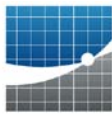
Adrienne Walker highlighted the handout that had been provided to session participants that listed AHA's MTW reforms that incentivize employment. Ms. Walker noted several authorizations that were granted in AHA's Attachment D of its Standard Agreement. Under this agreement, AHA can develop its own self-sufficiency requirements and programs. One of these authorizations gives AHA the ability to combine the operating, capital, and housing choice voucher funding streams into one budget. Prior to the advent of these policies, AHA held public hearings and meetings with resident associations, advocacy groups, and community leaders to gain feedback and support from its numerous stakeholders.

### **Reforms Related to Occupancy Policies**

#### ***Work/Program Participation Requirement***

Renee Bentley noted that the work/program participation requirement was launched in October 2004. At the same time, AHA initiated an increase in the minimum rent from \$25 to \$125 for all non-senior and non-disabled public housing residents. Ms. Bentley noted that AHA conducted a





rent impact analysis and found that the minimum rent requirement had little effect on seniors and persons with disabilities. In the beginning, the work requirement was implemented based on the belief in the human potential. AHA believed that humans will raise themselves to the standards established by society—and low expectations would result in low outcomes. The work requirement policy requires an able individual to work full-time, be in school, or be in a job training program for at least 30 hours per week. The work requirement has been an overwhelming success. In October 2004, 41 percent of the targeted households were employed. In 2008, 71 percent of households were working. Ms. Bentley explained that even with the current economic climate, this work requirement has had little negative effect. If a participant loses his or her job for reasons outside their control, AHA adjusts rents to provide temporary assistance during times of hardship.

### ***\$125 Minimum Rent***

Ms. Walker explained that AHA's intent with the rent floor was to build accountability and responsibility among housing residents while increasing their rent contributions. The minimum rent requirement is not applicable to seniors and persons with disabilities. Through an annual impact analysis of the minimum rent intervention, AHA has found that families were paying an average rent contribution of between \$200 to \$300 per month, well above the minimum rent of \$125. Mr. Simms noted that there was a tremendous outcry regarding this policy by elected officials in Atlanta. However, through an inclusive discussion process, AHA was able to convince public officials that residents would be able to meet this new requirement.

### ***Thirty Percent of Adjusted Income***

Ms. Bentley explained that in order to preserve housing affordability for participants in the Housing Choice Voucher (HCV) Program, AHA set the total tenant payments of participants to 30 percent of the household's monthly adjusted income. AHA has moved thousands of families to economic self-sufficiency through the HCV program. This policy ensures that HCV participants will not pay more than they paid in public housing, and that they will have the disposable income needed to save their way to economic self-sufficiency. The policy also allowed AHA to monitor utilities on a monthly basis across communities in order to be more flexible with utility allowance adjustments.

### ***Elderly Income Disregard***

Ms. Walker explained that the elderly income disregard allows senior citizens to work part-time or temporarily without that money counting towards their rent requirement. This encourages elderly individuals that are able and interested in working to do so while maintaining the same rent.

## **Reforms Related to Self-sufficiency/Supportive services**

### ***Human Development and Supportive Services***

Ms. Walker noted that these services provide relocation support before, during, and after for families impacted by revitalization and Quality of Life Initiative relocation activities. One of the most important components that ensure the success of the HCV program remains the mainstreaming of support programs. Support services were piloted under a HOPE VI grant, which provided residents with case management services. Ms. Walker indicated that these types of services were even more crucial in a time of economic insecurity.

### ***Service Provider Network***

Ms. Walker explained that the work requirement would not be successful unless there was a resource network to support families in their search for work. The Catalyst resource guide provided by AHA lists service providers including child care, family services, and homeownership counseling. AHA also partners with the Atlanta Workforce Development Agency (AWDA) to provide job placement services and training. Additionally, the Atlanta Metropolitan College is instituting a GED program on campus, which moves adult learners from an isolated environment to a college environment. AHA provides transportation assistance to the exam, pays the exam fee, and counts GED coursework as a substitute for the work requirement.

Mr. Simms commented on the human element of the Service Provider Network. He noted that public housing residents began to feel like part of the greater community. Strategic partnerships allowed low-income individuals, many with criminal backgrounds, to draw on the social networks provided by these communities through employer contracts.

Additionally, AHA has begun partnering with mental health professionals to provide a more holistic supportive service to its residents. Through partnerships with local universities, AHA is able to deal with mental health issues prevalent within the public housing population. Ms. Walker continued by saying that AHA's goal has always been to "mainstream families". Prior to MTW, social services were provided onsite in isolated public housing developments. AHA found that many of its public housing residents never left these isolated areas, and rarely interacted with the outside community.

Ms. Bentley noted a significant challenge has been AHA's attempts to change the mindset of local officials, Congress, HUD, and its own staff. This new perspective has attempted to remove the fatalistic stigmas associated with public housing residents. While it remains extremely difficult to mainstream families, a new vision embarked by AHA has offered refreshingly different results. To this end, AHA invested in the Empower Yourself program, which provided staff with diversity training. This sensitivity training, conducted by an outside consultant, involved all staff at AHA and was an intense, eye-opening experience for staff. The training attempted to break down traditional race and class stereotypes, particularly seeking to change paternalistic attitudes prevalent among staff that works with low-income populations.

## ***Conference***

One particularly successful activity undertaken by AHA was a conference that brought together all 2,500 participants in the Quality of Life Initiative program. At the conference AHA hosted three workshops on education, problem solving and decision making, and being a successful and responsible neighbor. AHA received large amounts of positive feedback from residents about the conference.

## ***Comprehensive Homeownership***

Under AHA's HOPE VI homeownership program, families receive up to \$20,000 in down payment assistance. Many of these homes are in new HOPE VI developments. This program is for families that have been working for a few years and whose increasing earnings allow them to move into homeownership. AHA's Section 8 homeownership program provides residents with a tenant-based voucher. Through this program, AHA converts the tenant-based voucher to a homeownership voucher to assist with mortgage payments. Currently, there are 100 families in the Section 8 homeownership program. Finally, AHA stresses homeownership through its Family Self Sufficiency (FSS) program. Under FSS, increases in rent due to increased rental income are set aside in an escrow account that allows residents to save for many self-sufficiency goals, including homeownership. The escrow accounts for some participants are currently valued at more than \$20,000.

## **Question and Answer for AHA**

### ***Have you used rent reform as an incentive? How have you had success without doing this?***

Mr. Simms noted that AHA is currently trying to decide on a specific rent simplification strategy. However, it first must determine what rent reform will mean for the agency and for the residents. Ms. Bentley also noted that AHA is currently looking at whether to apply a standard deduction that is higher than HUD's standard deduction, pending a financial analysis to determine the impacts. Mr. Simms noted that encouraging participants to move into mixed-income communities has raised HAP payments for voucher holders.

### ***Politically, how has AHA changed the mindset about not changing the work requirement subsidy? What is deferment policy? How long do you work with families that cannot find work?***

Mr. Simms explained that families must demonstrate to AHA that they are attempting to find employment. If not, then AHA will send them to the AWDA, where there is a guarantee they will get a job. The City of Atlanta has required businesses that receive government contracts or funding to fill some of their slots with job seekers from AWDA. Many AWDA job seekers work for the metropolitan airport. Also, AHA has not forced residents to start from scratch, as they have created seminars to teach residents about the dignity of work. Placing participants into jobs that have career ladders is also extremely important in ensuring job retention. Renee Glover's dynamic leadership has also been crucial in working with key local leadership to change the perception of public housing residents' abilities to find employment.

***Operationally, how do monitor and enforce work requirement?***

Ms. Bentley explained that AHA calls upon property managers to enforce the work requirement for families living in mixed-income or project-based units. AHA's HCV staff reviews the recertifications from private developers to double check this. AHA also utilizes HUD's Enterprise Income Verification system to enforce work requirements.

***Is this model of transformation transferable to other agencies, or is the challenge to other agencies to go their own way as AHA did?***

Mr. Simms explained that the poor results from public housing have resulted in African-Americans being isolated economically, it is necessary to have serious dialogue with local policymakers to gain their support. AHA has done this through numerous strategic partnerships with organizations such as the United Way, Georgia State University, and other social service non-profits. All of these organizations are committed to improving Atlanta, and the leadership of Renee Glover has been instrumental in aligning the interests of numerous organizations with AHA's agenda.

***What percentage of families have incommed-out?***

Ms. Walker explained that the majority of jobs that AHA residents are placed in are entry level, so the income gains will be lagged somewhat. AHA's focus has been to move individuals from non-work to work. As residents save more and earn higher incomes, there will be more focus on the transition out of public housing.

***What is the current status of AHA's waiting list and chronically homeless population?***

AHA recently purged its HCV waiting list to 6,000 from 25,000 individuals. Ms. Bentley explained that AHA is working in partnership with the Mayor's Office to provide homelessness vouchers and establish supportive housing for homeless individuals with mental health problems.

**Other Agencies' Experiences with Work Requirements**

Ms. Schervish then asked other agencies that have implemented work requirements to discuss their experiences.

***Chicago Housing Authority***

CHA implemented its work requirement in January 2009. The requirement covers all residents aged 17-61, excluding the elderly and disabled. A safe harbor allows residents 90 days to meet the work requirement. The requirement itself will also allow engagement, which means residents can attend school, volunteer, or receive job training for at least 15 hours per week. CHA will ramp up the requirement to 20 hours per week in 2010.

### ***Housing Authority of the City of Pittsburgh***

HACP has implemented a work requirement in conjunction with the TANF work requirement. This is coupled with a rent floor of \$150 per month. The requirement does not apply to the elderly, disabled, or participants in the FSS program. Furthermore, the work requirement is only for public housing residents, not voucher holders.

### ***Delaware State Housing Authority***

For residents in Delaware to get preference on the waiting list, they need to be working 20 hours per week or be enrolled in a community college or university for at least 20 hours per week. The 20-hour requirement will be maintained for the program's first and second year. The third year will be 25 hours and the fourth year will be 30 hours. DSHA wants to move people into employment situations where they can ramp up their hours to 30 per week, which it found to be the "magic" number in which they receive fringe benefits.

### **Broader Question and Answer**

#### ***How are residents deemed disabled by AHA?***

AHA uses the HUD definition of disabled to screen its residents.

#### ***Does AHA find that people are claiming to be self-employed to meet the work requirement?***

Mr. Simms noted that residents must demonstrate they are self-employed by proving they are earning the minimum wage in their endeavors. DSHA will document a resident as self-employed if they have filed a profit-loss tax return.

#### ***How is AHA using extra rent contributions to provide extra services?***

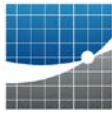
Mr. Simms explained that AHA has attempted to provide human development services through case management and supportive services. The agency has a \$14 million budget for human development services aimed at increasing resident self-sufficiency.

#### ***Are other sites seeing increases in rent returns through this program?***

One agency has seen rent revenue increases, while two others claimed it was too early to tell.

#### ***What are good measures to gauge the success of this program? Increased rent? Number of families employed? Community engagement?***

AHA has utilized Dr. Danny Boston to collect data and develop neighborhood indices, family indices, employment impacts, and the outcomes for children as a result of AHA's transformation plan.



***Where do you get money for relocation vouchers?***

AHA has been able to maintain a one-to-one replacement of all vouchers. It has established local payment standards by conducting market studies. These studies determine what fair rents should be in the seven major sub-markets of the Atlanta metro area. In an effort to control rents, AHA has worked with real estate professionals, organized tours, and held housing fairs to inform residents of properties in different neighborhoods.

***What is AHA's experience been with motivating young adults to work?***

Mr. Simms pointed out that AHA has had some problems with adult children in its Section 9 program. While most participants abide by the rules, some have been more difficult to motivate. AHA's rule is that children over 18 must be in school, working, or volunteering. Mr. Simms noted that the more pressing problem with this age group has been criminal activity. AHA has employed staff to respond to criminal complaints at housing developments 24 hours per day. AHA has worked hard to reduce the stigma that public housing residents are criminals, and defeated a bill that called for a notice being placed in communities leasing Section 8 housing.

***How do you encourage families to stay together given that there may be an incentive for two people to report income separately?***

Mr. Simms explained that AHA has laid out the ground rules of the work requirement to its residents very clearly. Public housing is not an entitlement program, and individuals would need to take personal responsibility for their families. AHA has held seminars on these topics for both parents and teenagers.

***How do you encourage residents to participate in other programs such as Neighborhood Networks or the ROSS program?***

AHA's work policy is a work *and* participation policy, meaning that participants must work and also participate in a PHA program.

## EVALUATING VOUCHER-ONLY MTW INITIATIVES

This session was led by Pedram Mahdavi, a Masters in City Planning candidate at the Massachusetts Institute of Technology. The session was centered on evaluating the MTW pilots implemented by the Massachusetts Department of Housing and Community Development (MDHCD) in Boston and Southern Worcester County.

### Overview of MDHCD Programs

Mr. Mahdavi opened the session by providing an overview of the two MTW pilot programs in Massachusetts. The two programs have been in place since 1999 and currently provide 182 clients with fixed shallow rental subsidy amounts, support budgets, time limits, and case management to encourage and facilitate self-sufficiency. The pilots target different populations in different areas. Boston's pilot focuses on homeless households referred from shelters, whereas Southern Worcester County primarily enrolls non-homeless working households. The Boston and Worcester populations are comparable in age and income, comprised of mainly females with the majority having no college degree. Worcester has a large Hispanic population, and Boston has a large African American population.

In Boston, clients had to engage in a search process. The time limit was set at 60 days, the average search time was 89 days, and the maximum search time was 481 days. Thirty-five percent moved within 1 year (The U.S. rate is 16 percent and has been decreasing). Half of the participants at the Boston site moved to Dorchester, an affordable adjacent neighborhood. The Worcester population did not move; it remained in the area receiving a housing subsidy.

Client focus groups reported that participants believed they were trapped in the neighborhoods due to the lack of resources. Primary search criteria included schools, safety and public transportation. Each of the sites employed an MTW housing mobility advisor who referred participants to a workforce agency if needed. The programs worked closely with the Massachusetts Department of Transitional Assistance, but the clients reportedly did not feel that the amount of assistance was sufficient.

### Evaluation

Mr. Mahdavi said that one of the difficulties he encountered with evaluating MTW programs in Massachusetts was a lack of electronic data. As a result, much of the information had to be gathered from hard copy files. The data used for evaluation included statistics obtained on intake, including clients' demographic, employment, and housing characteristics. The methods included a comparison of the MTW program participants with the general Housing Choice Voucher (HCV) population. Quantitative data was supplemented by focus group interviews.

One of the questions asked in the research was how effective the shallow rent subsidies, time limits on rental assistance, and mandatory savings accounts are. Mr. Mahdavi said that the initial goal of the Massachusetts MTW pilots was defined very broadly as helping families achieve self-

sufficiency. This lack of stated goals provided flexibility in how the programs could be evaluated.

In Boston, the program data was collected in a way that the new data was written over the old data. Due to this limitation, analysis included comparison of the data obtained at intake with the current data. Self-sufficiency was measured by comparing employment at intake with the current employment status. The observed result was that employment increased from 76 percent to 87 percent and the rate of full-time employment increased from 33 percent to 79 percent. There also was some positive correlation between the time in the program and income.

In South Worcester, employment outcomes were much different than in Boston. The overall employment rate decreased from 97 percent to 88 percent and the rate of full-time employment decreased from 88 percent to 70 percent. It was noted, however, that the difference may be attributable to the population's baseline employment characteristics. As previously stated, the South Worcester population included more working families than the Boston population.

When compared to the general HCV population on income, the MTW population did much better; the income at both MTW sites was higher than the income of the HCV population when controlled by zip code. Post-rent payment dollars per capita, a measure indicating how much income the family has left after they paid rent, was approximately the same in Worcester and about \$100 more in Boston for the MTW population versus the HCV population. The overall conclusion was that MTW participants were overall more self-sufficient than the HCV population.

Mr. Mahdavi explained that the program offered escrow accounts with minimum monthly deposits of \$50 that could not be accessed until program graduation and that were matched 1 to 1 by the DHCD for families who complete the program and who are purchasing a home (Beginning in September 2009, DHCD will offer \$500 only for families who purchase a home). The effects of escrow accounts were much different in Worcester than in Boston. In Worcester, participants had the ability to convert the subsidy remaining at the end of the year into the escrow account. In Worcester, escrow accounts made it possible to purchase a house for some participants, and in Boston many participants were not even aware of their existence. It was noted that much of the difference is probably attributable to the fact that Boston's housing market is much tighter than that of South Worcester.

Mr. Mahdavi noted that self-sufficiency also can be assessed by observing decreases in subsidy. Other measures used included comparison of the official poverty line and the Penn State University living wages estimates to current income for each of the populations. The conclusion reached was that MTW helps to keep people out of deep poverty but not out of poverty in general. Mr. Mahdavi noted that such a finding is consistent with the findings of evaluators of many other programs.

The data showed that the average participant's debt was \$2,700 while the average assets were \$1,200. Debt was particularly an issue in Boston. No data on the types of debt held was available



but a qualitative guess was that the debt was a mixture of student loans and credit card debt. The support funds created average savings of \$1,600.

It was concluded that the participants who succeeded were the ones who took advantage of the escrow accounts. A question was raised about whether the participants who succeeded had the same characteristics as the overall participant population. Mr. Mahdavi replied that in order to be eligible for MTW participation, they had to receive some type of government assistance.

It was noted that an important characteristic when comparing the outcomes of the MTW population with other programs' populations is that MTW has some selectivity bias. The majority of people joining the demonstration are those who are able and highly motivated to work. This was supported by findings from focus groups that indicated a strong motivation to work.

Mr. Mahdavi stated the overall conclusions of the evaluation:

- MTW is effective in keeping its participants out of deep poverty but not out of poverty in general.
- Stable housing may not be the primary conduit for employment.

### **Input from Focus Groups**

Mr. Mahdavi listed the following findings and suggestions generated by the client focus groups:

- The participants felt that the MDHCD should increase the amount of case management and support tied to MTW programs. The clients felt that child care subsidies were much needed.
- In Boston, time limits seemed to have created more stress than motivation due to the fact that the housing market is tight. In Worcester, the stress associated with time limits was much lighter. The clients did not favor a permanent subsidy but felt strongly that more flexibility, support, and direction toward self-sufficiency were needed.
- Focus groups felt that excessive emphasis is being placed on getting the clients employed with little emphasis on the quality of jobs obtained. The clients suggested placing more emphasis on education.
- Coordination between MTW and the Department of Transitional Assistance also was noted as needing improvement.

### **General Discussion**

#### ***How was the population targeted?***

The population was targeted through referrals from other agencies and by word of mouth. In Boston, the clients had to be referred by a homeless shelter.

***How were background checks done and how were the families chosen?***

Massachusetts criminal offender records were used as a source of background information. The family selection was income-based on a first come first served basis.

***Is there a list of participants who are expected to graduate from the program versus those expected to enroll that MDHCD uses to help anticipate who is coming on board?***

There is a 6- to 8-month MTW waiting list. In order to be eligible to be placed on the waiting lists applicants must receive state benefits of some sort for the past 24 months. If clients move on top of the Section 8 waiting list, they automatically are removed from the MTW list. The benefits are phased out as the income increases.

***Is MDHCD considering any changes to the shallow subsidy policy?***

MDHCD is still committed to the concept of shallow subsidy but believes that it needs to be better tailored to the clients' needs. MDHCD made a number of changes to its rent subsidy in the past few years and more changes are needed still in making it more flexible and allowing for more time. The regional disparities are the key and need to be taken into account as well.

***Does MDHCD consider suspending time limits based on the economic situation?***

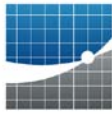
Suspending time limits based on the economic situation is a feasible option. However, MDHCD has not yet fully considered this question because until recently the program was very small.

***Were the evaluation questions formulated independently or in consultation with MDHCD?***

Evaluation questions evolved in the course of the evaluation and were driven by input from clients and the department staff. Data limitations also played a role in formulating the questions. In the course of the evaluation, a central database was created, which is likely to change the data collection process in the future and provide more robust data. Some decisions still have to be made regarding the specific types of information MDHCD wants to start capturing moving forward.

***What indicators do other PHAs use in their evaluations and what data they collect?***

The answers included assessment of outcomes for varying number of years in the program, quality of life, stability, frequency of moves and reasons for moving, and educational achievement. One of the agency representatives said it was contemplating looking at whether participants' moves resulted in moving back in with their parents. Two other agency representatives said that they looked at the increases in incomes from the beginning of the program through its completion. Some of the potential evaluation challenges included ambiguity in defining self-sufficiency and difficulty in tracking participants after they complete the program.



***Do any of the agencies use MTW flexibility with case management?***

One agency uses MTW flexibility to set some units aside for specific family types. Another agency compiles a list of referrals to different organizations that provide credit counseling, job training and other resident services.

***It was noted that MDHCD focus groups suggested that residents had no desire for staying on the program infinitely but that they supported getting regular Section 8 vouchers. Isn't this a disconnect?***

Yes, there is disconnect driven by the anxiety about the time limits and the inability to know the exact amount of time needed to achieve self-sufficiency. Focus groups suggested that what most participants needed was child care assistance that would allow parents to go to school and legal assistance in clearing up credit. Overall, the group was highly motivated and working. Many of the participants were in shelters because the housing market was tight. The reason some participants would prefer to stay on the program for a longer time is because this would allow them to accumulate more savings.

**Future MDHCD/MTW Direction**

When the new MTW agreement was negotiated with HUD it was decided to expand the MTW programs offered by the MDHCD. Input from the focus groups helped MDHCD identify the areas that needed improvement and that information was incorporated in MDHCD's Annual MTW Plan. MDHCD is planning for a 3-year program with much less bureaucratic requirements designed in a way that allows for increases in stipends without additional hearings. This program will be much better tailored to the clients' needs than the current program. Over the next several years, MDHCD is planning to expand the program and introduce new MTW activities.

## USING MTW TO DEVELOP SUCCESSFUL HOMEOWNERSHIP PROGRAMS

Bob Boyd, Director of Policy and Special Initiatives for the Minneapolis Public Housing Authority (MPHA), shared the agency's experiences in developing and administering Moving to Work (MTW) homeownership programs. Upon the agency's entry to the MTW demonstration in 1999, MPHA developed the Moving Home program, in which MPHA used its MTW authority to apply Housing Choice Vouchers (HCV) to monthly mortgage payments. The Moving Home program employed some deviations from the standard Section 8 homeownership program. In implementing this program, MPHA faced the formidable task of identifying sources of gap financing to help families secure a mortgage lender and funding for down payments. MPHA program staff worked with Wells Fargo staff to apply for a mortgage loan using the calculation method of combining the family's monthly income and the Housing Assistance Payment (HAP). Under this system, families received up to five years of HAP to be used for the payment of PITI (defined as the principal and interest owing to the mortgage lender for amounts borrowed to purchase the home, real estate taxes, and insurance for the home).

Bob Boyd explained that MPHA has received authority from HUD to use its MTW flexibilities to extend the Section 8 Homeownership Demonstration Program (Moving Home). Furthermore, MPHA is also authorized by HUD to create a Section 8 Foreclosure Prevention Program (Saving Home).

Under its MTW Homeownership Initiatives, MPHA now operates three programs:

- MTW Homeownership Made Easy (HOME) program,
- MTW Moving Home (Section 8 Homeownership) program, and
- MTW Saving Home (Section 8 Mortgage Foreclosure Prevention)

HUD does not offer additional or separate funding to MPHA for the initiatives. Hence, MPHA uses existing funds to support its MTW Homeownership and Foreclosure Prevention Initiatives.

### **Homeownership Made Easy (HOME)**

A potential HOME program participant is required to meet all six criteria listed below:

1. At least one adult in the home working full time;
2. Must meet the Annual Family Income Requirements;
3. At least one child under the age of 18, a full time student under the age of 25 or a totally dependent handicapped adult child residing with the potential buyer;
4. The potential homebuyer must contribute at least \$500 of his/her own funds to be applied toward the down payment required for purchase of the residence;
5. The potential homebuyer must make an alternative investment in the form of neighborhood or community service to be eligible for the Down Payment Assistance Grant; and

6. Must attend individual HOME program counseling with the MPHA's HOME program partner, the Family Housing Fund and attend additional counseling if requested.

### **Moving Home**

Moving Home was approved in 1999 and enacted in 2003. Qualified Section 8 HCV program participants or select MPHA public housing residents who have been determined eligible pursuant to the Moving Home selection criteria may utilize Section 8 voucher assistance to purchase, rather than rent, a home subject to the following requirements:

1. The family meets the general requirements for participation in the MPHA Section 8 tenant based program;
2. The family is in full compliance with their public or private market lease;
3. Program participants must be first time homeowners, except where due to predatory lending practices homeowners qualify for the Section 8 homeownership foreclosure prevention program;
4. Participants must in the Homeownership Program COACH Approach Workshop series;
5. The head of the household or spouse must be employed full-time and have been continuously employed for at least two calendar years prior to application of homeownership assistance; and
6. The family's household income must be at least 30 percent of the area median income but no more than 80 percent of the area median income.

### ***Screening and Determination of Readiness***

Eligible participants for MPHA's Moving Home program will be referred to MPHA homeownership program staff and invited to complete a homeownership pre-application to identify their level of readiness for homeownership.

The pre-application will be reviewed by MPHA's homeownership program staff for the minimum qualifications, including: debt/asset ratio, employment status, escrow balances, Section 8 program or public housing compliance status, and other program requirements. The participant is then assigned a rating value of level 1, 2, or 3. The three different levels (defined below) are designed to indicate the readiness of each participant for Section 8 homeownership:

- Level 1: Family is within 6 months of being fully ready for homeownership;
- Level 2: Family is between six and 12 months of being fully ready for homeownership; or
- Level 3: Family is 12 to 24 months of being fully ready for homeownership

### ***Homeownership Counseling***

MPHA requires that Moving Home participants attend pre- and post- purchase homeownership counseling. Furthermore, MPHA requires a post-purchase counseling with all Moving Home participants once they have secured a mortgage and have moved into the home. MPHA's homeownership staff will work with the family to schedule the post-purchase counseling.

### ***Issuance and Timeframe for Utilization***

Upon the issuance of a Section 8 homeownership voucher to a Moving Home participant, the participant will have a maximum of 180 days from the date of issuance of a voucher to find a home and enter into a "Contract of Sale." The homeownership program may be utilized for four types of housing:

- Single-family home,
- Twin or town home,
- A cooperative unit, or
- Condominium.

Furthermore, the participant is required to obtain an independent professional home inspection of the unit's major systems at the participant's expense. MPHA will review the independent inspection results for the unit's major systems.

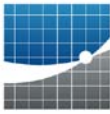
### ***Financing***

Participating families are responsible for securing financing for the purchase of a home that is insured or guaranteed by the state or Federal government. The purchase must also comply with secondary mortgage market underwriting requirements, or comply with generally accepted private sector underwriting standards. A minimum down payment of 3 percent of the purchase is required for participation in the Moving Home program. For all families, except the elderly and disabled, at least 1 percent of the purchase must come from the family's personal resources.

The participant's Section 8 monthly mortgage assistance payment is calculated as either (1) the Section 8 voucher payment standard minus the Total Tenant Payment (TTP), or (2) the monthly homeownership expenses minus the TTP. Mr. Boyd stated that only one participating family has experienced foreclosure thus far.

### **Saving Home**

MPHA's MTW Section 8 foreclosure demonstration initiative, Saving Home, provides foreclosure prevention opportunities for MPHA's Moving Home homeowners who have demonstrated that they are in a hardship situation through no fault of their own, and are under threat of default on their mortgage loans or are in foreclosure. Other homeowners in North Minneapolis can also be eligible for assistance through this program.



MPHA issues a preliminary estimate of Section 8 mortgage assistance based on each family's household circumstances and the existing PITI. If MPHA's estimates of Section 8 mortgage assistance are deemed sufficient to cure the mortgage default, and the lender agrees, MPHA may provide Section 8 mortgage assistance to help sustain the family's home for a period of, but not to exceed, 10 years.

## USING MTW WHEN PROJECT-BASING VOUCHERS

MTW Program Director, Ivan Pour, opened the discussion by noting that the session's topic is the use of MTW to facilitate the project-basing of Housing Choice Vouchers (HCV). Mr. Pour noted that MTW agencies can have greater flexibility in the use of project-based vouchers than non-MTW agencies. Project-basing has had a checkered history within HUD and with housing advocates. Some have viewed this housing model with suspicion. HUD today considers project-basing to be an important tool for the development of low-income housing.

Mr. Pour noted that Jon Gresley, Executive Director of the Oakland Housing Authority (OHA), has been invited to present information on OHA's self-redevelopment of their Tassafaronga Village public housing development. The use of project-based vouchers is a key part of this redevelopment effort.

Jon Gresley noted that he would review two OHA initiatives related to project-based vouchers in addition to discussing Tassafaronga Village: 1) the transition of over 1,500 scattered site public housing units to project-based vouchers through the disposition process; and 2) the establishment of the One Program initiative, which will convert the operation of OHA's 1,600 remaining public housing units to a project-based voucher type system without the deployment of actual HCVs. Both strategies will rely on the use of MTW flexibilities. MTW authorizations will be utilized to project-base tenant protection vouchers in deprogrammed scattered-site units owned by an OHA affiliate without competition and to exceed the 25-percent limit on the number of project-based vouchers that can be used in one building. The transformation of public housing operational policies to mirror a project-based HCV system for the One Program initiative will only be possible with MTW authorizations.

### **Oakland Housing Authority's Self-Redevelopment of Tassafaronga Village**

Mr. Gresley noted that Tassafaronga Village is the last of OHA's four large public housing developments requiring demolition and redevelopment. The first three received HOPE VI grants. Tassafaronga is located in a mixed-use neighborhood. To the south of the site are single family homes. To the north of the site are light industrial facilities. Near the site are a new library and elementary school. A major goal of the Tassafaronga redevelopment effort is to link the site with the adjacent school. To make this possible, OHA executed land swaps and acquired a former macaroni factory building.

OHA tried several times to obtain a HOPE VI grant for this development but was unsuccessful. This process, however, did allow OHA to complete an extensive planning process. Developers interested in partnering with OHA on other redevelopment efforts indicated that they would prefer having project-based vouchers rather than public housing units in the new community. OHA therefore decided to forgo pursuing HOPE VI assistance and requested and received HUD demolition approval and tenant protection HCVs for these units.

A redevelopment plan was then initiated to replace the existing Tassafaronga units with a new mixed-income community following the successful principles of OHA's previous HOPE VI



efforts. This plan did not include HOPE VI funding but did rely on several MTW authorizations. The major features of this plan are as follows:

- The total number of housing units at the site will increase from the pre-redevelopment number of 87 to 179. This includes retrofitting the former macaroni factory building into housing units. The number of very low-income units onsite will also increase from 87 to 99.
- The per unit level of subsidy for units dedicated to serving extremely-low and very-low income households will increase from the pre-redevelopment per unit amounts.
- A total of 22 homeownership units will be added to the site.
- A total of 19 units with services dedicated to households with a family member with HIV/AIDS will be established on the site. OHA will seek Housing Opportunities for Persons with AIDS (HOPWA) funding for these units but will provide these units even if HOPWA funds are not obtained.

The process being used to pursue this redevelopment effort is as follows:

- OHA has created an affiliate to serve as the owner for this new community.
- OHA then utilized MTW flexibility to assign project-based vouchers to this affiliate without competition.
- OHA is using MTW flexibility to exceed the 25-percent limit on the placement of project-based vouchers in a building.
- OHA is utilizing MTW funding flexibility to provide some of the capital funding necessary to construct the new units.

### **Oakland Housing Authority's Disposition of Scattered Site Public Housing Units**

OHA has 1,615 scattered site units grouped into 254 sites throughout Oakland. Most of these are 3 bedroom units, which accounts for most of Oakland's 3-bedroom rental units. OHA has received HUD approval to dispose of these units and is awaiting HUD's award of tenant protection vouchers for the families living in these units. Once received, these vouchers will be projected-based in these former public housing units.

OHA has utilized MTW funding flexibility to repair the exteriors of many of these scattered site facilities, but there would have not been enough public housing funding to ever repair and manage all of these units. OHA is continuing to modify scattered site units, where appropriate, for persons with disabilities. Project-basing HCVs in these units will provide higher levels of funding to address these activities.

Mr. Gresley noted that one impact of transitioning to vouchers might be that a large number of the existing scattered site households may choose to request a tenant-based voucher and then move. Despite this possibility, Mr. Gresley believes that these households should have the right to leave if they wish. Because of the shortage of 3-bedroom unit rental options in Oakland, it is assumed that the former scattered site units will remain desirable.

### **Oakland Housing Authority's Development of the One Program Initiative**

Taking a close look at the public housing and HCV systems underscores how dissimilar these programs are. For example, public housing residents cannot relocate to another jurisdiction while HCV households can take their voucher and leave after one year. The HCV program provides more money for landlords and allows greater staffing levels for housing authorities than does the public housing program. This is unfair to public housing residents.

To rectify this imbalance, OHA proposes to merge both programs into a single One Program system patterned after the HCV program. Public housing units not included in the scattered site disposition process will be operated as if they were project-based voucher units. MTW funding flexibility will be used to support these public housing units. This transition is scheduled to be completed within the next 15 months.

The agency's Admissions and Continued Occupancy Policy (ACOP) will be merged into the HCV Administrative Plan with standardized rules that apply to both programs. The specific project-based voucher features for the public housing units and households will be as follows:

- These public housing residents will be allowed to receive a voucher and relocate if they wish after a specified period of time, just like HCV families. Households will be placed on a special transfer voucher waiting list. Approximately 85 to 90 OHA vouchers become available each month and will be reissued alternatively between new applicants and persons on the transfer waiting list. If there is a high demand, it might be a long wait for some families before they receive a transfer voucher.
- Funding provided for the public housing units will be increased. OHA has completed a preliminary analysis of the funding provided for similar public housing and HCV units and found that HCV units received approximately \$550 more per month for operations. Based on recent HUD funding allocations, OHA would never receive enough public housing subsidies and capital funding to properly manage and repair these units.

OHA has not pursued the implementation of term limits because the expensive Oakland housing market provides limited opportunities for existing residents to move to market rate rental units.

It was noted that this proposed One Program initiative has not yet been fully presented in the OHA Annual MTW Plan, although it is referenced in the Sources and Uses of Funds section. Some details of this new system have yet to be developed, such as plans for developing project

reserves. Mr. Gresley notes that everything might not work as planned. The point of MTW is to try and to learn. Agencies should be willing to take risks.

### **Oakland Housing Authority Overview**

In answer to questions on how these activities fit within OHA's other MTW strategies and organizational issues, Mr. Gresley provided the following OHA overview:

- OHA has the following three basic housing types:
  - Large public housing communities, including senior developments that have been rehabilitated and are in reasonably good shape.
  - Over 1,600 scattered site units that have been difficult to manage. They were all built in the late 1960s and early 1970's and were designed to integrate public housing into Oakland neighborhoods. This did not work.
  - HOPE VI mixed-income developments that are working very well and serve as a model for future affordable housing development efforts.
- OHA's long-term goals are to sell off scattered site housing sites and replace them with larger (100 to 150 unit) mixed-income communities patterned on the HOPE VI model. Approximately 30 percent of these units would be project-based HCVs.
- OHA has devoted extensive time transitioning from a silo organizational structure to a property-based asset management model. This resulted in cannibalizing the OHA resident services department with the result that resident programs have suffered. OHA is now reestablishing a Resident Initiatives Department utilizing MTW funding flexibility. The goal is to restore quality services to new and existing residents.
- OHA is interested in partnering with outside organizations to provide supportive housing for target populations. One such effort is the MOMS program, reuniting children with their mothers just released from prison. These families are placed in one scattered site development that has been dedicated to this program.
- OHA reported that Oakland is one of the most integrated cities in the nation. One person attending the session, however, suggested that OHA be careful to comply with fair housing mandates when these new programs are initiated.
- OHA has not yet adopted an MTW rent policy. Developing and adopting a new rent policy will probably be on hold until the conversion activities mentioned above are launched.

## Q&A ON ATTACHMENT B: SECTIONS V AND VI – MTW ACTIVITIES

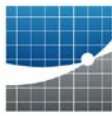
Marianne Nazzaro, Moving to Work (MTW) Coordinator, led a session discussing the required reporting elements in Sections V (Proposed Activities) and VI (Ongoing Activities) of Attachment B to the MTW Agreement (Form 50900). Ms. Nazzaro began by noting that the session would not be a formal presentation, but would instead provide an informal opportunity to review the required reporting elements in Sections V and VI, and for MTW agencies to ask any questions they may have on these requirements. Ms. Nazzaro noted that many agencies have already started submitting Plans and Reports in the new format and that going forward all agencies will be submitting Plans in the new format. Ms. Nazzaro said that agencies can prepare for the new reporting format by reviewing the January 2009 webcast, the evaluation training materials, looking at other MTW agencies' Plans, and by utilizing HUD's MTW and policy staff as a resource.

In response to a question on what resources HUD can offer to housing authorities to assist with developing evaluation methods, Ms. Nazzaro said that HUD does not have specific funds, but that HUD's policy and MTW offices can work directly with the agencies to provide technical assistance in making the transition to the new reporting format. Ms. Nazzaro noted that the Plans submitted by the Housing Authority of San Mateo County (HASMC), Vancouver Housing Authority (VHA), Delaware State Housing Authority (DSHA), and Minneapolis Public Housing Authority (MPHA) all provided good examples of agencies that have successfully transitioned to the new requirements.

An agency representative noted that it is difficult to go back to existing MTW activities and develop baselines and benchmarks for those activities. He said that agencies should try to develop solid baselines and benchmarks when planning a new MTW activity, so that relevant information can be collected and tracked from the start. MTW agencies need to make the development of metrics a part of their planning process. Ms. Nazzaro agreed that this was a good approach for MTW agencies to consider.

Another agency representative questioned the fact that the OMB approval of Form 50900 only extends until 2011 and wondered if it was likely that the reporting requirements would change substantially at that time. Ms. Nazzaro responded that HUD does not anticipate major changes to Attachment B in 2011, but instead, expects that some minor things that have been noted to be missing will be added. The question was raised on whether agencies could continue to submit their Annual MTW Plans and Reports in the existing organizational order, and Ms. Nazzaro said that in the first year this is acceptable, as long as all elements were provided and a cross-walk was included.

Another representative asked if HUD was moving in the direction of a reporting template in the future. Ms. Nazzaro said that in a perfect world, yes, an online template would be the desired direction. However, Ms. Nazzaro said that HUD is not at that point yet due to a lack of resources.



An agency representative asked if HUD has a preference for table-based or text-based Plans and Reports. Ms. Nazzaro stressed that a mix of these two presentation formats was best, utilizing tables to effectively present data, and supplementing the tables with discussion or description when needed. Ms. Nazzaro noted that a copy of the table shell that was provided to agencies during the January 2009 training is included in the conference registration packet and agencies should consider using this to summarize the long narrative information on their MTW activities.

A participant then asked if the quarterly reports associated with the Recovery Act should be included in the MTW Plan submission. The response is that Recovery Act funds should be reported in accordance with OMB requirements.

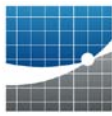
Ms. Nazzaro then asked the group to go to Sections V and VI of Attachment B so that the group could discuss questions specific to this section. It was noted that an MTW activity is a group of waivers used together to implement a change. An agency representative said that in preparing the agency's Plan, they first grouped multiple waivers together, but then ungrouped the waivers, because they determined that it was too difficult to create baselines and benchmarks for grouped items.

An agency representative said that their MTW Coordinator told the agency to only include MTW activities in the MTW Plan. Ms. Nazzaro said that the MTW activities are the most important part of the MTW Plan but that it may be easier to put all of the activities into one place for stakeholders to review. Ms. Nazzaro noted that the options sections of the MTW Plan (Sections III and IV) provide space for such information.

A participant provided an example of a homeownership program as an MTW activity, where the agency used fungibility to access funds to pay staff to administer the homeownership program. The group asked which piece of this is the MTW activity – the homeownership activity or the fungibility? It was agreed that the fungibility was the MTW activity because it was utilizing an MTW authorization.

The group next discussed measurements, and it was noted that outcomes and impacts are what should be measured. An agency representative asked where to put information on impact analyses for rent reform activities. She noted that according to Form 50900, it appears that there are three places to put this information, and she asked if agencies should place the same information in all of those spots. Ms. Nazzaro said that it is acceptable to refer a reader to another section in the document for the information as opposed to listing it multiple times. It was also noted that the impact analysis for rent reform activities should consider the impact on both the agency and the residents. Ms. Nazzaro noted that HUD has drafted guidance on impact analysis and hardship policy development, which will be presented during a session on Wednesday.

A participant inquired as to the distinction between Sections V and VI. Ms. Nazzaro said that Section V should only contain proposed MTW activities and that Section VI should contain the ongoing activities. Ms. Nazzaro also said that MTW agencies will have to determine a way to measure old MTW activities. In doing this, the baseline should be set to now for old activities,



recognizing that the impacts of the activity may have already been realized by the agency. HUD can work with the agency to go back and retrieve data if the agency has the data available. Further, Ms. Nazzaro said that agencies should retain MTW activities that have not yet been implemented in Section V of the MTW Report submission.

Another participant asked if they make changes to an existing MTW activity, specifically if the agency expands the safe harbor piece of its work requirement activity, is that a proposed on ongoing activity? Ms. Nazzaro said to include this as a proposed activity. It was further clarified that for activities that are only considered MTW because of their use of funding fungibility, then the MTW activity is actually the fungibility.

An industry group representative inquired about MTW statutory waivers benefiting landlords. Specifically, he presented an example of a 30-day time period on non life threatening unit inspections. An agency representative said that they are tracking evictions and other impacts on landlords. Another agency's representative noted that their vacancy payments to landlords are an example of an MTW initiative benefiting landlords, because the agency could not pay these without MTW.

A question was raised regarding whether agencies need to request approval in the MTW Plan in order to conduct an activity that is authorized in Attachment D. MTW agencies must request approval in the MTW Plan in order to implement any Attachment C and D authorization.

A question was raised regarding whether MTW agencies can waive parts of the 1937 Act that are not listed in Attachments C or D. Ms. Nazzaro said this is likely possible but it will need to be go through internal HUD clearance and it will take longer to obtain a response on this than on normal requests for authorization to use Attachment C and D waivers.

A question was raised regarding what actually constitutes an "outside evaluator". Ms. Nazzaro said any evaluators solicited by the agency should be included in this section.

Ms. Nazzaro reminded participants in the session that there are examples of Plans and Reports submitted by other MTW agencies available on the HUD website and agencies should review those for additional ideas.

## **PROJECTED-BASED VOUCHERS – DISPOSITION OF PROPERTY**

At this session, the Keene Housing Authority (KHA) discussed how it uses its Moving to Work (MTW) authority when project-basing its vouchers following the disposition of the majority of the housing authority's public housing stock. KHA explained how MTW flexibilities were crucial in undertaking this activity and navigating the recent economic downturn. The presentation was made by Curt Hiebert, Executive Director of KHA. Tamara Gray, of HUD's Special Applications Center, facilitated the discussion.

### **Keene Housing Authority Public Housing Disposition**

In 2008, KHA received HUD's approval for the complete disposition of the agency's public housing stock. KHA is not getting rid of the units, but only changing the way that these units are funded in order to preserve their viability. KHA received project-based Section 8 vouchers for the units, which will help fund the operating expense; and, through creative financing, the agency plans to invest considerable financial resources into the properties over the next two years to repair and modernize the units.

Mr. Hiebert stated that KHA owned and managed 228 units of public housing that were in need of repair or rehabilitation. Of these 228 units, KHA plans to sell 15 of them and the remaining 213 units will be disposed of and assistance will be provided through project-based vouchers. Under KHA's MTW Agreement, the agency can project-base up to 50 percent of its vouchers.

KHA used its MTW fungibility to dispose of its public housing units by transferring ownership of the units to an affiliate non-profit, the Keene Affordable Housing Limited Partnership, and project-basing the new vouchers that the agency received from HUD. KHA's capital funds and reserves had not been adequate to fund the necessary capital repairs at the public housing developments, which were constructed between 1965 and the early 1970s. KHA said the lack of financial resources to repair these properties prompted the agency to make the decision to dispose of them and refinance the properties. KHA will no longer have a public housing program, but it will have a greatly expanded Section 8 voucher subsidy program.

KHA's family housing had had no significant remodels and the housing stock was in need of many repairs. KHA also operated elderly housing that consisted of efficiency units built in the late 1960s. The building had very limited accessibility and the units were not competitive with other recently built affordable housing for seniors in the Keene community. Mr. Hiebert said the units needed new roofing and siding, along with extensive kitchen repairs. Under the disposition plan, KHA plans to create one-bedroom units at the site through reconfiguring the unit layout.

KHA has the authorization to serve households at up to 80 percent of the Area Median Income (AMI). Currently, 85-87 percent of the households served by KHA are under 50 percent of AMI.

### ***Financial Considerations***

KHA had brought in a financial team to advise the agency on the financial feasibility of its plan. Mr. Hiebert said the agency's disposition plan hit a road block with the economic downturn in September 2008. Because of the economic downturn, KHA ended up signing an agreement with a local bank to do a conventional mortgage. The agency will also have access to tax credit and CDBG funds for capital needs.

KHA will now have the funds to make the needed capital repairs and secure and maintain this housing stock for at least the next 20 years. Under the new funding model for KHA's former public housing units, the agency will have four to six months in operating reserves for these units, something which would not have been possible using the public housing funding model. KHA will also now have additional funds to direct toward case management services that will help families achieve greater self-sufficiency.

### ***Public Review Process***

KHA issued a notice of public housing disposition and held public hearings to discuss the agency's plans. Approximately 75 people attended the public hearings, and nearly all were in favor of KHA's plans. Deputy Assistant Secretary Dominique Blom said that when agencies submit their disposition plans to HUD, one of the primary items that HUD will be looking at is the public review process. Mr. Hiebert said the local newspaper, the *Keene Sentinel*, also wrote articles about the agency's disposition plans that turned out to be favorable articles.

### ***Relocation***

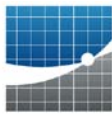
KHA developed a relocation plan and hired a relocation specialist to work with residents throughout the relocation process. All residents received the option of receiving a tenant-based voucher and leaving the program, or moving into one of the rehabilitated project-based units. Mr. Hiebert said only 12 households took the tenant-based vouchers and left the program.

### ***HUD Disposition Review Process***

Deputy Assistant Secretary Dominique Blom said it is important for MTW agencies to note that HUD's disposition regulations can not be waived under MTW. She said HUD will engage in a very critical review of any agency's plans to dispose of its public housing stock. HUD will examine disposition plans to ensure that there will be a benefit to both the residents and the housing authority. She said HUD will also take into consideration the public perception regarding the disposition of the public housing units. Public housing agencies that want to pursue disposition will need to convince both HUD and their local community why the disposition of public housing stock will benefit the residents, the housing agency, and the community. Ms. Blom mentioned that frequently when disposition plans are announced that local reporters will contact HUD to discuss the local agency's plans.

The sale proceeds from any disposition of public housing stock will have to be used toward public housing or Section 8 housing in accordance with the 1937 Housing Act. Ms. Blom said





the public housing stock must be either sold or transferred to an affiliate organization. In a separate application, the housing authority can be eligible to apply for tenant-protection vouchers. She stressed the importance that this application is a separate one from the disposition plan. The tenant-protection vouchers are not automatically attached to the approval of an agency's disposition plan.

Ms. Blom noted the difference between conversion of public housing units and disposition of public housing units. For a conversion, the public housing authority typically retains ownership of the building/development and tenant protection vouchers are issued. For a disposition, the building/development is sold or transferred. Ms. Blom encouraged housing agencies that are considering disposition of public housing units to discuss their plans with HUD and to be prepared to discuss their plans with residents and the local community.

## INTEGRATING RESIDENTS INTO THE MTW PLANNING PROCESS

Bob Boyd, Director of Policy and Special Initiatives, and Mary Abrahamson, Information and Website Coordinator, for the Minneapolis Public Housing Authority (MPHA) shared information in this session on MPHA's established processes for integrating residents into the Moving to Work (MTW) planning process. Mr. Boyd began the discussion by noting MPHA's mission statement:

*"The mission of the Minneapolis Public Housing Authority is to promote and deliver quality, well-managed homes to a diverse low income population; and as a valued partner, contribute to the well-being of the individuals, families and community we serve."*

The agency starts all activities by reviewing this statement to ensure that their actions remain true to the mission. Mr. Boyd then described the resident population at MPHA. He said that there are a total of 22,611 public housing and Section 8 participants at MPHA, of which 26 percent are non-English speaking. The agency has significant elderly and disabled populations. Residents have a mix of professional backgrounds, including college professors, authors, and veterans. The resident population is very active, communicating with MPHA and advising and actively participating.

MPHA has a rich history of resident involvement. Mr. Boyd noted achievements in three areas – social services, resident self-government, and resident participation. Regarding resident self-government, Mr. Boyd noted that approximately 5,000 of the agency's residents are represented by the Minneapolis High-rise Representative Council (MHRC), a citywide resident council that provides services to a variety of resident empowerment programs. Funding from the Laundry Project – a total of approximately \$180,000 per year – helps to fund resident groups and their activities. Residents also are active in project lookout, where residents volunteer to help with security monitoring. Resident groups also engage in diversity initiatives with MPHA to reach out to the large variety of ethnic groups housed by MPHA.

Mr. Boyd noted that MPHA has established various venues for resident involvement, including:

- Two resident board member positions (on MPHA's board of directors),
- 41 resident councils,
- Two family-based resident councils, and
- Resident participation funds.

MPHA strongly feels that resident participation is important for two key reasons. First, public housing creates homes for thousands of families and residents should have a say in shaping their homes. Second, every policy, program, rule, regulation, event and decision made by MPHA impacts residents and thus they should have a say in these changes. Mr. Boyd noted that resident involvement will impact their own lives.

MPHA has created a Resident Advisory Board (RAB) to help develop the MTW Plan. This 15-member group is a diverse cross-section of MPHA's population. In addition to assisting in the development of the MTW Plan, the RAB works with MPHA on any significant amendments or modifications to the Plan.

### **The MTW Planning Process**

Mr. Boyd said that the MTW planning process begins with a review of the prior year's initiatives and their status. Comments and responses provided by MPHA are also reviewed to ensure that the agency did what they said they would do. Finally, the group reviews their guiding principles and determines whether any changes are needed to these principles, which will drive the planning process.

MPHA's MTW planning process includes the development and administration of a resident/participant survey, a review of MPHA's Statement of Policies (ACOP) and the Section 8 Administrative Plan, a draft of the MTW Plan (which is made available for public comment), and the final Plan for submission to HUD.

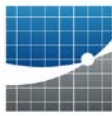
For the resident/participant survey, an agency representative stated that his works with the RAB and resident organizations to create the survey instrument. The survey is sent to all resident groups and to a random sample of 100-150 Housing Choice Voucher participants. The agency generally gets about a 30 percent response rate. Another agency's representative asked if each resident council fills out one survey or if each member on the council fills out the survey. Mr. Boyd said that the survey is made available to all members of each resident council.

Mr. Boyd said that MPHA staff members attend the monthly MHRC meetings and other resident group meetings to obtain input and to provide updates on the MTW planning process. Mr. Boyd and Ms. Abrahamson also attend internal departmental meetings at MPHA to obtain staff input and ideas.

In order to begin drafting the Plan, the RAB reviews the survey comments and other commentary received from various stakeholders; and then establishes its priorities for the draft Plan. MPHA departmental heads review the RAB's priorities list and use the recommendations to write the draft Plan. Once drafted, the Plan is made available for public review. MPHA staff meets with residents regarding the Plan and formally presents the Plan to resident groups. Revisions are made based up on the feedback received.

Finally, MPHA holds what is termed, 'the Advance Meeting' with a large group of residents. During this meeting, MPHA staff formally present the revised draft Plan and any resulting changes to the ACOP, Section 8 Administrative Plan, or capital fund plans. Comments are solicited and lunch is served to all participants.

MPHA holds an open public hearing on the revised Plan and final comments are taken from stakeholders. MPHA staff members respond to every comment received during the public review period in the final MTW Plan. After the public hearing comments and any other comments have been addressed, MPHA staff present the final Plan to the RAB for approval, then the Tenant



Advisory Board for approval, and finally the Board of Commissioners. Upon receiving Board approval, the Plan is submitted to HUD. Mr. Boyd noted that this is a long and arduous process, but that MPHA feels it is truly important to involve residents in this way.

## **Discussion**

Luci Blackburn (HUD) asked how MPHA addresses activities that the agency would like to pursue that might impact residents. Mr. Boyd said that yes, this does happen. He cited the example of restricting the number of overnight visitors residents were allowed to have by charging overnight fees to violators. Mr. Boyd also noted that on the flipside, not all resident ideas can be implemented by MPHA due to HUD rules and funding restrictions. The planning process is a compromise, and the dialogue necessary to reach compromises takes time, but MPHA feels it is worth it in the end.

An agency representative said that the agency has had a hard time soliciting resident input and participation because residents don't have issues that are of immediate concern to them. MPHA recommended that the agency consider using the community service requirement to obtain participation, by counting resident participation as community service. Further, Mr. Boyd noted that it is important to ask residents what they would like the housing authority to be and what the agency should do differently. Then, note to residents that many of the changes to get to that vision can be made via MTW.

Another agency representative asked how the Advance Meeting is promoted. Mr. Boyd said that MPHA places an invitation in the rent statements sent to tenants, formally invites resident groups, provides lunch, provides translators, and advertises in resident newsletters.

Ms. Blackburn noted that there are not time limits on the guiding principles handout. Does that mean they never change? Mr. Boyd said that the sheet is intended to be used for one year and that it is re-evaluated annually.

An agency representative asked if legal aid and others were at the Advance Meeting, do they still come to the public hearing with the same comments. Mr. Boyd responded that it depends on the situation and the controversy at hand. But, Mr. Boyd noted that if you include legal aid and others early in the process you will know what issues/comments you'll face at the public hearing.

## EVALUATING MTW INITIATIVES – ATLANTA HOUSING AUTHORITY BENCHMARKING STUDY

This session was led by Dr. Thomas Boston, CEO at EuQuant and a professor of Economics at the Georgia Institute of Technology, who conducted the Atlanta Housing Authority (AHA) Benchmarking Study.

### Study Overview and Design Considerations

Dr. Boston opened by saying that the AHA Benchmarking Study discussed in this session involved evaluation of the mixed income initiatives. The purpose of the study was to measure the effects of the MTW waivers on the MTW population, local communities and the agency. Dr. Boston noted that the factors that guide MTW policies include the quality of living environment, choice for families, expectations of families, and the vision of realizing human potential. The AHA study tracked MTW participants from 1995 through 2007 while the CHA study tracked participants from 1999 to present. Both studies found that having choice motivates families to become more self-sufficient. It also was found that the expectations play an important role in the ability of families to increase their own potential.

Dr. Boston provided an overview of the housing policy feedback loops diagram that demonstrates interrelationships between neighborhood and family characteristics, types of housing assistance other than MTW, and MTW policy interventions. It was noted that housing assistance is a very dynamic environment and, since neighborhoods can differ greatly in their characteristics, policy intervention designs can and should vary as well. One of the things that should be asked in an evaluation is how different groups of people and different neighborhoods are affected. How do the pre-existing conditions in the neighborhood affect the policies that you want to implement? The goal of research is to make sense of the available data to answer these questions to the best possible degree in order to design optimal programs. The challenge is to figure how the data and analysis tools should be set up to track families from one environment to another and assess how public policies affect them.

Dr. Boston listed the following central questions answered by the AHA Benchmarking Study.

- How did MTW policies affect housing assistance?
- Where did families relocate?
- Did they move to better neighborhoods?
- What does “a better neighborhood” mean?
- Did families lose housing assistance?
- Did employment and self-sufficiency improve with relocation?
- How is self-sufficiency measured?
- Did selectivity effects or policy effects cause positive outcomes?

- Do housing policies influence school performance?
- Does mixed income revitalization improve social welfare?
- Have vouchers influenced violent crime in destination neighborhoods?

Dr. Boston noted that the ultimate question that needs to be asked in evaluation of any public policy intervention is whether or not the society is better off as a result of the intervention. Another question that needs to be asked is whether there are alternatives that can be more effective.

Dr. Boston proceeded to list the following important factors for family benchmarks:

- Types of housing assistance available on benchmark date;
- Policy regime relative to each type of assistance;
- Special policy and/or legal status of family;
- Family housing program/status/tenure/history;
- Household demographic characteristics;
- Household economic characteristics;
- Household employment characteristics & labor force engagement;
- Household disability characteristics;
- Housing quality;
- Rental characteristics;
- School attendance and performance characteristics of children; and
- Supportive services available to families.

A question was posed about how mixed-income revitalization can be evaluated. Dr. Boston answered by saying administrative data can be used to do this type of evaluation as it allows for retrospective investigation. With administrative data it is possible to choose a benchmark year, something that cannot be done with survey data. In this study, the task was accomplished through a quasi-experimental design where 1999 data was used to identify a number of housing projects with similar characteristics as the ones that got revitalized. Those projects were used as the control group. Dr. Boston noted that when planning an evaluation it is important to decide on the measure of effectiveness as well as develop a framework where there is a comparison group and ensure that the treatment and the control groups are as evenly matched on as many characteristics in the beginning of the experiment as possible. The researcher should document both what the families look like and what the policies are like including any exceptions and special requirements.

The following were listed as the important neighborhood benchmarks:

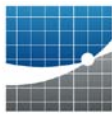
- Geocoded household addresses as the families are followed wherever they move.

- Census tract characteristics used as the basic underlying definition. The Census Bureau data is quite outdated but newer data that sometimes goes up to 2005 can be obtained from the planning authorities.
- MPA census tract updates.
- Elementary school attendance zone characteristics. Dr. Boston said middle and high school characteristics are not a good choice for neighborhood benchmarks since there are fewer of them in the neighborhoods than there are elementary schools; direct effects are thus much more obvious from the elementary school performance. A question was posed on whether it was assumed that all children attended their neighborhood school. Dr. Boston replied that it was not and noted that if proper arrangements are made children's performance can be tracked in any school. School quality here is used as an attribute of the community and helps to determine characteristics of the community to which the family moves, rather than to assess student performance. School attendance can be overlaid on the census tract as can be the benchmarks listed below.
- Crime characteristics.
- Business and commercial property characteristics (Business license data can be obtained from the county government).
- Transit accessibility.
- Neighborhood affordability.
- Health indicators.

The following characteristics unique to the EuQuant study approach were listed:

- Studied all families assisted by PHA (20,000 AHA families),
- Measured each family longitudinally,
- Created a multidimensional index of neighborhood characteristics that included 16 different factors,
- Create a multidimensional index to measure family self-sufficiency (SSI),
- Merged statistical and spatial analysis,
- Measured children's performance in school,
- Measured the benefits and costs of mixed-income revitalization, and
- Measured the effect of vouchers on neighborhood crime.

Dr. Boston continued by discussing a graph depicting the changes in AHA housing assistance recipient populations. The graph showed that in 1995, 33 percent of housing assistance came in the form of Housing Choice Vouchers (HCVs) and 67 percent constituted affordable developments. In 2007, HCVs represented 58 percent of housing assistance and affordable developments represented 33 percent. Dr. Boston said that the change resulted from AHA's



quality of life initiative, which plans to eventually eliminate all public housing and transition to mixed-income communities, which in 2007 represented 9 percent of AHA's housing assistance. Vouchers inside city limits were considered separately from those in suburbs.

One of the questions answered by the study was whether or not families lost housing assistance as a result of relocation to mixed income communities. Testing that question required looking at the exit rates in two groups that differed only by the community transformation. In order to do this, data going back to 1995 was obtained and comparable communities identified. Communities transformed into mixed-income communities since 1995 were used as the treatment group and communities that were not served as the control. The groups were then compared at a later date and no statistically significant differences in the attrition rates were identified. Thus, the claim that mixed-income communities make people lose housing assistance was not supported by evidence.

### **Community Attribute Index**

Census tracts can be compared on a variety of characteristics including median income, poverty rate, Iowa Test of Basic Skills (ITBS) 3<sup>rd</sup> grade performance, ITBS 5<sup>th</sup> grade performance, the average price of single-family homes, and so on. In order to identify which characteristics were the strongest indicators of neighborhood quality, a factor analysis was conducted. Approximately 200 variables were cross-correlated with census tract characteristics and the 16 most important variables were identified. The strongest indicators included: median household income, composite ITBS score, writing assessment score, percentage of female-headed households, poverty rate, higher education achievement, number of households, number of housing units, population count, single-family housing units count, percentage of population in the 45 to 59 age bracket, percentage of married households, and violent and overall crime rates. The variables were grouped into six categories and each variable was weighted according to its relative importance. The six Community Attribute Index (CAI) variable categories (dimensions) are: economic opportunity, poverty status, education attainment, housing and population, family stability, and rate of crime.

Dr. Boston noted that the significance of specific factors varies by location. To compare different geographic areas, values can be reduced to a common scale and an average can be taken. This will produce standardized scores for different geographies. A standardized CAI score can then be assigned to different census tracts and color-coded on the map based on quartile. Plotting the families' residences in 1995 and then 2007 on the map will track how the quality of an individual neighborhood changed over time. The result in Atlanta was that, on average, families lived at better neighborhoods in 2007 than in 1995. A question was posed as to why the neighborhoods indexes were created for 2007 and not for 1995. The answer was that it would make it hard to disentangle the neighborhood effects from family characteristics; something has to remain constant.



## **Self-Sufficiency**

Self-sufficiency was measured by a multidimensional self-sufficiency index that took into account such factors as the difference between family income and the poverty line, the difference between the rent amount paid by household and the fair market rent, deviation of the household income from the area's median, and employment status. Individual index scores were compared over time to assess changes in self-sufficiency.

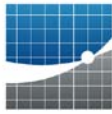
It was noted that employment rates were higher in 2007 than in either 2004 or 1995. The difference in employment status between families with and without work requirements and families in different communities also was assessed. The population used for employment analysis included only non-disabled individuals between the ages of 18 and 65. It was determined that increase in work between 1995 and 2004 would be attributed to the change in the Temporary Assistance to Needy Families (TANF) program policies. An assessment of the percent of families with no incomes was also completed.

## **School Performance**

The question asked in this part of analysis was whether children's performance in school varies depending on the type of housing assistance received. The question was answered by matching Atlanta Public School System students with their academic records. This expanded the range of data available for the evaluation to include the information on programs families participated in, family characteristics, and children's performance in school. The results showed correlation between the type of assistance and performance: children in mixed income communities performed on average at the 50<sup>th</sup> percentile while children in housing assistance performed at the 46<sup>th</sup> percentile. Analysis of 3<sup>rd</sup> and 5<sup>th</sup> grade ITBS scores for children in conventional, mixed-income and voucher housing revealed an association as well.

The next step was to determine what factors are the most significant in school performance. The first model assessed the impact of certain attributes on standardized test performance without controlling for the quality of school. Beta coefficients (measures of statistical significance indicating how much school performance is explained by certain characteristics) were calculated. The factors that came out as important included total absences during the school year, living in mixed-income communities versus living in public housing, increases in family size, and the student's gender (females tend to perform better). Total household income did not show a significant effect.

In the second model, where results were controlled for the quality of school measured by the overall school performance, living in a mixed-income community was no longer a statistically significant factor. In the second model, the only factor that mattered was how the school as a whole performed. This result indicated that access to a good school is the one factor that really matters for student success. The difference in performance of the children residing in mixed-income communities and those in public housing can be explained by the fact that children residing in mixed-income communities have access to better schools. Raising the school performance will thus raise the students' performance.



## **Conclusion**

Dr. Boston noted the study's overall conclusion that quality environment and access to better quality schools matter greatly for individual outcomes.

## **Discussion Questions**

### ***Were the results controlled for individual motivation?***

Selectivity effects were not tracked in this study but could be tracked by looking at individual likelihoods of getting a voucher using factors such as employment status and education attainment. Once the probabilities for all of the families are calculated, families with like probabilities are grouped together and then separated out into those who get vouchers and those who don't, and the differences in income can be assessed. This allows for the assessment of selectivity effects by using proxy variables for motivation. Applying this analysis to Atlanta's data still resulted in positive effects produced by the environment alone.

### ***Was the relationship between the concentration of vouchers and the rate of crime assessed?***

Yes. Crime incidence statistics were obtained from the Atlanta police department for the past 10 years and mapped over the census tracts. The location of vouchers was then correlated to crime controlling for poverty rates, rates of vacant buildings, and a host of other factors. The study found that there was no statistically significant correlation between the presence of vouchers and crime in the community.

## MTW AND OPERATING AND CAPITAL FUND FINANCING

Participants in this session discussed how they can use their Moving to Work (MTW) flexibilities in developing capital fund financing proposals. The Housing Authority of the City of Pittsburgh (HACP) shared its experiences and discussed its challenges in developing such funding strategies. Kevin Gallagher of HUD facilitated the session.

Mr. Gallagher provided a brief overview of three forms of HUD financing:

- Capital Fund Financing Program (CFFP)
- Operating Fund Financing Program (OFFP)
- Public Housing Mortgage Program (PHMP)

### **Capital Fund Financing Program**

Mr. Gallagher noted that PHAs who do not have enough funds in a single year to be able to make all of the improvements needed to maintain public housing units can utilize the financing element of the Capital Fund. Under HUD's CFFP, a PHA can borrow using private financing methods to make improvements to public housing units; the PHA then uses future Capital Funds to repay the loan.

The financial structure for the CFFP is generally a 20-year term and up to a 33.3 debt service limitation. Under the CFFP, the borrower pledges a future appropriation as collateral or they may use real estate proceeds to pay off the loan. The housing authority is required to double-check unsecured loans and is highly advised to get legal advice from an attorney in writing before engaging in this activity.

### **Operating Fund Financing Program**

With written approval from the Assistant Secretary of the Office of Public and Indian Housing or the Deputy Assistant Secretary of the Office of Public Housing Investments, MTW housing authorities can use MTW funding flexibility to allocate funds to the operating fund and then use them to collateralize loans or bonds. The OFFP enables the credit risk for these transactions to be mitigated and simplified. Eligible uses include public housing development, modernization, and certain mixed-finance activities.

### **Public Housing Mortgage Program**

PHMP transactions primarily include mortgages or security interests on public housing property whose proceeds are used for various affordable housing development or rehabilitation activities. This program also requires written approval from the Assistant Secretary or the Deputy Assistant Secretary. Mortgages can be placed on land, dwelling units, parking lots, community facilities, administrative buildings, and maintenance buildings. The housing authority accepts the risk of foreclosure on the property and must maintain its public housing program. The proceeds of these transactions may come in many forms including: construction loans, bridge loans for Low-

Income Housing Tax Credit (LIHTC) equity, permanent financing that may be repaid through sales proceeds, or other non-HUD proceeds.

Examples of PMHD financing include:

- Pueblo, CO
- Tacoma, WA
- New Bedford, MA
- Cook County, IL
- Port Arthur, TX

### **Housing Authority City of Pittsburgh**

The Housing Authority of the City of Pittsburgh (HACP) provided background information on the city, explaining that Pittsburgh's annual budget size is \$158 million. There are 10,000 MTW households and approximately half are public housing and the other half are Section 8 recipients. HACP began to explore alternative funding scenarios when one of the agency's housing redevelopment projects was under budgetary constraints. Phase I of the Garfield project needed \$17.6 million and Phase II needed \$8 million for completion. The city was awarded tax credits at a rate of 9 percent for both phases. HACP determined that traditional CFFP was not a viable option due to the credit crunch and the timing issue to ensure a favorable tax credit rate. As a result, HACP explored alternative financing. Some of the benefits from using alternative financing were:

- Using reserves to collateralize debt;
- Drawing funds only as needed, hence saving money in interest;
- Pre-paying as funds became available; and
- Lower interest costs.

During Phase I of the project, HACP developed 105 units, 50 of which were public housing. During Phase II there were 45 new units, of which 25 units were public housing.

Another agency's representative explained that it recently developed 62 units, and currently is seeking to build 140 additional units. The agency also is considering capital financing to fund the new developments. Another agency's representative informed the group that the agency pledged RHF funds using MTW flexibilities to modernize their units. Several agencies expressed interest in alternative financing and planned to explore alternative financing structures in the future.

In conclusion of the discussion, Mr. Gallagher informed the group that HUD was planning to streamline the process of applying for the CFFP by decreasing the process to a 90-day cycle of approval of funds. The streamlined application process for the program is expected to provide relief for both small PHAs and high-performing PHAs.

## CONTROL EXPERIMENTS

In this session, Jennifer Stoloff, a social science analyst in the Program Evaluation Division of the Office of Policy Development and Research (PD&R), discussed the use of control experiments in evaluating MTW initiatives. She highlighted the Jobs-Plus Community Revitalization Initiative for Public Housing Families (Jobs-Plus) evaluation as an example of a potential control experiment. The evaluation of the Jobs-Plus program utilized public housing developments as treatment and control groups—otherwise known as a quasi-experiment. Under this evaluation structure, one public housing development received the resources and activities that accompanied the Jobs-Plus program while the control development operated under the housing authority's normal policy. Then, residents were tracked for both developments to determine if the policy had any effect on public housing resident outcomes.

### **Financing a Control Experiment**

Before continuing, Ms. Stoloff asked the group members if there were any particular issues regarding control experiments they would like to discuss. One agency expressed interest in doing a randomized experiment that would evaluate how a work requirement may impact the employment outcomes of Housing Choice Voucher (HCV) recipients in Chicago. The agency had evaluated its budget and has discovered potential cost savings in case management.

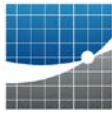
Ms. Stoloff explained that control experiments, due to their significant time and resource requirements, work best when done simply. For the Jobs-Plus evaluation, public housing sites in five cities were evaluated to determine if rent incentives (tiered rents or flat rents), job training, and employment linkages resulted in better employment outcomes for public housing residents. In this case, MDRC and HUD found a significant positive effect on household income for Jobs-Plus residents even after they left the program.

Ms. Stoloff explained that she could act as a technical assistance resource for agencies interested in implementing control experiments. However, she noted that there were no funds specifically set aside at this time for a full-scale evaluation of the MTW demonstration.

### **Evaluation**

Ms. Stoloff explained that control experiments may not be feasible for agencies with only a few hundred participants. Control experiments also require that preliminary baselines be established for both the treatment and control group. This typically requires a significant upfront data collection effort to gather information that will allow the researcher to compare the groups on as many levels as possible. This administrative burden is important for agencies to consider when brainstorming financing mechanisms for evaluation. Transcribing the data is often cost-intensive, with researchers recording information by hand. The robustness of these studies can be increased when other datasets are intertwined with the control experiment data collection efforts.

As with many social science experiments, regression analysis is typically utilized to explain uncontrolled factors, such as crossover between groups. Regression analysis also allows the



researcher to control for other extenuating factors. For example, in an analysis of two Jobs-Plus sites in one city, one of the control sites had on-site daycare, a perk that may have biased the results of the study.

An agency representative expressed interest in conducting a control experiment to determine if the rent simplification program the agency has implemented has altered outcomes for its residents when compared to federal and state public housing polices. Currently, in a single development there are approximately 20 families that are following state regulations, while the remaining families are part of the agency's MTW program. Ms. Stoloff explained that if all of the families in the development had similar demographic characteristics, and there was no selection bias in how they were selected to be in the MTW program, then this would be a naturally occurring control experiment (although would not qualify as a random assignment experiment).

Ms. Stoloff offered an example of another large-scale evaluation. Currently, a study is being conducted of the Family Self-Sufficiency Program (FSS). However, she noted that the FSS evaluation is not a random assignment control experiment because families choose to be in FSS. Therefore, FSS may have an effect on resident outcomes, but researchers are unclear if these differences are based on other characteristics inherent to families that have the desire and means to join FSS.

## Q&A – SOURCES AND USES OF FUNDS

MTW Program Director, Ivan Pour, facilitated a discussion on HUD's draft guidance on reporting under Form 50900, Section VII: Sources and Uses of Funds. The comments provided by attendees are organized into topical areas.

### **Level of Detail**

Several participants noted that they do not want a budget. They were not planning at this level of detail and were looking for something more general. HUD noted that this is guidance and is not written in stone. There may be some minimum level of information that is required and other detail in the document that is optional to provide. HUD does not want to overdo it; if PHAs feel HUD is requesting too much detail, they should indicate this and explain why.

### **MTW Administrative Fee (Page 6)**

HUD explained that if an agency has a Central Office Cost Center (COCC) it can charge a fee for different types of MTW activities. HUD recognizes that MTW agencies have reporting requirements that are probably handled by the COCC. These agencies can use the MTW Administrative Fee to cover these MTW public housing costs. This is optional—just for the sites using a fee structure. The MTW Administrative Fee would not apply to the Capital Fund or to the Voucher program. No formal discussion has occurred yet defining this; the costs only need to be reasonable. MTW sites should get the fee approved in their Annual MTW Plan.

### **Number Served**

HUD explained that appropriations laws say that all housing authorities cannot exceed their baseline number of units. This applies to MTW agencies, too.

### **Page 8 & 9**

Participants asked if they need to complete this section if they already completed the Sources and Uses section because it seems redundant to report here at the activity level. HUD agreed and decided to strike Exhibit 7.

### **Uses of Funds**

Participants asked if they need to show where funds are coming from if the source is the block grant. HUD indicated they do not. Once funds are combined, MTW sites do not need to show from which source(s) the funds used originally came from.

### **State and Local Funds (Section 4)**

Participants asked which state and local funds need to be included here. HUD indicated to just include funding coming directly to the housing authority. HUD wants the state and local information to understand the context of MTW funds being used, such as 'is the federal part of the agency's portfolio a large or small percentage?' An agency noted that it is not sure why the

funding section is necessary because another part of Attachment B asks for information on the agency's entire portfolio.

### **HOPE VI**

An agency noted that while page 1 says HOPE VI does not need to be included, Exhibit 2 asks for information on all development activities. HUD indicated that Exhibit 2 is for non-HOPE VI development activities.

### **Non-Rental Income (Exhibit 1)**

An agency asked for an example of non-rental income. HUD provided the example of antennae on a roof that generates revenue.

### **Recovery Act Funds**

An agency asked if Recovery Act funds need to be reported in Section VII. HUD indicated it does not since it is expected that they will be a one-time allocation.

### **State and Local Funds**

An agency asked why, if HUD wants agencies to include state and local funds that are not directly related, HUD does not ask for information on other federal funds (i.e. VASH) that are not directly related. HUD said it would look into this and provide further information in the future.





## **DAY 2 – APRIL 29, 2009**

## INTRODUCTION TO BLOCK GRANTING

Moving to Work (MTW) Program Director Ivan Pour led a discussion on the MTW authorization allowing the movement of funding between an agency's housing programs. The resources that can be redirected in this manner are public housing operating subsidy, public housing capital, and housing choice voucher (HCV) funding. This MTW funding flexibility is referred to as block granting, but it is not a true block grant system. Funding is still provided to MTW agencies separately for each housing program. The term block grant was initially used in MTW to distinguish between MTW agencies with funding flexibility and those agencies that had not requested this authorization. As this is not real block granting, the term will be used less frequently in the future.

This past year, Congress considered establishing the Housing Innovations Program. This program is similar to MTW and would have included a funding system that is closer to a true block grant. This legislation was not enacted.

Should an MTW agency pursue funding flexibility? It depends on the agency's situation. Agencies with small public housing or HCV programs may not benefit greatly from this authorization as there will be limited funding to redirect.

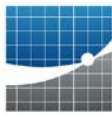
### **Obtaining the MTW Funding Flexibility Authorization**

To utilize MTW funding flexibility, an agency must first request this authority in its Annual MTW Plan. The agency must also provide information on how the funding will be redirected in the Sources and Uses of Funds section of the Plan. It is important to indicate that these proposed uses are in compliance with the agency's MTW Agreement. Once the MTW Plan is approved, the agency can then begin utilizing this authorization. If the agency proposes to use funding on an activity that is outside of their MTW authority, HUD will indicate this as part of the MTW Plan review process. HUD intends to provide additional guidance on the use of MTW funding flexibility to pursue development activities.

### **Funding Flexibility Strategies Currently Being Used or Under Consideration**

MTW agencies attending this session offered their experiences or their plans for utilizing this MTW authorization in the future. Agencies that have not yet implemented funding fungibility discussed their concerns. Representatives of industry groups indicated their areas of interest in this MTW authorization. Following is a recap of the information shared:

- One agency pursuing the disposal of their public housing inventory is considering diverting HCV funds to expand services for agency clients.
- An industry group representative noted that information on how agencies were using this authority will be important to inform future legislation.



- One agency indicated that it planned to divert HCV funding to provide services for public housing residents and to cover public housing operating subsidy shortfalls.
- One agency noted the challenges of measuring the success of utilizing funding flexibility. Current flexibility is allowing the agency to establish its own property-based operating allocations for each development at the start of the year to make property and budget management tasks easier for staff.
- One agency intends to rectify the imbalance in per unit HCV and public housing funding (HCVs get a great deal more money per unit than public housing) by redirecting HCV funding to support public housing units. Both programs will then be administered utilizing the same rules. By exceeding HUD's public housing per unit limits, the agency has been able to attract higher quality private management firms to manage some of their properties. Funding will also be directed to increase the level of services offered to residents to help them successfully graduate from the agency's housing programs.
- One agency intends to use flexibility to fully fund the public housing units they own and to increase the level of services available to residents. They would like to creatively develop additional units, but are constrained by the limitations on the use of the MTW funding. The agency was also unclear if they would be able to leverage MTW funding beyond the term of their MTW Agreement.
- One agency noted that it is currently deprogramming their public housing units, so their focus will be on redirecting their HCV funding to develop additional housing units.
- One agency noted that it is a unique situation that makes the administration of their programs very costly. This additional cost is not reflected in the HUD funding allocations. They intend to use MTW funding flexibility to adjust their funding distributions to reflect this situation.
- One agency noted that it is just beginning to use this authorization to increase services to very low-income residents to help them make economic self-sufficiency progress. In the future, funding may be used to pursue development activities and to support homeless and prisoner-reentry programs.
- One agency intends to use HCV funding to address the huge backlog of capital needs, the operating subsidy shortfall, and to support a rent-to-own homeownership program.
- One agency noted that it has effectively used funding flexibility to transform its housing portfolio into more desirable housing products. Flexibility has also been used to pursue resident initiatives. The agency is now exploring methods of using this flexibility to acquire foreclosed homes.

## DEVELOPING OUTCOME MEASURES BY STATUTORY OBJECTIVE

Marianne Nazzaro, of the HUD Moving to Work (MTW) Office, opened the session with an overview of the day’s logistics. She then discussed the purpose of the morning session. The purpose was two-fold:

1. To help MTW agencies figure out how to develop baselines, benchmarks, and metrics for specific MTW activities.
2. To reach a common understanding of what general outcome measures would apply to each specific statutory objective.

She urged conference participants to remember that this is a demonstration. The purpose of the MTW demonstration is to try out new, innovative activities. The new Attachment B asks MTW sites to develop metrics, baselines and benchmarks so that they have a gauge to use to determine if the activity that they have implemented has achieved the desired outcome. MTW sites need to understand exactly what it is they want to accomplish and how to measure it. It is important to set reasonable benchmarks—MTW sites do not want to set them too low or too high. MTW sites may not always reach the benchmarks—sometimes they may surpass them, sometimes they may fall short—and that’s ok. What is important is that agencies try something new and that they document and measure the activity so that HUD can learn from them. Ms. Nazzaro noted that we all learn as much from our failures as our successes, sometimes more. An MTW agency does not “fail” if it does not reach its intended benchmark. An MTW agency only “fails” if it does not implement a new or innovative strategy.

Ms. Nazzaro encouraged agencies to work with residents and stakeholders when implementing activities, as they can be agencies’ fiercest opponents or strongest advocates. The sooner agencies involve them and take their suggestions into consideration, the more likely they will become advocates and work with the agency to ensure that an activity is successfully implemented.

### **Fantasy Report to Congress**

The first charge of this morning’s session is to figure out how to drill down into each of the activities so that agencies could provide a report to Congress. To put this into perspective, HUD presented a “Fantasy Report to Congress.” In that Fantasy Report, HUD would indicate the kinds of statistics and numbers that, in a perfect world, we would present regarding the outcome of the MTW demonstration. For example, we would state something like:

- As a result of using its MTW authority to waive Section ABC of the 1937 Act, over 1,000 families at the XYZ Housing Authority achieved self-sufficiency by increasing their earnings by an average of 72 percent. Of these families, 64 percent transitioned out of federally assisted housing altogether and 54 percent moved from areas of extreme poverty to low poverty; or

- As a result of using its MTW flexibility to waive Section EFG of the 1937 Act, MNO Housing Authority saved over 1.5 FTEs each year in administrative efficiencies. The MNO Housing Authority then used these FTEs to develop resident initiatives. Now more than 150 families are enrolled in homeownership programs, through which 21 families have purchased their own homes. And, 100 percent of those families enrolled in the homeownership programs have increased their escrow accounts by more than 50 percent.

Ms. Nazzaro indicated that Attachment B, with the sections on baselines, metrics and benchmarks, contains the information necessary to answer these types of questions.

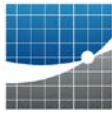
### **Common Outcome Questions**

Ms. Nazzaro noted that the second charge of the morning session would be to come up with a common outcome question for the statutory objective. While HUD understands that MTW activities are specific to the given agency and location, there are common outcomes in all. For example:

- Any activity that relates back to the first statutory objective of increasing the efficiencies of federal expenditures should somehow demonstrate savings for the housing authority; be it through decreased cost per unit, a reduction in FTEs, etc.
- An activity that relates to the second objective of incentivizing self-sufficiency should demonstrate that more families are able to obtain, and maintain, employment, or that a family's earnings increases.
- An activity relating to the third statutory objective of increasing housing choice should demonstrate de-concentration or increased neighborhood choices for the families.

It's important to determine what these common outcome questions are in order to better "tell the story" of MTW. When Congress, or HUD's new Secretary, or an agency's new Board, or constituents, ask what lessons have been learned from MTW, having these common outcome questions for each of the three statutory objectives will help to answer them.

What must be resolved is how to develop common outcome questions for each of the statutory objectives. Ms. Nazzaro said that conference participants would be broken out into six groups. Each group will focus on a specific activity that MTW agencies are currently undertaking, in order to reach one of the three statutory objectives. HUD staff will facilitate the discussions, but agency input and feedback is critical to the success of these sessions. The facilitator's role is simply to guide the discussion and to offer technical assistance, when necessary. The participants' role is to come up with the outcome questions that could be used for any activity that relates to the specific statutory objective and to figure out how to measure the activity and to come up with the metrics, baselines, and benchmarks.



The groups for the statutory objective of increasing the efficiency of federal expenditures are:

- Block granting of funds; and
- Energy efficient strategies.

The groups for the statutory objective of incentivizing self-sufficiency are:

- Work requirements; and
- Rent reform using time limits and/or escrow accounts.

The groups for the statutory objective of increasing housing choice are:

- Project-based assistance; and
- Housing and neighborhood quality.

At the beginning of the session, each group should identify someone to take the following roles: recorder, spokesperson, and time manager. At 11:30 am the larger group will reconvene and report back on what was discussed. At the report-out session, each group will have 10 minutes to provide the following information:

- Which statutory objective and activity did you have?
- How many of the agencies represented in your session were implementing some form of this activity? What were the identified baselines, metrics, benchmarks? Did they seem realistic?
- What is the potential downside of implementing the activity?
- What is the common outcome question for the statutory objective?
- Will agencies be able to determine the necessary information so we can develop a report that is similar to the “Fantasy Report to Congress?”
- What are the next steps for HUD or other agencies?

Ms. Nazzaro said the sessions would begin promptly at 9:45 am and that the group would reconvene in the general session room at 11:30 am.

## **GROUP 1: OUTCOME MEASURES RELATED TO THE FIRST STATUTORY OBJECTIVE AND THE BLOCK GRANTING OF FUNDS**

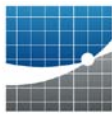
The goal of this breakout group was to brainstorm evaluation strategies to determine the impact of the block granting of funds. Ivan Pour, MTW Program Director, and Mark Shroder, of the Office of Policy Development and Research, facilitated the dialogue. Mr. Pour noted the good mix of administrative, finance, and policy staff from the various housing agencies in the room.

It was noted that MTW agencies were concerned that Congress may want to use the MTW demonstration as a way of showing that housing assistance funding should be cut. Mr. Shroder noted that if Congress wants to cut funding for public housing – it will cut appropriations. Congress wants to cut spending per unit of housing, with agencies serving the same number of people with combined funds. Therefore, one major source to measure the cost efficiency is cost per unit. Mr. Shroder then asked the public housing authority (PHA) finance staff in attendance about how block granting can help lower the cost per unit of housing.

An agency representative noted that his agency undertakes significant amounts of development. He is interested in utilizing block granting of funds to develop affordable housing units, which, despite their higher upfront cost, will serve more residents in the long run.

Mr. Shroder then posed a question to the group: What are agencies using the block granting of funds for? The reasons differed by agency. At some agencies, block granting has spurred a movement to use funds for tenant services, down-payment assistance, and homeownership initiatives. At others, agencies are moving Housing Assistance Payment (HAP) funds to the public housing side. One agency is using block granting to measure the performance of its Plan under which the agency is rehabbing 25,000 units of public housing. Metrics for this effort include the number of units being brought online or rehabilitated per year, the per unit costs of development, and project expense level (PEL) costs. Within their Section 8 program, the agency is using some Housing Choice Voucher (HCV) funds to rehab public housing and provide social service programs to residents. The agency measures the effect of the social services investments by following resident incomes (using rent levels as a proxy). The agency is also using block grant funds for energy efficiency projects and large capital rehabilitation projects. The agency measures these activities by examining reductions in kilowatt hours.

Another agency has also utilized its block grant status in many ways. The agency has utilized HAP funding to develop public housing in a similar manner to the previous agency. However, its strategy has involved leveraging agency funding and local funding to create affordable housing that is not public housing. The agency has also utilized its combined funding streams to provide client services. The agency measures the change in incomes, employment status, and the quality of newly obtained jobs to gauge the success of its economic self-sufficiency efforts. The agency has also partnered with other local agencies to address issues of homelessness, specifically related to transitional housing. The agency has made a particularly strong effort to utilize project-based partnerships with developers throughout the city. It measures homelessness interventions by examining the success rate of homeless persons by tracking their progress through transitional housing and into permanent housing.



Mr. Shroder posed another question to the group: Can we measure the value of project-basing? One agency is measuring this effect and asked if it is likely that project-basing will be expanded beyond Section 8 and 9. Mr. Pour explained that the decision to limit this flexibility to agencies that have historically done activities outside of Section 8 and Section 9 was made after a rigorous discussion with HUD's legal staff. However, agencies may be able to find allowable activities with Attachment C of the Standard Agreement in which they can increase housing through project-based vouchers or tenant-based rental assistance units for which there is no ceiling under MTW.

Another agency has developed an alternative rent structure that raised rents for its residents. The excess HAP funds resulting from this change have been used to develop public housing and provide additional rent assistance if necessary. Mr. Shroder noted that Congress is wary of rent reform because it may raise rents on families that are unsustainable. To combat this, one agency instituted a hardship policy. The number of hardship cases could be used as a measure to document the potential negative aspects of rent reform. The number of evictions because of non-payment would be another possible measure. An agency representative noted that they communicate to Congress that it is serving more people at 30 percent or below Area Median Income (AMI) with rent changes. He explained that the MTW demonstration is meant to encourage innovation and risk taking among agencies.

Mr. Shroder noted that one way to measure efficiencies is through the cost per unit. An agency representative noted that the agency gained efficiencies from block granting by moving funds from public housing to Section 8 to cover increased housing costs. If the agency did not have this ability, it would have served fewer people, and thus resulted in a higher cost per unit.

One participant stated that perhaps block granting is under the wrong statutory objective, and that it should actually be evaluated through its ability to increase housing choice or economic self-sufficiency. Block granting has allowed agencies to move HAP funds to resident services, after cutting many resident services to institute asset management. Block granting also allows agencies to leverage funds in mixed-finance deals that would not be doable otherwise. Overall, agencies are able to derive efficiencies from block granting because they are able to work outside of the asset management structure and determine the greatest need in the community at any given time.

An agency representative noted a unique opportunity for the agency to take advantage of diminished land prices. If the agency had the ability to buy discounted lands, it could build long-term development more cheaply. Mr. Pour acknowledged the tremendous opportunity for agencies to use this flexibility to buy property at a cheap price and create additional housing. In terms of outcomes of an acquisition such as this, agencies would want to measure things like additional units created, de-concentration of units, and housing quality. Housing quality could be measured using an anonymous survey that asks similar questions to the HQS survey. Mr. Pour acknowledged that the majority of outcomes that have been determined with block granting involved increasing housing choice and increasing economic self-sufficiency.



Mr. Shroder asked the group what impacts from block granting cannot be measured. For instance, if block granting is resulting in savings, but the savings is then used to provide public housing or resident services, how is that measurable? In this case, the outcome of block granting would be used to measure the outcomes of resident services or the provision of additional public housing. An agency representative noted the importance of resident services. Impacts of resident services may be lowered crime, lower maintenance costs, and a higher quality of life for residents. He noted further that tracking funds within their three original sources (HCV, public housing, and capital funds) will allow agencies to measure the performance of each program.

Another agency representative made an important distinction in the language of the MTW Statute. The first objective encourages agencies to improve the cost effectiveness of Federal expenditures, not the amount of Federal expenditures *saved*. Therefore, measuring initiatives involving block granting would not always need to result in a cost savings to be successful, as long as the funds are used effectively. As a result, potential outcome measurements for block granting that supports resident services would be the number of police calls/disturbances, higher rent collections, incomes, and jobs. Agencies could also measure the opportunity cost of not having block grant funding. For instance, without block granting, an agency may lose units that were unable to be maintained and thus serve fewer people.

Mr. Shroder asked the group if any housing authority has attempted an initiative under MTW that was unsuccessful. One agency attempted a rent reform that implemented tiered rent with escrow that attempted to provide savings to residents and the housing authority. Instead of moving residents to economic self-sufficiency, the rent reform policy resulted in residents saving money for more self-serving economic activity in lieu of saving. Eventually, the agency scrapped the rent reform in favor of better incentives. The metrics the agency used were the change in rent receipts, change in full-time employees, and staff turnover.

Another agency had attempted to transition 50 percent of its public housing stock to vouchers in mixed-income communities with higher rents. The theory behind the policy would be that the higher rents would allow the agency to create vouchers for more residents. The agency convened a group of landlords to which to market the program. Unfortunately, the landlords concluded that the developments did not have the amenities needed to attract middle-income residents. The agency measured the success of the program through the number of applications from income-eligible residents.

Another agency experienced problems with its relocation rights contract, which provided residents with three attempts to make a housing choice. However, the agency realized that service providers were spending millions of dollars to help facilitate individuals that did not make a housing choice.

Mr. Shroder asked the group if it will be difficult to provide metrics to inform Congress on the performance of the MTW demonstration. An agency representative noted that the limited scope of evaluating agencies individually reduces the explanatory power of outcomes reporting. Other suggestions included providing context for how outcomes are reported and to ensure that cost effectiveness is not limited to cost savings.

## **GROUP 2: OUTCOME MEASURES RELATED TO THE FIRST STATUTORY OBJECTIVE AND ENERGY EFFICIENT STRATEGIES**

Dana Bres of the Office of Policy Development and Research (PD&R), and Dick Santangelo of the Public Housing Management and Occupancy Division at HUD, facilitated a session focused on developing outcome measures related to the first MTW statutory objective—achieving greater cost-efficiency of Federal expenditures. The group was charged with brainstorming to develop outcome measures for energy efficient strategies that MTW agencies may be considering or implementing in their programs. Energy efficiency is one activity that can lead to greater cost-efficiency.

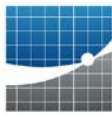
The facilitators posed a question to the group based on current practices: How do you currently measure energy performance in housing units that you own? Most agencies at the session said that they currently measure energy consumption and energy costs. The agencies at the session said that measuring consumption and costs of water is especially important because it is one of the primary resources and the public housing authority (PHA) can realize substantial savings by reducing water consumption.

The facilitators noted that some of the advantages of tracking energy costs are that it provides the PHA with a clear indication of how they might charge excess utility costs to families. It also is required for PHA budgeting.

However, tracking energy performance by consumption units (BTU, gallons, ccf, etc.) can be even more useful to PHAs because consumption units are a constant unit of measure and costs can fluctuate based on rates charged by utilities. Controlling consumption can be done more easily than controlling costs. Finally, PHAs have to record consumption for reporting purposes, so it is something that most agencies are already equipped to measure. It is also possible to track consumption over time and compare across developments more easily than is possible by tracking energy costs.

The facilitator also asked whether the PHAs at the session consolidate or normalize measures of energy use. None of the agencies indicated that they currently do this. The discussion turned to the types of metrics that can be used for energy efficiency measures. An example that could provide the kind of outcome that would be useful to report on MTW performance is that for every \$1 invested in energy savings measures, the PHA saves \$2 over some period of time. It is important when developing metrics to make sure comparisons are to like measures (e.g., dollars expended to dollars saved, rather than dollars expended to gallons of water saved). One agency representative said that they currently use a template for reporting energy use and that they currently track water consumption and other consumption of energy.

The facilitator asked the group how any information currently collected on energy use is used. One agency uses property-based management and each property site manager receives information on energy use. Water consumption information is used to look for pipe leaks in the properties. This is done by watching for sharp increases in water usage by property. One agency also has developed a Resource Conservation Plan with an energy audit done for each property.



Another agency has developed an energy plan for each property. Another agency said that their Energy Performance Contract (EPC) planning is linked with Department of Energy weatherization programs the agency implements.

EPCs are generally monitored by comparing projected savings in consumption and expenditures to actual consumption. Most agencies do not compare across buildings. Another metric that some agencies use to measure energy consumption is *per tenant consumption* of energy. This cannot be used to pass costs on to tenants, as most agencies at the session said that tenants in public housing units pay only electricity. But it can help to identify consumption patterns and per tenant consumption can be a good benchmarking tool if it can be measured.

The facilitators referred the session participants to an energy benchmarking tool found on HUD's website. It is called Public Housing Environmental and Conservation Clearing House benchmarking tool, and can be found at:

<http://www.hud.gov/offices/pih/programs/ph/phecc/econserve.cfm>. This tool can be used to compare energy use across buildings before and after conservation measures are in place.

PHAs at the session said that they get expertise on energy conservation strategies from a variety of sources including: energy audits, in-house experts, EPC, and local government agencies. Local utility companies are not a source of this expertise. Some agencies also acknowledged that it can be difficult for PHAs to obtain grant funding from local governments for energy conservation activities because residents are already receiving housing subsidies and it is hard to make a case for further assistance. One exception is in an agency where the local utility company pays for .25 FTE for a staff member at the PHA to work on energy conservation activities. In another jurisdiction, the local utility has offered to do an external energy audit of the PHAs' properties, but only if it obtains the rights to any energy credits the PHAs obtain now and in the future.

The facilitators then asked PHA representatives at the session whether any of the agencies are currently doing any simple energy conservation activities. Several have replaced shower heads in public housing units with more energy efficient models, and others have installed low-flow toilets. In one agency's garden apartments, all outside water spigots have been turned off, saving a substantial amount of water. In another agency, the PHA has replaced heating systems to remove baseboard heat. This agency also has retrofitted old heating equipment and installed better insulation, changed lighting to fluorescent bulbs, and replaced thermostats to narrow the range of available temperatures in units.

The discussion turned to ways the PHAs can get buy-in on conservation activities from residents. The conclusion was that unless tenants pay for utilities it can be hard to get residents to change behavior regarding energy consumption. Since in most cases public housing residents pay no utilities or only electricity, it can be difficult to create incentives for residents to reduce energy consumption. In addition, in many cases utilities are not controlled by residents in their units so it can be difficult for them to reduce consumption.

The agencies also discussed whether there are opportunities to reduce energy use in the voucher program. Households using voucher assistance have a utility allowance and the group discussed whether there may be options for giving incentives to reduce energy use. A change in code in 2006 prompted one agency to track all utility allowances prior to and after 2006 separately; this might be a tool for monitoring utility use. Encouraging voucher landlords to make changes to their units may be difficult since the landlord may not realize a benefit to making these changes. It might be possible to consider separate utility schedules for landlords and provide more rent if utility costs decline.

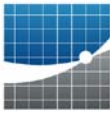
In the public housing program it may be possible to charge residents for excess energy consumption. Consumption education is viewed as very important for any energy conservation plan.

The facilitators also asked whether any agencies currently using a “\$100 package” or toolkit to make small but effective changes in individual units to save energy. Examples might be putting blankets around water heaters to insulate them, changing light bulbs, etc. Such a kit could be used every time there is a change in occupancy or at other times PHA staff is in the units to make changes in units that reduce energy waste. In Section 8 this could be done as part of annual inspections of units. The annual HQS inspections could be combined with an energy improvement check in each unit (check gaskets, faucets, etc). Another agency pointed out that some weatherization grant programs also include outreach to landlords as another mechanism for improving energy efficiency in voucher units. An energy improvement checklist could be developed to guide this process. This could include a checklist of items like checking aeration of water faucets when replacing them, and checking low-flow toilets.

The \$100 kit idea also has job creation benefits because residents could be trained to make the changes and to develop the kits which would involve minimal supplies and tools. This idea could be marketed beyond public housing to the private sector to encourage private owners to make small changes in their housing units or reduce energy consumption.

The facilitator asked the group to consider any downsides to energy conservation strategies. They noted the following:

- Having to rely on changes in tenant behavior to reduce energy consumption limits results;
- Some initiatives are perishable and have to be renewed;
- Initial capitalization costs can be high, some measures cost a lot up-front to initiate;
- Sometimes expectations about results of energy efficiency measures are unrealistic and PHAs have to manage expectations about achievements that can be made; and
- Results of some initiatives may be slow to materialize, and in some cases energy use can actually increase while a new measure is put in place.



To assess the results of energy efficiency measures it can be helpful to have several kinds of data, like age of building, building codes, design features, source of utility, occupancy, climate, and use of building. This, plus data from past utility bills, can help to track energy use over time and to compare projects. Success of measures also depends on buy-in from PHA staff, site managers, and maintenance staff. Site-based management can help, because in that model each manager is responsible for his/her own property's budget and has an incentive to see that energy conservation practices are followed.

While the PHAs in this session did not reach consensus on the best way to undertake energy conservation activities, all agencies are doing something along these lines and are planning to increase their activities. The outcomes identified by the group for this issue are:

- Dollars saved,
- BTUs not consumed,
- Return on investment,
- Reduced carbon footprint,
- The PHA can become a leader or champion in the community for environmental protection, leading the charge to reduce consumption of energy, and
- Job creation (small businesses could be developed to do the \$100 kit idea) or other jobs requiring little start-up capital).

Tracking data to measure outcomes is not too difficult in most cases; accounts payable clerks receive utility bills which document usage and costs. Ultimately, energy efficiency measures can result in better housing for residents.

### **GROUP 3: OUTCOME MEASURES RELATED TO THE SECOND STATUTORY OBJECTIVE AND WORK REQUIREMENTS**

Marianne Nazzaro of the Moving to Work (MTW) Office and Marina Myhre of the Office of Policy Development and Research (PD&R) co-facilitated a session discussing MTW work requirements and how the outcomes of these activities can be described in relation to MTW's second statutory objective. The session opened with a general discussion of the second MTW statutory objective (incentivize families to achieve self-sufficiency) and how the objective relates to work requirements. Ms. Nazzaro pointed out to the group that while the tendency is to refer to the second objective as to "incentivize families to achieve self-sufficiency," the actual language states to:

- "Give incentives to families with children whose head of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient."

The group discussed the difference between incentivizing families to become self-sufficient and giving incentives to families who are already taking steps, whether through work or training, to become self-sufficient.

The group then broke into four small groups to discuss how work requirement-related outcome measures could be developed for this statutory requirement. The group remained in the small groups for the majority of the session. The groups used the small-group time to discuss what initiatives different sites had implemented regarding work requirements for MTW participants. In response to the group charge to identify common questions all MTW sites could answer and measure related to the impact of work requirement programs, which HUD could use to communicate the successes of the MTW program in a "Fantasy Report to Congress," the group came up with three questions:

- Which MTW participants are working?
- How many hours are the MTW participants working?
- Do the MTW participants have increased wages?

In addition to discussing how to measure the second statutory objective, the group also discussed the fiscal impact work incentive programs have on agencies. While it is important to encourage and incentivize residents to work, the costs associated with these programs cannot be overlooked.

The small groups talked about the need to establish processes to capture data for analysis as well as systems to store the data. Work requirement-related data elements MTW sites can measure include:

- Revenue from rent;
- Reserves;



- Change in program costs; and
- Impact on the families.

The group also addressed the need for agencies to explore other alternatives for MTW participants who are unable to comply with work requirements. Specifically, are there other options for these residents that can help them achieve self-sufficiency?

The last area the group addressed was the need to conduct ongoing program evaluations, both on the MTW level and program-wide, in order to measure the success of the program.

## **GROUP 4: OUTCOME MEASURES RELATED TO THE SECOND STATUTORY OBJECTIVE AND RENT REFORM USING TIME LIMITS AND ESCROW ACCOUNTS**

Jennifer Stoloff from HUD's Office of Policy Development and Research (PD&R) facilitated this discussion about implementing rent reform using time limits and escrow accounts.

### **MTW Statutory Objective: Incentivizing Families to Achieve Self-Sufficiency**

Ms. Stoloff noted that MTW's second statutory objective is to incentivize families to achieve self-sufficiency. This session's discussion focused on how MTW agencies are using time limits and escrow accounts as part of their rent reform activities to incentive families to achieve self-sufficiency. Ms. Stoloff said establishing escrow accounts and time limits can be seen as two separate issues. MTW flexibility is needed to establish time limits; however, establishing escrow accounts can be done through the existing public housing and Housing Choice Voucher (HCV) Family Self-Sufficiency (FSS) programs. Some MTW agencies have used their MTW flexibilities to institute variations of a typical FSS escrow account.

Three MTW agencies in this session indicated that they currently have time limits for their MTW programs. Another agency indicated that at the beginning of its MTW program, there were time limits for a small group of participants in one of its MTW initiatives.

One agency is using its MTW flexibility for a small pilot program that involves 200 households—60 slots in one jurisdiction target homeless families, and 140 slots in another jurisdiction target working families. The program features time limits and escrow account provisions, and offers referral-based case management. The pilot program has worked well in the first area and families have been able to save an average of \$2,000 in escrow accounts. The staff representative said the program has faced more difficulties in the second area, partially due to some of the other hardships these participants face. In that housing market, some families are paying up to 60 percent of their limited household income on rent. One of the challenges has been that the agency has not been able to follow up with families after they leave the program. Agencies do not have the financial resources or staff to do short- or long-term follow-up with families.

As benchmarks, that agency is currently tracking employment, education, credit rating, income, and use of case management services. Problems with credit issues can make it very difficult for families to move into homeownership. The agency is also measuring the cost impact of turnover associated with time limits.

Another agency is utilizing its MTW flexibility to establish time limits, escrow accounts and case management services. The staff representative indicated that in order to utilize time limits, it is important to also link escrow accounts and case management services in order to help families succeed. She said that the agency currently has 3,000 housing slots and 23,000 households on its waiting list; time limits help to open up housing opportunities for people on its waiting list. The agency is also looking at establishing a link with local Green Jobs development that would link voucher use with participation in a job training program.



## **Establishing Benchmarks for Measuring Self-Sufficiency**

This session focused an active discussion on establishing benchmarks and metrics to measure how time limits impact self-sufficiency. Ms. Stoloff said that benchmarks are interim - outcomes explain what happened, while benchmarks show what happened along the way to meeting outcomes.

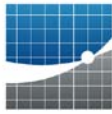
The participants listed the following metrics that can be tracked:

- Rental income/housing assistance: amount of housing subsidy, portion of income going to housing
- Household income: amount of income, source of income, changes to household income, other household assets
- Changes in levels of education achievement
- Employment: type of job, length of employment, number of jobs held; hours on job; employment stability; provision of benefits (e.g., sick leave, vacation leave, medical benefits)
- Credit ratings and debt to income ratio
- Use of case management services: enrollment/completion of services (It was agreed that this could be a difficult measure to track.)
- Housing stabilization: number of recent moves, changes in composition of household
- Health data (It was agreed that this could be a difficult measure to track.)
- Reduction in benefits: food stamps, TANF, child care subsidies
- Neighborhood/community standards: type of neighborhood/community; are families able to stay in their own community after leaving the program; are families moving to better/worse neighborhoods
- Amount saved in escrow accounts
- Homeownership

Ms. Stoloff said some of these baseline measures are predictors and some are control measures and it will be important for agencies to distinguish between predictors and controls. She said when MTW agencies establish measures, they need to be realistic and aware of what data is available for measurements. In addition to tracking data from the housing authority and other sources, it is also important to ask program participants for their feedback.

## **Collecting Post Move-Out Data**

All the participants stated that it is very difficult to collect and track post move-out data when someone leaves the housing agency. One agency uses 30 codes to track why someone leaves its



housing program, including both positive and negative factors. Another agency uses six codes to track move-out. Agencies cited that it is very costly to track households after they move out, and any participation in future tracking is voluntary on the part of the households. Neither HUD nor the housing agency can mandate that households participate in post move-out tracking.

## **GROUP 5: OUTCOME MEASURES RELATED TO THE THIRD STATUTORY OBJECTIVE AND PROJECT-BASED ASSISTANCE**

Ron Atkielski of Optimal Solutions Group, LLC facilitated a dialogue with Moving to Work (MTW) agencies aimed at developing common outcome measures for project-based assistance activities related to the third MTW statutory objective. Mr. Atkielski began the discussion by asking participants to introduce themselves and to speak to whether their agency is or is not using project-basing. Several agencies indicated that they are currently utilizing project-basing, and others indicated that they were planning to.

Of those agencies that are currently project-basing, some are using MTW authority and some are not. Reasons cited for project-basing included:

- Deprogramming public housing and converting it to project-based Section 8,
- Developing new housing units,
- Working with non-profits to create supportive housing programs,
- Creating homeownership programs,
- Developing mixed-income developments, thus encouraging deconcentration,
- Providing housing to targeted groups (homeless, former prisoners, etc.), and
- Replacing public housing units that are being lost and preserve hard units.

The group also discussed how MTW authority can be used with project-basing. Participants noted that MTW can be used to alter waiting list rules, remove caps on the percentage of units in a single development that can be project-based, and raise the cap on the percentage of the public housing authority's (PHA's) inventory that can be project-based. The group agreed that most of the uses of project-basing via MTW were associated with statutory objective #3, but that certain aspects of project-basing could apply to #1 and #2 as well. Which statutory objective to relate the activity to depends on the objective the agency has for implementing a certain MTW activity. For the purposes of this group discussion, attendees agreed to try to zero in on measurements and a common outcome question relating project-basing to statutory objective #3, which is to increase housing options for low-income households.

Mr. Atkielski posed these questions to the group: What metrics are agencies using? What metrics do agencies plan to use? Examples provided included:

- One agency noted that its goal in project-basing is to preserve the long-term affordability of units, so the agency measures how many permanent units are added to the inventory.
- Another agency said that it tracks the amount of the Housing Assistance Payment (HAP). A lower HAP would mean the ability to fund additional units. Mr. Atkielski cautioned that exceeding the total number of vouchers allocated is only

possible if the agency has the Section 8 and 9 funding allowance in their Attachment D. Agencies that do not have this flexibility could use remaining HAP monies to fund capital projects or the public housing operating fund via the MTW block grant.

- An agency noted that tenant-based vouchers have to compete for good units in the private market, while project-based vouchers can be attached to a new unit or a good unit. This guaranteed quality of housing should be measured.
- One agency said it plans to use project-basing to help partners fund a development that would not otherwise be able to obtain financing. The agency will provide the promise of six project-based units at the site, which will help the developer to secure funding. Thus, this six unit contribution has been leveraged to create a total of 30 new units.
- Another agency uses project-basing to work with partners to reach a lower income group than with a traditional voucher, so it measures the number of lower income individuals they are able to assist.
- A participant noted that many of the measures surrounding project-basing activities are process-oriented, as opposed to outcome-oriented. The PHA knows what the impacts will be before they implement the activity. This is a challenge in setting up metrics.
- Another agency said that it tracks changes in locations of vouchers as a metric. Mr. Atkielski noted that project-based vouchers can be used in both poor and affluent areas with success.
- One agency wanted to measure whether the unit was being filled by a qualified tenant over time. She also suggested measuring the average unit turnover time.
- A participant said his agency is making changes to the waiting list and that these changes (opt-outs and impacts) can be measured.

Mr. Atkielski asked the group to focus solely on the MTW components of project-basing. What are these components, what waivers are being used, and what can agencies tell Congress about these activities? The group debated additional metrics related to the list above. Then the group transitioned to discussing possible outcome questions. One idea was to ask how many hard units have been preserved using project-basing. Another idea was to ask how many resources were placed in low-poverty areas as a result of project-basing. A participant noted that accomplishments should be put into context for Congress. For example, an agency was able to place 100 units into low-poverty areas that would not normally be possible. It was noted by participants that the time component was important to consider as well. Regarding supportive housing activities, agencies noted that the number of new units, the performance of the client, and the family's outcome could all be tracked to create a holistic outcome statement for Congress.

The group brainstormed an outcome question:

*Has project-basing vouchers allowed you to place tenants in a unit that has a higher probability of passing HQS than a tenant-based voucher would and how much was saved via this because the agency does not have to do re-inspections?*

Mr. Atkielski asked participants how the MTW designation can help agencies to better use project-basing to save time and money and increase housing choice? Participants noted that MTW has enabled the:

- Expansion of low-income housing in new areas,
- Coupling of supportive services with housing,
- Increasing of access to underserved populations,
- Improved quality of housing, and
- Accelerated availability of units.

As the session was coming to a close, participants discussed next steps. Agencies agreed it would be useful for HUD or its contractors to assemble a list or a chart containing goals, objectives, and measurement possibilities related to each of the MTW flexibilities allowed related to project-basing. Such a table would be useful for other topical areas as well. An agency representative said that he believes the MTW agencies should own this table and that the PHAs learn from working with one another. He inquired as to whether agencies would want to form a committee to work on this with a contractor.

The group ended the discussion by generating the following outcome statement example:

*Agency XYZ, because of their ability to waive section 8(o)(13)(b and d) of the 1937 Act, has increased the percentage of participants living in low-poverty areas by 35 percent and has linked 100 chronically homeless households to supportive services who have successfully retained these successes for two years.*

## **GROUP 6: OUTCOME MEASURES RELATED TO THE THIRD STATUTORY OBJECTIVE AND HOUSING AND NEIGHBORHOOD QUALITY**

David Chase and Robert Renner of HUD's Office of Policy Development and Research (PD&R) facilitated a breakout group discussion on the development of outcome measures related to housing and neighborhood quality activities and the third MTW statutory objective of increasing housing choice. Mr. Chase noted that specific questions to be asked during the session would include the following:

- What are the MTW statutory objectives, and what statutory objectives do housing and neighborhood quality activities relate to?
- What activities can be undertaken to increase housing and neighborhood quality?
- What are the benchmarks associated with these activities?
- What are the downsides for implementing each of the activities?
- How can one express the activity's relationship to the statutory objective?

### **Important Terms**

Mr. Chase continued by defining the following important terms:

- Objective – a specific and tangible issue to be addressed
- Activity – a strategy for achieving the objective
- Metric – a quantitative expression of the objective's status
- Baseline – the performance level before the activity is implemented
- Benchmark – the projected outcome of the activity
- Output – events that occur because of the activity and that represent an intermediate result. Example: a number of people that move to better neighborhoods as a result of a policy intervention.
- Outcome – the ultimate result as it relates to the specific objective the measure was aimed at accomplishing. Example: improved school performance or improved health.

### **Identifying Relevant MTW Activities**

This discussion sought to identify specific sets of activities to increase the range of housing and neighborhood quality choices. The following sets of activities were identified.

### ***De-concentration Efforts***

The participants suggested that de-concentration efforts involve creation of mixed-income neighborhoods and can be accomplished through two different approaches: 1) incentivizing residents' relocation to higher-income areas, or 2) creating conditions that attract higher income residents to move into lower-income neighborhoods. While the first approach usually involves utilizing Housing Choice Vouchers, the second is based on physical development. The second approach involves identification of opportunity areas based on the quality of schools, housing stock and other neighborhood characteristics and making the areas more attractive by creating new developments, improving quality of schools, creating public amenities and making other improvements that will make the area more desirable to high income residents. The approach may specifically involve increasing the number of accessible units and Uniform Federal Accessibility Standards (UFAS) compliant units. Other activities suggested included forming partnerships with local schools, rehabilitating schools or creating new ones, providing grants for improving the quality of student services, and investing in crime prevention initiatives. One agency representative noted that success in those efforts will in large part be determined by the extent to which the residents are willing to take initiative and participate. The role of the housing authorities is to provide opportunities and disseminate information, but the eventual outcome is determined by residents' responsiveness.

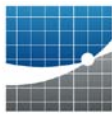
### ***Neighborhood and Property Transformation***

The attendees suggested that activities aimed at neighborhood and property transformation may include subsidizing rehabilitation by landlords, increasing the amenities (it was noted that mixed-income activities bring in people who demand those amenities), attracting businesses by providing incentives, and enhancing inspection standards. Emphasis was placed on the need to consider the possible undesirable effects of each of the activities prior to implementing it.

### ***Increasing Program Choice***

It was suggested that increasing the range of programs available can increase residents' choices. Project-based rental assistance, tenant-based vouchers, and resident education programs were named as specific ways to provide program choice. One agency shared its example of using tenant-based vouchers to carefully select projects that are determined as acceptable. Another agency's representative noted that familiarity with the area often leads residents to move back to the areas they come from. One agency provided its example of residents being unwilling to move, despite the expanded housing options and extensive education and information efforts, which included a relocation assistance program, resident working group, and public notices on resources available through the housing authority. Another agency representative said that its experience was quite the opposite, as the residents were eager to move.

Mr. Chase asked participants to reflect on how MTW can be used to improve choices. Mr. Chase noted that redevelopment requires resident relocation and what MTW can do is to help craft ways to improve choices for families. Mr. Chase posed the question of how MTW is distinguished from other programs such as HOPE VI. One agency representative replied by



saying that it does not make the distinction; its actions are guided by the general vision and different programs are used as tools. Mr. Chase said that the question that needs to be asked is whether MTW can be used for a specific set of activities and what parts of the 1937 Act can be waived to accomplish this. Mr. Chase also noted that it is important for the housing authorities to be actively involved with their local planning departments and to take part in the local planning process.

Mr. Chase summarized the previous discussion by saying that the types of activities on improvement of housing and neighborhood quality suggested in the session can be grouped broadly into three categories: de-concentration, neighborhood/property transformation and education, including counseling and relocation assistance. Mr. Chase proceeded to ask the attending housing authorities how many of them implemented each of the said activity types. The responses were as follows:

- Five agencies indicated having de-concentration initiatives in place,
- Three agencies indicated having neighborhood and property transformation initiatives, and
- Four agencies indicated having education initiatives.

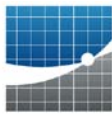
### **Determining the Range of Quality**

Mr. Chase asked the attending housing authorities whether they knew what their ranges of housing and neighborhood quality were, and asked them to share their approaches for assessing the range of quality and concentration. An agency representative said it uses GIS mapping to understand where families are and noted that one thing the agency would like to learn more about is how to provide families with resources on neighborhood quality. A participant asked whether there was some technology or a database that contained that information and would allow for sharing it with families. Mr. Chase replied that in most cities census data can be obtained at low levels and can be used as a source of relevant information on neighborhood quality. It was noted that in some jurisdictions Jim Crow laws had significant impact on the neighborhood composition, and that gentrification is an issue with regards to neighborhood and property quality assessment. A representative noted the need to actively work with participants to educate them about available options and encourage them to explore new communities. She also noted that strengthening of the communities should be among housing authorities' goals.

### **Measuring Effectiveness**

A resident survey asking if the resident satisfaction with living conditions has improved was suggested as one way of measuring effectiveness. In response to that proposition it was noted that many of the residents decide to move due to problems with their landlords and not the location. It also was noted that the neighborhood characteristics may be changing, in which case the effects will be hard to separate.





Suggested indicators of neighborhood quality included crime incidence, availability and accessibility of public transportation, school quality, and household income.

The number of people in public housing who now have the ability to move with the voucher and the number of people who actually have moved were suggested as measures of program effectiveness. The number of people in better quality neighborhoods was suggested as another measure. Mr. Chase noted that this would be a measure of the program's output rather than outcome and that the question that needs to be asked is are whether the tenants are better off—and this is a question that is hard to answer. It was noted that there may be some necessary time to adjustment before the effects of the intervention are seen. It was also noted that the relocation itself may not be indicative of the success.

Mr. Chase asked attendees to discuss the possible ways to measure outcomes of neighborhood revitalization efforts. The suggestion made was to quantify the amenities available to each particular resident before and after the intervention.

For measuring the effectiveness of education and counseling activities, the number of residents who received education through the housing authority, the number of relocation fairs conducted, and the ratios of cases to managers were suggested as possible measures. It was once again suggested that seeing residents move may not necessarily be a measure of effectiveness since it is possible that even after receiving all of the necessary information the best decision for the resident is not to relocate. What is important is to measure whether the number of choices available to residents has increased recognizing that residents will make choices they deem best suited for their circumstances.

It was noted that there are multiple potential indicators, but the indicators are meaningless unless the goal is clear. Using improper metrics can lead the evaluator in the wrong direction and deter from accomplishing the ultimate goal.

### **Assessing Potential for Unintended Consequences**

It was noted that housing authorities should be cognizant of the possible downsides of the activities they introduce, be able to measure the negative impacts, and look for ways to protect against them. Some of the potential downsides of deconcentration suggested by the session participants included moving the concentration to other areas, decreasing the quality of life by excessive deconcentration, increasing the vacancy rate which would harm those who are staying in the neighborhood, increasing costs to the housing authorities due to the fact that rents are higher in better areas, and decreased funding to public schools.

### **Closing Suggestions**

The following closing suggestions were made:

- Introducing a separate tracking position within the housing authority and paying more attention to measurement.



- Creating a web portal to share promising practices.
- Conducting external evaluations.
- Institutionalizing change by indentifying best practices and moving them forward through legislation.

## **DEVELOPING OUTCOME MEASURES BY STATUTORY OBJECTIVE: DEBRIEF ON GROUP DISCUSSIONS**

Marianne Nazzaro opened the session by inviting the representatives from each of the breakout session groups to report on the essence of what their session covered. The following sections summarize the information provided by each group.

### **Group 1: Block Granting of Funds**

The group representative reported that the group placed emphasis on the fact that cost savings should not be tied to cost efficiency. The group found that, aside from reducing costs and achieving greater cost effectiveness, block grant funding can impact one other statutory objective—increasing housing choice. Some of the block granting uses identified by the group included mixed financing, enhancing resident services, and expanding homelessness initiatives. Block granting can be used in creating new housing units and deconcentration efforts. When measuring outcomes of block granting it is important to consider the quality of the units it produces and any capital improvements. Other measures suggested were the opportunity cost and the number of residents served.

### **Group 2: Energy Efficient Strategies**

This group focused on how public housing authorities are using the consumption statistics for their properties to assess energy efficiency, the types of measures housing authorities use, and the types of information available to them. The group also discussed the Section 8 allowance issue and the need to implement energy efficient strategies within Section 8 by finding a way to affect private property owners. The outcomes of the energy efficient strategies named by the group were better housing, reduced carbon footprint, improved public perception, less labor needs, new jobs for residents, and fostering green businesses. One concern expressed by the group was that the measures that are customarily used for assessing outcomes of energy efficient strategies are based predominantly on the monetary outcomes and returns on investment. The group felt that monetary measures are not fully descriptive as they ignore important qualitative impacts. Possible downsides of energy efficiency efforts suggested by the group were the need for physical and behavioral maintenance on the part of landlords and residents and high upfront costs. The group emphasized the importance of ensuring realistic expectations, remembering that positive impacts from energy efficiency strategies are rarely dramatic. The data for evaluating energy efficiency can come from keeping track of energy consumption, which may require setting up new tracking systems. The group also discussed HUD's energy benchmark, which compares similar buildings' energy statistics. Buildings with the worst energy efficiency scores can then be targeted first in an effort to realize the greatest energy savings. For assessing short-term returns, another possible measure can examine life years added to the building. The group noted that it is important to remember that some strategies may interfere with, and negatively impact, other strategies, which should be considered when choosing strategies.

### **Group 3: Work Requirements**

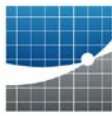
This group reported that its discussion on work requirements related to the statutory objective of incentivizing self-sufficiency. The group discussed similarities and differences of various programs and came up with three questions that it thought needed to be answered when measuring the impacts of work requirements: 1) who is working; 2) how many hours are they working, and 3) are there increases in wages. The group also discussed the downsides of specific activities, fiscal effects on the agency, and possible alternatives for those residents who cannot comply with work requirements. The group noted the need for measuring revenue from rent, reserves, increased costs, and impact on the families who had emphasized the need for external evaluations and the creation of appropriate databases. The group also discussed the evaluation of activities falling under the second MTW statutory objective - promoting economic self-sufficiency of families. Specifically, it noted that evaluating self-sufficiency initiatives can be approached in two different ways: 1) whether incentives to families who are either working or seeking work are provided, or 2) whether work requirements are generally an effective means of promoting self-sufficiency.

### **Group 4: Rent Reform Using Time Limits and/or Escrow Accounts**

This session focused on using time limits and/or escrow accounts to increase self-sufficiency. The group engaged in a discussion of services and how escrow accounts can be used as motivators for the residents to get involved in other activities. The group also discussed the possibility of coupling escrow accounts and time limits with a safety net and brainstormed the possible metrics for time limits in isolation as well as coupled with escrow accounts. One proposed measure regarding the effectiveness of time limits was the number of positive exits before versus after the time limits. The group stressed the importance of exit interviews as well as follow-up research. The group also spoke about ways to measure self-sufficiency and suggested using rental income to the housing authority (expect decrease), education of the family, employment, job quality, tenures, assets, credit ranking, moving from projects to vouchers, and the use of federal benefits as possible indicators. How soon people come back on the waiting list is another measure for whether time limits are adequate. The group's conclusion was that income alone, without other contextual information, was not an adequate indicator. The asset-to-debt ratio was suggested as a possible measure as well.

### **Group 5: Project-Based Assistance**

This group looked at how MTW flexibilities related to project-based assistance can be used to increase housing choice. The group reported that out of 18 authorities represented in the session, 13 engaged project-based activities. The group determined that MTW designation can help expand services in high poverty areas and increase choices and access to quality housing by allowing agencies to exceed the total inventory limit—allowing for the replacement of old public housing that would otherwise be lost—facilitating wait list management, and implementing deconcentration strategies. The group also pointed out that project-basing can serve all three of the statutory goals. Project-based assistance can be used for tax credits and for increasing housing choices for communities, which otherwise would not be able to afford it. The group also



deliberated about the use of MTW authority for improving utilization rates and named preservation of affordable housing, leverages in funding, and changing time frames as possible outlets. The group noted that outcome measures for project-based assistance remain difficult to measure. Potential measures could be financial outcomes, savings to the agency, and the ability of the agency to self-assign vouchers and improve access to quality housing. One example involved agency ABC, which preserved 100 units of affordable housing through project-based vouchers. The outcome questions that the agency would need to answer through effective benchmarking would be: How was the project-based housing used? Have project-based units allowed the agency to attract residents that could pass HQS? Has project-basing resulted in a higher success rate? Less inspections? Quicker unit turnover? How much money has this saved the agency in re-inspections?

### **Group 6: Housing and Neighborhood Quality**

This group focused on the statutory objective of increasing housing choice. Specific activities identified by the group included property and neighborhood transformation, deconcentration, and resident education initiatives. While deconcentration involves relocating residents to better areas or incentivizing higher income families to move in, transformation involves improving the neighborhoods without relocating residents. Land swapping, increasing commercial resources, incentivizing moves to the area, and creating partnerships with schools were listed as some of the possible approaches to increasing housing and neighborhood quality. The goal of education initiatives is to make sure residents are aware of the choices available and know how to take advantage of them. Specific resident initiative suggestions were fairs, counseling, and resident workgroups. The group identified the following potential downsides:

- For deconcentration: creating concentration areas in other places, increasing the vacancy rate, and decreasing funding to public schools;
- For transformation: increased costs to the housing authority;
- For education: wasteful spending that can result from lack of involvement by the residents.

The ultimate question that the group felt was most important was whether or not the increased range of housing choices improves residents' outcomes. The group considered a variety of possible outcome metrics for different activities and came to the conclusion that the choice of metrics should be driven by each housing authority's specific context.

## RESIDENT INITIATIVES THAT FURTHER MTW OBJECTIVES

The Chicago Housing Authority (CHA) presented on how the agency has adopted numerous resident initiatives to further the Moving to Work (MTW) statutory objectives. Ron Ashford, the Director of HOPE VI Community and Supportive Services at the U.S. Department of Housing and Urban Development (HUD), facilitated the session. In FY 2009, CHA implemented a work requirement policy to better address issues related to self-sufficiency. CHA made a presentation on the services it provides, along with services delivered by its community partners, that are targeted to advance self-sufficiency and address the needs of CHA residents. From the inception of CHA's Plan for Transformation, CHA – with support from its community partners – has been able to provide low-income residents with the opportunity to achieve greater self-sufficiency. CHA has also been able to use its MTW flexibilities to support its resident initiatives. CHA's resident initiatives that further MTW statutory objectives include: a work requirement, resident services, youth services, case management services, and Opportunity Chicago.

### **CHA's Plan for Transformation**

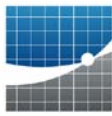
CHA's Plan for Transformation was approved by HUD in February 2000, at the same time that the agency's original MTW Agreement was approved. CHA executed its Amended and Restated Agreement in June 2008, which extended CHA's participation in the MTW Demonstration until the agency's 2018 fiscal year. CHA stated that 25,000 of its 39,000 public housing units are included in the MTW program. The following is a breakdown of these 25,000 units:

- Family housing rehabilitation: 5,014 units
- Mixed-income redevelopment: 7,697 units
- Scattered-site housing rehabilitation: 2,543 units
- Senior designated housing rehabilitation: 9,453 units

By the end of FY 2008, CHA rehabilitated or redeveloped 16,936 public housing units (68% of its MTW public housing units) and finished construction of an additional 764 public housing units. An additional 500 affordable and market-rate rental and for-sale homes were completed at mixed-income sites in 2008.

### ***Resident Relocation***

Approximately 25,000 households were living in CHA units in October 1999 and have a right of return, which gives families the right to return to a new or rehabilitated public housing unit or a Housing Choice Voucher (HCV). Families whose occupancy began after October 1, 1999 received a preference for a revitalized CHA unit. Families with return preferences are housed after families with a right to return have been housed. All residents have been required to move at least once to accommodate construction activity. As of the end of March 2009, 54% of the original leaseholders for non-senior units have utilized their right of return.



### ***Work Requirement***

CHA implemented work requirements for all public housing residents between the ages of 18 and 62, and any household members who are 17 years of age and not attending school full-time. The policy requires adult household members to be engaged in some activity for at least 15 hours each week for the first year of implementation, and 20 hours per week thereafter. The work requirement may be met through a verified combination of the following:

- Employment defined as attendance at an accredited school, institution, training program, job readiness program, GED or literacy programs, and/or internship or work experience.
- Volunteer or community service for up to 50% of the requirement for the first three years of implementation.

Residents may request a 90-day safe harbor from the work requirement if they are unable to comply with the policy but can demonstrate that they are working to meet the requirement. CHA's case management programs are available to assist families in their transition to economic self-sufficiency. CHA has not established a cut-off date for case management services. Currently, case management services are available for up to two years after occupancy.

### ***Resident Services at a Glance***

CHA staff described their four primary categories of resident services: case management and housing counseling assistance, workforce development services and support, child and youth services, and other support services. In response to a question from the audience, CHA replied that it could not provide a definitive answer for how much CHA spends on resident services. CHA reviewed all the different services it either provides directly or through another community partnership.

### ***Case Management Services***

FamilyWorks (FW), CabriniWorks, and the Horner Engagement Project are designed to serve approximately 10,250 families living in CHA properties or temporarily utilizing a Housing Choice Voucher. These programs focus on identifiable outcomes, including permanent housing choices, lease compliance, employment preparation, and employment retention. Service providers provide services directly to CHA families through contracts with CHA. These services may include the following:

- *Employment preparation and retention services* assisting households in meeting the lease requirements.
- *Housing counseling* for households who have not yet made a permanent housing choice in accordance with a Relocation Rights Contract.
- *Clinical services* for individuals who may have an undiagnosed developmental disability or are in need of mental health or substance abuse treatment.

- *Supportive services* assisting residents with the housing and employment goals.

### ***Measuring Service Outcomes***

CHA reviewed a chart that described its activities along with target measurements. The activities included: job preparation, job placement, job retention, lease compliance assistance, permanent housing choice, counseling services, SSDI/SSI applications, substance abuse, children and youth activities, financial support services, and senior support services.

### ***Incentive Schedule***

CHA reviewed a schedule that was established to match five incentive pools with specific goals linked to improving self-sufficiency, youth services, and services for the elderly and people with disabilities. CHA's contractors are paid based on their progress in achieving the goals for each of the five incentive pools.

### ***Opportunity Chicago***

Opportunity Chicago is a citywide commitment involving employers, the government, and non-profit community groups that help local businesses find qualified employees and help Chicagoans secure quality jobs. This is a multi-million dollar initiative that seeks to increase access to training and employment opportunities for public housing residents. It has resulted in employment placements for 5,000 residents over five years. In response to a question from the audience, CHA responded that Opportunity Chicago was spearheaded by the MacArthur Foundation and is a recipient of MacArthur funding. The staff said that Chicago Mayor Richard Daley is the driving force behind Opportunity Chicago, and he sees this initiative as the plan that is needed to make CHA's Plan for Transformation work.

### ***Audience Questions:***

*Staffing:* CHA responded that it employs 90 staff members in its resident services department, which includes the staff involved in relocation activities.

*Outreach:* CHA responded that it had used town hall meetings, resident council meetings, case management provider meetings, mail, and contacts with schools to discuss the Plan for Transformation and Opportunity Chicago.

*Challenges:* CHA stated that some of the challenges it faces with implementing resident service initiatives include: client motivation, follow through on college, data collection, building trust, and limited senior services. The CHA staff indicated that it is most proud of the massive scale of this project and its successful implementation.



## MOVING TO WORK AND ENERGY EFFICIENCY

Dick Santangelo, the Program Manager for Facilities Management in the Office of Public and Indian Housing at HUD, welcomed participants to the session. He issued a challenge to himself and the panel to provide participants with information regarding energy efficiency they did not already know. He also was interested to learn from public housing authorities (PHAs) if there were parts of HUD's Energy Savings Program that need to be improved and what incentives PHAs are seeking. Chris Stennett, a Consultant to the District of Columbia Housing Authority (DCHA), and Greg Russ, Executive Director of the Cambridge Housing Authority (CHA), served as panelists during this session, sharing their agencies' respective experiences using MTW authorities to promote energy efficient strategies.

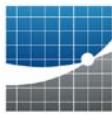
### **Working with Energy Service Companies (ESCOs)**

Greg Russ provided some background on the CHA's energy situation. CHA has 220 separate utility accounts. With the help of an intern from Boston University, CHA created a 10-year database that provides information regarding water, electricity, and gas consumption for each property. The database allows CHA to automatically verify utility bills as well as generating monthly reports for managers and department heads. This system allows CHA to rapidly address any billing or performance issues at the properties. These organizational parts are fundamental to any comprehensive energy efficiency strategy.

Mr. Russ noted that the CHA's housing stock includes buildings that are over 30 years old, some of which are all concrete with electric heating. CHA contracted with a third party energy service company (ESCO) to replace the heating system and install low flow toilets and water aeration devices at one of these high-rise senior buildings. The capital cost of the energy improvements was financed over a 12-year term. Mr. Russ explained that this same ESCO company has come back to CHA with an 8-year extension that will save \$1 million in avoided energy costs.

CHA also served as a self- ESCO on a 300-unit building to convert from electric to gas heating with high-efficiency boilers. During the course of the conversion it became evident that the new ventilation system created unanticipated levels of noise and vibration, which was unacceptable to CHA and abutters. As a result, it was necessary to create an exterior muffler system for the building; the muffler itself cost \$15,000, with an additional \$10,000 in engineering costs. Simultaneously, the project improved the air handling system, which needed to be turned off during peak months because energy was being lost. Mr. Russ stressed the importance of treating the building comprehensively. CHA is also concerned with accessing local educational resources and training to keep maintenance workers informed regarding the latest technologies and reporting systems. Many of the new systems are computer-controlled, thus CHA must either train its own workforce or contract this work out.

CHA currently has a frozen utility base, with the base year of 1999 reflecting the old performance funding system (PFS) rolling base. Mr. Russ explained that MTW provides ample flexibility to take advantage of new finances without worrying about the rolling base changing



every 3 years, which benefits the bottom line. CHA also has established a partnership with Boston University to construct a capital plan that provides weatherization and energy efficiency upgrades at CHA's buildings. In the meantime, Mr. Russ explained that CHA continually seeks utility subsidies or other incentive programs that have provided extensive lighting installation upgrades in high-rise buildings, as well as heating plant conversions and traditional weatherization tasks at the smaller properties.

In another unique partnership, CHA worked with Boston Community Capital (BCC) to do a power purchase agreement (PPA) for 92 kilowatt hours of solar energy. BCC worked with engineers to install the system on the rooftops of a family low rise development. Under the PPA, BCC will sell solar power to CHA at providing 30 percent of the electrical use at the property. BCC will maintain the system and do the monitoring. Massachusetts has recently implemented reverse net metering, which allows decentralized power sources to sell any excess power generated back to the grid. CHA currently has plans to install 300 KW of solar PV arrays at three locations in the portfolio as well as integrating solar installations with upcoming modernization work at several properties. In addition to structural upgrades, CHA purchases gas and electricity via competitive retail supply contracts. Mr. Russ explained that this is a riskier venture, as they utilize software that triggers buy points. While CHA has benefited from advantageous rates over the long term, some individual years may be "underwater" in terms of the contracted rate vs basic service rate offered by the utility.

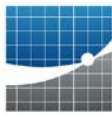
CHA is also seeking to reevaluate its consumption data, as plug load creep has resulted in the frozen base being jeopardized. The plug load creep is the result of increased reliance on technology and electrical appliances in the average person's home (increased amount of "plugs"). The Energy Information Administration estimates annual plug load creep at 1-2% annually, this increase is present despite other efficiency gains. Housing authorities will do well to keep this in mind when contemplating locking the frozen consumption base.

One session participant asked Mr. Russ if there had been any push back from local zoning officials about installing solar panels. Mr. Russ explained that CHA has tried to be as politically correct when it comes to energy as possible. For instance, they engaged the City arborist when they removed trees to make way for the solar panel installation. However, there has been some backlash. In one case, a lawsuit was filed because the building's proposed energy efficient paneling was "too reflective."

Other questions from participants regarded liability insurance (BCC carries this insurance), the use of wind (CHA wind pattern studies completed for two high-rise buildings), evaluation of energy efficiency plans (10-year database lends itself to benchmarking and measurement), and the capital costs of the energy plan (CHA has spent \$1.5 million in leveraged funds since its inception).

### **Self-Developed Energy Efficiency Plans**

Chris Stennett has worked for and with the DCHA on its energy efficiency initiatives. DCHA has approximately 8,000 units of public housing and 10,000 vouchers. The agency has four goals:



1. Provide safe public housing for residents
2. Upgrade and modernize the agency's equipment and infrastructure
3. Reduce energy consumption
4. Reduce operations costs, emergency repairs, regular repairs, and maintenance costs

Mr. Stennett explained that DCHA believed the best way to reach these goals would be to be their own ESCO. For the average ESCO, the soft costs are approximately 60-70 percent of the total project costs. Given that DCHA believed it could cut these costs to approximately 25 percent of the total cost, these savings could be used for modernization efforts. Originally, local DC government handled the utility administration for DCHA. About 10 years ago, DCHA examined its own utility bill and realized that it was being overbilled by \$1 million per year. Mr. Stennett reiterated Mr. Russ' point about making sure the fundamentals of any energy efficiency program are strong. DCHA now handles its own utility bill payments (Note: DCHA considered having residents pay their own bills, but chose not to in order to maintain their ability to buy energy in bulk).

### **DCHA's ESCO Program**

Mr. Stennett explained that, after an initial energy audit, DCHA believed it could save \$3.9 million of its \$16 million utility bill each year by installing energy efficient boilers. DCHA submitted this energy savings plan and received HUD approval.

One of the main services ESCOs provide is financing. DCHA put out an RFP for banks to invest in the ESCO, from which it was able to obtain a tax exempt loan at 5.5 percent and raise \$26 million. Capital improvements, mainly new boilers, accounted for \$21 million. The remaining funds assisted with the maintenance program. The overall program includes boiler replacement, chiller replacement, fan replacement, and toilet, faucet, and showerhead replacement. Since DCHA was an ESCO, it was able to utilize an add-on subsidy instead of maneuvering around frozen consumption levels, which avoids creep. DCHA applies a surcharge for appliances installed, unless it is a building without central air when tenants can install two air conditioning units free of charge.

Even with the installation of more energy efficient units, this does not offset creep that comes from everyday advancements in everyday technology. Small, plug-in appliances account for two-thirds of electricity consumption. In short, as tenants install more computers, televisions, and iPods, consumption will go up despite efficiency advances.

Other energy efficiency initiatives at DCHA include: an installed first solar thermal system, a modern heating and cooling system in its high-rise buildings that directs air flow to heat and cool the building properly depending on the season, and potential purchases of Energy Star refrigerators and windows through subsidies provided by the Recovery Act. DCHA also monitors its energy use monthly for spikes in energy caused by failing equipment such as running toilets.

## **Discussion Portion**

In response to a question regarding energy monitoring, Mr. Russ discussed CHA's proposal to insert 16 monitoring points in a unit that would report energy use to a backend computer system. However, the proposal was too expensive and the technology was not reliable, although he believed that the next generation of systems being developed by Nielsen and Google would be much improved.

One participant asked Mr. Stennett if there had been energy conservation efforts at DCHA. He replied by stating that there were modernization program savings on top of the original \$3.9 million in utility savings. He stressed the importance of heat capture, which can reduce utility bills by an additional 50 percent if done correctly.

In response to a question about the potential to take advantage of cap and trade, Mr. Russ discussed a paper by a group of Boston University students about potential energy trading options for CHA. They found that two unknowns remain—standards and verification. Currently, there is still no standardized system in place and there are no verifications for potential investors.

In response to a question regarding low-flow toilets, Mr. Stennett indicated that there was no need to tamper with toilets that have a normal flush. While there are a number of products on the market currently, DCHA has had success with the 1.6 gallon flush. Mr. Santangelo noted that agencies should touch base with peer agencies prior to purchasing equipment to determine best practices.

In response to whether CHA has considered bringing residents into an energy savings program, Mr. Russ replied that they had looked into whether MTW flexibility would allow them to create a rent energy incentive. Additionally, one participant asked if there had been residents that have received any training regarding energy efficiency technologies. CHA noted that it was interested in involving residents in green jobs, but that there had been no training outside of traditional construction jobs thus far.

One participant asked each agency to describe their maintenance staffing. DCHA utilizes in-house and contracted staff. The majority of the maintenance for high-rise buildings is contracted out. However, they have built in some education and training funds for their in-house staff. Mr. Russ noted that the collective bargaining agreement for maintenance employees is up next year, after which there will be discussions with shop stewards regarding the distribution of work.

## DEVELOPING A LOCAL ASSET MANAGEMENT STRATEGY

In this session, Connie Davis, Deputy Director, and Mike Reilly, Senior Director of Housing Management, at the King County Housing Authority (KCHA) presented on the agency's innovative localized asset management strategy. Greg Byrne, Director of the Financial Management Division of HUD's Real Estate Assessment Center, facilitated the session. Ms. Davis and Mr. Reilly began the presentation by reviewing the concept of site-based management and maintenance. They noted that under this system each property is considered individually in terms of its operations, budgeting, long-term capital needs, and property operational guidelines. Managers are given the autonomy of managing a property on a daily basis and staff are dedicated to sites and held accountable for the performance of that site.

Ms. Davis then provided a brief background on KCHA. The agency has 3,384 public housing units in 51 developments, but only six of these developments have more than 100 units. At the time the local asset management strategy was developed, the average size was 44 units per development and the average age of a development was 32 years. The greatest distance between two properties is 43 miles.

KCHA had 126 employees assigned to the 51 sites from five regional offices. Regional offices had large inventories resulting in the compartmentalization of maintenance and management functions, with each having their own directors. Budgeting was top-down and not well communicated to field staff. This created many challenges around property management.

KCHA noted the following guiding principles associated with their local asset management strategy:

- Maximize available funding and achieve Stop-Loss,
- Convert to a decentralized model using existing personnel,
- Model staffing, portfolio size and reporting structure on the private sector,
- Prepare staff to manage a repositioned portfolio including Section 8 project-based units and unsubsidized and tax credit properties, and
- Take advantage of economies of scale for large owners where possible (and permissible).

### **Challenges Faced by KCHA**

KCHA first discussed challenges associated with centralization including:

- Centralized purchasing with drop shipping to regional offices,
- Maintenance accumulated huge inventories taking up valuable space,
- Centralized receipt of work orders and labor dispatch, so no one was responsible for individual sites,

- Management focused on compliance, not the livability of sites,
- Size of county meant centralization created great distances to travel, adding to non-productive time as staff drove back and forth between the warehouse and sites, and
- Training always occurred on the job because someone knew what you were supposed to do. Decentralization created training problems.

Additional challenges associated with staffing were also reviewed:

- Management and Maintenance comprised separate ‘empires’,
- Too many staff to assign directly to sites but the agency knew they needed the staffing, and
- Existing staff had the wrong skill sets
  - Property Managers had never been supervisors and lacked maintenance and budgeting experience
  - Site-Based Maintenance weren’t really generalists and couldn’t fill “jack of all trades” roles
  - While some regional staff needed journey-level skills, there were too many staffers at this skill level. KCHA noted that 90% of work orders did not require advanced-level skills.

Other challenges noted by KCHA included:

- Properties were too small to support staff dedicated solely to them. There was a heavy reliance on “shared” resources,
- Very little available space to support site offices and shops,
- Huge uptick in need for technology to knit various far flung offices to computer programs, including email, and
- Existing High Performer status led most staff to ask “if it ain’t broke, why fix it?”

### **Process and Outcomes**

KCHA said that having MTW fungibility allowed the agency to feel safer taking a risk. Otherwise, KCHA did not use many MTW flexibilities to enact its local asset management strategy.

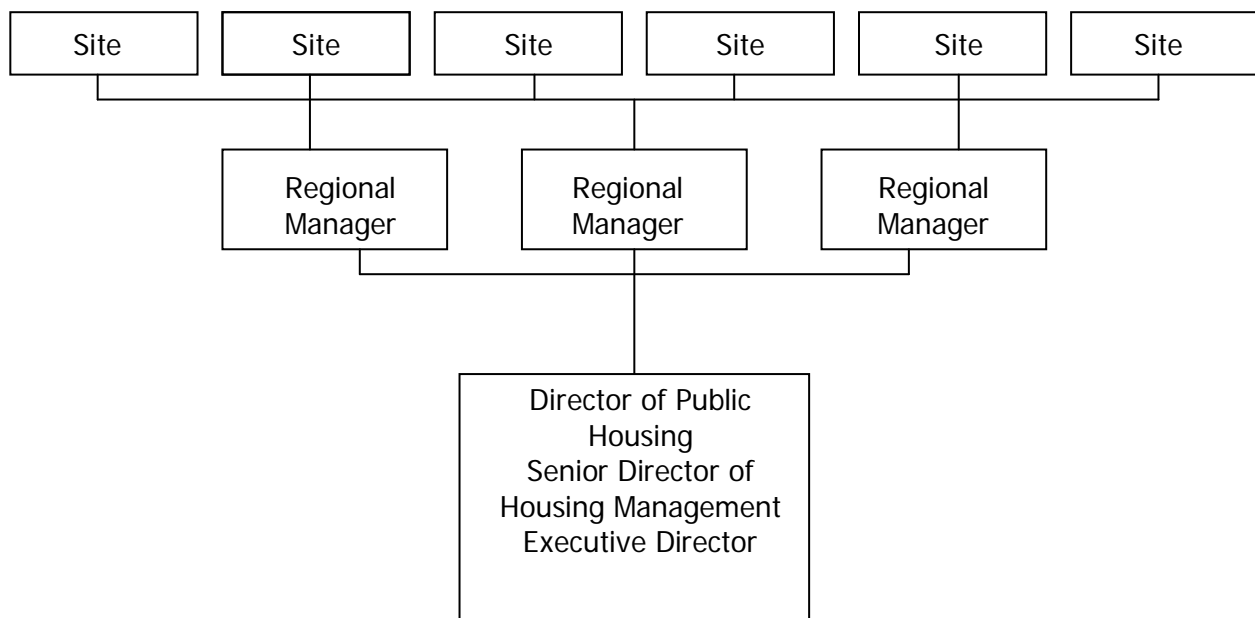
KCHA convened a Strategic Planning Committee to assist with the development of the local asset management strategy. A review of the operations of KCHA’s non-subsidized portfolio was conducted. KCHA contracted with outside consultants to obtain training and to work with a local property management company. KCHA piloted its plans first to test them. The goals of the pilot demonstration were to:

- better understand the cost to operate each property,

- manage in a more traditional arrangement,
- provide more authority and responsibility to on-site staff, and
- test new approaches without dramatically restructuring the rest of the program.

From the pilot, KCHA learned that extensive training would be necessary and that establishing effective communication modes would be much more difficult than the agency first imagined. KCHA also said that agencies considering this type of strategy should be prepared for turnover – half of the agency’s property managers didn’t stay after the transition. KCHA noted that an outside change agent can be very helpful. And finally, KCHA said that the private sector model isn’t always better. The agency made the decision to keep some things as they were pre-change. An example is that KCHA continues to allow residents to place rent payments into a lockbox.

KCHA provided the following organizational chart of the staffing post-local asset management model.



KCHA said that the properties were fully site-based by the spring of 2006. Now all managers prepare budgets and report on operations monthly. The unions agreed to new titles and reporting structures and KCHA achieved stop-loss in August 2008. Additionally, the agency raised its REAC score from 90.2 in 2007 to 92.75 in 2009. Cost reductions were seen in a number of areas.

KCHA noted that to address waiting list issues, the agency created a Central Applications Center. This is allowable as a front-line expense under HUD guidelines. KCHA said that the development of this stemmed from multiple waiting lists becoming a nightmare for struggling property managers to oversee. KCHA noted it currently has 6,200 names on the waiting list. KCHA stressed that this was not created using any MTW authority, but did prove very useful.

## **Financial Model**

KCHA wanted to create a financial model that would smooth out the budgeting process and create stability. The following principles guided KCHA's asset management model:

- HUD Project Expense Levels (PEL) may be somewhat accurate overall but on a site-by-site basis had problems,
- Prorate factor not known until well into the year, so budgets became worthless,
- No private sector owner in the world would tolerate such uncertainties in revenue streams,
- Managers had costs they could control but others they couldn't (like resident services),
- Everything that can be charged to a site is charged to a site, and
- Factors meant property managers didn't "own" their budgets.

KCHA's addressed these principles by:

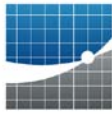
- Centralizing the receipt of all block granted funds for Section 8 and public housing,
- After budgets are reviewed and approved, the subsidy is transferred to Asset Management Projects (AMPs). The subsidy is sufficient to balance the budget including KCHA central office cost center (COCC) fees,
- Goal is to allow property managers to "keep" excess for special projects, but KCHA noted that they are not there yet, and
- Excess beyond baseline working capital needs is currently transferred back to the MTW fund at year's end.

KCHA staff said that under this model funding truly becomes a real budget-driven subsidy, which should tell the agency and stakeholders what it costs to manage well-run housing without major prorate constraints. A red flag would be if subsidy need exceeds 100 percent of eligibility. This hasn't happened. KCHA said that MTW activities not associated with sites are charged directly to the MTW fund, which aggregates them for visibility.

KCHA noted three areas in which they used MTW the most:

1. Strategic positioning of their portfolio for long-term viability.
2. Most buildings were beyond their useful lives and the agency questioned where the money is coming from to repair them.
3. Seniors have more choices in affordable housing. Mixed-population buildings in danger of "tipping" and need to be stabilized.





KCHA ended the session by reviewing its ‘bag of tricks’ for implementing the alternate asset management strategy. They include:

- HOPE VI
  - KCHA used MTW to conform operating policies between three programs onsite.
- Capital Fund Financing Program (CFFP)
  - KCHA combined with tax credits to do life safety upgrades on eight senior buildings.
- Project-Based Section 8
  - KCHA sold a deteriorated public housing building to a tax credit partnership and project-based replacement vouchers to provide a long-term funding stream to service the debt.
  - KCHA used RHF to underwrite non-public housing replacement units.
- Energy Services Company (ESCO)
  - KCHA internally lent MTW funds to pay for measures while retaining the benefit of HUD incentives for 12 years.
- Capped younger disabled population at 22 percent in KCHA’s mixed-population buildings
  - KCHA’s senior population is now stabilized at 66% and gradually increasing in these buildings.

KCHA closed the session by again stressing that MTW flexibility, particularly related to funding fungibility, was what allowed the agency to feel comfortable thinking outside of the box.

## CREATING PARTNERSHIPS TO HELP END HOMELESSNESS

In this session, participants brainstormed ways to create partnerships to help end homelessness. Three housing authorities – Portage Metropolitan Housing Authority (PMHA), the Housing Authority of the County of San Mateo (HACSM), and Lawrence Douglas County Housing Authority (LDCHA) – presented their individual experiences in the development of strong networks with the service providers in their local communities and briefly shared how these partnerships were created, whether or not MTW flexibilities had to be invoked, and the impact that these partnerships have had on people who are homeless in their respective communities.

### **Portage Metropolitan Housing Authority**

PMHA has a long history of assisting people who are homeless. The agency's executive director, Fred Zawilinski, noted that Portage County, located in northeast Ohio, is approximately 40 miles north of Cleveland and is surrounded by urban counties, although Portage County itself is a rural county.

Generally, Portage County residents prefer Section 8 housing assistance. Forty-two (42) of PMHA's 305 public housing units are dedicated to transitional housing for homeless individuals. PMHA has a 35-unit development that houses individuals who are homeless for up to two years. The development is consciously built with a courtyard and community room to encourage interaction among the tenants. After the two-year time limit, residents are required to transition to a Section 8 voucher or traditional public housing. The residents can stay onsite for an additional two years or possibly graduate to homeownership; however, no one can stay onsite for more than four years. PMHA offers a formal ongoing resident counseling to help residents become self-sufficient.

PMHA has observed favorable results with its Help End Homelessness program. Fifty (50) percent of the program participants have moved into private or public housing. An analysis conducted by PMHA revealed that during the first two years participants performed poorer than the traditional public housing residents based on family income. Most of the program participants are referrals from partner agencies, such as a local mental health agency. One of the challenges that PMHA encountered in developing this program was increased crime rates at the program properties. PMHA has had good cooperation with the county law enforcement agency in mitigating this challenge.

### **Housing Authority of the County of San Mateo**

Cindy Chan, HACSM's Rental Programs Manager, began by providing a brief overview of San Mateo County. She noted that the median family income in the county is \$86,000. HACSM is using its MTW flexibility to provide tenant-based vouchers to individuals who are homeless in a plan named the housing Readiness Program. HACSM imposes a three-year time limit on the housing subsidy and the family works closely with a case manager. The case management services are provided by agencies (currently four) that have entered into MOU's with HACSM to provide ongoing services in exchange for housing voucher assistance for their clients. The

program is closely connected with the county's ten-year plan to end homelessness and is specifically responding to the plan's "housing first" emphasis. Part of the screening process insures that applicants that are eligible for Shelter Plus Care or other existing programs are referred to those programs - the housing Readiness Program is designed to fill in where other homeless programs are not available.

The goals of the program are to:

- Help homeless families secure and retain permanent affordable housing within a certain time limit;
- Increase participant income or employment opportunities; and
- Increase level of self-sufficiency.

Currently, HACSM has allocated about 60 vouchers for families under this program, with a three-year time limit established for the voucher holders. HACSM noted that the agency recently opened its Housing Choice Voucher waiting list and received 23,000 applications. The HACSM conducted a lottery and 3,600 applicants were randomly selected to the waiting list.

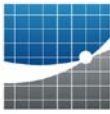
HACSM noted that the agency recently opened its waiting list and received 23,000 applications. The County processes the waiting list on a first come, first served basis.

### **Lawrence Douglas County Housing Authority**

LDCHA provided a brief overview of the county. The agency's executive director, Barbara Huppee, explained that Lawrence Douglas County is located one hour from Kansas City. The county has 367 public housing units and 591 Section 8 units. LDCHA has set aside vouchers using MTW funds for rent assistance. Furthermore, LDCHA has established a partnership with the local mental health agency and has rented out a five-bedroom public housing unit to the agency. In previous years, LDCHA established a memorandum of understanding with a local agency to provide support services and case management. LDCHA received unsatisfactory services from the partner agency and plans providing case management services internally in the future. LDCHA will use MTW funds to hire internal case managers.

An agency representative shared with the group that the agency has struggled to develop a direct referral process and is monitoring fair housing issues. The agency has established a selection committee that meets once every two weeks to discuss the referrals. Each shelter that participants are placed in has its own community of care. The agency uses MTW funds to support participants under a three-year time limit.

PMHA added that in Portage County there are five agencies that can refer families to the waitlist. PMHA has struggled with a high turnover rate. As an attempt to mitigate the cost of high turnover, residents are required to sign an agreement that they cannot accept a Section 8 voucher during the first year of their stay in public housing. The families cannot willingly break the public housing lease for the first year. Ms. Chan explained that in San Mateo there is no waiting



list. There are only 60 vouchers available and the housing authority closes the application pool once the units are filled.

## DEVELOPING BASELINES AND BENCHMARKS

Jennifer Stoloff of the Office of Policy Development and Research (PD&R) led a session to discuss the development of baseline measurements and setting benchmarks for MTW activities. Ms. Stoloff began by noting the following definitions critical to the conversation:

- Baseline – the starting point, the status before the activity commenced.
- Benchmark –in this context, benchmark is an interim goal; a point in the process where you expect to see change

### Overview

Ms. Stoloff noted that developing baselines and benchmarks is a main emphasis for this year's MTW Conference. HUD is trying to collect better data and give guidance to MTW sites that need assistance. Agencies were encouraged to collect data, as without a starting point (baseline) agencies cannot measure the impact of activities.

Ms. Stoloff said that it can be hard to link an activity to its outcomes. One does not always know if the outcome is actually the result of a specific activity. It is important to collect the data so agencies can then analyze it.

Agencies should try to build data collection into the existing processes. For example, if an agency is already meeting with residents, ask them the additional questions needed to obtain the data that is not currently being collected. Exit interviews would also be very helpful in collecting resident data. It was suggested to perhaps motivate residents monetarily using an escrow account; incentive payments can work well, as long as they are implemented within the confines of MTW.

Ms. Stoloff noted that it is reasonable to revise goals, benchmarks, etc., because factors such as the economy can change or an agency may realize there are other things that it wants to measure.

### Questions

Ms. Stoloff fielded questions from session participants regarding evaluating MTW activities and the establishment of baselines and benchmarks.

#### *Will there be a comprehensive evaluation of the entire MTW program?*

There is no cross-site evaluation of MTW since MTW agencies are all creating unique programs. Given this, it is impossible to conduct a true analysis, but HUD can discuss similar outcomes. While not a true statistical analysis, we can talk about MTW program outcomes across sites in general terms. Ms. Stoloff noted that she would like to see an in-depth analysis at each site.

#### *If HUD wants information to report to Congress, how can it receive a consistent overview of the MTW demonstration if all of the sites are using different benchmarks?*

While HUD cannot provide a holistic summary, we can provide other information that shows the outcomes associated with the program.

***Will HUD start setting benchmarks and metrics for the agency or continue to let the agency set them?***

Agencies should follow up with the MTW Office if they have questions on HUD's role in setting benchmarks and metrics.

***What about ongoing programs—how are baselines set in this situation?***

It is not always possible to get data, though sometimes it is available in administrative records. If historic data is unavailable, today becomes your baseline. Sometimes other data sources (state administrative records) can be a source of data as well.

***Can agencies use “increase” or do they need to set a number for a benchmark?***

“Increase” is not a benchmark. If an agency cannot specify a number then it should use a percentage.

***Will HUD be as flexible/generous when reviewing the Plans/Reports this year as they were last year (Year 1 under the Standard Agreement)?***

Agencies should follow up with the MTW Office if they have questions on how Plans and Reports will be reviewed.

***What has been done with the best practice reports?***

The reports have been updated and are posted on the MTW website.

***Can you have a one-time benchmark? For example, an agency wants to project-base in a community because there is a decline in vouchers. Once the units have been built, the agency has achieved its outcome.***

Project-basing is a one-time activity since an agency only builds the units once. The project-basing process is not germane. Agencies can already use project-based vouchers without MTW. Agencies should consider what MTW was used for.

**Closing**

Ms. Stoloff encouraged MTW agencies to contact HUD if it needs help measuring activities. She urged the agencies to try and incorporate data collection into their current processes. In doing so, they need to be thinking about where/how to store the new information they collect. A simple Excel spreadsheet may be sufficient. They also need to include quality control—data collection and storage can be prone to error.

## Q&A ON IMPACT ANALYSIS AND HARDSHIP POLICY DEVELOPMENT

The goal of this session was to obtain feedback from Moving to Work (MTW) public housing agencies (PHAs) on the draft guidance prepared by HUD for PHAs implementing rent reform initiatives as a part of their MTW demonstration program. Michelle Wood of Abt Associates Inc. served as the session facilitator. Ms. Wood started the dialogue by noting that the session would be conducted informally as an opportunity to review and discuss the draft guidance that HUD developed on hardship policy and impact analyses.

The new Attachment B (Form 50900) requires all MTW housing authorities implementing rent reform initiatives to produce baseline and benchmark metrics for their activities. Attachment B also requires an impact analysis to be conducted and hardship case criteria to be developed for each rent reform activity implemented by the agency. Ms. Wood emphasized that the draft guidance is intended only as guidance and does not impose any specific requirements on agencies.

Ms. Wood proceeded by asking for input from the agencies on the draft guidance. The following sections summarize questions and suggestions provided by the PHAs in response to the draft guidance.

### **Suggestions:**

MTW agencies provided the following suggestions for revisions to HUD's draft guidance document on impact analysis and hardship policy development for rent reform activities.

- Provide a clear definition of what a rent reform initiative is. The guidance approaches rent reform from the perspective of changing the way rent is calculated; however, certain simplification policies, such as switching from an annual to a bi-annual review, do not affect rent income. It should be clearly defined whether the broader definition of rent reform applies to policies that have no effect on rent calculation.
- Provide a clear listing of activity types that require impact analysis.
- Tighten definitions in general. Tighter definitions will help agencies produce uniform information even if different approaches are adopted. In this respect, making definitions uniform is more important than making practices uniform.
- Delete the word "must" from the first paragraph of section 3.3 as it sounds overly prescriptive. Another issue with providing impact analysis for protected classes of households is that it is often inevitable that certain policies will affect certain protected groups of individuals, women for example, more than they will affect others.
- Make the guidance less prescriptive in general. Fundamentally, re-think the guidance document to be more of a resource guide that includes information on various methodologies that can be used and where PHAs can seek help, if needed.

- Include a statement that following this guidance is recommended but not required.
- Re-think guidance provided in section 3.3 on page 2 of the document in regards to unintended consequences, as some unintended consequences may result from external influences beyond the agency's control. The presence of unintended consequences should not be considered an indicator of the agency failing to do its due diligence.
- Re-think the wording. Much of the document, particularly section 3.3, is worded in a way that creates a spirit of oversight.
- Delete the first 2 paragraphs on page 3.
- Recognize the fact that rent reform initiatives may be aimed at not only helping the households, but also the PHA itself. Some of the policies aimed at helping the PHA may have secondary effects on the households. Simplification policies for example may free up some of the staff time that can then be dedicated to providing additional services to the families.
- Adopt a generally broader view of what PHAs do and what populations they serve, thus expanding the scope of the guidance to accommodate a larger variety of contexts and objectives.
- Supplement the guidance with the actual best impact evaluation practices and hardship policies adopted by other agencies.
- Provide sample measures adopted by other sites. This will allow PHAs to adopt the measures already in use at other PHAs, thus fostering alignment among the metrics used by different agencies.
- Cut the guidance that is redundant with the guidance provided in the Attachment B, which covers new and some ongoing initiatives.
- Consider re-thinking the requirement of including impact analysis as a part of the Plan and not the Report. Vagueness in the Plan is undesirable while excessive detail may be impossible to live up to. Including too much detail in the Plan may also affect stakeholder relations, as it does not allow for a sufficient time to seek feedback and incorporate suggestions.
- Provide individual agencies with macroeconomic information for their specific geographies.

### **Questions:**

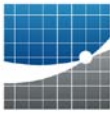
The following questions were posed by MTW agencies for HUD's review.

- One agency has its rent calculation dependent on the recertification timing. If the agency chooses to keep the calculation the same, but changes recertification timing, is it a rent reform initiative in and of itself? Does impact analysis need to be done on each piece independently or just the total impact?





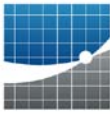
- Some of the information provided in MTW plans is redundant from year to year. For example, once the hardship policy is adopted it is unlikely to change on a yearly basis. Impact evaluation methods are also unlikely to change frequently. Should the agencies repeat the same information every year? Would it be acceptable to only document the information that changed?



## EXECUTIVE DIRECTORS' MEETING

This session provided an opportunity for the Executive Directors of MTW PHAs to meet and discuss common issues of concern. No formal agenda was set for this conversation.

*The full text of this meeting was not recorded for this report.*



## HUD FIELD STAFF MEETING

In this session, HUD staff will have the opportunity to meet and discuss pertinent MTW-related issues.

*The full text of this meeting was not recorded for this report.*

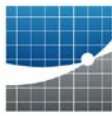
## MARKETING MTW TO CRITICAL STAKEHOLDERS

Sarah Gibson, Abt Associates Inc, facilitated a session focusing on strategies to market MTW to various stakeholders. Agencies discussed strategies currently in place to market MTW and plans for future marketing efforts. To focus the discussion, the session included a review of who the key stakeholders are, what the key messages should be conveyed, and what strategies could be used to market MTW.

The facilitator began by asking participants to share information about activities they have done to market MTW. Several agencies shared their experiences. One agency has only recently submitted its first MTW plan. During the preparation of the plan, the agency reached out to local advocacy groups, giving presentations about MTW in 13 locations across the state. Given the large geography of the state, and remote locations of some local offices, some presentations were done via teleconference. MTW coordinators developed a PowerPoint presentation about the MTW program to guide the presentations. One of the lessons this agency learned as it presented MTW to local groups is that the name “Moving to Work” is something of a misnomer, and created some confusion about the specific activities that will be undertaken. They now refer to the program locally as Moving Forward. Several other agencies at the session noted that the name Moving to Work has caused some confusion and several have adopted local names for the program to reflect local initiatives being done under the demonstration and to brand the program in a more accurate way.

An agency representative noted that its agency is just getting started under the new MTW Agreement, having participated in the demonstration previously under the original agreement. Thus far, the agency has not done any marketing of MTW at all, other than to hold a public hearing on the agency’s first MTW plan developed under the new agreement. Another agency is also in the early stages of its MTW program and has held several meetings about the program but has not conducted any formal marketing activities. For other PHA programs, the agency usually develops public service announcements, in paper notices that are sent to residents in rent letters, and broadcasts information via a local Cable TV channel. Another agency is publishing its first-year MTW results now and in the process has assembled copies of many other agencies’ MTW Plans and Reports. Reviewing these documents has given the agency ideas for how to market its MTW program. The agency has targeted early marketing activities to advocates, legal teams, and city and county officials. The agency’s Executive Director is considered a strong advocate for the agency in Washington, DC and has helped ensure that the agency takes advantage of lessons learned from other MTW agencies.

Another agency has conducted accountability exercise sessions with all PHA staff. The purpose of these meetings is to provide a consistent message to all PHA staff about how MTW will affect their jobs. Financial staff within the agency decided that they wanted to be involved in meetings with residents to be included in the process of communicating with residents about MTW. The agency also uses a weekly newsflash for staff, issued via e-mail, which provides a weekly update of key issues and items. One newsflash featured a summary of the MTW statutory objectives and the local initiatives under way in the agency that are related specifically to each objective. The agency is now involved in outreach to the community about MTW. The agency’s Executive



Director has conducted two stakeholder briefings to explain MTW. In addition, the agency has redesigned its resident packets given to public housing and voucher households to inform them about MTW. The agency also uses a local cable TV channel to advertise MTW and has a “FAQ squad” in the agency comprised of representatives of all departments to provide consistent information about MTW in response to questions from all parts of the agency.

In another agency, the marketing message is being developed to focus on how MTW has created a culture shift within the agency and the agency’s interaction with HUD. In June, the former Director of the Department of Public Health will facilitate a meeting about MTW. In another agency, MTW has not been marketed as a separate program, but instead the focus has been on making sure key stakeholders are informed about specific MTW initiatives. One agency has developed drop sheets for legislators about the program and fact sheets about MTW that emphasize that the flexibilities allowed under MTW have allowed the agency to develop new units of affordable housing and to access ROSS funds.

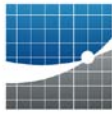
The session then turned to a review from the 2008 conference session on marketing. That session identified three basic issues for a PHA to consider in developing marketing plans:

- Who is to be marketed? Who are the key stakeholders? The PHAs listed several types of stakeholders:
  - Residents
  - Congress
  - PHA Board
  - Employees of PHA
  - Legislators
  - Advocacy groups
  - Service providers
  - HUD
  - Landlords
  - PHA partner organizations
- What message should be conveyed?
  - Requirements of MTW for each group (landlords, tenants, employees)
  - Mission of MTW
  - How MTW differs from non-MTW regulatory environment
  - Advantages of MTW
  - Performance measures established for MTW program initiatives
  - Name of the program

- Philosophy behind specific initiatives and the demonstration as a whole
- Statutory Goals as a basis for MTW initiatives
- MTW has allowed a shift in culture at the PHA. “This is not your parent’s PHA”
- What methods can be used for marketing to different stakeholders?
  - Media (but there are pros and cons—you need to be careful about how media is used to make sure the message is not distorted or oversimplified).
  - Cable TV
  - Meetings with stakeholders and advocates
  - Develop several versions of PowerPoint and other materials to convey information about the program to various groups
  - Monthly newsletter to residents
  - Direct mailings to residents in rent letters or other communications
  - Meetings with residents at all developments
  - Meetings with tenant councils, tenant resident boards

Under the topic of developing a message, the group discussed the importance of speaking with one voice about MTW to convey a consistent message. The FAQ squad approach that one agency uses is one way to do this. In some cases, marketing messages need to address concerns of PHA staff or others about the goals of MTW and whether changes implemented via MTW imply loss of jobs for PHA staff (e.g. reduced numbers of inspections, less frequent recertifications might save resources but also might mean fewer staff are needed). Achieving administrative efficiencies could be viewed by staff as an indication that their jobs are in jeopardy. Along these lines, staff outreach was discussed as an important component of marketing. In another agency, meetings are planned with supervisory staff and will also involve union representatives if deemed necessary.

The facilitator then asked whether any of the agencies are using statistics to market the MTW program. One agency uses the MTW Plan as a tool for informing staff about the program and that it uses the statistics in the plan to review progress on the project and status of key activities. Statistics about rent reform results are used to provide advocates with evidence about the impacts of the rent reform on resident rent burden. Another agency uses statistics to market MTW internally and externally. Examples of the kinds of metrics reported are: number of employees per housing unit, number of homeowners, and number of working households. None of the agencies currently use annual publications with success stories about specific families, but one agency may use the monthly cable TV show (one show is developed for each month and then re-broadcast throughout the month) to profile a family to showcase MTW results. Resident stories are often used in brochures that another agency develops for other PHA programs and this may be adopted under MTW.



Ms. Gibson then asked how HUD can assist in marketing MTW. Best practice reports are now available on HUD's website and at the conference, and these were considered a helpful marketing tool. The MTW website is updated regularly.

One agency suggested that it would be helpful if HUD could summarize MTW findings by PHA size and demographics to help clarify what kinds of things are working well in different types of PHAs. Nearly all PHAs said they find information about other MTW programs to be helpful. The MTW database may provide some opportunities for this. Another agency suggested that assistance from HUD to pull data needed to assess outcomes and measure benchmarks would be very helpful. The agencies acknowledged that the assistance from HUD to define what is meant by benchmarks, outcomes, and metrics has been very useful, but many also feel they need assistance in assembling and processing the data needed to do the measurements. A user group on this topic might be helpful.

## EVALUATING THE EFFECTS OF MTW POLICY CHANGES ON NEIGHBORHOODS, LOCAL COMMUNITIES, AND AGENCY OPERATIONS

In this session, Dr. Thomas Boston, a professor of Economics at Georgia Tech University and CEO of EuQuant, provided an overview of his evaluation of the Atlanta Housing Authority's (AHA) transformation plan. Dr. Boston's main goal was to determine whether the flexibilities afforded to AHA by the Moving to Work (MTW) Demonstration, namely their ability to focus on transforming blighted public housing developments into mixed-income communities, had "made society better off."

Dr. Boston noted that he has been studying AHA for more than five years. During that time, he has followed all families that received housing assistance from the agency from 1995 to 2008 longitudinally, which differs from many evaluations that estimate outcomes using a random sample.

Dr. Boston provided a definition of what he constituted as families or society being "better off." As an economist, he arrives at a conclusion of whether a situation is "better off" using cost-benefit analysis, a methodology to which the public housing environment lends itself greatly. Cost-benefit analyses seek to answer three questions: 1) what changed (i.e. policy, resident outcomes, etc.); 2) how would the outcomes have been different if there had been no change; and 3) what is the difference in monetary value between the changes. More specific questions involving the evaluation of AHA's plan included the following:

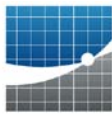
- Did families lose housing assistance?
- Where did families relocate?
- Did they move to a better neighborhood?
- Did they become more self-sufficient?
- Do housing policies influence school performance?
- Have vouchers influenced violent crime in destination neighborhoods?
- Is society better off?

To answer these questions requires long-term benchmarking, extensive data collection, and the development of a control group, or "do-nothing scenario," to verify what occurred to a similar demographic group that did not experience the policy intervention.

Dr. Boston then reviewed AHA's current public housing environment. The enactment of a housing policy will have a significant effect due to several feedback loops present in public housing policy. For example, an MTW policy intervention will influence the type of housing assistance provided, which will affect the outcomes of families, and in turn affect neighborhoods. This will then affect the type of policy interventions needed.

In short, the presence of these feedback loops makes it difficult to determine causality when evaluating a housing policy. Dr. Boston explained that, in a dynamic environment in which





families are constantly moving, accurate data on a large sample is crucial. Therefore, he collected all demographic information for all participants in the study (age, race, income, employment status, welfare status, school information, criminal background, etc.). Additionally, Dr. Boston obtained housing characteristic data including the type of housing, geographic location, and rent. After substantial data collection and analysis, Dr. Boston determined that the environment in which a family lives has a significant effect on its economic self-sufficiency.

Dr. Boston found that AHA had typical attrition rates of approximately 10 percent, despite other researchers that estimated that Atlanta's attrition rate may be as high as 50 percent. Once it was determined that families were staying in public housing for the most part, it was necessary to define whether a family had moved to a better neighborhood. Dr. Boston noted that a "good" neighborhood could be defined several ways, including one with less poverty, a lower concentration of minorities, or higher median incomes. However, historically these definitions have not always accurately portrayed the quality of life provided in a neighborhood. Under Dr. Boston's Community Attribute Index (defined on the next page), the two neighborhoods that ranked as the most livable were also ranked as environmental justice communities by the Atlanta Regional Commission.

Dr. Boston noted that Atlanta was the most violent city in America in 1992, with crime rates that were five times higher than the national average. Techwood Homes, Atlanta's most notorious project at the time, had a violent crime rate 37 times higher than the national average. Dr. Boston calculated that the social cost of a violent death was \$2.9 million, which includes incarceration, legal costs, and lost lifetime earnings. In Techwood Homes alone, there were four murders in 1992 and 5,000 police dispatches in 1993. At around this time, AHA began a transformation plan that aimed to break apart these projects, deconcentrate poverty, and move public housing residents to communities of greater opportunity. This plan was not just housing-focused; these revitalized communities would have new schools, new YMCAs, new early learning centers, and job training programs. AHA utilized partnerships with the YMCA, Georgia Tech University, and others to leverage resources and expand services. Between 1995 and 2007, AHA housing stock dramatically shifted from public housing developments to Housing Choice Vouchers and mixed-income communities.

Dr. Boston then provided an overview of the methodology used to evaluate AHA's deconcentration efforts. Using administrative records, Dr. Boston was able to collect more than 100 data variables for each family in public housing including economic characteristics, housing characteristics, and geographic location. This information was updated each time a family moved within the metropolitan area. Using Geographic Information Systems (GIS) mapping software, EuQuant's researchers were able to geocode each address to a census tract within the Atlanta metropolitan area. Each family was then linked with more than 200 hundred variables associated with the Census tract in which they reside. These data were then overlaid with crime data, home sales/prices data, and school performance data. This immense amount of data was enumerated at the housing level and then reduced to the 16 most important variables using factor analysis.

These 16 variables constituted what Dr. Boston called the Community Attribute Index, which ranked the 450 Census tracts in the Atlanta metropolitan area on a zero-to-one scale with "one"

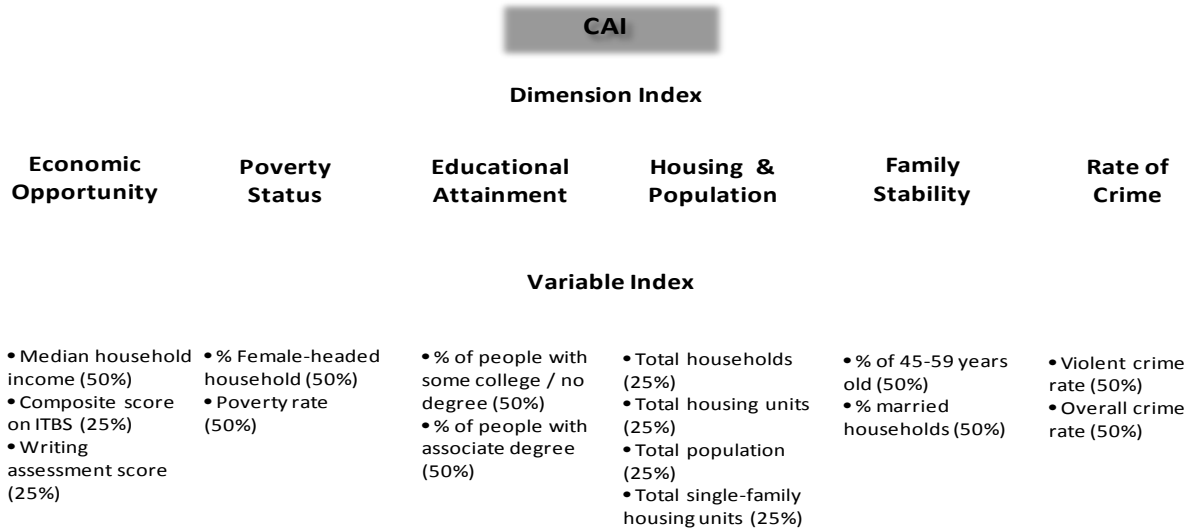
being the most livable and “zero” being the least livable. For a list of variables, please see Figure 1. The Community Attribute Index borrows its methodology from the United Nation’s Human Development Index, and attempts to provide a more holistic definition of a community beyond one metric such as poverty or race.

Overall, the lowest scoring census tracts were located in central Atlanta. The Community Attribute Index allowed AHA policymakers to determine where voucher holders were moving. But, more importantly, it also allowed them to determine where voucher holders *should* be moving to maximize the economic and educational opportunities for their families. Some public housing researchers opine that voucher holders should not be moving into new neighborhoods because they bring problems such as crime and drugs with them. An article in *Atlantic Monthly* last year found a correlation between vouchers and crime in Memphis, TN. However, when other variables such as poverty rate, school performance, unemployment, and vacancy rate were controlled, the crime rate became insignificant.

Overall, Dr. Boston’s evaluation of AHA’s transformation plan cited that residents who moved to mixed-income communities and neighborhoods with better schools experienced better economic and educational outcomes. Dr. Boston found that the employment rate of families that were relocated from East Lake Meadows, a public housing development, to mixed-income communities increased from 17 percent to 55 percent. These employment gains were found to be consistent amongst the group that underwent moves to mixed-income communities, controlling for other factors. Dr. Boston also noted that the most important single determinant of increasing the educational outcomes of low-income Atlantans was access to quality schools. Dr. Boston also monetized the crime rate differences in communities that were demolished and revitalized. He calculated the net social benefit to Atlanta for revitalizing these communities to be \$129 million. The overall net benefit of the transformation of the AHA’s housing policy to the City of Atlanta is estimated to be well over \$1 billion dollars. Dr. Boston noted that these social savings can be used in other programs throughout the city.

## Figure 1. Community Attribute Index

The CAI is a comprehensive measure of community attributes indexed at the census tract level. It measures the average achievement along six dimensions affecting community life. Each dimension is comprised of two to four different variables, each variable is weighted according to its relative importance in explaining dimension (weights provided in brackets in the table below).



### How to calculate the CAI

#### 1. Collect data for each variable and generate a variable index value

Actual values for all variables in the index are collected. The maximum and minimum values observed for each variable are chosen as goalposts. The variable index is expressed as a value between 0 and 1 by applying the following general formula.

Maximum value*	1	
Actual value		<b>Variable Index =</b>
		<b>Actual value – Minimum value</b>
		<b>Maximum value – Minimum value</b>
Minimum value*	0	

#### 2. Calculating the dimension Index

The dimension index is calculated as a weighted average of all variable indexes within each dimension. For instance,

$$\text{Economic Opportunity Index} = (0.5 \times \text{Median household income index}) + (0.25 \times \text{Composite score on ITBS}) + (0.25 \times \text{Writing assessment score})$$

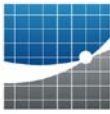
#### 3. Calculating CAI from dimension indexes

Calculating a simple average of these six dimension indexes gives the CAI.

$$\text{Community Attribute Index} = (\% \times \text{Economic Opportunity index}) + (\% \times \text{Poverty Status index}) + (\% \times \text{Educational Attainment index}) + (\% \times \text{Housing and Population Mix index}) + (\% \times \text{Family Stability index}) + (\% \times \text{Crime Index})$$

Dr. Boston then fielded questions from the audience. An agency representative asked how to evaluate a voucher program without a control group. Dr. Boston responded that without a control group the agency would only be able to do a before-and-after comparison on the treatment group.

One agency representative brought up the changing dynamics of the Atlanta metropolitan area. Currently, higher-income residents are moving back into the city proper, making the suburbs less



expensive. These demographic changes are forcing individuals to reassess the stereotypical definition of “suburb,” as more public housing residents are moving to suburban areas.

Dr. Boston concluded by stressing the importance of housing choices—one of the core objectives of the MTW demonstration. He has found through focus groups with public housing residents that they value the choice of living wherever is best for their family, and that the success of the AHA transformation plan is rooted in providing families with the resources to make this transition.

## ASSEMBLING QUALITY MTW PLANS AND REPORTS

This session provided an opportunity to review and discuss ways in which Moving to Work (MTW) agencies can prepare clear and complete Plan and Report submissions within the requirements of Attachment B of the MTW Standard Agreement (Form 50900). Laurel Davis of Optimal Solutions Group, LLC presented ideas and best practices to agencies and facilitated a dialogue on the thoughts, experiences, and questions of participants.

Ms. Davis noted that there are a number of advantages for agencies to creating clear and complete MTW Plans and Reports. First, reporting documents should be able to provide full answers or clearly refer readers to supplemental information. Creating as much of a stand-alone document as possible is helpful. MTW agencies should also consider the uses of the document and the stakeholders completing reviews to ensure that it will provide necessary information and answer the questions of these groups. Also, a quality report will make the case for which MTW activities work well and which do not work as well. Finally, submitting clear and complete Plans and Reports speeds up the review and approval process. It was noted that when a Plan or Report is submitted to HUD it is reviewed by a number of individuals – HUD’s MTW Contractors, the agency’s MTW Coordinator, the MTW working group, the local field office, and others.

Some important factors to consider when completing Plans and Reports include:

- Consider the audience.
- Make it easy to navigate the report by using sequential page numbers and a well-organized hierarchy of headings.
- State basic information explicitly in the Introduction of the document. This background information helps provide context for the reader.
- Create appendices for items that are referenced repeatedly in the document or that are excessively long and distract from the key message in a section.
- According to the instructions in Form 50900, the order of the sections in the Plan/Report and their corresponding elements must match the Form’s order.
- Have the document reviewed by a staff member who was not involved in development of the document. This helps to spot items that are not presented clearly and to catch any mistakes or typos.
- Present information using a mix of text, tables, and other methods.

An agency representative informed the group that their agency develops customized reports for different stakeholders in addition to the Annual MTW Plan and Report. The additional reports allow the agency to showcase any additional information and activities that the public housing authority (PHA) is engaged in that are not covered in the MTW Plan/Report. These reports can be targeted to be understandable to various types of stakeholders. Another agency representative noted that they are considering removing a large amount of information from their MTW reporting documents that is not required under Form 50900, and putting it into a separate ‘annual

report' style document for review by other stakeholder groups. She asked if other MTW agencies submit a separate report with their MTW Plan/Report. Ms. Davis said that none submitted such a document with their MTW submission but asked the group if other agencies were creating additional reports for other stakeholders. Several agencies complete a separate annual report or similar document for the use of community stakeholders.

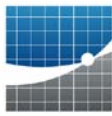
The group walked through each section of the reporting requirements in Form 50900. Ms. Davis noted that MTW PHAs are doing a good job in relating their goals to their objectives in MTW Plans submitted in the new format; however, they most agencies have not done as good a job of relating MTW activities back to the stated goals and objectives. One agency representative said that the agency created a table for its upcoming Plan submission that connects MTW goals, statutory objectives, and activities together. It will be included as an appendix to the Plan. Session participants expressed interest in reviewing this table.

The group agreed that providing clear background information on the PHA in the introduction is helpful to provide context to stakeholders reviewing the document. Clearly stating the time period that the Plan covers (i.e. the fiscal year start and end dates) is also helpful.

Ms. Davis noted that when agencies present numeric data in the Plan/Report, it is helpful to note the time period that the data covers. Also, it was discussed that the values 'planned' in the MTW Plan should match 'planned' values shown for comparison to 'actual' values in the Report. If the 'planned' values changed after the MTW Plan was submitted, due to a factor such as the agency's actual Board approving the budget, the agency should list 'planned', 'budgeted', and 'actual' values in its Report when making comparisons. The group discussed the fact that the information in Section II of Attachment B had changed significantly from the old reporting requirements and that some stakeholder groups may find the information that was presented under the old reporting requirements (i.e. demographic breakdowns of public housing and HCV residents) to be useful. If agencies wish to continue including this information in their Plans and Reports, due to interest from stakeholder groups in continuing to receive such information, this can be done. It was also noted that much of the information reported in Section II lends itself to tabular presentation and that agencies should consider this as a way to clearly present such data. Discussion of the numbers should be provided when an added explanation is needed.

The group next discussed Sections III and IV of Form 50900. Ms. Davis pointed out that under the old reporting format many agencies included supplemental information on non-MTW activities in which the agency was engaged, as this information provided a more holistic picture of how MTW activities and non-MTW activities interacted. These non-MTW activities often work hand in hand with MTW activities to improve conditions for residents or the operations of the agency. The new reporting format provides a separate section for non-MTW related housing authority information on finances and activities. Ms. Davis noted that in the submissions received thus far in the new format, a number of agencies have provided some information on non-MTW activities.

Very few agencies have provided information on non-MTW federal funding sources. Ms. Davis asked the group to discuss this optional element. Ms. Davis noted a few agencies had provided



the information in Section VII instead. The group said that this information seemed to fit better in Section VII and some agencies noted that they simply decided to provide it in Section VII instead.

Regarding the long-term MTW Plan (Section IV), Ms. Davis clarified that this is not the same as what is provided in the Introduction. The Introduction is asking for information for the current fiscal year. Section IV is giving the agency the opportunity to discuss its long-term, big picture effort. An agency representative asked if agencies could skip including the headings and section numbers for Sections III and IV if they did not intend to provide the optional information. The attendee indicated that having these blank sections may be confusing for stakeholders reviewing the Plan. The group discussed this, but noting the requirement listed in Form 50900 to provide the information according to the listed order, it was agreed upon that the agency should not change the section numbering. Attendees suggested that the agency simply list 'Optional' or 'Not Applicable' under these headings.

Ms. Davis explained that Section V and VI are the most important sections of the Plan and Report because they are the sections that contain specific information on MTW activities proposed or implemented by the agency. Thus, HUD reviews these sections very closely. Per Form 50900, each of the required variables associated with an individual MTW activity should be grouped with that activity. Via this section, HUD is trying to determine what waivers are being used and what the outcomes of MTW activities are. As has been stressed throughout the conference, HUD is placing a strong focus on measurement through defining baselines and benchmarks. A number of agencies have presented this information effectively by providing the written details about each activity and its related variables, as well as a summary table that provides a shortened one-page view of the information. HUD also has provided a template to agencies that can be used to create such a summary table; a hard copy of the table shell is included in the conference registration folder and an electronic copy was provided during the January 2009 evaluation training. An agency representative inquired if there is a format requirement for this table. Ms. Davis responded no, that the table is not required by Form 50900 so there are no rules for how it is formatted. The table is simply a recommended way of clearly and concisely presenting information on MTW activities.

Furthermore, Ms. Davis pointed out that the MTW statute requires MTW agencies to do some form of rent reform that contributes to increasing self-sufficiency. It was noted that the definition of rent reform provided in the Standard Agreement is vague and should be clarified. All rent reform activities require additional information be completed in Form 50900, so it is essential for agencies to clearly understand what does and does not constitute a rent reform. Ms. Davis recommended that agencies with questions regarding what constitutes a rent reform should consult the MTW Office. Ms. Davis also noted that HUD has developed draft guidance on developing hardship policies and impact analyses for rent reform initiatives. This guidance was discussed at a session earlier in the afternoon. Ms. Davis asked if any of the participants had attended the session on the draft guidance. A few agencies noted they did attend and that a number of suggestions were provided to HUD on how the guidance could be improved. Ms. Davis noted that a copy of the draft guidance could be obtained for those who expressed interest and that extra handouts were available near the registration desk. An agency representative

noted that an impact analysis may be quite long, and inquired as to whether it is acceptable to include the impact analysis in an appendix. Ms. Davis responded that it can be included as an appendix if necessary.

An agency representative asked if PHAs are required to provide extremely detailed citations for the authorizations used for MTW activities. Ms. Davis said that the appropriate citations for the MTW authorizations included in Attachment C of the MTW agreement have been provided by HUD. MTW agencies should simply reference these citations in their Plans and Reports and do not need to pull more detailed citations, unless they are requesting authority for something not covered in Attachment C.

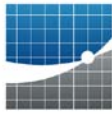
Section VII of Form 50900 discusses Sources and Uses of Funding. Ms. Davis noted that the most important element in Section VII is to show the reallocation of MTW funds so that HUD can better understand how agencies are using the block grant. HUD would like to know what the agencies are doing with funding fungibility and how the money is redirected. The group also revisited earlier discussions on planned, budgeted, and actual values in the MTW Report to enable agencies to compare actual expenditures to the budgeted amounts as opposed to pre-budget approval amounts that may have been listed in the MTW Plan. Ms. Davis also informed the group that HUD drafted guidance on reporting in this section of Form 50900 which was discussed during a session at the conference. Ms. Davis noted that a copy of the draft guidance could be obtained for those who expressed interest and that extra handouts were available near the registration desk.

The group discussed other techniques that have proven effective for preparing and presenting information in MTW Plans and Reports. An agency representative said that it has proven useful to maintain a folder of information that was used in creating the Plan, so that it is available to review when the agency starts preparing the corresponding report. This makes it much quicker to prepare the report, because one knows exactly where and how they obtained different data items that were in the Plan, and why certain decisions were made.

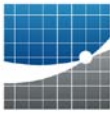
Ms. Davis reiterated that is important to recognize that:

- Attachment B (Form 50900) is not a perfect tool. HUD and PHAs recognize this and as a result some minor changes may be made to the Form when its OMB approval is up for review in 2011.
- Agencies can include information in excess of the Form 50900 requirements if they feel it would be beneficial to the audiences reviewing the Plan or Report.
- The MTW Plan and Report submissions are in lieu of the 5-Year and Agency Plans required by Section 5A of the 1937 Act, so it is important to ensure that MTW Plans and Reports follow Form 50900, but that agencies also provide required submissions for the receipt of funds as would be provided in the 5-Year and Agency Plan submissions.
- Various stakeholders are reviewing these documents.





In conclusion, Ms. Davis informed the group that HUD is preparing information for agencies on the electronic submission of Plans and Reports. The Standard Agreement requires the electronic submission of these documents but does not provide further details. Recently, extremely large files have been submitted, which posed technical difficulties for reviewers to transmit to one another and for HUD to post to its website. The preferred formats for the document submissions are converted PDFs and Microsoft Word documents. An agency representative pointed out that some of the documents that the agencies receive are hard copies, for example the audit report. Hence they have to scan the documents for submission, which explains the large files. Another attendee noted that even when submitting Word documents the file size can be large depending on the contents of the Plan/Report. It would be helpful to know the transmittal limitations of HUD's email system and the limitations for posting on the HUD website. Agencies did agree that such guidance would be helpful to them. Ms. Davis said that the concerns expressed would be addressed in the guidance.



**DAY 3 – APRIL 30, 2009**

## DEVELOPING AN ALTERNATIVE PHAS SCORING METHODOLOGY

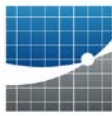
Moving to Work Program Director, Ivan Pour, led a discussion on the issues associated with establishing an alternative Public Housing Assessment System (PHAS) for MTW agencies. The traditional PHAS scoring methodology might not be appropriate for agencies that have utilized MTW to adopt new policies and practices that would affect a traditional PHAS performance indicator. MTW agencies that wish to be eligible for high performer bonuses would normally have to participate in the PHAS scoring process to obtain or retain high performer status. To enable MTW agencies to achieve high performer bonuses, it would be necessary for HUD to adopt a scoring system that would fairly assess and confirm that the agency is performing at a high performer level, even if MTW policies have been implemented.

Mr. Pour noted that when MTW first was launched, MTW agencies were authorized to opt out of the Public Housing Management Assessment Program (PHMAP) and its replacement assessment system PHAS while retaining high performer status. This was reasonable because it was expected that MTW participation would be short-term, but with the extension of MTW participation for an additional 10 years, a method of confirming that an MTW agency is continuing to perform at a high performer level is required. Mr. Pour noted that it is only fair that high performance rewards be provided to agencies that have earned these rewards.

HUD is currently developing a new non-MTW housing authority performance evaluation system. As an interim solution, HUD has agreed to allow certain MTW agencies to retain High Performer status, even if they choose not to be scored in the current PHAS, until the new assessment system is finalized. In addition, MTW agencies that previously held High Performer status have language in an Attachment D to their Amended and Restated MTW Agreement allowing those agencies to propose an alternate performance evaluation system for HUD approval that could fairly establish if High Performer status is justified. This authorization requires that 11 specific performance indicators be included in such a system.

Mr. Pour noted that the purpose of this session is not to provide HUD's decision on an alternative assessment system, but to explore the issues of creating such a system. The outstanding questions are as follows:

- Should the system measure the agency or the agencies' properties' performance?
- Are the 11 indicators included in Section 6(j) relevant?
- Who should be responsible for making the assessment?
  - Should a third party be utilized?
  - Should the agency be allowed to self-certify?
  - Should HUD staff make these assessments?
- Should an industry accreditation system be utilized? This was once investigated but was not adopted. Should HUD reconsider this option? When this was previously explored, the following concerns were identified:

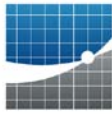


- Such a system will be expensive. Will the MTW agencies be willing to pay the cost?
- Would this create an alternative entity doing what HUD should be doing?
- What is so unique about MTW that prevents the traditional assessment systems from working?

### **Comments from Those Attending This Session**

Following is a recap of observations and suggestions provided:

- One agency noted that because Capital Funds are fungible under the MTW single-fund budget, it makes no sense to monitor Obligation and Expenditure deadlines. An agency can draw down these funds for any approved agency purpose.
- One agency noted that HUD should think of public housing as a commodity. Public housing has traditionally been thought of as a welfare program. Delivery of services should be separated from the housing products. The agency staff noted that there is a need to leap to where other housing programs are on this issue. For example, how do tax-credit properties get evaluated? The agency staffer noted that their agency fully supports the concept of accreditation. The agency's police department is measured through an accreditation system and it serves as a great motivator to improve performance. Accreditation does not duplicate HUD; it separates HUD's role as a funder and regulator from the role of an evaluator. Evaluation should be done by a third party. An MTW evaluation system should boil down the indicators to assess what is important while allowing the system to operate regardless of the agency's MTW activities. It was suggested that a group of MTW agencies be formed to jointly explore this issue.
- One attendee noted that the MTW statutory requirements should be monitored. Mr. Pour noted that MTW compliance issues were being monitored in other ways. This assessment will evaluate the agency's general performance as a housing provider.
- One attendee had worked for an accreditation agency and believes that accreditation would be a good system to utilize. Regarding whether to assess an agency or the agency's properties, it was noted that a property level assessment might work better for poor performing agencies, but a well-performing agency should not be penalized for having one poor performing development.
- Another agency supported the use of an accreditation system and the suggestion of forming a working group to develop such a system. It was also suggested that workshops be provided to strengthen an agency's quality control process. This will help improve agency performance.
- One agency pointed out that there can be significant differences between MTW agencies. Each MTW agency is unique. Trying to develop a standardized system



can be problematic. Forming a working group to explore these issues is needed, but MTW agencies should take the lead in such an effort.

- It was noted that MTW Executive Directors are planning to meet in Chicago at the end of June to develop an effective message about MTW to Congress. Forming a working group to explore a performance assessment for MTW agencies should be an agenda topic. Follow-up meetings exclusively on this topic can then be scheduled.

Wrapping up the discussion, Ivan Pour asked for guidance on the following two issues from those present:

- Is an accreditation system preferred? There did not appear to be a consensus on this question.
- Should a working group be formed immediately to further explore an alternative assessment system, or should further activities await the Executive Director's meeting in late June? Most believed that waiting for the Executive Director's meeting would be best as long as finalizing such a system was not urgently needed. Mr. Pour noted that there are currently no time constraints on this issue.

## **PANEL: USING MTW FLEXIBILITY TO WORK THROUGH TROUBLED ECONOMIC TIMES**

Marianne Nazzaro, Moving to Work (MTW) Coordinator, facilitated this panel session on using MTW flexibilities to address challenges imposed by the current economic climate. The panel consisted of three members – Bob Boyd (Minneapolis Public Housing Authority), Sharon Wilson Geno (Ballard Spahr Andrews & Ingersoll, LLP) and Ivan Pour (U.S. Department of Housing and Urban Development (HUD), Office of Public Housing Investments) – who presented their insights and experiences in using MTW flexibility to work through troubled economic times.

### **Bob Boyd – Minneapolis Public Housing Authority**

Mr. Boyd began by noting that the foreclosure problem started hitting Minnesota a few years ago, and the agency wanted to focus on keeping families in their homes. A solution created by the agency was the Saving Home program. The agency set aside a number of vouchers to use as a tool for foreclosure counselors. The agency created a Section 8 voucher to assist families to renegotiate their loans into a 30-year fixed-rate loan. MTW allowed MPHA to waive the first-time homeowner requirement and allowed the waiting list to be open for this specific designation. Lenders are reassured that if borrowers have five years of secure income and the mortgage fails within the first 10 years the agency will make the payments. Habitat for Humanity is the funded counselor for the program.

The second initiative is the Rent to Own initiative. The agency will buy up to 24 foreclosed units and treat them as public housing. MTW flexibility is being used to create a rent to own program. Families who may not be ready for a private mortgage can rent a unit for five years and then buy it. Families who are sufficiently employed are recruited from public housing, the Section 8 program and from the waiting lists. Families have five years to resolve any credit problems or other issues prior to purchasing the home. The money the agency receives from selling the homes will be used to purchase additional homes in future.

Minneapolis has made neighborhood stabilization revitalization dollars available to non-profit organizations (NPOs). The agency will look into creating a project-based voucher program in these rental units developed by NPOs. Minneapolis also is looking into creating a program-specific voucher to cover room and board at colleges.

MPHA also is looking into creating a working family credit. The agency is considering reducing rent by 10 percent and/or creating a FSS 'lite' program. MPHA is considering the possibility of reducing rent by 10 percent but still making the families pay their portion of the rent. MPHA would put the funds into an escrow account, and then the agency would like to take all the escrow credit (combined from all escrows) and use the interest generated to pay for job training programs.

### **Sharon Wilson Geno – Ballard Spahr Andrews & Ingersoll, LLP**

Ms. Geno began by noting that in the past, MTW agencies were encouraged to focus on opportunities in real estate market that these agencies may be best positioned to take advantage of. She noted that one MTW site is purchasing a general partner interest in a property and creating MTW units in buildings. Another opportunity for MTW agencies is condominium purchases. Agencies have been buying condos for years; now, agencies have been buying units already built at a tremendous discount that could not be sold by the developer.

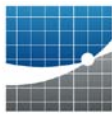
Ms. Geno said that MTW agencies also should look for multifamily expired use buildings. MTW agencies may be able to obtain advantageous deals, depending on the capital needs of the structure. Agencies then can turn the units into MTW units. Also, MTW agencies should look for newly constructed homes that a builder cannot sell. Agencies can use MTW funds to buy these homes and then tie public housing subsidy to them.

Agencies also can look for ways to incentivize families to obtain self-sufficiency using MTW flexibilities. One idea is to create more transitional housing to help increase the number of opportunities for people who are homeless to get on their feet and then give them preference to enter public housing or the Housing Choice Voucher program. Agencies can use MTW to create a term-limited subsidy in these units.

Additional opportunities include creating job training programs, providing shallow subsidy to increase or extend unemployment benefits to help residents retain housing, or leveraging services for the elderly and/or disabled by using MTW to help provide the housing component of services delivered by non-profits.

### **Ivan Pour – HUD, Office of Public Housing Investments**

Mr. Pour began by noting that the American Recovery and Reinvestment Act of 2009 (Recovery Act) provided a large sum of money to public housing authorities (PHAs); adding 4 billion to help housing authorities improve properties through the capital fund program. The Recovery Act funds are strictly intended for capital improvements, not for rental assistance or operating costs, and can not be combined into the MTW block grant. Once agencies receive the capital funds they will need to move the money very quickly. This is a challenge for housing authorities not used to using capital funds in this way. Anything capital-related (listed in the agency's capital plan submission) that funds have not already been obligated for can be completed using Recovery Act funding. The Recovery Act lets agencies acquire more public housing units if they want; specifically, under the Recovery Act, agencies can acquire public housing units above the 1999 Faircloth cap. Mr. Pour noted that the Capital Fund staff at HUD is managing the Recovery Act funds. The Recovery Act administrative fee limit is 10 percent.



## **Questions**

### ***Do we need to itemize costs or can we utilize the Central Office Cost Center (COCC)?***

All Recovery Act funds have reporting requirements. Agencies will always need to keep these funds separate (or separable) in order to complete the required reporting. Agencies can put these funds into COCC if relevant, but agencies will still need to report out on them separately from the annual capital fund dispersion. Agencies need to know what they did with the Recovery Act funds even when these funds have been placed into the COCC.

It is important for MTW agencies to remember that the Recovery Act requirements trump MTW flexibilities. Agencies need to live with reporting and Buy America requirements, among others. The Office of Management and Budget (OMB) recently created an improved guidance on what Buy America means. The guidance will likely be the basis for HUD's guidance on Buy America. More information is available on the web at [www.Recovery.gov](http://www.Recovery.gov).

### ***Will there be a national registry on units that have been or will be foreclosed upon, so that agencies can buy them with Recovery Act dollars?***

Mr. Pour and Robert Dalzell said they were not aware of any plans for such a resource. Agencies can issue an RFP that gets the word out that they want to buy foreclosed homes. Agencies can also register on the HUD multifamily website to show interest in buying foreclosed properties.

### ***What will reporting requirements be like?***

Reporting requirements will be quarterly, and the first report will be due in early July 2009. The OMB document lists some of the reporting requirements, but the guidance is not comprehensive at this time. Mr. Dalzell noted that there will be more information coming out on this topic soon.



## CONFERENCE FEEDBACK: QUESTIONS AND COMMENTS

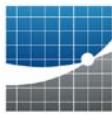
During the closing session of the MTW Conference, participants were given the opportunity to ask questions and provide comments to a panel comprised of senior staff from the Office of Public and Indian Housing. The panelists were Dominique Blom, Deputy Assistant Secretary of Public Housing Investments; Milan Ozdinec, Deputy Assistant Secretary of Public Housing and Voucher Programs; Bessy Kong, Deputy Assistant Secretary of Policy, Program and Legislative Initiatives; J. David Reeves, Deputy Assistant Secretary, Real Estate Assessment Center; Greg Byrne, Director, Financial Management Division, Real Estate Assessment Center; and Ivan M. Pour, MTW Program Director. Marianne Nazzaro of the MTW Office served as the moderator of the panel. Ms. Nazzaro began the panel discussion by going through the questions submitted by conference participants over the duration of the event.

### **Why are some of the original MTW agencies able to use their MTW funds to fund activities that are outside of the activities listed in Sections 8 and 9 of the 1937 Act, while other agencies cannot?**

Deputy Assistant Secretary (DAS) Dominique Blom noted that the MTW statute requires public housing authorities (PHAs) to produce housing for low-income families, which are defined as those families earning less than 80 percent of Area Median Income (AMI). At the outset of the demonstration, a number of the MTW agencies utilized this flexibility to design activities that went outside the bounds of the eligible activities of Sections 8 and 9 of the 1937 Act (i.e. outside of the public housing and voucher programs). The Standard Agreement did not contain this flexibility; however, HUD's premise during negotiations with MTW agencies was that if a provision under an agency's original MTW agreement was legal then the provision would be able to be retained under the Standard Agreement. After consultation with the Office of General Counsel and the Chief Financial Officer's appropriations counsel, it was determined that the above language could be interpreted to permit MTW agencies to utilize their combined funds for purposes outside the eligible activities of Sections 8 and 9 of the 1937 Act, provided the activities met the purposes of the Moving to Work statute, stated in their in the Annual Plan and approved by HUD.

### **Why are MTW agencies prohibited from using funds to serve more than the maximum number of households allotted under their Voucher Programs?**

DAS Milan Ozdinec stated that the topic of over-leasing would be an important part of the agenda for HUD leadership and the new appropriations under the Section 8 Voucher Reform Act (SEVRA). He explained that HUD has historically requested that the cap on its Annual Contributions Contract (ACC) be removed, provided that appropriators would never provide more than what was created under the ACC. Given this, and assuming that agencies are at 100 percent of their ACC cap, Mr. Ozdinec said there may be a future possibility of allowing housing authorities to go above the cap and lease more units. However, the Office of General Counsel has rendered an opinion that agencies cannot lease units beyond 100 percent of their ACC cap.



**Some of the evaluation activities requested of MTW agencies by HUD are undoable at current resource levels. Why doesn't the MTW office contract with HUD's Policy Office to do an evaluation of the MTW demonstration? Will funding be available to do pilot research through competitive opportunities?**

DAS Bessy Kong noted that program evaluations are very important to Secretary Donovan and his incoming staff. A previous evaluation of the MTW demonstration was inconclusive because the original structure of the demonstration rendered agencies incomparable. Ms. Kong stated that the information required by Attachment B of the Amended and Restated MTW Agreement should resolve many of the previous data collection issues and allow for better study techniques. She noted that an evaluation is forthcoming that will involve HUD's policy offices in some way, but that the specifics of the evaluation have not been finalized by HUD staff.

MTW Program Director Ivan Pour added that HUD hopes that MTW agencies will be able to do evaluations of their individual MTW programs. However, an evaluation of the entire demonstration would be coordinated with HUD's policy offices.

**If the King County Housing Authority (KCHA) is a successful example of asset management, why does KCHA need to rely on stop loss?**

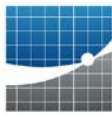
Greg Byrne, Financial Management Division Director at the Real Estate Assessment Center (REAC), explained that the KCHA was not required to be assessed, but agreed to rely on stop loss to save money. Staff from KCHA confirmed this by explaining that stop loss allowed the agency to more easily transition to site-based management.

**Will you please give an update on SEVRA? Some MTW agencies have heard that the Housing Innovation Program (HIP) provision in SEVRA may be eliminated.**

DAS Milan Ozdinec noted that Secretary Donovan has extensive knowledge and interest in SEVRA. He noted that HUD will be having conversations with Secretary Donovan and the eventual Assistant Secretary regarding SEVRA. He stated that Representative Maxine Waters (CA) is planning to complete a markup of SEVRA on May 6, and anticipates that there will be some movement of bill within the House. Most likely, the markup will result in some provisions that may have mixed reactions from housing agencies. At this time, however, the future of SEVRA is unclear.

**Of the five agencies that have used the Public Housing Mortgage Program (PHMP), did any retain ACC units?**

DAS Dominique Blom explained that the Public Housing Mortgage Program is the new name for authority under Section 30 of the 1937 Housing Act that allows public housing authorities to mortgage or pledge assets to create low-income housing. Ms. Blom noted that few PHAs have taken advantage of PHMP because of the requirement that assets have a declaration of trust on property—a requirement that makes PHMP less attractive to bankers and lenders. Participation in PHMP requires approval from the Office of Public Housing Investments or the Assistant Secretary.



Ms. Blom explained that a few housing authorities submitted proposals under Section 30 in an effort to create public housing. Some of these agencies created tax credit housing and others developed affordable housing under PHMP. Ms. Blom encouraged agencies, if they have a desire to take advantage of PHMP, to submit proposals to the Office of Public and Indian Housing (PIH). PIH is currently creating a Notice for Proposals.

**For down payment assistance funded by Housing Assistance Payment(s) (HAP), is it allowable to waive regulations that would allow funds to be recaptured when the family sells the home?**

Ivan Pour stated that HUD has provided a broad section in the Standard Agreement that grants flexibility for Section 8 homeownership. However, the MTW office wants to see details of a proposal as part of the agency's Annual MTW Plan. Pour stated that this type of flexibility is plausible, but that the MTW program office would need to investigate each proposal in detail.

**When will the new Notice of Funding Availability (NOFA) for the Veterans Affairs Supportive Housing (VASH) vouchers come out? What will happen to vouchers in the current NOFA? Can PHAs apply for extra vouchers above the 100-percent limit?**

DAS Milan Ozdinec explained that the 2009 Appropriations should be finalized by May 9, 2009. He noted that the designated housing NOFA received many applications, but was not 100-percent subscribed. As a result, there will be follow-on to the next NOFA to redistribute the balance of funds that were not requested.

In regards to VASH, Mr. Ozdinec stated that HUD is working closely with the Veterans Administration (VA) to leverage the use of these vouchers. The expectation is that the VA will provide the services associated with these vouchers since that is its area of expertise. In 2009 and 2010, HUD will be looking at how the HUD and individual PHAs can work more effectively with the VA to effectively utilize these vouchers. He said in some parts of the country that PHAs have been able to develop effective relationships with their local VA agencies, but other PHAs have experienced more difficulties. There will be a new NOFA issued soon for additional vouchers. DAS Bessy Kong noted that, even if veterans leave the VASH program, VASH vouchers remain in the program.

**If an agency increased its supply of units that met Uniform Federal Accessibility Standards (UFAS) from 3 percent to 5 percent, would this be sufficient to meet the objective of increasing housing choices?**

Ivan Pour stated that providing housing opportunities for people with disabilities would meet the objective of increasing housing choices. DAS Bessy Kong explained that there are complexities with UFAS meeting 504 requirements, but that 5 percent is the goal for agencies. She said HUD's Office of Fair Housing and Equal Opportunity can clarify concerns around any UFAS issues.

### **How does HUD plan to ensure that best practices are incorporated into statutory amendments?**

Ivan Pour said HUD has developed a collection of best practice reports over the past few years with the help of summer interns. Developing and updating best practices remains a priority for the MTW office; however, due to staffing limitations, continuous updates to the best practices reports have not been feasible. Under the new MTW reporting requirements, agencies will have the opportunity to report information to the MTW office and other offices within HUD, which will further inform best practices for the demonstration.

DAS Dominique Blom added that one of purposes of MTW is to provide innovative approaches to the other 3,000 public housing agencies across the country that are not included in the MTW Demonstration. One of the requirements of the MTW statute is for agencies to engage in rent reform. MTW agencies can test ways to streamline services and be less invasive in the lives of low-income families. She stated that it is critically important for MTW agencies to be creative, and to look at how things can be done differently, so that they can inform policy debate.

HUD is interested in discussing the best ways to build on administrative reform initiatives that REAC undertook. She stated that changing regulations and statutes is a long process, but now that MTW agreements have been extended for 10 years, there is an incubator to start these changes and inform the debate.

DAS Bessy Kong stated that the MTW Demonstration can provide valuable lessons on specific areas of complex housing programs. She said there will also be future discussions about how to institutionalize some best practices realized under the MTW program.

### **Will there be another MTW Conference next year? If so, could the conference be held on the West Coast?**

Ivan Pour responded by saying that the MTW office plans on hosting another conference for MTW agencies and HUD staff next year, although the location is yet to be determined. Mr. Pour reflected on the energy that the conference had generated among MTW agencies and HUD staff and the high-level dialogue during the sessions was a good reason for hosting a 2010 MTW Conference.

Marianne Nazzaro then opened the question and answer session to the entire audience.

### **Question: The agency was not required to participate in the Voucher Management System (VMS) through provisions in the agency's MTW agreement. In the interim, this reporting system has become unbearably complex. Is there any consideration for having separate reporting requirements for MTW vouchers? What is point of VMS? Why is it that agencies are required to report at that level when the Financial Management Center (FMC) already has the formula?**

DAS Milan Ozdinec said that VMS was inherited and is not a system of choice for staff, including FMC staff. It is anticipated that the way information is collected and submitted will be

undergoing changes. HUD staff wants to look at critical components from statutory and regulatory requirements to see how a web-based system can be designed to best access and respond to questions in real time.

DAS David Reeves said HUD is in the process of developing a new centralized reporting system for the Section 8 program to provide more flexibility and address outstanding issues. He said that HUD is basically starting from scratch to design this program and will be seeking input on the system's design. One of the objectives of a new system will be to minimize individual reporting requirements.

### **Could you please provide an update on the SEVRA Bill?**

A representative from the Public Housing Authorities Directors Association (PHADA) stated that he understood that the House will be holding hearings on the SEVRA bill. DAS Milan Ozdinec urged everyone to carefully read the proposed SEVRA bill since provisions of this bill impact practically all of a PHAs' programs. He said it is critical for all public housing agencies to have an informed view of this proposed bill and the impact it could have on their housing operations.

### **Question: There is a cost to MTW agencies to track their progress on meeting benchmarks that are tied to MTW's three statutory objectives. Are there also some other sub-benchmarks that HUD may have for this program?**

Ivan Pour stated that when the goals and objectives were set forth for the MTW Demonstration, HUD wanted MTW agencies to determine baselines, benchmarks, and metrics for their MTW activities. It is important for agencies to measure what is happening in their community. He said HUD is here to help agencies develop these evaluation strategies, not to dictate them.

Marianne Nazzaro said it is important for MTW agencies to measure what is important to the agency and to their communities. HUD staff is available to lend support, but additional financial resources are not available for reporting purposes. HUD's policy and MTW offices are available to help MTW agencies develop their baselines and benchmarks. Some of the recent MTW site visits have focused on developing these measures.

### **When will the HOPE VI NOFA be released?**

DAS Dominique Blom noted that under the conditions of the HUD Reform Act, HUD staff is not allowed to announce specific release dates for NOFAs. She did note that the conference report for the appropriations bill stated that the NOFA must be released within 60 days of the conference report, which was released in mid-March.

## CLOSING REMARKS

Deputy Assistant Secretary Dominique Blom thanked the panel for participating in the Question and Answer session. She began by stating that Moving to Work (MTW) agencies have a tremendous opportunity as one of 30 public housing authorities that are granted the flexibility to implement creative methods of providing housing to low-income families. She noted that the purpose of the MTW Conference was for agencies to learn from one another. The conference also marked an opportunity for MTW agencies to seriously reflect on their approaches and to step up their creativity and innovation to help inform the public housing and voucher industry.

The MTW statute requires agencies to implement rent reform initiatives to encourage employment and economic self-sufficiency. Five agencies at this conference discussed rent reform. Ms. Blom hoped that all agencies would be able to discuss rent reform at next year's conference. She encouraged agencies to ask themselves the following questions: What do you want to test? What do you want to simplify? How can you be more efficient? Then, after determining answers to these questions, experiment, test, and demonstrate these creative initiatives for the rest of the country.

Ms. Blom noted that Secretary Donovan has used transformation as one of his main early themes, and MTW is a transformative demonstration. Secretary Donovan cares about studies, facts, data, baselines, and metrics. Evaluation has been another theme of this conference, and agencies should remember to look for ways in which data can provide information about the success of an activity. It is imperative for agencies to begin developing metrics and baselines. Ms. Blom noted that this work isn't always flashy, but it is critical.

Ms. Blom highlighted the numerous next steps to be taken by agencies and HUD to improve the demonstration. She noted that agencies should continue to test, experiment, and evaluate the types of initiatives that have been discussed over the past two days. She challenged agencies to continue having dialogue after the conference through conference calls or regional conferences led by agencies. Soon after the conference, HUD will produce a Conference Report, which will provide a summary of all of the discussions that have taken place.

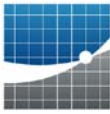
Ms. Blom encouraged participants to fill out evaluation forms to tell HUD what ideas and themes it would like to address for next year's conference.

Ms. Blom thanked attendees again for their participation, creativity, and energy. We'll see you next year!



## **APPENDIX A – CONFERENCE REGISTRATION FOLDER MATERIALS**

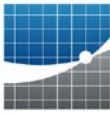
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## **APPENDIX B – DAY 1 HANDOUTS**

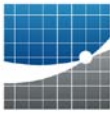
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## **APPENDIX C – DAY 2 HANDOUTS**

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## **APPENDIX D – DAY 3 HANDOUTS**

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