

Summary of Public Feedback on Policies to Study Under the Moving to Work Expansion

July 22, 2016

Background

The 2016 Consolidated Appropriations Act (the Act) authorizes HUD to expand the Moving to Work (MTW) Demonstration by an additional 100 high-performing Public Housing Agencies (PHAs) over a period of seven years. The Act requires that for each cohort of agencies “the Secretary shall direct one specific policy change to be implemented by the agencies.” To gather public feedback about what policies HUD should consider having these agencies study, in two issues of the Federal Register (81 FR 19233, April 4, 2016 and 81 FR 26815, May 4, 2016), HUD published notices to solicit public comments and to extend the comment period. HUD requested comments on: 1) specific policy proposal recommendations to be implemented as part of the expansion of the Moving to Work Demonstration; 2) research and evaluation proposal recommendations; and 3) comments on what policies should be considered as having already been proven successful, with specific reference to the rigorous research that supports the claim.

Over a 45-day period, HUD received 40 responses to the solicitation for comments. The breakdown along commenter categories is as follows: 1 was submitted from a resident; 4 were submitted from universities; 16 were submitted from nonprofits, advocacy or industry groups; and 19 were submitted from housing agencies. The scope of the comments submitted varied substantially in both length and content. While some commenters submitted clear and succinct recommendations on policies and/or research methodologies, many commenters provided in-depth white papers. HUD reviewed all of the comment letters received.

Public Comments Overview and Discussion

This document provides a summary of comments related to the policies to study in order to inform the MTW Research Federal Advisory Committee (Committee) about the feedback received from the general public prior to their policy discussions on July 26, 2016 and July 28, 2016.¹ Due to the large volume of policy-related comments, responses were grouped by policy theme. Each theme is listed under the MTW Statutory Objective with which it is most closely associated, although some types of policy changes could further multiple statutory objectives. To provide additional context to these comments, HUD provides examples of similar activities current MTW Agencies have implemented.

While this document focuses on the policy suggestions offered, general comments received regarding concerns associated with policy development are of note. For example, some commenters argued administrative costs, burdensome reporting requirements and excessive research requirements imposed on smaller housing authorities are of concern. Several commenters expressed concern over local autonomy and requested that HUD consider policies that allow flexibility. It was also suggested that the MTW expansion prioritize policy preferences that emerge from local agencies’ determinations of program approaches appropriate to their communities.

¹ See Federal Register Notice FR-5932-N-04, MTW Expansion – Notice of Public Meetings of the Moving to Work Research Advisory Committee. The comments related to research and evaluation techniques will be discussed at the later scheduled Committee meeting.

MTW Statutory Objective #1: Reduce Cost and Achieve Greater Cost-Effectiveness in Federal Expenditures

1. Simplification of the Rent Calculation

Some commenters suggested that the Department study ways to simplify the rent calculation process. Commenters support a separate rent calculation for elderly, disabled households and work eligible households. One commenter suggests that most deductions be eliminated for elderly, disabled households and that work eligible households pay the greater of a minimum rent or total tenant payment based on a steeped rent calculation that also eliminates most deductions. Alternatively, a commenter suggested using a reduced percentage of gross income to calculate rent, along with an elimination of deductions and exclusions. Another commenter suggested that flat rents by bedroom size be established with exceptions for hardship situations. It was also suggested that the rent calculation for elderly and disabled households be simplified along with an increase of the medical deduction threshold to 10% and a raise of the elderly income deduction from \$400 to \$525 and indexed to inflation going forward. Elimination of the verification of 100% excluded was also suggested. One commenter suggested standard utility allowances as another simplification of the rent calculation process. Streamlined rent models were also suggested to make it easier for work-able households to engage in work readiness activities.

Similar Activities Implemented by Current MTW Agencies:

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| Boulder Housing Partners – Flat Tired Rent for HCV Work-Abled Families | Boulder’s Total Tenant Payment is calculated using a two-step system. Based on family size and gross income, the family falls into an income tier. The income tier and the size of the unit determine the total tenant payment for the family. From this amount, if applicable, the utility allowance is subtracted, a flat fee per ineligible family member is added, and any amount the gross rent is above the payment standard is added. |
| Housing Authority of the County of San Mateo – Tiered Subsidy Tables | Tiered Subsidy Tables (TST) provides HACSB households with the maximum dollar amount that HACSB will contribute towards the family’s voucher at the time the voucher is issued. Typically, PHAS determine their HCV contribution once a family has identified a unit for lease. TST gives participants the ability to search for available units with the knowledge of exactly how much HACSM will contribute to their housing costs throughout San Mateo County, make personal decisions as to how much of their income they are comfortable contributing towards their housing costs, and practice in negotiating with owners through the leasing process. Some families under TST pay more than 40% of their income towards rent. |
| Home Forward (Portland) - Rent Reform | In FY2012, Home Forward implemented a large-scale reform of rent calculation methods, applicable to all MTW public housing and Section 8 households, as well as VASH and FUP voucher holders. The simplified method distinguishes between the populations of seniors / people with disabilities and “work-focused” households. The fundamental premise is that deductions are eliminated from the subsidy calculation and the total tenant payment is determined using a percentage of gross income. For seniors and people with |

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| | disabilities, rent is calculated based on 28.5% of gross income. All deductions are eliminated and this group has triennial income re-certifications. We define those aged 55 and older as “seniors”, and households fall into this population category if the head, co-head or spouse listed on the lease is 55 or older, or is disabled under the current HUD definition used by Home Forward. This group has a \$0 minimum rent and utility reimbursements are allowed. All deductions are eliminated for work focused households and they have biennial recertifications. |
| Housing Authority of the County of Tulare | Since 1999, the HATC has operated its public housing and HCV programs with flat rents and fixed subsidy amounts for work-able households. This creates predictability for participants given they know what their rental contribution will be, and allows HATC to effectively plan for the use of its resources. |

2. Studying Fungibility through the MTW Block Grant

Commenters proposed testing the implications of fungibility (the ability to combine Section 8 and 9 funds and spend them interchangeably) and its effect on programmatic requirements and objectives. Generally, commenters stressed aiming to achieve a more robust understanding on how and to what extent fungibility furthers the three MTW statutory objectives and what impact fungibility has on the quantity and quality of the housing assistance MTW agencies are able to provide.

Commenters also noted specific research topics that could quantify the value of the MTW Block Grant. These include:

- a) Explore how funding flexibility increases the number of new affordable housing units created through acquisition and development.
- b) Explore how funding flexibility aides in the preservation of at-risk units with significant capital needs. Address how this flexibility allows MTW agencies to improve and preserve existing housing stock.
- c) Explore how funding flexibility allows MTW agencies to attract and retain providers through landlord incentive programs.
- d) Explore how changes to the per unit subsidy cost impacts the number of households that an MTW agency is able to serve.

Similar Activities Implemented by Current MTW Agencies:

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| Oakland Housing Authority | In order to promote resident empowerment and self-sufficiency, OHA created the Department of Family and Community Partnerships. This department provides information and referral services to improve job readiness, education and training of residents and seeks to improve education outcomes for school-aged children. |
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| King County Housing Authority | With the MTW block grant, KCHA undertakes the repairs necessary to preserve their portfolio of federally subsidized housing over the long term. KCHA addresses deferred maintenance needs of the public housing units. |
| Housing Authority of the County of Santa Clara | HACSC uses single fund flexibility to pursue opportunities to build new affordable housing units through the acquisition of existing land and/or construction or rehabilitation. |

3. Changes to Recertification Requirements

Many commenters weighed in on changes to recertification requirements. The comments ranged from supporting studying the reduction in the frequency of recertifications (i.e. triennial and biennial) to only supporting triennial/biennial recertifications for households on fixed-incomes. Commenters that were in support of studying the reduced frequency of recertifications disagreed on whether to allow interim recertifications. Some did note that restricting interim recertifications would further reduce administrative burden, and that exceptions could be made in extenuating circumstances.

One commenter proposed that HUD study eliminating recertifications for households on fixed-incomes and instead use a national index to determine the anticipated change in income. These households would be allowed an interim recertification when there is a significant unanticipated drop in income or significant increases in medical or childcare costs. Another commenter proposed HUD study biennial recertifications only being applied to work eligible households and triennial recertification only applying to fixed income households.

Additionally, policies were suggested to replicate the non-subsidized rental housing market. For example, if residents experience an increase in their income, they could be permitted to save this amount as opposed to putting it toward rent.

Similar Activities Implemented by Current MTW Agencies:

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| Louisville Metro Housing Authority – Rent Payment Stability/Triennial Recertification | Under the MDRC Rent Reform Demonstration Louisville conducts triennial certifications on a group of participants every third year to review program eligibility, household composition, current income and income over the past twelve months. This information is used to set the Total Tenant Payment (TTP). If a family has an increase in annual income between certifications, the households TTP will not be re-determined and increased to reflect the higher income. If the household has a decrease they may request an interim re-certification of other remedies to decrease TTP. |
| Orlando Housing Authority – Triennial Recertification | OHA conducts triennial recertifications for all public housing and Housing Choice Voucher (HCV) families. OHA has implemented this activity by recertifying 1/3 of families in public housing and HCV every year. Families are required to conduct an annual update. OHA will recalculate TTP if household income changes by \$100, there is a change in family size, and other factors. |

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| Massachusetts Department of Community Development – Biennial Recertification | DHCD conducts biennial recertifications which were originally applied to households on fixed incomes, but has been changed to apply all MTW households. Households may request up to two interim recertifications between biennial recertification. Elderly and disabled households are able to complete an interim recertification at any time. |
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4. Site-Based Waiting Lists

Commenters suggested a variety of strategies for implementing site-based waiting lists. One commenter suggests that the Department allow PHAs to create site-based waiting lists in order to allow applicants to make more informed choices related to which developments they want to reside in. It was suggested that this would also reduce the administrative burden of managing multiple unit offers and decrease the amount of time it would take to lease-up units. Another commenter suggests the Department test site based waiting lists that are specific to a development’s occupancy policy. Commenters suggested ideas for preferences in managing site-based waiting lists, including for: working households, applicants that reside in the county of the development, elderly and disabled participants, and a local preference that incorporates aspects of HUD's FSS program in recognition and support of one or more local nonprofit and/or supportive service providers in combating homelessness and/or creating affordability in high-demand market areas.

Similar Activities Implemented by Current MTW Agencies:

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| Massachusetts Department of Housing and Community Development | DHCD combines site-based and centrally managed wait list features. All of DHCD’s programs (including MTW and non-MTW vouchers) use a regional, centrally managed wait list with the exception of certain project-based voucher developments. There are 41 project-based developments that have site-based wait lists that each development is responsible for managing. The remaining project-based developments have centrally managed waitlists maintained by DHCD and each regional administering agency. |
| Lexington-Fayette Urban Housing Authority | LHA currently provides monthly rental subsidy of to 7 special partners who have agreed to house and provide wraparound social services to a minimum of 358 families with special needs. During FY2017 the LHA will add an additional special partner agency, Greenhouse17, which will bring the number of special partners to eight (8). Greenhouse17 serves victims of domestic violence, dating violence, sexual assault, and stalking. Special partner organization maintain the waiting list, and with LHA approval, special partner organizations are permitted to require that participants reside in designated service-enriched housing units in order to receive rental subsidy. |

5. Site-Based PBV Administration

A comment was received suggesting that the Department study site-based administration of project-based voucher (PBV) units. The commenter recommended allowing a third party to manage the property and the wait list. The PHA would be required to report data into PIC, ensure the accuracy of the rent calculation, and monitor the property’s performance. The PHA

would also adjust its waiting list to allow applicants to select which property they desire to reside at through direct communication with the property manager.

Similar Activities Implemented by Current MTW Agencies:

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| Atlanta Housing Authority | Under site-based administration, the owner entities of such developments and their professional management agents have full responsibility, subject to AHA inspections and reviews, for the administrative and programmatic functions carried out in connection with admissions and occupancy procedures and processes relating to PBV assisted units. This process has made the PBV program attractive to private sector real estate professionals by allowing them to manage and mitigate their market risk associated with owning and implementing the program. AHA provides oversight and accrues significant administrative cost savings over direct management. |
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6. Reducing Federal Expenditures through Health Outcomes

A variety of comments were submitted that suggest the Department test reducing overall Federal expenditures through improving health outcomes. The comments received range from suggesting the Department study policy that focus on the health and well-being of elderly and disabled residents to focusing on providing mental health services for certain groups of residents. One commenter proposed a policy that would co-locate mental health services at the PHA’s housing sites, while another suggested a policy requiring mandatory case management at some sites. Another commenter suggests that the Department study policies that explore the ability of a PHA to leverage existing systems and services to better meet residents’ mental health needs. While the comments clearly indicated this was a topic of interest, one commenter did note that they believed this was less of a research priority than testing direct housing outcomes.

Similar Activities Implemented by Current MTW Agencies:

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| Atlanta Housing Authority – Aging Well | In the Housing Choice Voucher (HCV) program, case management services and resource connections are provided by a gerontologist who specializes in treating elderly individuals. Due to specific and unique barriers faced by AHA seniors, elderly, fragile, and adults with disabilities in the HCV program, AHA has tailored a case management response that allows for the gerontologist to assess their needs and provide specific resource connections. Of the 313 seniors and adult disabled served by the gerontologist, 89% have achieved stabilization. |
| DC Housing Authority – Service-Rich Environments/ Assisted Living | In FY 2014, DCHA completed the rehabilitation and conversion of a 14 unit building to a Medicaid funded assisted living facility in order to help assist individuals to age in place. The building is managed by a company with experience managing assisted living facilities. Services provided in the building are in compliance with the local Assisted Living statute and State Medicaid Plan for Home and Community Based Services Waivers. Residents of the Assisted Living Facility are |

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| | <p>required to pay for these services by providing their entire income to the facility. Residents will pay the firm managing the facility directly. All of the residents of the facility are Medicaid eligible and thus have incomes below the Federal Poverty Level. Through MTW DCHA has also implemented a site-based, site-managed waiting list for this activity.</p> |
| <p>Louisville Metro Housing Authority – ChooseWell Communities</p> | <p>Through its MTW Special Referral Programs, LMHA partners with local, non-profit social services organizations to provide housing support to vulnerable populations whose needs are not adequately met elsewhere in the community. LMHA provides housing subsidy to HCV-eligible households, while the partnering agency provides social services support. The provision of services helps families make strides towards self-sufficiency, and the programs increase housing choices for low-income families who might otherwise have difficulty succeeding in the privately-managed real estate market.</p> <p>Project Thrive, a program of ChooseWell Communities, Inc. (a Louisville-based 501(c)3 charitable organization), assists 10 families that include a pregnant or post-partum mother who has successfully completed residential and/or intensive outpatient treatment for addiction, combining housing support with wraparound social services assistance.</p> |

7. Inspections

Commenters provided a variety of ideas on how the administrative burden associated with inspections could be reduced. Suggestions included allowing owners to self-certify reinspections (with random HQS quality assurance inspection conducted by the PHA); allowing MTW agencies to make initial payments to owners even if the unit chosen by a household does not pass initial inspection, as long as the inspection failure does not present life threatening conditions, and if the defects are corrected within 30 days of initial occupancy; and accepting inspections carried out using inspection protocols of other federal programs during the previous 24 months in lieu of the initial occupancy inspection. Finally, commenters noted that reducing the burden associated with inspections could be another tool to encourage landlord recruitment and retention in the HCV program.

Similar Activities Implemented by Current MTW Agencies:

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| <p>Lexington-Fayette Urban County Housing Authority – Streamlined HQS Inspection Policy for Housing Choice Voucher Units</p> | <p>LHA has developed a unique Star Rating System to manage its HCV inspections. Each landlord is assigned a star rating from 1 through 5 based on:</p> <ol style="list-style-type: none"> 1. Past HQS inspection scores 2. Number and outcome of complaint inspections requested in the past 3. Number of past abatements 4. Results of drive-by inspections <p>As a marketing tool, landlords have an incentive to work to attain a higher rating, so that the voucher holders see their units as high-quality rental options. Voucher holders are also empowered to select</p> |
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| | <p>quality units by knowing the landlord’s rating. From a program administration standpoint, LHA has made adjustments to inspection frequencies to reward landlords with strong performance histories by making inspections less frequent, and allowing self-certifications in off-years. In the lowest star rating categories, inspections are done more frequently than required to ensure improvement in unit quality. LHA charges nominal fees for conducting inspections, and the fees reduce as a landlord achieves a higher star rating.</p> |
| <p>Oakland Housing Authority – Owner Incentives Program</p> | <p>OHA has a comprehensive incentive program to attract and retain landlords to the HCV program. Inspection-related incentives include:</p> <ul style="list-style-type: none"> • Pre-qualifying unit inspections are offered to HCV program owners to expedite the lease up process. For up to 60 days after an inspection has been passed, landlords may find a tenant. • Landlords that have failed a second inspection may receive up to \$2,500 to address capital improvement issues related to the reason for the inspection failure. Payments are then repaid to OHA by the landlord via a reduced HAP payment. • OHA bases frequency of HQS inspections on a risk assessment system and finding from prior inspections. Properties that are HQS compliant and pass the first inspections are inspected every two years. Properties that fail on the first inspection are inspected annually. If a property fails two or more inspections, it is inspected semi-annually for the next year. |

MTW Statutory Objective #2: Give Incentives to Families with Children Whose Heads of Household Are Either Working, Seeking Work, or Participating in Job Training, Educational, or Other Programs that Assist in Obtaining Employment and Becoming Economically Self-Sufficient

1. *Work Requirements and Stepped Down Subsidies*

Commenters provided a large volume of suggestions on this topic, including potential specific study designs. Before assessing how to evaluate activities in this category, commenters noted the importance of defining what work requirements are and the parameters that should be set. Related to this are the time periods at which subsidies should be stepped down and the amount of time participants should be able to dedicate towards education/training. Some commenters provided specific parameters and subsidy levels that should be considered.

Commenters also addressed who work requirement/stepped down subsidy policies should apply to. It was suggested that elderly and disabled participants be exempted. Hardship policies should be established and adhered to and agencies should differentiate between those participants electing not to participate and job loss that is out of the participant’s control.

Also necessary in any analysis is the importance of determining the costs of barriers to work and how participants can overcome those barriers (including child care, transportation,

education/training, etc). At issue are the level of resident services that the agency must provide to ensure the success of participants affected by these policies.

Several commenters suggested that work requirements/stepped down subsidies should be coupled with incentives that encourage participation. These include the ability to exclude portions of future earned income through disregards or alternate recertification schedules and/or milestone payment/rewards.

Similar Activities Implemented by Current MTW Agencies:

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| <p>Housing Authority of Champaign County – Work Requirements</p> | <p>The Housing Authority of Champaign County (HACC) imposes work requirements, along with time-limits on receipt of housing subsidy, for all able-bodied, working-aged (18-54 years) individuals. For non-compliant households, HACC enforces participation in its Family Self-Sufficiency (FSS) program. If a household remains in a continuous state of non-compliance until its next re-certification, a penalty or sanction is imposed, which often results in the loss of subsidy. HACC has found several outcomes of its Self-Sufficiency programs, including:</p> <ol style="list-style-type: none"> 2. Increased probability of the case head working at the second year of the program’s implementation 3. Increased head’s annual earned income 4. Increased employment ratio of the eligible family members at the second year of the program’s implementation 5. Increased household’s annual earned income 6. Decreased receipt of TANF |
| <p>Tacoma Housing Authority – Housing Opportunity Program (HOP)</p> | <p>Tacoma Housing Authority (THA) implemented the Housing Opportunity Program (HOP) in 2013. All new admissions to the tenant-based voucher program at THA receive a HOP voucher, which is a fixed subsidy rather than a subsidy based on income. Work-able households also have a five-year limit on their voucher, whereas senior and disabled households do not have such a time limit. The goal of the program is to assist participants in achieving self-sufficiency through time-limited assistance. An example of the fixed subsidy is:</p> <ul style="list-style-type: none"> • Voucher Size of 1 Bedroom = \$390 (proposed MTW subsidy amount in 2016 MTW Plan, 50% of payment standards) • 2 bedrooms = \$492 • 3 bedrooms = \$725 • 4 bedrooms = \$871 • 5 bedrooms = \$1,002 |
| <p>Lincoln Housing Authority – Minimum Earned Income</p> | <p>The Lincoln Housing Authority (LHA) implemented its Minimum Earned Income activity in 1999, with some revisions in the 2014-2015 plan. LHA includes a minimum amount of earned income as it calculates Annual Income, regardless of whether the family is working. For families with one eligible adult, the minimum amount of earned income will be based on employment of 25 hours per week set at the federal minimum wage. For families with two or more eligible adult members, it will be based on employment of 40 hours per week set at minimum wage. LHA counts the</p> |

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| | larger of either the Minimum Earned Income or the actual earned income, and the minimum earned income is added to any unearned income received by the family. In this way, the Minimum Earned Income encourages employment by instituting a work requirement, and allows the family flexibility in deciding how to meet the rent rather than a required number of hours worked per week. The Minimum Earned Income acts like a minimum rent, but allows families to have other sources of income in addition to the Minimum Earned Income that are included in rent calculations. At the end of FY 2014-2015, 413 households had Minimum Earned Income, with 30 in the Public Housing program and 383 in the Housing Choice Voucher program. |
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2. Time Limits on the Receipt of Assistance

Commenters in this area noted the need to closely monitor households subject to time limits during the term of assistance and to minimize negative impacts at the termination of assistance. To ensure success, agencies should provide supportive services and regularly monitor progress. To minimize negative impacts, agencies should provide relocation services upon termination of assistance. Further, after termination of assistance, it was suggested that participant outcomes be tracked.

Some commenters suggested that instead of focusing on imposing time limits, HUD should explore ways to encourage households to leave assistance and to ease anxiety associated with transitioning off of assistance.

Similar Activities Implemented by Current MTW Agencies:

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| Delaware State Housing Authority – Time Limits | Delaware State Housing Authority expanded the MTW program from a 5-year term limit to a seven-year term limit in its FY2012 MTW Annual Plan. There are two different tiers of participants. For the first five years of the program, participants fall under MTW Tier 1. In Tier 1, residents receive case management services aimed at financial literacy, education, overcoming barriers to self-sufficiency, and increasing earning and employment potential. During the last two years of the program, residents fall under MTW Tier II. In Tier II, participants continue with case management services, but with a larger emphasis on job placement, job retention, and transitioning out of subsidized housing. A Hardship Panel reviews requests for housing assistance beyond seven years. |
| Housing Authority of Tulare County | HATC has been operating both its public housing and HCV programs with a 5-year time limit for work-able households since 1999. This enables HATC to provide opportunities for assistance to more families from its waiting lists. Households can re-apply to the waiting list after their 5 years of assistance ends. |

3. Rent Reform to Encourage Wage Growth

HUD received an extensive number of comments regarding rent reform policies that strive to encourage wage growth and self-sufficiency. The comments were wide-ranging. Some

suggested specific rent reform models, while others provided only broad suggestions regarding establishing incentives to encourage work behavior and increased wages or providing targeted services.

Commenters made a variety of specific suggestions, which include:

- a) Proposal to testing an alternative rent structure that delinks income from rent increases, instead predictably increasing the tenant's share of rent over time.
- b) Development of alternative rent-setting methods by establishing relationships between unit size and rent/subsidy, eliminating mandatory and non-mandatory exemptions-including utility allowances, and creating tiered rent structures.
- c) Establishment of public housing rents and housing choice voucher program subsidies based on a range of income (income bands) rather than calculate to the penny.
- d) Setting rents for working public housing families to increase by predetermined steps over time, capping out at the ceiling rents. This model should be accompanied by a supportive services program aimed at increasing residents' income at the same pace as the rent increases.
- e) Establishing a subsidy for working voucher holder families that decreases by predetermined steps over time, bottoming out at a percentage of payment standards by bedroom size. This mode should be accompanied by a supportive services program aimed at increasing participants' income at the same pace as the subsidy declines.
- f) Recommending a 50% of income maximum rent burden policy, a local income inclusion policy, a local EIV policy and a simplified utility allowance policy.
- g) Recommending HUD test alternative minimum rents and hardship waivers. Commenter suggested that testing such alternatives (separately from other features of rent reform) may help inform the debate over the appropriate level of a minimum rent and accompanying hardship policies.
- h) Testing a policy to explore whether there is a rewards system or alternative escrow calculation that is more likely to incentivize a resident to improve his or her economic standing.
- i) Developing a policy to improve resident financial stability. Several MTW agencies have already tested modifications to HUD's FSS program, including to the escrow portion of the program, further testing would help determine best practices for encouraging resident savings that could be brought to scale at other PHAs.
- j) Proposed coupling increased rent policies, tiered rent programs with education, self-sufficiency programs and supportive services.
- k) Supporting the testing of policies that prepare a family for market-rate rents or a mortgage,

but questioned the benefits of offering a reduced rate or sliding scale approach.

- l) Proposing a policy to promote rent stability. Promoting rent stability may benefit residents as it more closely mirrors the actual rental market. This helps tenants once they move from assisted housing and into market rentals, as they already understand and are accustomed to the rental market system. Using VPS data to determine subsidy eligibility can also help create a tiered rent structure that promotes rent stability as opposed to basing the rent off tenant income. Removing the forty percent cap of income for rent at move-in also decreases the likelihood that landlords will raise the rent later on. This allows tenants to forecast their budgets as they have increased rent stability.
- m) Recommending HUD consider prioritizing rent setting policies that reflect fundamental changes to the rent model that has been used in assisted housing programs. Commenter noted these may include uses of flat rents (based on local markets or based on coverage of expenses), of income based rents based solely on an easily measured and verified annual income, and rents modeled on the LIHTC program that sets rents on the basis of tiers of income.

Similar Activities Implemented by Current MTW Agencies:

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| <p>San Diego Housing Commission – Path to Success</p> | <p>Path to Success is a rent reform program which the San Diego Housing Commission (SDHC) implemented in 2013. The program utilizes a tiered rent structure incorporating progressive increases to minimum rents for Work-Able families. The structure also eliminates deductions and streamlines allowances for both Work-Able families and families defined as Elderly/Disabled. In 2014, a local portability policy was added to the activity which restricts the portability function of the HCV program for Work-Able families. The Path to Success Work-able rent reform program incorporates both tiered rents and progressive minimum rents. For the tiered rents, a family’s annual income is separated into different bands of income. If a family’s bands fall in between different income bands, the lower bound of the band is used to determine rent options. The monthly income amount at this lower bound is multiplied by 30% to arrive at the family’s rent portion. Minimum rents are a function of the number of Work-Able adults in the household, the California minimum wage, a minimum number of weekly hours a household could be expected to work, and benefits. By the end of FY 2014, 100% of HCV families subject to the Path to Success program had rent portions calculated according to the new methodology. Work-Able families were able to increase their average earned income amounts by 13% over baseline.</p> |
| <p>San Antonio Housing Authority – MDRC / HUD Rent Reform Study</p> | <p>The San Antonio Housing Authority (SAHA) was selected to participate in an alternative rent reform policy study of its HCV program. MDRC is conducting the study on behalf of HUD. The goals of the study are several:</p> <ul style="list-style-type: none"> 4. Create stronger financial incentives for tenants to engage in work and move toward self-sufficiency 5. Simplify the administration of the HCV program 6. Reduce agency burden and costs |

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| | <p>7. Improve program administration accuracy and compliance</p> <p>8. Remain either cost neutral or generate savings in HAP expenditures with regards to expenditures under traditional rules</p> <p>9. Improve the transparency of program requirements</p> <p>Participants will be randomly selected for the study from a pool of eligible vouchers. Those selected for the Study Group vouchers will be subject to the proposed policies, and the Control Group vouchers will be subject to existing policies. The study is focused on vouchers administered under the MTW program, and on work-able populations that are not participating in Family Self-Sufficiency and Homeownership programs. The proposed alternative rent policies will include 6 key components:</p> <ul style="list-style-type: none"> • Simplify determination of income and rent calculation of the household's Total Tenant Payment (TTP) and subsidy amount • Conduct triennial income recertification rather than annual, with several provisions. • Streamline interim certifications to eliminate review of income for most household composition changes and moves to other units. • Require that the TTP be the greater of 28% of gross monthly income or the minimum rent set at \$100. • Simplify the determination of utility allowances. • The study will offer appropriate hardship protections. <p>SAHA started selecting participants in March 2015 for Recertifications in June 2015.</p> |
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4. Strategies/Partnerships Focused on Improving Educational Outcomes

HUD received a variety of comments focused on educational policy proposals. Many commenters suggested services that could be provided by a PHA or through partnerships, and the need to dedicate onsite space for such efforts. Some commenters discussed the need for data sharing partnerships in order to establish effective strategies. Other proposals provided more holistic approaches to providing housing and services in order to stabilize a family and improve educational outcomes for children. Of note, one commenter suggested that policies focusing on educational outcomes should have a low priority compared to other topics.

Commenters made a variety of specific suggestions, which include:

- a) Proposal of a policy to support comprehensive education models in which a holistic approach is taken to improve educational outcomes. This includes stable housing, early intervention, pre-school education, academic support, high expectations, student mentorship, parent engagement, strong community foundations, and post-secondary funding. PHAs could create partnerships with youth and educational organizations to help ensure students maintain access to stable housing.
- b) Proposal of a policy to share data between PHAs and local school districts. Sharing demographic and attendance information about students can help improve attendance, academic achievement and parental involvement. This can also help PHAs better

understand where absenteeism is an issue and where students are falling behind. Additionally, it was noted that PHAs could also act as an intermediary for schools to relay important information such as school registration dates, holidays and professional development days, and remind families when the school year begins.

- c) Improving education outcomes through housing partnerships, specifically by developing: shared data between PHAs and local school districts, early childhood education initiatives, space and programming for after-school activities, and comprehensive education models (partnerships with youth and educational organizations).
- d) Recommending a policy to allow PHAs partner with and provide space to local educational and community service organizations in order to conduct early learning, afterschool and summer program for public housing youth.
- e) Supporting policies that refer residents to programs already offered in the city by partnering with community colleges and faith-based or civic organizations that provide the needed education, life skills and job readiness training for residents.
- f) Suggesting that HUD include the HUD/GLR Campaign MOU framework in selecting new MTW sites. Commenter proposed the PHA should be required to commit to develop and implement a plan that includes working with partners (e.g., local school districts, libraries) to address the critically important components to third-grade reading success — school readiness, regular attendance and summer learning.
- g) Proposing a policy initiative to launch a multi-pronged messaging campaign and outreach effort to ensure that public housing-affiliated parents, caregivers, child care providers and early educators have ready access to the information, tools and supports that can help build essential competencies that promote early literacy and the healthy development of the children in their care.
- h) Proposing a policy initiative to launch a multi-pronged community-wide attendance awareness campaign using anchor events such as Attendance Awareness Month, parent/teacher conferences, PTA meetings and back-to-school nights to help parents and caregivers understand and own the importance of good attendance, and to nurture a culture and cultivate the habits of excellent attendance and establish an expectation and a plan for daily school attendance.
- i) Proposing a policy initiative to support the development of early warning and rapid response systems to reduce and prevent chronic absence and strategies to identify and ameliorate the health challenges that are the major contributors to chronic absence, so that parents and caregivers can recognize and address health needs and environmental hazards in the home and seek intervention and support at the earliest signs of attendance issues.
- j) Suggesting a policy on grade-level reading for young learners, given ensuring students can read proficiently by the end of third grade is a key predictor of high school graduation rates. Promoting grade-level reading as a goal of a supportive service program can help PHAs put young residents on the path to success. By funding reading programs through supportive

service programs, PHAs can help provide books, tutors, or other activities that can help young learners increase their reading skills.

- k) Recommending a policy to promote space and programming for after-school activities. PHAs could partner with local organizations and provide space for early learning, after-school programs, and summer programs. Partner organizations can also help parents improve their abilities to help their children build vocabularies and develop early reading skills as a supportive service program. Additionally, the commenter noted that partnering with organizations that provide summer food programs ensure that children are eating even when school is out. Summer food programs also provide an opportunity for older residents to volunteer and undergo food safety trainings that can help them find employment and create a stronger connection to the community in which they live.
- l) Proposing to improve education outcomes through housing partnerships as a policy priority. Recommended modelling *Bringing School Home*, an initiative focused on engaging families and local schools to close the academic achievement gaps for low-income children.
- m) Proposing an initiative to support academic achievement of youth and adult learners in families in a two generational model to break cycles of poverty.
- n) Suggesting that education outcomes are possible indirect outcomes of the operation of assisted housing, research on this and similar secondary effects of MTW status should be prioritized much lower than outcomes related to core assisted housing program goals.

Similar Activities Implemented by Current MTW Agencies:

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| <p>Tacoma – Tacoma Public Schools Special Housing Program (formerly McCarver Special Housing Program)</p> | <p>In the fall of 2011, THA implemented the McCarver Elementary School Initiative which provides housing assistance in order to help stabilize the student population at McCarver Elementary. The program served 33 formerly homeless families, representing 56 students at McCarver Elementary School, during the 2014-2015 school year. As a result of the activity, families in the program are experiencing increases in education, job training employment, and family income. MTW flexibilities that allow Sections 8 and 9 funds for activities outside of Sections 8 and 9, have allowed THA to partner with the Tacoma Public Schools and provide rental assistance to eligible McCarver families.</p> |
| <p>King County Housing Authority – Student and Family Stability Initiative (SFSI)</p> | <p>The King County Housing Authority (KCHA), in partnership with the Highline School District, implements a Rapid Re-housing demonstration program called the Student and Family Stability Initiative (SFSI). The program combines short-term rental assistance with housing stability and employment services for homeless families or families on the verge of homelessness. School-based McKinney-Vento liaisons identify these families and connect them with caseworkers that work to quickly stabilize all program participants in housing. In 2015, SFSI helped a total of 44 families secure housing, guaranteeing a safe, stable home for 108 formerly homeless children during the school year.</p> |

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| <p>Vancouver Housing Authority – Skyline Crest Campus for Learners</p> | <p>Skyline Crest was the Vancouver Housing Authority’s (VHA) oldest and largest public housing site which was converted under RAD to a PBV project in 2015. The site contains 138 units housing more than 350 children and their families. VHA has partnered with the residents of Skyline Crest to create the Skyline Crest Campus of Learners as a way to invest in the long-term success of every child and young adult at the site. VHA provides a number of services, including homework help, tutoring, enrichment classes, different clubs and activities, mentoring, recreation, and parent/child activities. VHA also provides case management to help each family develop a success plan centered on child school attendance and community involvement. In early 2016, VHA is also dedicating some units towards a new Boys and Girls Club facility to complement and expand on their existing efforts to improve resident educational outcomes.</p> |
| <p>Oakland Housing Authority – Education Initiatives</p> | <p>The Oakland Housing Authority (OHA) uses its single fund flexibility to partner with the Oakland Unified School District through OHA’s Education Initiative. Through this data sharing partnership, OHA works to understand educational outcomes of OHA youth. OHA has supported the Parent Ambassadors project, the Family Education Achievement Project initiative, and other projects to encourage parent engagement in childhood education. OHA hopes to address issues such as chronic absenteeism and academic achievement of OHA children through these programs.</p> |

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

A number of submitted comments supporting strategies that focus on reintegrating ex-offenders as they return from prison. It was suggested that PHAs test initiatives that provide housing coupled with supportive services to these individuals. It was also suggested that uniform screening criteria be established to increase access to publicly assisted housing for people with criminal backgrounds.

Similar Activities Implemented by Current MTW Agencies:

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| <p>Keene Housing – Transitional Housing Assistance Shelter Program (THASP)</p> | <p>Through MTW flexibility, Keene Housing (KH) provides shallow subsidies under its Transitional Housing Assistance Shelter Program (THASP) to local service providers for shelter and transitional housing. Local service providers agree that THASP participants will not pay more than 30% of their income for shelter and receive case management and counseling to help gain long-term housing. THASP provides shallow subsidies to the Second Chance for Success which is a program that focuses on reducing recidivism by helping returning citizens overcome obstacles like substance addiction, mental health issues, chronic homelessness or unstable living environments, unemployment and financial instability. Returning citizens are provided with case management and supportive services within in the 12 bed Second Chance facility. Once participants graduate from the program, they are given a preference for the HCV program to find housing in the private market.</p> |
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| <p>Minneapolis Public Housing Authority – Reintegration of Offenders (Prison to Home)</p> | <p>Minneapolis Public Housing Authority (MPHA) has proposed an activity in its FY 2016 Plan that would support a partnership between itself, Beacon, and Better Futures. The partnership will provide training, family unification, employment, and housing assistance to men exiting prison. During the sponsor base voucher portion of the initiative, Better Futures will provide housing, training, work experience and employment opportunities for men exiting prison. During the Project Base Voucher phase, Beacon will provide the housing. MPHA will provide the subsidy needed for the program through voucher funding. Beacon and Better Futures will also provide relevant social and supportive services to help the men reunify with their families and communities. The project is expected to impact up to 40 offenders leaving prison who would otherwise be homeless and without access to supportive services.</p> |
| <p>Oakland Housing Authority – Maximizing Opportunities for Mothers to Succeed (MOMS)</p> | <p>Oakland Housing Authority (OHA), through its Transitional Housing Program, develops programs modeled after the Project-Based Voucher program to create transitional housing opportunities for special needs households. One initiative is the Maximizing Opportunities for Mothers to Succeed (MOMS) initiative through a partnership with the Alameda County Sheriff’s Office. The initiative offers service-enriched transitional housing support to formerly incarcerated women aiming to reunite with their children. The MOMS program also offers case management, group counseling services, family activities, and educational and employment assistance, as a condition for program participation. Potential applicants are screened while still in custody, complete an 8-week educational component, and create Individual Action Plans (IAPs). During FY 2015, there were 9 new admissions. A similar program for fathers (Dads Acquiring and Developing Skills (DADS)) is in development.</p> |
| <p>King County Housing Authority – Passage Point Prisoner Re-entry Housing Program</p> | <p>King County Housing Authority (KCHA) implemented the Passage Point Prisoner Re-entry Housing Program in 2013. The program helps parents reunify with their children after incarceration. KCHA provides 46 project-based Section 8 vouchers for the activity, while YWCA provides relevant property management, supportive services, and potential participant outreach. Whereas typical transitional housing programs are time-limited, Passage Point participants have the opportunity to remain in their unit they have successfully reunified with children, have obtained stable employment and have demonstrated their ability to succeed in an environment with less access to supportive services. Those participants who complete the program may also apply to KCHA’s Public Housing program and obtain priority placement on the wait list. In 2015, a total of 51 households were participating in the program, and 11 program participants have graduated from the program to permanent housing.</p> |
| <p>Chicago Housing Authority – Re-Entry Pilot Program</p> | <p>The Chicago Housing Authority (CHA) proposed the Re-Entry Pilot Program in FY 2014 for a maximum of 50 participants. To be eligible, participants must be reuniting with a qualifying family member in either CHA’s public housing or HCV program, must be on a CHA wait list, and must meet certain eligibility requirements specific to the program they</p> |

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| | <p>apply to. These other eligibility requirements include having completed at least one year in a re-entry program with one of the activity's Reentry Pilot service providers, not having certain criminal convictions, and being drug free. Eligible participants must also satisfy CHA's work requirement and engage in mandatory supportive services. Supportive services for the activity include skill development, mental health intervention, and employment and training. Participants have two years in the program, with the option to extend for an additional two years. For participants who successfully complete the four-year term, the individual's family may request that the participant be added to their household. The activity's application process started in the fall of FY 2015, and CHA did not receive any applications during the 2015 fiscal year.</p> |
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MTW Statutory Objective #3: Increasing Housing Choices for Low-Income Families

1. *Increasing or Lifting Project-Based Voucher Caps*

A number of commenters offered suggestions regarding raising or removing the 25% per project cap and the 20% of inventory cap. Commenters noted this would assist PHAs in serving elderly and disabled residents. Also, raising 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. One commenter suggested studying the cost effectiveness of raising or removing the caps.

Some of the specific comments provided are listed below:

- a) Suggest lifting the cap on project-based voucher units. Lifting the cap on the number of project-based vouchers PHAs can use could help PHAs better utilize project-based vouchers. This would allow PHAs to either target project-based vouchers to specific populations (like elderly and disabled residents) or allow PHAs to target project-based vouchers to neighborhoods (especially those that are higher-opportunity).
- b) Propose developing strategies to better utilize project-based vouchers and improve the health and well-being of elderly residents. Proposal seeks to waive components of 24 CFR Parts 983 - Project-based Voucher program that caps and agency at 25 percent of a project and modify the selection process of PBV thereby reducing the administrative burden on BCHA. The Housing Authority would seek to project base vouchers in an elderly housing development and create a senior housing community that addresses the service needs of the local elderly population. Leveraging development funding would help to increase housing choices for the elderly population in the jurisdiction.
- c) Suggest lifting the cap on project-based vouchers for elderly and disabled residents specifically could help PHAs provide stable homes for elderly and disabled residents. Moreover, it could ensure that accessible properties are available to those with mobility concerns. Commenter also noted that it is important to understand that seniors and disabled individuals can be very different populations. Grouping these populations together in the same project-based development may not make sense, as a 30-year old disabled individual may do poorly at a housing development oriented toward senior citizens.

Allowing PHAs to separate these groups if desired could help improve their health and wellbeing.

- d) Propose policy to waive the percentage of an MTW agency’s voucher allocation that may be used to project base (PBV) vouchers from 20% to 35% if the extra 15% is used to project base vouchers in areas of high opportunity, areas that are gentrifying or are at risk of gentrifying, or if PBV preserves existing affordable housing even in other areas if that housing is at risk of leaving the affordable stock. Further propose increasing or preserving the stock of housing affordable to extremely low income households through augmented PBV capacity which can help offset the difficulty many voucher holders experience in utilizing their voucher due to landlords’ reluctance or refusal to accept vouchers.
- e) Eliminate the 20% cap for Project Based Voucher units based on the budget authority. Commenter noted that, by eliminating the 20% cap, PHAs will: 1) expand the PBV portfolio to create more affordable housing and or continue to assist in stabilizing affordable housing communities; 2) use the flexibility to extend small allocations of PBV vouchers to multiple properties throughout the jurisdiction in areas of high opportunity as a way to deconcentrate poverty; and 3) remove the 25% building cap which restricts PHAs from project basing more than 25% of the units at a property for PBV unless they are exempted units. Developments may require more PBV units to ensure financial feasibility for the new property.
- f) Proposed testing the cost effectiveness and resident outcomes of exceeding the 20% cap on project based vouchers for the purpose of creating supportive housing in the large PHA cohort.

Similar Activities Implemented by Current MTW Agencies:

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| <p>Oakland Housing Authority – Eliminate Caps on PBV Allocations</p> | <p>In 2010, OHA eliminated the two PBV regulatory caps: the 20% cap on the amount of budget authority that can be devoted to project-based vouchers, and the 25% cap on the number of units within a particular project that can be project-based. The activity has allowed OHA to better serve families with special needs that have experienced domestic violence and who are also at a risk of becoming homeless, and has also allowed OHA to help tenants access areas of opportunity. OHA has authorized 563 PBVs more than it would have been authorized if the 20% budget authority cap had not been waived, and OHA has been able to assist 2,004 additional units eligible for PBV assistance than it would have if the 25% cap were still in place.</p> |
| <p>King County Housing Authority – Local Project-based Section 8 Program</p> | <p>In FY 2004, KCHA obtained approval to waive the 25% cap on units that can be project-based within developments for transitional, supportive or elderly housing, and for sites with less than 20 units. In FY 2010, it waived the 20% budget authority cap. These two flexibilities are part of a larger project-based strategy to achieve a number of objectives. Within its Local Project-based Section 8 program, KCHA:</p> |

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| | <ol style="list-style-type: none"> 1. Uses project-based vouchers in high-opportunity areas to increase access for low-income families; 2. Partners with nonprofit community service providers to create housing for special needs populations, such as the chronically homeless, mentally ill, disabled, and homeless; and, 3. Coordinates with county government and suburban areas to support a pipeline of new affordable housing developed by nonprofit housing authorities. |
| Home Forward (Portland) – Local Project-Based Voucher Program | <p>Home Forward removed both regulatory caps as part of a larger project-based voucher program with other project-basing flexibilities in 2012. In FY 2014, Home Forward began disposition of 10 public housing high-rise buildings representing over 1,200 units. In 2014, Home Forward replaced the first 654 units with Tenant Protection Vouchers. To maintain the affordability of these units, Home Forward has project-based these 654 units and formed partnerships with service providers and local jurisdictions to serve the most vulnerable households.</p> <p>Home Forward aims to use its project-based voucher program to assign vouchers to buildings, ideally in areas of opportunity, that offers tenants on-site services and access to community resources. As many of Home Forward’s original project-based voucher contracts have expired over the last year, Home Forward has taken advantage of the opportunity to shift the emphasis on vulnerable populations. Home Forward offered owners five-year renewals only if they agreed to both set waiting list preferences for vulnerable populations and to make available services to those households.</p> |

2. Landlord Incentive Strategies

Commenters suggested a variety of ideas related to recruiting and retaining landlords to the HCV program. These ideas ranged from simply adopting landlord-friendly policies for administering the program to providing fixed monetary incentives to landlords.

Specifically, commenters suggested:

- a) Adoption of landlord friendly policies such as cross training PHA staff to conduct HQS inspections so that delays can be minimized, waiving inspections for units that were inspected within the previous six months, providing the first month's HAP payment prior to completion of all paperwork, and making HAP payments through electronic transfer.
- b) Development of experiments that would test different financial incentives (e.g. signing and retention bonuses) to increase landlord participation.
- c) Development of a policy to use MTW flexibility in robust housing markets to provide landlord incentives such as lease signing bonuses for new participants and reimbursement for units left vacant due to delayed housing quality standards inspections.

- d) Propose using HAP funds “Housing Locator Services” that act as an interface between landlords and PHAs. These individuals help vulnerable families find housing and help remove the perceived red-tape that prevents many landlords from participating in the Section 8 program. The Housing Locator should be trained in HQS to be able to perform on-the-spot inspections to sign potential tenants up as quickly as possible. The Housing Locators also help more vulnerable families navigate sometimes challenging rental markets. This is especially true in areas with low rental vacancies and high rental demand.

- e) Allow PHAs to implement a landlord incentive payment program under the following conditions. A property owner with a unit located in a high opportunity area of a PHA’s jurisdiction that leases to a HCV participant will receive a \$300.00 payment at the completion of the HAP contract and an additional \$300.00 at the end of the first year. If the property owner chooses to extend the lease for a second year, an additional \$300.00 payment will be made once a second year lease has been received. No property owner will receive more than five payments in a one-year period. In order to be eligible for incentive payments, the unit must be compliant with HQS at all times during the HAP term. An agreement is signed certifying that the incentive payments are not part of the monthly rent to owner. The total annual set aside for this incentive program is \$60,000.

Similar Activities Implemented by Current MTW Agencies:

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| <p>Housing Authority of the City of Pittsburgh – Preferred Owners Program</p> | <p>The Preferred Owners Program promotes improved quality of properties and properties in quality neighborhoods, with the aim of addressing the statutory objective to increase housing options for our voucher holders. It will also have the effect of increasing Cost Effectiveness, as it will reduce staff time spent on inspections. Owners or property managers will apply for the program, and HACP will approve or deny their application based on a rigorous set of guidelines. These guidelines will include consistent HQS inspection passes, completion of online and in-person trainings for owners and property managers, quality and attractiveness of the property, and commitment to leasing to more than one HCV voucher holder. Incentives that will be provided to member landlords include inspection incentives such as priority inspection scheduling, biennial inspections, and acceptance of prior inspections conducted less than 60 days ago for vacated units. Other incentives include vacancy payments of no more than two months’ HAP payments for most recent tenancy when the landlord commits to leasing to another voucher holder and priority placement on HACP’s property listing web page.</p> |
| <p>Lincoln Housing Authority – Landlord Incentive HAP</p> | <p>As an incentive for landlords to participate in the MTW tenant-based voucher program, LHA provides landlords with a one-time additional Housing Assistance Payment (HAP) of \$150 upon the execution of the HAP contract for the new unit and tenant. The landlord is not eligible for \$150 additional HAP payment if the contract is executed for a transfer in units with the same landlord, or if the contract is executed due to a lease renewal or change.</p> |

3. Supportive and/or Sponsor-Based Housing Initiatives

To provide service-enriched housing to participants, commenters offered a variety of suggestions. Partnerships and strategies to enable the provision of service were noted to be extremely important. The elderly, disabled, homeless, and youth aging out of foster care were among the groups that commenters recommended these types of initiatives serve. The structure of the housing assistance varied with commenters discussing short-term transitional subsidies, the use of project-based vouchers and master leasing through a service provider in non-PHA units.

Some of the specific comments provided are listed below:

- a) Allow PHAs to partner with one or more local nonprofit or supportive service provider to provide public housing elder and disabled residents with services designed to improve and support such residents' ability to retain and maintain their homes and age-in-place.
- b) Utilize alternate definitions for terms such as elderly and homeless could benefit applicants and residents. This change could help make other services available. Another suggestion focused on making the definitions of such terms consistent across federal agencies.
- c) Create transitional project-based subsidies for the homeless.
- d) Create a strategy to benefit residents that lifts or increases the cap on project based vouchers, includes community service programs such as connected living and increases supportive services.
- e) Commenter discussed several supportive services initiatives. Commented noted providing resident services to individuals with mobility impairments would help ensure elderly and disabled residents receive the treatment and care they deserve. This could be achieved through mobile health and care services that are provided throughout the week. Establishing partnerships with local public health organizations could assist in this endeavor. Commenter stated ensuring that training, especially surrounding computer literacy, and volunteering opportunities are available to households that are not workable would help provide a sense a purpose to elderly and disabled residents, as opposed to excluding them from such activities. Commenter further noted that providing weekly transportation to grocery stores, pharmacies, doctor's offices, and other necessary errands can help seniors and disabled individuals access needed care and complete daily tasks.
- f) Utilize rapid re-housing strategies to implement short-term rental assistance models. Program elements could include a graduated or tiered rent structure, flexible funds, shallow rent subsidies, and/or short term assistance.
- g) Develop policies that support homelessness prevention, including the recapitalization of project-based assisted housing and public housing, and development of the project-based assisted housing inventory as appropriate in a local rental housing market.
- h) Provide a flat housing subsidy for transitional aged youth.

- i) Develop a services model that addresses the quality of care, quality of life and financial viability needed for seniors to age in place. The model will seek to transform the institutional concept of senior housing and provide services non-traditional to senior affordable housing.
- j) Create supportive or sponsor based housing policies: sponsor based vouchers in partnership with service providers and non-profits, and rent supplements for PBVs to pay for supportive services provided by the owner.
- k) Test if and how sponsor-basing (providing the assistance to a partner agency to administer) increases housing stability and other outcomes for high needs households.
- l) Provide shallow subsidies to homeless, re-entry, mental health and drug treatment shelter programs to stabilize and strengthen them.
- m) Provide fixed subsidies to housing first, re-entry, mental health and addiction housing providers to stabilize and strengthen existing program and the provide new housing opportunities for otherwise hard-to-house individuals and families.
- n) Provide a fixed subsidy along with work readiness training for youth transitioning out of foster care systems.
- o) Project-base a shallow or fixed subsidy to help developers finance development of housing for specialized populations or in areas of opportunity.
- p) Create a Sponsor-based Subsidy Program for the Homeless, which provides housing assistance payments to partnering agencies delivering supportive services to homeless individuals. Partner administers the program while the PHA performs auditing functions.
- q) Create linkages for residents with quality-of-life resources and services.
- r) Develop policy on master-leasing units. Allow for PHAs to master-lease units coupled with case management services. This could allow landlords to lease to individuals whom they otherwise may not serve due to perceived risks. Master-leasing also removes the tenant responsibility of locating appropriate housing and negotiating with the landlord regarding housing quality inspections and program participation, which can be challenging for residents who may need supportive services. Master-leasing can help lead to greater self-sufficiency as it provides residents with an opportunity to develop a relationship with a landlord and become responsible tenants. Eventually this could lead to the resident assuming the lease under their own name.
- s) Allow PHAs to designate a certain percentage of sponsor-based vouchers. The landlord or nonprofit would be responsible for providing tenants with supportive services. Landlords may perceive less risk if they are leasing to an organization as opposed to an individual tenant. Suggested PHAs would need to create strong partnerships with service providers to ensure that residents are receiving needed supports. Sponsor based voucher units would be required to pass similar inspections as all tenant based voucher units.

- t) Create rent supplements to provide services in project based voucher properties. The rent supplement would be provided to the owner, not the building, so that they could be swapped between eligible units and would be used specifically for supportive services. The rent supplement would help pay for needed supportive services that would be provided to the tenants by the owner.
- u) Proposed the Moving On Program as a model, which provides rental assistance to participants graduating from permanent supportive housing programs.
- v) Proposed testing an alternative FSS program design that could include: automatic enrollment of particular sites or household types, escrow credit payments based on participation, intensive case management, financial workshops and job placement.

Similar Activities Implemented by Current MTW Agencies:

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| King County Housing Authority – Develop a Sponsor-based Housing Program | KCHA implemented its sponsor-based housing program in 2007. KCHA provides housing funds to several different service providers, including Sound Mental Health, Navos Mental Health Solutions, and Valley Cities Counseling and Consultation. The providers use KCHA funds to secure market rentals for program participants. The programs utilize the “Housing First” supportive housing model, which combines quick placement in permanent housing with intensive, individualized services to help residents obtain housing stability. Mental health and criminal justice systems, street outreach groups, and youth providers all refer recipients for this form of support. Residents who become stabilized through the program may be offered a tenant-based Section 8 subsidy through KCHA. So far, KCHA’s program has served 151 households exiting years of homelessness. |
| Lexington-Fayette Urban County Housing Authority – Local, Non-Traditional Use of MTW Funds for Special Partners | LHA provides a monthly rental subsidy totaling \$124,360 to seven special partners that both provide housing and supportive services to at least 358 families with special needs. During FY 2015, the seven agencies served 612 families comprised of several special needs populations, including mental illness, substance abuse, recently incarcerated, homeless, financially illiterate, and single parents enrolled in full-time higher education. |

4. Mobility Strategies

HUD received extensive comments regarding strategies that could encourage participant mobility to opportunity areas. Addressing barriers by providing services, security deposit assistance, increasing search times and offering pre- and/or post-move counseling were suggested. Policy changes such as increasing payment standards and adjusting rent calculations were also discussed as aides to accessing opportunity areas. Project-based vouchers were also noted as a tool for creating dedicated units in good neighborhoods. Conversely, some commenters acknowledged restrictions placed on portability by current MTW agencies with suggestions mixed as to whether that should be tested under the MTW expansion.

Some of the specific comments provided are listed below:

- a) Develop policy to promote family moves to areas of deconcentrated poverty by promoting accessibility, community acceptance, removal barriers beyond issuance of vouchers in these areas.
- b) Implement strategies to increase the movement of low-income families to high opportunity neighborhoods, such as: mobility counseling (pre/post move), security deposit grants, increased search time, flexible payment standards, payments for moving costs, and simplified procedures to acquire/develop properties in high-opportunity neighborhoods.
- c) Adopt mobility friendly policies based on promising practices. Specific ideas include: Offer security deposit grants or loans for participants who move to high opportunity neighborhoods. Provide more information about choice and mobility in standard briefing and move material. Allow extended search time, 120 days. Align voucher policies with PHAs in neighboring jurisdictions and develop MOUs to remove administrative barriers to portability. Set appropriate exception rents for high opportunity areas or adopt small area FMRs. Train HQS inspections to systematically apply the neighborhood conditions questions on HQS.
- d) Model the Choice Communities project-based voucher program, implemented in San Diego, which utilizes: a zero interest security deposit loan program with low payments, increased payment standards in low-poverty areas, mobility counseling and 50% rent burden policy.
- e) Explore affordability at lease-up, by testing whether increasing or waiving the 40% lease-up cap is associated with an increase in leasing up in lower-poverty/better opportunity neighborhoods, and/or an increase in arrears, evictions, and subsequent moves.
- f) Study relationships between incremental costs associated with moving to high opportunity areas and agencies' abilities to house substantially the same number of households and assist households with similar demographic characteristics.
- g) Test policies that explore the relationships between movement from higher poverty to lower poverty neighborhoods on participants social and support networks, and whether moving to lower poverty neighborhoods increase other cash and non-cash household costs unrelated to housing costs (i.e. transportation, health care availability).
- h) Conduct research to explore what are the relationships between housing quality and movement to high opportunity areas. Could moves to high-opportunity areas result in moving from comparatively high-quality housing in comparatively high-poverty neighborhoods to comparatively low-quality housing in comparatively low-poverty neighborhoods?
- i) Providing mobility counseling both before and after a move to high-opportunity areas is important to success; yet it was suggested this use of MTW flexibility should be limited, if permitted at all due to costs. Recommend that PHAs establish partnerships to obtain these

services from other organizations in the area and conserve MTW funds for direct housing assistance.

- j) Encourage increased search times after voucher issuance. Finding rental units in higher-opportunity neighborhoods can be challenging for tenants unfamiliar with those neighborhoods. Furthermore, landlords in higher-opportunity neighborhoods may be less familiar with the Section 8 program and, as a result, may be less inclined to rent to a voucher holder if other renters are available. Providing tenants with increased search times would help tenants find and secure rental units in higher-opportunity neighborhoods where they may face more challenges finding a rental unit than in lower-opportunity neighborhoods.
- k) Develop place-based strategies. Current MTW agencies in high cost locations have been able to purchase properties in higher-opportunity neighborhoods for project-based vouchers through the Low-Income Housing Tax Credit (LIHTC) and other funding sources. This allows PHAs to keep rents lower in higher-opportunity neighborhoods, as private landlords would increase rents along with the market. By purchasing these properties, PHAs can ensure affordable options exist in high-opportunity areas. Lifting the cap on the number of vouchers that PHAs are allowed to project-base in high-opportunity neighborhoods could help PHAs purchase more properties to provide affordable housing in neighborhoods experiencing increasing rental costs.
- l) Set payment standards above 120%, perhaps as high as 140%, of fair market rent to encourage mobility to high opportunity neighborhoods.
- m) Establish flexible payment standards that are decoupled from the FMR. Allowing PHAs to decouple their payment standards from FMRs to create payment standards that work locally and utilize local data and knowledge on costs of living within higher-opportunity areas can increase the ease of moving tenants to these neighborhoods. Also, PHAs note that small FMRs are overly burdensome and administratively time consuming. And, providing PHAs the flexibility to determine their own local payment standards internally, or through partnerships with their cities or other local organizations, could help move more low-income families to higher-opportunity neighborhoods. This would allow PHAs to more easily tie rent ratios to high-opportunity areas, allowing PHAs to provide greater subsidies for costlier neighborhoods.
- n) Implement a policy involving local payment standard systems to explore what payment standard system is most effective in meeting local needs.
- o) Develop a policy to allow PHAs flexibility to decouple their payment standards from HUD'S high problematic FMRS in order to adopt more accurate and responsible payment standards determined in conjunction with their local communities in order to provide more low income families with access to housing opportunities in higher cost neighborhoods.
- p) Expand the use and testing of SAFMRs in additional PHAs with and without other mobility assistance, which will address program cost effectiveness and housing choice.

- q) Reduce the percentage of income that is used to establish the total tenant payment in order to incent opportunity moves and encourage leasing in high opportunity neighborhoods. Alternatively, establish a higher total tenant payment cap for households leasing in areas of concentrated poverty.
- r) Develop a research category for mobility that includes several policy interventions, including changes to payment standards and mobility counseling. Strategies used in San Diego and Baltimore could be models for the types of allowable activities.
- s) Focus on mobility counseling. Both pre- and post-move mobility counselling can help increase moves of low-income families to high-opportunity neighborhoods. Pre-move counseling should include explaining the benefits of moving to high-opportunity areas to tenants, housing search assistance (especially in neighborhoods that tenants may be less familiar with), help improving credit scores, and assistance saving for security deposits. Post-move counseling should provide assistance once the family moves and is adjusting to the new neighborhood. Offering counseling post-move increases the likelihood that the family will remain and not move back to a lower-opportunity neighborhood.
- t) Designate initiatives testing regional cooperation to support housing mobility as the primary policy all agencies in the first cohort must adopt. HUD should select two or more groups of housing agencies that administer most vouchers in a metropolitan area or a portion of a large metropolitan area to manage their programs cooperatively with the goal of expanding housing choice for low-income families. Agencies would undertake regional partnerships to address barriers to families using vouchers to access higher-opportunity neighborhoods, for example through mapping of opportunity areas. Commenter suggested that HUD should focus the first MTW cohort on regional cooperation to support mobility whether or not Congress approves the 2017 proposal for a mobility demonstration included in the Administration's 2017 budget and the Transportation-HUD appropriations bill. It was recommended that HUD select some MTW agencies for the mobility demonstration along with some non-MTW agencies to test implementation of policies outside the MTW context.
- u) Suggest providing security deposit grants. Providing grants to tenants to be used for security deposits can help tenants move into units in higher-opportunity neighborhoods that may have higher security deposit requirements. Costs associated with moving into units in higher-opportunity neighborhoods are greater, and it can take low-income families significant time to save the money needed for a deposit. This will also help the family if they opt to move to a market unit rental, as they can transfer the security deposit to the new unit. This incentivizes the family to maintain proper upkeep of their unit so that they are able to keep the deposit money. Providing the deposit as a grant, as opposed to a loan, ensures that families do not fall into debt if, for whatever reason, they are unable to pay the security deposit back to the PHA.
- v) Propose small pilot that test regarding how access to a car sharing program impacts neighborhood and employment outcomes.
- w) Develop design standards for new mixed-income projects in high opportunity neighborhoods that allow for economic mobility and entrepreneurial opportunities.

Administrative and management design elements can allow for economic mobility of tenants at income levels range <30, 50, 60, 90 and 120% AMI. A cycle could be developed where an extremely low-income household can come into a high-opportunity neighborhood via a project-based unit from the preference list, gain employment, economic stability and potentially qualify for a commercial suite for entrepreneurial enterprise without ever having to relocate. This would require the project-based voucher to be transferable to a different unit at the same location.

- x) Recommend a policy to facilitate voucher portability to high opportunity areas by providing additional administrative fees to both the sending and receiving PHAs. This policy would allow the sending MTW agency to retain 100% of its administrative fee when vouchers are ported to a high opportunity area and to allow the receiving PHA to receive 100% of its administrative fee (rather than 80% of the initial PHA’s administrative fee if it is less than the receiving PHA’s administrative fee).
- y) Establish a local policy to restrict outbound portability. Under such a policy, outbound portability will only be approved for families who can provide proof that they are leaving their PHA jurisdiction due to employment, to pursue education, VAWA or through reasonable accommodation.
- z) It was noted that some of the original MTW agencies restricted portability as a cost saving measure, and although one of the statutory objectives of the MTW demonstration is to identify ways to reduce cost, the net cost savings are likely to be modest when compared to the cost of “lost” resident mobility. Commenter noted resident mobility is one of the putative key features of the voucher program, and portability limits contravene the obligation of a PHA to affirmatively further fair housing choice, particularly if the port could be to an area of higher opportunity, an area that is not one of racially or ethnically concentrated poverty, or one that is more integrated.

Similar Activities Implemented by Current MTW Agencies:

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| <p>Cambridge Housing Authority – 120% Exception Rents</p> | <p>To retain landlords in the private housing market, CHA pays rent increases over the amount determined by HUD based on local rental market estimates. CHA already set payment standards above 120% of HUD’s Fair Market Rent (FMR) for larger bedroom units. This policy extends the payment standard to any size unit. Currently, most landlords are receiving the maximum amount permissible under CHA’s payment standard. This initiative is also used to assist disabled households. On a case-by-case basis, disabled households that find a unit in the private rental market may receive an even greater exception rent.</p> |
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| <p>San Diego Housing Commission – Choice Communities</p> | <p>In 2010, SDHC created the “Choice Communities” program, which promotes residential mobility throughout nine low-poverty zip codes in the City of San Diego. The program consists of four elements: (1) Mobility Counseling; (2) Security Deposit Assistance; (3) Increased Payment Standards; and (4) The elimination of the affordability cap at move-in. These four elements work in complementary ways to provide families with the knowledge they need to make informed decisions on where to live and to offer the resources needed to support those decisions. To build this knowledge, all families of SDHC receive a Choice Communities information packet that includes details about rental properties, schools, shopping centers, churches, public transportation, parks and other neighborhood amenities in the nine low-poverty zip codes. Additionally, SDHC has staff dedicated to the Choice Communities program to assist families in choosing a neighborhood that is right for them. To offer needed resources, SDHC enhances their investment by increasing the payment standards in these opportunity areas and allows families more flexibility in choosing how much of their budget to allocate towards housing.</p> |
| <p>Delaware State Housing Authority - Resident Savings Account Disbursement</p> | <p>The Delaware State Housing Authority (DSHA) places all rent paid over the 35% tenant contribution limit into an escrow account. Upon successfully graduating from assisted housing, 60% of the savings are available to the family to use towards expenses for homeownership or securing market rate housing. The remaining 40% of the savings is provided directly to the family for discretionary use.</p> |
| <p>Louisville Metro Housing Authority – Exception Payment Standard for HCV Homeownership</p> | <p>Since FY 2009 LMHA has used MTW flexibility to establish exception payment standard areas that are specific to the Housing Authority’s HCV Homeownership Program and not applicable to its tenant-based HCV Program. In these areas, the payment standard is set to 120% of Fair Market Rent (FMR). In all other areas, the payment standard is set to 110% of FMR. 10 families have bought homes in areas of opportunity. Hoping to encourage more families to move to areas of opportunity, in FY 2017 LMHA will identify exception payment standard area as those census tracts where, according to the most recently available 5-year American Community Survey estimates, Owner Occupied Median Value for the census tract is greater than 80% of the Owner Occupied Median Value for the Louisville Metropolitan Statistical Area (MSA). The payment standard would be set to 120% of FMR in these exception areas, and remain 110% of FMR in all other census tracts.</p> |

5. Locally Established Total Development (TDC) Cost Cap

Commenters noted the need to recapitalize existing public housing, particularly in urban centers. Specifically, it was suggested that HUD consider utilizing additional local market conditions to determine the total development cost instead of HUD’s existing standard. It was noted that PHAs will be able to develop or redevelop in areas of higher opportunity where the costs are higher with a higher TDC. This will result in an improved quality of life for the residents

of the developments and their families and allow PHAs to develop in areas that they are currently unable to develop in.

Similar Activities Implemented by Current MTW Agencies:

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| Philadelphia Housing Authority | In order to support redevelopment activities, PHA has established and maintains cost limits for development and redevelopment activities that replace HUD’s TDC limits and Housing Cost Caps (HCC). PHA’s MTW TDC/HCC cost limits reflect all the costs associated with developing new PHA conventional and scattered sites and rehabilitating existing units in these categories. PHA cost limits address current construction practice costs while incorporating energy efficient and environmentally sound equipment and materials used in the building process. They support the development of accessibility features in units and throughout the development. In addition, the establishment of new cost limits takes into account the market trends in construction and union labor rates, Davis Bacon rates, and costs associated with government contract work versus private market contract work. |
| Housing Authority of Baltimore City | Under the Thompson v. HUD consent decree, HABC acquired 58 homes in non-impacted locations throughout the Baltimore area. The costs of these properties were higher because they were located in high opportunity areas making the costs of these homes more than the TDCs that were established for Baltimore. Through MTW flexibility HABC was able to increase TDC limits for the 58 homes which was reflective of the true acquisition and the rehabilitation costs for those units. |
| Chicago Housing Authority | Due to rising construction costs in Chicago, reduced LIHTC equity prices and reduced soft loan funds, a cost formula for CHA redevelopment activities to replace HUD’s current Total Development Cost (TDC) limits was implemented. The increased reasonable cost limits cover the full cost of public housing units, as originally intended, and increase public housing opportunities on an annual basis. The current impact of the increased reasonable cost limits is that CHA is able to finance the full cost of public housing units in mixed-income developments which allows the tax equity and soft loan funds to be directed toward the construction of the accompanying affordable housing units at these mixed-income developments. |