Moving to Work Research Advisory Committee

Tuesday, July 26, 2016 Meeting Notes

I.   Welcome

This is the first meeting of the Moving to Work (MTW) Federal Research Advisory Committee (Committee). MTW is administered by the Office of Public Housing Investments (OPHI) within the Office of Public and Indian Housing (PIH) at HUD. The agenda for the meeting was published on July 12th in the Federal Register, and a handout summarizing public comments on an earlier Federal Register notice soliciting input on the policies to be studied under the MTW expansion was posted on the MTW expansion website prior to this call. Lourdes Castro-Ramirez, the Principal Deputy Assistant Secretary for PIH, gave opening remarks thanking the committee members for their service and highlighting the expansion as an opportunity to test strategies that can inform HUD policies and programs.

II.   Purpose and Structure of the Committee

The 2016 Appropriations Act required that HUD establish a committee to provide advice on the policies to study and the methods of evaluation as part of the MTW expansion to an additional 100 public housing authorities (PHAs). The Federal Advisory Committee Act (FACA), administered by the General Services Administration (GSA), governs the committee to ensure its work is open to the public and provides for a record of the committee's work. The Committee is required to have a charter with details about its composition and function, which was filed in May 2016. The Committee will advise the HUD Secretary on one policy change for each cohort of the expansion, the specific methodologies to evaluate this change, work that has already taken place relevant to potential policy changes by current MTW PHAs, and relevant regulations that need to be changed in order to implement policy changes.

The Committee is composed of two members from HUD, five independent researchers, five representatives from MTW PHAs, and three current or former residents of MTW PHAs. Laurel Davis is the Designated Federal Official (DFO) for the Committee, serving as the facilitator of meetings. According to the Charter, there will be up to six meetings per year, including an in-person meeting in September 2016. A federal register notice will be published announcing each meeting. HUD expects to publish a notice in mid-August for the September meeting.

The goal of this first meeting is to discuss which policies should be studied by individual cohorts under the expansion. Discussion of potential research methodologies will be reserved for the September meeting.

III.   Introduction of Members

PHA Representatives and Residents

- Josh Meehan, Keene Housing, NH
- Austin Simms, Lexington-Fayette Urban Housing Authority, KY
- Chris Lamberty, Lincoln Housing Authority, NE
- Adrianne Todman, District of Columbia Housing Authority

- Ed Hinojosa, San Antonio Housing Authority, TX
- Janny Castillo, Oakland Housing Authority, CA
- Cindy Fernandez, HA of County Tulare, CA
- Asia Coney, Philadelphia Housing Authority, PA

Researchers
- Larry Orr, Johns Hopkins University
- Heather Schwartz, RAND Corporation
- Stefanie DeLuca, Johns Hopkins University
- Mark Joseph, Case Western Reserve University
- Jill Khadduri, Abt. Associates, Inc.

HUD Staff
- Marianne Nazzaro, MTW Director, PIH
- Todd Richardson, Associate Deputy Assistant Secretary for Policy, Office of Policy Development and Research (PD&R)

IV. Meeting Management

The meeting will follow the agenda outlined in the Federal Register and use the summary of public comments on policies to study that was posted on the MTW expansion website. This first meeting will be focused on MTW Statutory Objective #3: Increasing Housing Choices for Low-Income Families.

V. Goal of the Committee Meetings

The goal of this first meeting is to focus on the policies that the committee believes should be studied through the expansion of MTW to 100 agencies. The statute provides context for the agencies that will be selected, based on size and other characteristics, which could inform policy and research opportunities.

Proposed Guiding Principles (Living Document)

Laurel Davis proposed a list of guiding principles to help keep the Committee's discussion focused. The seven proposed guiding principles were:

1. Keep discussion focused on policies to study, as opposed to administrative and program management issues, including the selection criteria.
2. The statute is prescriptive that 97 of 100 PHAs will be those with less than 6,000 units. This "size factor" will necessarily inform which policies are feasible for smaller PHAs (e.g., administrative burdens, number of families affected).
3. The statute also requires geographic diversity of the new MTW PHAs. Any policy under discussion should be able to apply across the range of geographies that will likely be in each cohort.
4. Remain cognizant of the potential costs that may incurred by PHAs when implementing a potential policy change, and of the fact that MTW PHAs must continue to serve substantially the same number of families.

5. Remain cognizant of the potential burden on families when implementing a potential policy change..
6. Any policy under consideration must relate back to one of the three statutory objectives of MTW: reduce costs and increase cost effectiveness, give incentives to families with children where the head of household is working or seeking work to become self-sufficient, and increase housing choices for low-income families.
7. Acknowledge the inherent tension in MTW between evaluation and deregulation in MTW's origins. The committee's discussion should recognize that MTW PHAs will likely operate under flexibilities beyond just those specific policy changes recommended for evaluation.

Committee Feedback on Guiding Principles

Committee members offered feedback to amend the list above. On principle four, a member noted that it should include costs to PHAs associated with implementing a policy change. Further, program costs and evaluation costs should considered separately. On principle five, committee members emphasized the need to consider burden on participants and also the benefits that result from policy changes. On principle seven, committee members acknowledged that the strength of MTW is in giving agencies flexibilities to allow local agencies to offer creative solutions to challenges they face locally. On the other hand, if the goal is to identify policies in order to perform adequate evaluation, there should not be too many changes, especially those related to the specific policy that should be studied. The committee's discussion highlighted the tension inherent in the MTW demonstration between deregulation and innovation that can inform policy.

Committee members also made general comments about guiding principles to the committee's discussion. Members highlighted the importance of not having preconceived outcomes in mind when discussing policies to consider. Committee members also acknowledged having to reconcile that most agencies included under the expansion will be smaller in size when some of their knowledge about potential policies is based on the experiences of very large PHAs.

The Committee voiced that there may be certain policies that allow for flexibility in implementation that can still serve as adequate areas for research and evaluation. Providing a policy recommendation that allows for customization at the local level, such as through a "menu of options," allows for continuity for evaluation purposes and flexibility for local design. The Committee agreed on not wanting to be too prescriptive, but not wanting to compromise evaluation. The Committee aims to find a middle ground of policy changes that allow some flexibility (i.e. planned variation), possibly in line with other HUD evaluations.

Overall, the Committee agreed with the revised list of principles, with the desire to treat it as a living document that can be revisited.

VI.   Discussion of Potential Policy Interventions – MTW Statutory Objective #3: Increasing Housing Choices for Low-Income Families

The DFO opened the discussion by noting that the agenda is informed by public comments related to policies to study, organized by statutory objective. Many of the policies could relate to more than one statutory objective. The Committee should weigh in on these policies and may propose additional ideas.

The question arose of whether the committee should identify a goal like increasing housing choice or identify a narrower policy change. The current thinking is to focus more on the policies themselves, and think of the statutory objectives as an organizational tool, although this is at the Committee's discretion.

Regarding the cohorts and their sizes, each cohort must study a different policy. No decision has been made regarding the size and number of cohorts. The Committee's proposed study and its evaluation might inform that determination. From a program management perspective, HUD staff said it is unlikely that there would be more than four to six cohorts, since that would make each cohort fairly small and also pose oversight challenges.

1. Increasing or Lifting Project-Based Voucher Caps

Project-basing was discussed in the context of the first MTW Statutory Objective of increasing housing choices for families, but the Committee also noted a number of sub-goals depending on the specific community and PHA's needs:

- Increasing the supply and expansion of affordable housing in high-rent, high-demand markets;
- Increasing the supply and expansion of affordable housing in rural areas; and,
- Supporting hard-to-house groups, such as the disabled, homeless, elderly and veterans, through partnerships.

The Committee suggested that increasing or waiving the caps would make it easier for PHAs to create hard units in neighborhoods of opportunity or in areas where strong markets make landlords reluctant to accept vouchers. For instance, increasing the cap has increased the number of affordable units in New Hampshire by more than three times the number that would have existed with the PBV per-building cap in place. PBVs currently represent 60% of New Hampshire's inventory. DC has never exceeded the 20% PBV cap although it has the authority to, mainly because it has access to local funding sources for vouchers.

The Committee acknowledged that H.R. 3700 already increases the 20% cap to 30% if the additional 10% is used for certain activities, potentially giving more flexibility to all PHAs and thus making MTW flexibility unneeded going forward. There was agreement, though, that there could be benefits associated with removing the caps entirely despite H.R. 3700's prospects. Beyond tight urban rental markets, PBVs can be useful in rural areas that are pursuing development deals, and the ability to be creative with PBVs allows PHAs to have a voice in development and planning. Project-basing can also earn points for tax credit projects under certain state Qualified Allocation Plans (QAPs).

The focus on the cap could be too narrow, and the committee recognized the possibility of a policy involving flexibility with PBVs more broadly. Several current MTW PHAs include increasing PBV caps as part of larger local project-based voucher programs. Landlord incentives, changes to HQS, and other MTW policy changes could all be a part of a local PBV program. The broader focus could allow the freedom to pursue partnerships and other affordable housing strategies.

The goals and impacts of PBVs might be different depending on the area, suggesting that evaluation via just one outcome may be insufficient. For example, PBVs can increase the supply of affordable

housing, but can also help develop affordable housing in rural areas. It will be important to define specific outcomes that can be measured.

More broadly, the Committee again highlighted several of the uses of PBVs as a summary:

- Increasing affordable housing in gentrifying neighborhoods;
- Addressing housing needs of veterans, the elderly, disabled households, and other groups that experience hardships using tenant-based vouchers; and,
- Allowing for development in rural areas where housing might not exist at all.

The question was also raised of how to study the overarching goal of improving housing choice if local areas interpret that goal differently as a number of different sub-goals. The Committee recognized the important of considering this.

2. Landlord Incentive Strategies

The Committee highlighted a variety of current promising policies to increase the number of units and number of landlords available to tenants.

One category of such promising landlord incentive strategies is lowering the regulatory burden and being able to better compete with the market renters, such as through Housing Quality Standards (HQS) self-certification, submarket rents, and higher payment standards. Self-certification or other flexibilities in relation to HQS keeps landlords from using HQS to remove voucher tenants. Other strategies include payment standard strategies, such as going to 130% of the Fair Market Rent (FMR), and outreach meetings.

Another category is using funding flexibility to fund housing navigators that help tenants find and negotiate leases. This serves several administrative functions. Research shows inspections and turnover time are important to landlords, and that landlords are amenable if they feel like PHA and staff are working with them and providing context. Housing search navigators can help with negotiating with landlords in order to lease quickly and address accessibility issues. Landlords also want a sufficient number of inspectors to deal with inspections.

Another promising category of landlord incentive strategies is providing upfront signing bonuses and/or vacancy loss payments to landlords. One Committee member's PHA has a "frequent flyer" program that provides incentives to landlords to provide housing options on a more regular basis. Keene has been somewhat successful with upfront signing bonuses for landlords in trying to attract new landlords and keeping existing landlords on board.

There are issues, however. One Committee member mentioned that, with regards to vacancy payments, if the PHA wants a landlord to hold a unit, the PHA has to incentivize owners by prorating 80% of one month's rent to lease to someone in the voucher program. Also, upfront signing bonuses may attract landlords a PHA might not necessarily want to attract, and inspections and lost rent are big impediments for landlords to participate in the program.

The Committee generally agreed on landlord incentives, and how they are more palatable than signing bonuses. The question was raised of which is more important: regulatory relief, or up front monetary incentives, and how the latter affects landlord quality. Committee members responded by suggesting it depends on the rental market, and that landlord quality is a mixed bag. The question

was also raised if this is an area worth studying, given that there may be many ways to provide incentives. However, inspections have not been looked at as comprehensively as, say, rent reform. Generally the Committee members believed this topic warranted further discussion.

3. Supportive and/or Sponsor-Based Housing Initiatives

An overall goal associated with supportive and/or sponsor-based housing initiatives related to addressing homelessness. The Committee mentioned that current strategies are mainly tied to project-basing, but that supportive and/or sponsor-based housing initiatives enable low-cost administration of services for populations that are typically a struggle for agencies to house, and there is therefore a strong urge to explore a policy in this area.

Several of the committee members from PHAs referenced their own activities. Sponsor-basing at DCHA tends to be for permanent units with no time limits, and DCHA currently has 2,000 sponsor-based units. DCHA funded the actual entity, such as the owner, developer or service provider, not the actual units.

Lexington has a "Scholar House" program that provides housing and services (such as daycare) for students at reduced costs. Participants move off of assistance when they are ready for employment.

Keene has two sponsor-based programs. One program provides shelter beds, and Keene subsidizes a number of beds. The program provider administers housing and deals with issues related to continued eligibility. Keene's second program provides the CAP agency funding to lease an apartment on behalf of a veteran while they provide services. Meanwhile, the veteran is put on the housing authority's waiting list. The CAP agency can provide housing and services as long as needed, and when the veteran moves up the regular voucher waiting list, they can move into regular voucher assistance. The program provides a transition from the homeless provider with services to regular housing assistance that is needed to end homelessness.

The Committee also recognized that a common supportive and/or sponsor-based housing construct is a master-lease in which the PHA provides a subsidy to a partner that ultimately contracts for units and houses individuals. Rapid re-housing also falls under supportive and/or sponsor-based housing and could be a fruitful policy area.

From a research perspective, the Committee agrees that this seems like a policy area with a clear definition of target population and with expected outcomes based on the policy intervention. Questions were raised of whether the new PHAs designated under the expansion would be too small to find and forge the local partnerships and other overhead that sponsor-based housing initiatives rely on. As a response, committee members did mention that rural areas do have a need for this activity, but their potential capacity indeed might be limited, as it requires supportive services which may be difficult in rural areas. Additionally, there is a concern that PHAs usually build these projects over a long time period that might preclude it as an of-interest policy area. As such, supportive and/or sponsor-based housing initiatives may not be a feasible recommendation for PHAs that may be smaller and in more rural geographic locations.

4. Mobility Strategies

Mobility strategies were very much of interest for commenters. There is also already a breadth of work occurring to implement and study mobility strategies. In the FY17 budget, there is a proposal

for a mobility demonstration that Congress will likely fund, which might mean that the MTW expansion evaluation should focus on other policy areas. Other researchers are also engaged on this topic. The question is therefore whether there are any policy tools unique to the MTW expansion that could be of interest as mobility strategies.

There are certain challenges surrounding mobility strategies. The Committee recognized the importance of remaining cognizant of the hardships that may result from mobility. In attempting to place housing units in higher-income neighborhoods, it will be important to create a level of choice for the tenants and explain the resources and services that are connected to the neighborhoods that the tenants choose to move to. Sometimes, tenants don't acclimate well given there may not be the same opportunities as before with regards to transportation, health care needs, and childcare. The Committee also recognized that the neighborhoods people are leaving are the neighborhoods in need of reform, thus noting the counter-argument in the industry for place-based interventions.

The Committee also recognized the importance of remaining cognizant of the additional services and counseling that may be required for families that move to neighborhoods of opportunity, such as counseling on how to obtain better jobs. Committee members noted that many small PHAs may not be interested in studying mobility as it is not their most pressing priority/need. Some may have very limited access to service providers to partner with, and in less populous areas there may not be designated opportunity areas to which families could move.

Keene and Lincoln commented on their mobility strategies. Keene does not have many people take advantage of the tenant-based voucher option if they are living in Keene's affordable housing units because of the quality of those units. Lincoln emphasized the importance of guaranteeing that tax credit projects are being built in the right neighborhoods.

The Committee made other general comments about mobility strategies. Mobility is tied to both landlord incentives and affordable housing development, such that mobility can occur if tax credit properties are being built in good neighborhoods. Eliminating 40% affordability cap at lease up might be one such policy tool that could be useful within the context of the expansion. Questions arose regarding which pieces of mobility would require additional regulatory changes, and what regulatory freedoms would be necessary for mobility. With regards to these questions, both regional administration and flexibility in funding to allow for counseling were mentioned. Increasing payment standards or creating small area payment standards (as HUD is testing through the small area FMRs) were also noted as necessary. The Committee mentioned that regional administration as a policy to test could be worthwhile but also might be available without MTW flexibility.

Lastly, the Committee posed the question of whether portability should fall under mobility and therefore be an eligible policy to study during the expansion. There were not many comments related to portability, but one comment did suggest a regional approach. The Committee also mentioned that issues related to portability often have to do with administration and overhead.

The Committee agreed that there is a lot of research already occurring related to mobility and that the demonstration legislative proposal may circumvent the need for studying mobility through a cohort under the MTW Expansion. Further, many of the concerns about the feasibility of testing such a policy for smaller PHAs were a deterrent for the Committee.

5. Locally Established Total Development Cost Cap

The Committee agreed that locally established Total Development Cost (TDC) caps are necessary for larger areas to recapitalize public housing stock, but are potentially not as important for smaller areas. More flexibility in this area is generally better for MTW agencies, but this area is probably not being utilized enough to be a worthwhile policy study area. The Committee agreed that there is insufficient public housing development activity or enough agencies that would be able to push forward with a TDC cap proposal at this time. Grouping this activity with increasing PBV caps was mentioned as an alternative, as the Committee believes the more flexibility a PHA has in assisting the community, the better.

6. Other Topics for consideration

DCHA mentioned the possibility of a homeowner assistance program, and DCHA referenced its own ABLE initiative for homeownership. Committee members also emphasized keeping the re-entry population as a group in need of consideration in mind. There are prospects for using sponsor-based housing initiatives with this re-entry population. The Committee also discussed how there may be more resources in smaller agencies to help provide services for the re-entry population.

VII. Public Input

Public Comments

1. *Eliana Jones, Goldsboro Housing Authority*: Be mindful that the use of partnerships might not be available to many small agencies.
2. *James Armstrong, PHADA*: Most (80%) agencies have fewer than 500 vouchers, and certain subjects may not have the same meaning for these agencies, such as neighborhoods of opportunity. He echoed the comments from residents in favor of preserving tenant choice. He raised the question of how only Public Housing or only Housing Choice Voucher PHAs would be impacted by the expansion. He highlighted how it is important to remain aware of resident choice and resident mobility, and how the residents' choices of where to live are not the choice of the policy or researcher. He also mentioned how other PHADA comments related to the MTW expansion did not appear in the comment summary document.
3. *Georgi Banna, NAHRO*: He voiced that the direction of a policy for study to each cohort should not limit flexibilities for MTW agencies. He mentioned that other requirements of the policy implementation under the expansion might be burdensome to small agencies and limit MTW flexibilities. Housing mobility, both pre- and post-, is important, particularly in getting assisted households to succeed in opportunity areas. He also voiced project- and site-based approaches as important.
4. *Martha Tai, Cambridge Housing Authority*: The largest share of Cambridge's MTW activities relates to housing choice. For Cambridge, this has meant enabling residents to remain in high opportunity areas and maintain support networks. MTW status has also allowed them to direct funds towards affordable housing preservation. She voiced that increasing scrutiny of the program by various third parties has forced PHAs to respond to bureaucracies and has required them to respond to these needs, rather than streamline. She advocated for modifying existing Attachment B to reflect these issues and other work that is going on, and to limit time-consuming requests for data. She agreed that policy approaches should be tested, but to go for

the simplest number of data points. She also mentioned the importance of building in causality, versatility and flexibility into the expansion.

5. *Gabrielle Van Horn, Yardi Systems*: She mentioned that policy changes can lead to administrative changes in somewhat of a ripple effect. Sometimes, initiatives prove to be administratively burdensome, and she advocated against requirements that have a lot of reporting. She encouraged the committee to consider PIC, the 50058, and current rules, requirements, and burdens for reporting. She also mentioned how there is a deployment period for housing authorities and software providers.

6. *Suket Dayal, San Diego Housing Commission*: He suggested the goal of increasing the PBV cap should be an overhaul of the project-based program, including, for example, waitlist changes. Also, with respect to mobility, he claimed some areas might not have the same issues with regards to areas of opportunity. Smaller agencies have said they do not have an area of opportunity. He also mentioned the need for updating Choice Neighborhoods.

7. *Tim Preston, Tenmast Software*: He advised the committee to acknowledge costs of software changes, including a time element in making changes to systems.

8. *Tory Gunsolley, Houston Housing Authority*: He mentioned that the strength of the conversation is in the flexibility that housing authorities have. He also stated that cost savings are difficult to measure since agencies will spend everything they have, and certain policies like sponsor-based initiatives have different costs.

9. *Leslie Schmelzer, Akron Metropolitan Housing Authority* – She asked whether or not HUD is going to restrict agency flexibility. She also encouraged considering past participation in other studies and demonstrations with regards to the selection criteria, and also advocated considering SEMAP and PHAS scores if an agency does both.

Committee Reactions to Comments

Overall, Committee members discussed how the most salient point for small PHAs with respect to MTW might be administrative cost savings and efficiency activities. Smaller PHAs may be unlikely to participate in MTW with mobility and HCV program initiatives.

The Committee also recognized the importance of not losing sight of local discretion and local agency capacity with respect to administrative resources and systems.

A questions arose concerning the funding expected for the research involved with the expansion. Funding has been requested through PD&R, and PHAs will work with researchers in PD&R in completing the evaluation component.

Moving to Work Research Advisory Committee
Thursday, July 28, 2016 Meeting Notes

I.   Welcome

The Committee's Designated Federal Official (DFO), Laurel Davis, offered a welcome and took attendance. Committee members attending the call were:

PHA Representatives and Residents

- Josh Meehan, Keene Housing, NH
- Austin Simms, Lexington-Fayette Urban Housing Authority, KY
- Chris Lamberty, Lincoln Housing Authority, NE
- Adrianne Todman, District of Columbia Housing Authority
- Ed Hinojosa, San Antonio Housing Authority, TX
- Janny Castillo, Oakland Housing Authority, CA
- Cindy Fernandez, HA of County Tulare, CA
- Asia Coney, Philadelphia Housing Authority, PA

Researchers

- Larry Orr, Johns Hopkins University
- Stefanie DeLuca, Johns Hopkins University
- Mark Joseph, Case Western Reserve University
- Jill Khadduri, Abt. Associates, Inc.

HUD Staff

- Marianne Nazzaro, MTW Director, PIH
- Todd Richardson, Associate Deputy Assistant Secretary for Policy, Office of Policy Development and Research (PD&R)

Ms. Davis noted that the goal of the call is to continue discussion of policies to study as part of the MTW expansion using the handout from the Tuesday, July 26, 2016 meeting, which summarizes public feedback, as the foundation.

II.   Review of July 26th Conference Call

During Tuesday's call, the Committee established a set of guiding principles to help focus its discussion, and discussed potential policies to study relating to MTW Statutory Objective #3.

The group began this call by reviewing the guiding principles that were established during the last call:
1. Focus on policies to study rather than on program structure and administration;
2. Consider size of agencies, and that 97 of 100 will be under 6,000 units;
3. Consider that polices should be able to be tested across geographically diverse PHAs;

4. Be aware of PHA costs, especially with regard to the MTW requirement to serve substantially the same number of families as would have been served absent MTW (STS);
5. Be aware of burdens on participants, as well as benefits, in particular for children and families;
6. Policies should relate to one or more of the MTW Statutory Objectives;
7. There is some tension in MTW's focus on deregulation and having a policy change that is targeted enough to be able to evaluate; and,
8. There shouldn't be a preconceived idea about what a given policy is going to achieve, i.e. outcomes might vary by location due to varying conditions and needs.

The Committee reiterated that there are no preconceived ideas about how many policies the Committee will recommend or explore. From a programmatic standpoint, the Committee should keep this number of policies to a manageable number. HUD is not limited to the policy recommendations suggested by the Advisory Committee and will make its final decision considering the Committee's advice and other relevant information. The cohort-specific policy study is not the only component of the MTW expansion, as agencies will have a significant range of flexibilities available to them outside of the policy study. In response to a request for clarification, the Committee's HUD representatives clarified that it is likely the MTW agencies will be given a basket of flexibilities of which the policy to be studied will be just one piece.

As a proposed addition to the principles, the Committee agreed that any recommended policy to study should be something that specifically requires MTW flexibilities.

The DFO offered a recap of the policy areas discussed on Tuesday.

- Lifting Project-Based Voucher (PBV) Caps – The Committee agreed that PBV is a fruitful area for research as many PHAs could benefit from flexibility around this aspect of the voucher program. The Committee did note that should be enough local flexibility for PHAs to address their specific needs, and that the research should not overly restrict PHAs. The Committee agreed that while the original feedback and discussion was focused on raising PBV caps, other PBV-related flexibilities should be considered such as changes to the site selection process or HQS inspection requirements.
- Landlord Incentives – The Committee members expressed significant interest in this policy area, although there is a need to define what a specific strategy could be. Suggestions were broad and included vacancy payments, recruitment incentives, retention incentives, HQS flexibility, and increased payment standards.
- Sponsor-Based Housing – Committee members noted that this might not be the best policy to study due to the expansion targeting a large number of smaller PHAs, the need for robust local partnerships, and the fact that agencies new to MTW might not have sufficient capacity to create a local program at the onset of participation. It was noted that if small to mid-size PHAs already have strong partnerships, they may be able to explore sponsored-based programs. Ultimately, the Committee did not believe this would be the best use of a cohort-specific policy study.
- Mobility Strategies – Given the Department has a potential upcoming mobility demonstration and there is already significant research around this topic, the Committee

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recommended that the MTW expansion research focus on other policies. It was noted that tenant needs should be kept in mind, and the small agencies might not have the same concerns with mobility.

- Local Total Development Cost (TDC) Cap – The Committee discussed the development of local TDCs and decided that this would only be valuable to a small number of areas, and is not recommended as a research policy priority.

III. Discussions of Potential Policies Under MTW Statutory Objective #1: Reduce Cost and Achieve Greater Cost-Effectiveness in Federal Expenditures

1. Simplification of the Rent Calculation

Many commenters suggested rent reforms that would simplify the calculation and administration of the public housing and HCV programs. The Committee discussed the HCV Rent Reform Demonstration that is being conducted by HUD, which involves some of the MTW PHAs participating on the Committee. This study is only of one specific alternative policy in the HCV program, thus the Committee strongly believed that there is a need to test other simplification strategies for the public housing and HCV programs. Committee members noted this is also likely to be of wide interest to new MTW agencies, especially smaller PHAs.

The Committee discussed the various ways rent reform has been used and the need for flexibility within each locality. "Step down" subsides, tiered rents, and flat rents were among the topics discussed. Modifying utility allowances was also suggested as a component of a rent simplification strategy.

From a research perspective, some Committee members suggested that HUD either specify one policy for a cohort or provide 3 to 4 approaches and allow PHAs to select their policy. In any case, HUD's intended goal should be clarified from the start – if HUD is considering a policy to be adopted nationally, it should study that, or adopt a different approach if it is interested in flexibility in and of itself.

Tenant representatives discussed their experiences with alternative rent calculation policies. One member noted that having a flat rent provided a sense of stability that could allow for budgeting to pursue higher education or purchase a car. The Committee discussed whether two cohorts could adopt rent reform, with one doing so to achieve cost reduction and another pursuing self-sufficiency. It was expressed that even when the goal is cost reduction, the effects on tenants should be kept in mind.

2. Studying Fungibility through the MTW Block Grant

Many Committee members felt that funding fungibility was integral to MTW and it is understood that new agencies will have this flexibility. The Committee discussed the current benefits of this flexibility, including the production and conversion of affordable housing and funding self-sufficiency programs. More generally it was expressed that the value of fungibility is that it fosters the "creative juices" of an agency and creates more avenues of opportunity to

spread housing dollars. It was noted that there is a HUD-funded evaluation of the current 39 MTW agencies underway that considers the effects of fungibility.

Because of the size and scope of fungibility, and because some of its benefits might be difficult to measure, some Committee members felt it was not the best policy to study. Other members felt that because the flexibility is an important part of MTW, studying it is necessary to inform future perceptions and decisions related to the program. The Committee questioned whether it would make sense to tailor the policy to address a certain outcome e.g., fungibility to address energy needs. As a counterargument to this, it might be risky for an agency to commit at the outset of selection to a specific use of funds if overall funding is subject to change (e.g. sequestration).

Overall, the sense of the Committee was that fungibility may be too broad to study through a cohort, but that it could warrant further discussion to see if refinement is possible.

3. Changes to Recertification Requirements

The Committee noted there's been interest in this topic (as an area in need of reform) from Congress, and therefore might not be a priority to study. The Committee discussed the wide range of current practices, including triennial recertification for the elderly. The Committee raised the question of if a policy that used recertification as a vehicle for an intervention (for example, connecting a tenant with a specific service) was worth considering. Overall, the Committee did not feel strongly that this should be studied through one of the expansion cohorts.

4. Site-Based Waiting Lists

The Committee agreed that agencies have significant flexibility in this area without an MTW designation. Therefore, it is not recommended as a research priority.

5. Site-Based PBV Administration

The Committee discussed whether or not this would be useful to smaller agencies, as many of the agencies admitted to MTW under the expansion will be small. The Committee also discussed how this works on the ground – the current practice in this area is to delegate some program administration to a project owner. The sense of the Committee was that this is not a major priority as there is not enough interest in this outside of what is already allowable under statute and regulation.

6. Reducing Federal Expenditures through Health Outcomes

The Committee discussed the experience of the DC Housing Authority in creating an assisted living facility. It was noted that MTW flexibility was only necessary for one piece of the project. The Committee advised this was a lower priority area for study due to the limited capacity of smaller agencies and lack of clarity around what flexibility would really be needed for such interventions.

7. Inspections

The Committee felt this is a valuable policy area for many agencies as there are substantial administrative savings that arise from inspection reform. It was noted that PHAs can now inspection units biennially, which has created significant savings. The Committee discussed the property a rating system in use by the Lexington Housing Authority in which high-performing landlords are inspected less frequently and rated under a star-based marketing system. It was noted that inspections are closely related to landlord incentives and retention and therefore administrative flexibility around inspections should be considered as part of a comprehensive landlord incentive strategy.

IV. Discussions of Potential Policies Under MTW Statutory Objective #2: Work Incentives

1. Work requirements and Stepped Down Subsidies;

2. Time Limits on the Receipt of Assistance; and

3. Rent Reform to Encourage Wage Growth

The Committee felt there was enough overlap among these policies that they were discussed together.

The Committee first discussed the need for keeping in mind local market conditions, including prevailing wages and available jobs, when discussing policies aimed at work requirements and wage growth. The Committee advised these policies should also include wraparound services, although those services could be provided by the PHA or through referrals to local partners.

It was noted that these policies are emotionally and politically charged. This could make them difficult to study but also might make them more worthy of study. Rolling a policy out in a limited setting might protect the interests of future assisted households if policy is informed by strong research. The Committee noted there is a void of knowledge and research perspective on these types of policies. There is particularly little data regarding families that leave assisted housing programs. HUD staff on the Committee noted that through enhanced data-matching relationships, HUD can now better track families using administrative datasets. This would be of benefit in an evaluation of these types of policies.

The members of the Committee who had personal experiences with these policies shared their perspectives with time-limited assistance. For some, it creates a ticking clock mentality that promotes anxiety and is counterproductive. For others, it can be a motivating force to take steps to further education, improve credit, and increase work and earnings.

The Committee discussed the nuances surrounding these polices in practice. The Committee believed the main goal should be to identify ways to decouple rent from income, through tiered models or bands, flat rents, or subsidy. For example, rent should not go up with a second earner in the household or if someone receives a promotion, because that is not reflective of the real world. In general, incentives that aren't punitive in nature (such as escrow accounts or other financial incentives) are preferable.

In general, the Committee felt there is both interest and caution in pursuing policies in these areas.

4. Strategies focused on Improving Educational Outcomes

The Committee felt that policies in this area might be difficult for smaller agencies, but at the same time, the possibility of ending generational poverty through this is important, and it may be worth considering how it could be applied to those agencies. Some small agencies have in fact implemented related policies. They rely on funding fungibility, however, not necessarily requiring a specific statutory or regulatory waiver. Overall, the Committee agreed that this is a lower-priority area, though it was also suggested that education could be a set of outcomes for the study of the block grant.

5. Strategies/Partnerships to Re-Integrate Ex-Offenders

The Committee felt that this area is frequently tied to sponsor-based initiatives, so the challenges that apply to those policies are relevant here as well. In particular, this is a population that is underserved by housing assistance, with a need for targeted services, including behavioral health and juvenile services.

The Committee discussed the need for clarification on the waivers that would be needed for related policies – some examples might be additional requirements for ongoing occupancy (e.g. requiring participation in services), transitional or short-term housing (e.g. time limiting the assistance provided), or sponsor-based structures that are outside Sections 8 and 9.

Overall, the Committee believed studying policies in this area warranted further discussion. Some Committee members expressed that this is a big, interesting topic that addresses a national problem. Committee members also noted that all localities have police and correctional institutions, so partnerships would be possible regardless of the location or size of a PHA.

V.   Public Input

Public Comments

1. *Michelle Wiggins, Goldsboro Housing Authority*: She is supportive of work requirements and wraparound services, less so on time limits. They currently have some programs but lack of flexibility hurts adoption of programs. She is also concerned about less reliance on public housing as a whole.
2. *Christina Husbands, Fresno Housing Authority*: She commented on time limits, and when considering policies, research should allow for current, local economic conditions and access to resources not just from PHAs but also the community. Research should also acknowledge the impact on social factors (personal well-being, homelessness, unemployment rate, etc.).
3. *Kathi Whalen, PHADA*: She feels that there should be a range of agency sizes, not just those at 1,000 units. She wants to make sure voucher sizes of chosen PHAs under the expansion spread across the voucher ranges since giving these agencies more time allows for hands-on services.
4. *Eric Oberdorfer, NAHRO*: He feels fungibility and rent reform are considered essential for MTW. Policies in this area should not be restrictive. This is especially true for small agencies. The

biggest areas are rent reform and utility allowance. Any policy should not divert from local discretion given varying local conditions, especially for self-sufficiency programs, which may be more prescriptive. One size fits all might prevent some agencies from even applying. Also we shouldn't conflate rural with small.

5. *Greg Russ, Cambridge Housing Authority*: He feels training and technical assistance funding should be considered. Need to encourage participation from all PHAs – they can all benefit from technical assistance funding. The Committee should also consider research that could be done via regionalization. There should be an ability to provide local control and adapt research.

6. *Barbara Sard, CBPP*: She feels the Committee should encourage the use of flexibility and statutes to encourage regional collaboration, especially for vouchers and given that most PHAs are suburban. This will help small agencies in incentivizing them to work together and improve streamlining. She thinks it would be important to look at service interventions without changes in rent policy, including what Congress would be most willing to extend to all PHAs, such as work requirements. Congress is not talking about mixing these changes with rent policy. Linkages with other agencies through services are important, and it might be possible for small agencies if HUD does the heavy lifting. We know little about the costs of a lot of these services. The issue of second earners in the household is also quite important, potentially related to ex-offender services.

7. *Mary LaForge, Yardi Systems*: Noted that work is being done relative to standardization of inspections through the universal inspection certification.

8. *Debbie Rogers, Troy Housing Authority*: She voiced that current agencies are meeting statutory goals, and that agencies need MTW expansion without additional oversight. HUD can coordinate current MTW agencies with new ones to assist in transition. The current format is working. She believes agencies need to be given the flexibility to drive local solutions.

9. *Rainbow Lin, Baltimore City Housing Authority*: The original intent of the program is for local flexibility to pursue cost-effectiveness. Baltimore has had success preserving units through its single-fund flexibility. The principles of creativity and flexibility are important. Baltimore has streamlined staff work by allowing for self-certifying of low-income households, biennial inspections, and other practices.

10. *Deb Gross, CLPHA*: She agrees with points from Greg Russ and Barbara Sard. There is ample opportunity to study the policies discussed through a regional approach. She stressed considering how to look at fungibility for MTW. She believes there is support for sponsor-basing since there are a fair number of medium-sized PHAs. She ended with a plea to further the conversation about how to study fungibility.

Committee Reactions

The Committee discussed whether or not it agrees with the recommendation to study a policy through a regional approach. As clarification, a Committee member noted the interpretation that the expansion statute allows for agencies to enter MTW together. HUD staff noted that work will need to take place with OGC and other stakeholders to clarify what this would look like, e.g. would one agency administer vouchers for all PHAs and how would the MTW flexibilities apply? It was noted that there are a number of small PHAs that are already working together to administer vouchers, etc. One option could be to bring those PHAs in to the expansion together as a cohort to research.

The Committee agreed to keep in mind that not all small agencies are rural, and that there may be other cost saving initiatives that aren't on anyone's radar right now.

HUD representatives clarified that its goal is to provide funding and resources to support the research efforts of each cohort. There is a need to further discuss the types of resources available for research design methods (e.g., technical assistance to liaison between the PHA and researchers).

VI.   Next Steps

HUD will be briefing senior leadership. HUD will also circulate the comments received related to research methodologies in preparation for the next meeting of the Committee. In mid-August, HUD expects to publish a Federal Register notice for an early September meeting.