



OFFICE OF PUBLIC AND INDIAN HOUSING

MEMORANDUM

Date: August 12, 2016
To: Marianne Nazzaro and John Concannon
From: Matt Gerken
Re: Sponsor-Based Housing Program Models Administered by Moving to Work Agencies

Issue

Public housing authorities (PHAs) have historically struggled to serve hard-to-house populations, such as the homeless, ex-offenders, people with physical, mental and emotional disabilities, drug and alcohol abusers, and elderly households, through traditional housing programs. These populations can be administratively burdensome to serve, and often require additional support, beyond rental assistance, to stabilize in housing. Additionally, landlords may be unwilling to sign leases with individuals that have been, for instance, chronically homeless due to insufficient rental and employment history.

The Housing First¹ homeless assistance model has been proven as an effective tool in serving the vast majority of people who experience homelessness as a result of a housing or personal crisis, rather than a more long-term form of homelessness. This approach emphasizes providing short-term assistance, with no condition to enroll in services prior to or after admission, in order to quickly stabilize vulnerable populations in permanent housing. Most households served by the Housing First model require only brief support before achieving permanent housing. Under current regulations, though, Housing First does not align with Project-Based Voucher (PBV) regulations and limits a PHA's ability to implement the approach fully.

MTW Sponsor-Based Initiatives

MTW PHAs have utilized their MTW flexibilities to create sponsor-based housing programs that serve the homeless and other vulnerable and hard-to-house populations. Under the sponsor-based housing model, PHAs provide housing funds directly to sponsors (i.e., nonprofits and social service providers) through a competitive process and the providers use the funds to secure private market rentals, typically through master lease contracts, that are then subleased to program participants. Certain administrative responsibilities (e.g., eligibility determinations, wait list management) are delegated to the qualified sponsor and the PHA performs a quality control audit. Local service providers work with the vulnerable populations to help them achieve housing stability and permanent housing.

Ten MTW PHAs have created sponsor-based housing programs to serve vulnerable populations. The ten PHAs serve a large variety of populations through their sponsor-based housing programs, including, but not limited to:

¹ Housing First. (n.d.). Retrieved from http://www.endhomelessness.org/pages/housing_first.

- Chronically homeless population and homeless young adults and families;
- Mentally ill or disabled;
- Victims of domestic violence or substance abuse;
- Emancipated foster youth;
- Single parents enrolled full-time in higher education; and,
- Individuals recently released from prison or jail.

Sponsor-based housing programs serve several functions. They allow the PHA to expand its role in the supportive housing community through public-private partnerships and its leveraging of both funding and additional resources to service and supportive housing providers. They work with hard-to-house tenants in helping them become good lease-holders. They represent one more means by which a PHA can serve the homeless and other hard-to-house populations in a manner appropriate for the urgency of their crises. MTW PHAs that have sponsor-based housing programs attest to the fact that certain families would not be successful if not for sponsor-basing.

Why MTW?

MTW PHAs test innovative, locally-designed strategies that promote cost-effectiveness, self-sufficiency and housing choice. MTW PHAs are allowed to combine their Public Housing Operating and Capital funds and Housing Choice Voucher funds and use the funds interchangeably. MTW status also gives PHAs the opportunity to waive many existing public housing and voucher rules. MTW PHAs have used their MTW status to create sponsor-based housing programs unique to MTW PHAs.

The PHAs referenced single fund flexibility as an important component of their sponsor-based housing programs. This fungibility allows the MTW PHAs flexibility in working with sponsors and local service providers.

The ten PHAs also requested other authorizations for their sponsor-based housing programs. Authorizations that one or more of the ten PHAs have requested for both their Public Housing and Section 8 Housing Choice Voucher programs have allowed them to:

- Have flexibility in the structure of programs with regards to, for example, tenant selection and inspections (Attachment C, Section Bbiv);
- Have flexibility in allowing entities other than the PHA to carry out MTW activities (Attachment C, Section B1c);
- Partner with for-profit and non-profit entities in carrying out all or some components of the PHA's MTW program (Attachment C, Section B(2)); and,
- Create a short-term transitional housing program offering supportive services, in collaboration with local community organizations and government agencies (Attachment C, Section B(4)).

Authorizations that one or more of the ten MTW PHAs have requested for their Public Housing programs only have allowed them to:

- Create local preferences and admissions policies and procedures with regards to its public housing program (Attachment C, Section C(2));

- Deploy a risk management approach in instituting property and system inspection protocols and frequencies, as opposed to the current HUD requirement of annual inspections (Attachment C, Section C9a)
- Develop a new version of local lease and to create community rules. Grievance procedures, tenant self-sufficiency requirements and reasonable tenant fees (Attachment C, Section C9b)
- Collaborate with a spectrum of community stakeholders in adopting reasonable restrictions for occupancy of specific public housing projects in the PHA's inventory (Attachment C, Section C(10)); and,
- Determine family payments, including tenant rent, the minimum rent, utility reimbursements and the total tenant payment (Attachment C, Section C(11)).

Lastly, authorizations that one or more of the ten MTW PHAs have requested for their HCV programs only have allowed them to:

- Determine the term and content of their Housing Assistance Payment (HAP) contracts (Attachment C, Section D1a);
- Determine lease period length, voucher expiration dates and date of when vouchers will be reissued (Attachment C, Section D1b);
- Determine the percentage of housing voucher assistance it can project-base and have flexibility in its funding of physical improvements on those units (Attachment C, Section D1e);
- Determine property eligibility criteria (Attachment C, Section D1f);
- Implement a policy different from currently mandated program requirements in establishing payment standards, rents or subsidy levels for tenant-based assistance (Attachment C, Section D2a);
- Determine contract rents and increases and be able to determine content of contract rental agreements different that current program requirements (Attachment C, Section D2b);
- Implement term limits for HCV units (Attachment C, Section D2d);
- Project-base Section 8 assistance at properties owned either directly or indirectly by the PHA but that are not public housing (Attachment C, Section D7a); and,
- Establish reasonable Section 8 homeownership programs (Attachment C, Section D8a).

MTW Outcomes

In their Fiscal Year 2015 Annual MTW Reports, the ten MTW PHAs reported performance metrics data for their sponsor-based housing activities. As an MTW PHA proposes a new activity, HUD and the PHA agree on the performance metrics the PHA must report on for the specific activity for the term of its implementation. The performance metrics data fall into three categories: cost-effectiveness, housing choice, and self-sufficiency.

Cambridge Housing Authority (CHA) can be used as a case study for MTW PHA sponsor-based housing activity outcomes. CHA's Sponsor-Based Voucher Program has three separate programs. The first, Hard to House Programs, is a partnership between CHA and local service providers to work directly with hard-to-house populations. The second, Pathways to Permanent Housing – Transition House, is a partnership between CHA and a local nonprofit organization, the Transition House, to provide two public housing units to families who are ready to move

from a shelter environment to permanent housing. The last program works with homeless and formerly homeless families in building their credit and financial management to be able to achieve permanent housing with CHA afterwards.

As a result of the activity, CHA reported in its Fiscal Year 2015 Report an increase in \$1,617,489 in funds leveraged and an increase in 169 households assisted by services that increase self-sufficiency and housing choice and that were able to move to a better unit or neighborhood of opportunity.

Works Cited

Housing First. (n.d.). Retrieved from http://www.endhomelessness.org/pages/housing_first.