Innovations in the Moving to Work Demonstration

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Table of Contents

Exhibits

Appendices

Executive Summary

Moving to Work is a demonstration program, enacted by Congress in 1996, under which a limited number of public housing authorities test ways to increase the cost effectiveness of federal housing programs, to increase housing choices for low-income families, and to encourage greater economic self-sufficiency of assisted housing residents. MTW agencies are able to obtain exemptions from many of the regulations and statutory provisions that apply to the public housing and Housing Choice Voucher (HCV) programs. MTW agencies have also been authorized to combine the federal funding streams for these programs into a single block grant that can be used flexibly.

Housing authorities that have obtained MTW status have made numerous changes to their public housing and HCV programs, ranging from minor procedural changes to complete new business models for how their housing assistance programs are administered. Many agencies have also adopted completely new housing programs that focus on the needs of people who are not well served through the traditional programs.

This report catalogues and describes those MTW innovations that participating PHAs and the study team consider most important and far-reaching in their effect on residents, the agency, and the local community. The report is largely descriptive and does not attempt to measure the results of the innovations undertaken by MTW PHAs. However, it does classify the innovations, discuss their significance, and explain how they make use of the flexibility afforded by MTW. Based on this review of MTW innovations, later stages of this study will develop a set of proposed performance indicators for measuring the performance of MTW agencies and attempt to collect and analyze performance data for MTW agencies based on these metrics.

In addition to cataloguing MTW innovations broadly across all MTW agencies, this report includes case studies of five of the MTW PHAs that have been particularly far-reaching in their use of MTW authority: the Cambridge Housing Authority, Home Forward (Portland, OR), the King County Housing Authority, the Lawrence-Douglas County Housing Authority, and the San Diego Housing Commission. The purpose of the case studies was to examine in greater detail how a subset of MTW agencies have integrated individual MTW innovations into an overall housing strategy and the extent to which MTW may have contributed to agency-wide shifts in approach and culture.

In developing this report, the study team reviewed the Annual MTW Reports and Plans and fielded a web survey of the 34 current MTW housing authorities that joined the demonstration before 2013. The team also conducted telephone interviews with agency staff on 48 separate MTW initiatives and conducted site visits to the five case study agencies.

MTW Innovations

The study uses five categories to sort and describe the innovations undertaken by MTW agencies based on their greater flexibility relative to non-MTW agencies: increasing cost effectiveness, increasing the quality and quantity of affordable housing, increasing self-sufficiency, promoting residential stability for targeted households, and expanding the geographic scope of assisted housing.

Increasing Cost Effectiveness

MTW agencies have sought to increase the cost effectiveness of assisted housing programs by streamlining administrative procedures with the intent of reducing the number of staff hours needed and, in many cases, reducing burden on households as well. This is the most common way in which housing authorities have used the flexibility afforded by the MTW demonstration. Details are shown in Exhibit ES-1.

Exhibit ES-1: Summary of MTW Innovations to Increase Cost Effectiveness

MTW Innovation		# of PHAs
Recertification Schedules	Alternative recertification schedule for elderly or disabled households	32
	Alternative recertification schedule for all households	14
Asset Exclusion and Verification	Excludes income from assets from rent calculation	14
	Allows self-certification of assets	8
Income Deductions and Exemptions	Eliminates the earned income disregard	9
	Eliminates or simplifies deductions	15
Rent Calculation	Flat rent schedules within income bands	6
	Rent at a different percentage of income	5
Utility Allowance	Eliminates or simplifies utility allowances	8
Inspections	Alternative inspection schedule	23
	Landlord self-certification of minor violations	6
	PHA inspection of PHA-owned units	9
	Alternative inspection standards	4
Rent Reasonableness	Alternative rent reasonableness procedures	16

Of the 34 MTW agencies, 14 have changed the timing of certifications of income from annually to once every two or three years for all households in the Housing Choice Voucher and public housing programs. Ann even greater number have shifted to a less frequent recertification for elderly and disabled households, with 32 agencies making this change for these households in one or both of the public housing and HCV programs. Agencies are least likely to make this change for households using vouchers, especially those without elderly or disabled heads of households.

A majority of MTW PHAs have also simplified the process for calculating the “adjusted income” on which rent is based in the public housing and HCV programs as a way to reduce the work for agency staff and the burden on households of documenting their assets and the expenses to be deducted from their incomes. Five agencies have eliminated deductions for medical and child care expenses and instead calculate rent as a lower percentage of gross income, nine agencies have eliminated the complicated “earned income disregard” that applies to some households. Six agencies have implemented rent simplification policies that also set rents at flat amounts within income bands, with the household’s rent increasing only if its income increases to the next band. In addition to the possibility that these policies save staff time by reducing the frequency of income certifications, the adopting agencies believe they may encourage work by not charging more rent for increases in earnings that stay within the income band.

With a few notable exceptions, changes to the policies for calculating tenant rent contributions are designed to be budget-neutral from the standpoint of housing assistance (HAP) payments or operating revenue for public housing, neither substantially increasing nor decreasing the average rent payment by the households. Instead, they are intended to save administrative costs. Extending the period between income recertification, for example, has been estimated by housing authorities to produce considerable savings in labor hours and dollars.

Another common policy change that produces considerable administrative savings for MTW agencies is simplifying the inspection process for the HCV program, including reducing the number of inspections by inspecting units every other year instead of annually, conducting inspections based on risk or previous inspection results, and permitting landlords to self-certify the correction of minor violations of Housing Quality Standards. Some MTW PHAs have simplified the process for determining the reasonableness of rents in the HCV program and for setting the utility allowances that are included in the calculation of rents when voucher or public housing tenants pay for utilities rather than having them included in unit rents.

Although a few PHAs have reduced their staffing levels as a result of MTW innovations that increase the cost effectiveness of program administration, most report that instead they have used the savings to repurpose existing staff time to provide additional services to residents, cover the front-end costs of taking on new programs, or improve the agency's monitoring of the quality of its work.

Increasing the Quality and Quantity of Affordable Housing

The statute authorizing MTW requires MTW agencies to continue to assist "substantially the same number of low-income families" and to assure that assisted housing meet housing quality standards. Most MTW housing authorities have striven to go beyond these minimum requirements.

Two agencies have taken steps to reduce their HAP payments to landlords, using the funds freed up to assist more households. The King County Housing Authority (KCHA) has reduced per unit voucher costs by adopting a bifurcated payment standard that leads to lower contract rents in less expensive parts of the county that more than offset higher payment standards in more expensive areas. Along with changes to the unit sizes for which voucher households qualify, this has enabled KCHA to serve additional households. A recent policy change by the Tacoma Housing Authority will reduce the size of the subsidy for new voucher recipients, and the agency intends to use the savings to issue more vouchers.

MTW agencies have used MTW funds to invest in the modernization of older public housing and the revitalization of distressed public housing developments. MTW agencies report dedicating more funds than might have been possible under standard HUD policies, as well as policy changes that reduce the costs of day-to-day modernization activities. In some cases, this investment in repositioning public housing appears to have required the consumption of resources originally earmarked for the HCV program. Some MTW agencies have taken offsetting actions within their voucher funding – for example, permitting their voucher reserves to dwindle in order to maintain a high total number of assisted households. Several MTW agencies have converted public housing developments to project-based vouchers, similar to the conversions envisioned by HUD's Rental Assistance Demonstration (RAD), but without RAD's restrictions on the amount of the rent subsidy.

Project-based vouchers have also been used by MTW agencies to expand the supply of dedicated, quality affordable housing. MTW agencies have expanded their ability to use this option, as shown in Exhibit ES-2. In addition to going above the 20 percent cap on voucher funds that may be project based, they often have altered the process for deciding which owners and developments receive project-based vouchers so that they are better able to respond quickly to opportunities in the marketplace and can include PHA resources in competitions for affordable housing development. Project-basing does not increase the number of assisted households, but instead provides opportunities to use vouchers strategically to increase access to low-poverty areas and areas close to transit and to link housing and intensive services for people in need of supportive housing.

Exhibit ES-2: Summary of MTW Changes to Project Basing Vouchers

MTW Innovation	# of PHAs
Eliminates 20% cap on voucher funds that can be project-based	8
Eliminates 25% cap on project-based units in one development	13
Modifies PBV selection process	5
Allows project-basing of vouchers at PHA-owned units	8

Finally, some MTW housing authorities have experimented with self-sufficiency or time-limited policies (described below) that may make it possible to serve more households as residents move up and out of subsidized housing.

Increasing Self-Sufficiency

The early years of MTW saw little use of MTW authority to require or incentivize work. Notable exceptions were PHAs located outside of major cities with strong advocacy communities. Other MTW PHAs have come to policies for promoting self-sufficiency through "rent reform" gradually and cautiously, often after years of development and consensus building. As of 2014, at least 20 MTW authorities are at some stage of implementing changes to the rent formula or other program rules to encourage work and self-sufficiency. The types of changes MTW agencies have made are shown in Exhibit ES-3.

Exhibit ES-3: Summary of MTW Innovations to Increase Self-Sufficiency

MTW Innovation	# of PHAs
Change to rent calculation	
High minimum rent (greater than $100)	9
Flat subsidies within income bands	7
Subsidy set at 50% of payment standard or other amount	3
Time limits for receiving subsidy	8
Work Requirements for non-elderly, non-disabled households	11
Mandatory services for some households	11

Most MTW PHAs have been reluctant to dispense entirely with the protections afforded by the "Brooke Rents," under which rent is tied to actual income and the rent formula is designed to prevent high housing cost burdens. They have been more willing to simply require work or work-related effort for work-able (non-elderly, non-disabled) households as a condition of receiving assistance, sometimes in combination with a minimum rent that would be difficult for those not working to pay.

Explicit time limits are another approach to rent reform implemented by a few MTW PHAs, as are flat subsidies that do not change with changes in income. Recently, two larger PHAs, the Housing Authority of the County of San Bernardino and the Tacoma Housing Authority, have introduced combinations of a flat subsidy calculated at 50 percent of the payment standard and a 5-year time limit. These policies completely detach rent from income and, therefore, remove entirely the “tax” on increased earnings created by the standard, 30-percent-of-income approach to calculating rent. Some of the MTW housing authorities that have implemented work requirements or time limits have made substantial commitments to providing employment-supporting services to households affected by a new rent structure or by work requirements. Participation in the services is often mandated for those households. MTW funding flexibility has helped agencies pay for the services.

Rent reform policies often take years to develop, with MTW agencies using program data to model the effects of the potential changes to the rent rules or the subsidy calculation to ensure that they are budget-neutral—or save subsidy costs if that is one of the goals—and to demonstrate their likely effect on different types of households. Housing authorities typically consult with community stakeholders and often fine-tune aspects of the policies such as which households are exempt because of age or disabilities and how hardship situations are addressed.

Promoting Residential Stability for Targeted Households

MTW flexibility has allowed housing authorities to provide housing to specific high-needs populations identified by communities as not well served through traditional public housing and HCV households. These small programs are often designed to fill perceived gaps in the community’s homeless services system—for example, people not actually homeless but believed to be at high risk of becoming homeless or households that may have housing emergencies but need assistance only for a short period of time. Typically, the housing authority partners with a service-provider organization that identifies the people to be served. Most MTW agencies do not focus on a single type of high-needs population—for example, unsheltered homeless, victims of domestic violence, young adults transitioning out of foster care, or ex-offenders reentering society. Instead they form partnerships with several agencies, each of which specializes in serving a different type of high-needs population.

Exhibit ES-4: Summary of Innovative Uses of Housing Subsidies for Targeted Households

MTW Innovation	# of PHAs	# of Program Slots	# of Programs with Mandatory Services	# of Programs with Time Limits
Set-asides for vouchers or public housing	11	1869+	4	7
Project-based vouchers	5	4060+	4	2
Sponsor-based assistance	7	1053	6	5
Alternative forms of subsidy	5	1157	5	5

Exhibit ES-4 shows different ways MTW PHAs have provided housing subsidies to partner organizations, reflecting variations in the extent to which the housing authority cedes control to the partner agency. In some cases, the MTW resources contributed by the agency are simply set asides of vouchers or public housing units that the PHA continues to administer, using its MTW flexibility to relax some program rules such as how households are taken from waiting lists or whether participation in services is a condition of housing assistance. In other cases, the PHA has used its greater flexibility on project-basing vouchers to provide rent subsidies to partner organizations that own or manage housing projects. In yet others, MTW PHAs have used a “sponsor-based” model to permit partners to master-lease voucher units and then sub-lease them to the partner organization’s clients.

Finally, some MTW PHAs have used their funding flexibility to support programs that are not considered vouchers or public housing at all, although they may be similar to short-term rental assistance funded through HUD’s Homeless Prevention and Rapid Re-housing Program. MTW PHAs implementing these programs point out that shallow or temporary subsidies allow the housing authority and its partners to serve more participants, sometimes more than one household per year.

Expanding the Geographic Scope of Assisted Housing

MTW agencies have taken a variety of approaches that deviate from the traditional HCV program to expand the geographic scope of assisted housing and facilitate moves to areas of “opportunity,” as shown in Exhibit ES-5. For example, six agencies have created new voucher payment standards that authorize higher subsidy levels than permitted under the standard voucher program, falling outside the 90 to 110 percent of Fair Market Rent permitted by regular program rules. Without compensating steps, increases in the per-unit subsidy paid in areas with higher payment standards will necessarily reduce the number of voucher holders that can be served. To offset the costs of higher payment standards in certain parts of their service area, some MTW agencies lower payment standards in other parts, sometimes to levels below those permitted to non-MTW agencies. Lowering the payment standard in areas where market rents tend to be lower also helps to avoid a “magnet” effect in which voucher holders gravitate towards low-rent areas where they can afford units with the most attractive amenities, creating or reinforcing patterns of racial and income segregation.

Exhibit ES-5: Summary of MTW Innovations to Expand the Geographic Scope of Assisted Housing

MTW Innovation	# of PHAs
Changes to payment standards	10
Lifted the 40% of gross income cap on initial rent level	10
Landlord recruitment and retention incentives	4

Using the funding flexibility provided by MTW, some MTW agencies have created landlord recruitment and retention incentives. Other agencies use MTW funding for outreach programs to landlords. Flexible funding has also been used by some MTW housing authorities to provide mobility counseling and other educational or support services to help voucher holders access neighborhoods that provide increased opportunities for residents.

Some PHAs have deliberately located project-based vouchers in targeted opportunity areas. These efforts have been facilitated by MTW flexibility that makes it easier to project-based vouchers in units owned by the housing authority and to select units for project-basing opportunistically rather than through a competitive process. By using project-based vouchers to deepen the income targeting in Low Income Tax Credit properties and for properties they own, MTW agencies sometimes can reduce the level of subsidy needed to serve extremely low-income households relative to using vouchers for market-rate units in those same neighborhoods. In any case, the project-basing of vouchers ensures that the units remain available to assisted tenants for a longer period of time than a single tenancy.

Case Study PHAs

The case studies of five PHAs—Cambridge, Home Forward (Portland, OR), King County, Lawrence-Douglas County, and San Diego—took a more comprehensive and in-depth look at the way in which these PHAs have used MTW authority. The case studies also looked at the evolution of the housing authorities' use of MTW over time, how MTW has affected decision-making processes, and the way in which the housing authority uses data to measure performance and evaluate program and policy changes.

Focus of Innovations at the Case Study PHAs

The Cambridge Housing Authority has placed particular focus on preserving and expanding the supply of affordable housing in the community it serves, using MTW flexible funding and project-based vouchers. Cambridge has high housing costs and is very desirable to market-rate renters. CHA has also partnered with an area non-profit to create a new model for the Family Self-Sufficiency program designed to facilitate the cost-effective expansion of the program to serve a large share of assisted households and to build financial capability more holistically into the delivery model. Like other case study PHAs, CHA has partnered with community organizations to serve special-needs households, in this case focusing on homeless people and victims of domestic violence.

Home Forward (Portland, OR) has emphasized aligning housing subsidies with other community resources to serve special populations through a combination of set-asides, project-based vouchers, and non-traditional, short-term housing subsidies. For its regular voucher and public housing programs, Home Forward has implemented a rent reform policy that combines a minimum rent that increases over time from $100 to $200 dollars a month with admissions policies that favor working households among the work-able. The agency also has pioneered landlord incentives in the voucher program, leading to similar program funded by the State of Oregon for other PHAs in the state.

The King County Housing Authority has used separate payment standards in high and low-cost areas of the county both to serve additional households and to provide increased opportunities for voucher holders to live throughout the county. These goals are also furthered by the project-basing of vouchers in Low Income Housing Tax Credit (LIHTC) properties and unsubsidized properties owned by KCHA in high-opportunity neighborhoods. KCHA has a special division focused on addressing homelessness and has used its MTW authority to provide sponsor-based assistance to hard-to-serve populations and to facilitate the project-basing of vouchers for permanent supportive housing. The agency has recently begun implementing a broad agenda focused on helping children to do better in school.

The Lawrence-Douglas County Housing Authority was a pioneer in rent reform, combining a requirement that work-able adults work at least 15 hours a week with a high minimum rent and a maximum rent designed to help people who work save for homeownership. The PHA supports these provisions with case management and financial assistance for education and training and for vehicle repair. LDCHA has also used its MTW authority to develop programs focused on prisoner re-entry and has completely merged its public housing and HCV programs.

The San Diego Housing Commission has recently implemented an agency-wide rent reform called "Path to Success" that combines new rent requirements (rents within income bands and a minimum rent based on assumed hours of work at the California minimum wage) with encouragement to use resources available from the agency's Achievement Academy to obtain and maintain employment. SDHC has created transitional and permanent housing programs for homeless people, with senior PHA staff serving key roles in the regional Continuum of Care. SDHC has also implemented higher payment standards in nine low-poverty zip codes and a security-deposit loan program in those areas.

Evolution of Participation in MTW

The Cambridge Housing Authority, Home Forward, the Lawrence-Douglas County Housing Authority, and the San Diego Housing Commission all were among the original MTW PHAs, signing their agreements with HUD in 1998 or 1999. San Diego gave up its MTW designation in the early 2000s and then negotiated a new MTW agreement with HUD in 2009. The King County Housing Authority joined MTW in 2003.

In every case, participation in MTW has been an evolutionary process, with the PHAs making modest use of MTW exemptions from standard program rules during the early years. HUD's decision to sign 10-year MTW agreements in 2008/2009 seems to have jump started a new phase for more far-reaching MTW innovations. The current leaders of the Cambridge Housing Authority, Home Forward, and LDCHA all said explicitly that the longer agreements gave agency staff confidence that they would not have to revert to the pre-MTW policies and procedures. The King County Housing Authority's initial MTW plans started out with what KCHA staff describe as "low-hanging fruit," an accumulated list of changes focused on reducing administrative costs. Over time, the role of MTW shifted from addressing longstanding concerns with existing HUD rules to using MTW as a means to serve KCHA's broader policy goals by developing new program approaches such as sponsor-based assistance. Similarly, the San Diego Housing Commission began on a small scale in 200, the first year of renewed MTW participation, increased its MTW activities in 2011, and then proposed more far-reaching program and policy changes in 2012, 2013, and 2014.

At both Home Forward and the San Diego Housing Commission, rent reforms had a fairly long gestation period. Home Forward went through a deliberate process of modeling the potential impacts of policy changes and gaining consensus from a strong advocacy community.

Changes to Agency Culture and Decision-Making

The study team hypothesized that the far-reaching nature of the case study PHAs' MTW innovations may have had a systemic effect on the PHA's culture, way of making decisions, and way of relating to other organizations in the community. The case studies explored these issues through interviews with agency staff and, in some cases, other stakeholders in the community.

All five case study PHAs reported that participating in MTW had led to a "culture of innovation" at the agency, enabling agency staff to think more freely about potential changes to policies and procedures because they were no longer in a top-down regulatory environment.

All five agencies also reported that they relate to residents and recipients of housing assistance in a different way than before they had MTW authority and in contrast to traditional housing authorities. Front-line housing specialists provide additional customer service or service coordination that takes on more of the characteristics of case management, enabled by reduced workloads from the cost effectiveness administrative changes that all of the agencies have implemented.

These agencies differ from traditional PHAs by frequently going outside of the public housing industry to recruit senior staff, who report that they were willing to come to the housing authority because it had MTW flexibility. The skill sets and perspectives that these staff have brought from other parts of the affordable housing industry, from city or county government, or from social service agencies have helped reinforce changes in agency culture.

The case study PHAs all described a new mind-set that MTW helped bring to agency decision making. Instead of focusing on the need to comply with federal rules, agency staff ask "what do we want to do?" and then ask "do we need an MTW waiver to do it?" Planning processes have shifted from soliciting staffs' laundry list of desired regulatory relief to broader strategic thinking about their communities' problems and the housing authority's potential role in addressing them.

All of the case study PHAs described fairly inclusive decision-making processes at the agency, reflecting a desire that new approaches to doing business permeate down to lower-level staff and recognition that line staff may have insights that contribute to stronger and more feasible program designs.

The case study agencies appear to relate to their communities in different way from more traditional housing authorities, playing larger roles in cross-cutting forums of local social service providers, including but not limited to the Continuum of Care that coordinates the homeless services system. Agency staff report having a collaborative rather than adversarial relationship with advocates for low-income people, gaining their trust through extensive consultation, a view echoed by community representatives with whom we spoke. MTW funding flexibility appears to have helped facilitated these relationships in that the PHAs can provide modest amounts of funding that demonstrate their commitment to partnerships and policies to improve the lives of low-income and vulnerable people.

MTW also has created a learning community across MTW agencies. For example, San Diego Housing Commission staff report that they were able to benefit from examining the best practices and lessons learned from other MTW authorities, visiting MTW agencies in the Pacific Northwest to learn about their experiences. The current Executive Director of LDCHA reported that she reviews the plans of other MTW agencies seeking ideas, and King County Housing Authority staff members mentioned Cambridge, Portland, San Antonio, Oakland, Seattle, and San Mateo as agencies from which they had learned about promising practices.

The study was not able to determine how these particular agencies would have been performed in the absence of MTW. In general, these agencies all exhibited strong leadership and senior staff, a factor that may have caused them to be successful regardless of their participation in MTW. However, without MTW, they may not have been able to attract and retain these leaders and senior staff, and they would have had significantly less flexibility to advance their goals.

Performance Measurement

Formal performance measurement and program evaluation is at various stages of development at the five case study PHAs. While formal program evaluation is not as widely used at it could be to evaluate program performance, all five case study PHAs are agencies that value data and use it to improve the understanding of their programs. Home Forward, for example, makes extensive use of household-level data to understand voucher lease-up and success rates. KCHA has data sharing agreements with school systems to track educational outcomes for children in several of its housing developments. The San Diego Housing Commission often employs a "piloting" approach to new programs, so that outcomes of these small-scale efforts can be assessed. The agency has expanded efforts on the basis of evident success, but has not engaged in rigorous external evaluations. The Cambridge Housing Authority routinely uses outside consultants and evaluators to help the agency assess how its innovations are working. LDCHA carefully tracks compliance with its work requirements and increases in the income of its residents, but acknowledges that it does not know what would have happened to resident incomes in the absence of the policy.

Next Steps

Abt Associates will propose a set of performance indicators that can be used to measure the performance of the housing programs administered by MTW programs across a series of categories that fit the innovations we have identified through the scan documented in this Innovations Report.

The team will begin by reaching out to the MTW agencies to collect as much data as available to populate the indicators and determine how well they work in practice to describe the activities and outcomes of the PHAs. We will then reach out to selected non-MTW agencies and to HUD to request data that will allow us to apply a subset of the performance indicators to compare outcomes of MTW and non-MTW agencies.

The final product will be a Performance Evaluation Report that synthesizes the results of the entire study, including the typology of innovations, the case studies on particular innovations, the recommended performance indicators, and the results of implementing those performance indicators at MTW PHAs and comparing them with non-MTW PHAs.

Chapter 1. Introduction

Moving to Work (MTW) is a demonstration under which public housing authorities test ways to increase the cost effectiveness of federal housing programs, to increase housing choices for low income families, and to encourage greater economic self-sufficiency among assisted housing residents. MTW agencies are able to obtain exemptions from many of the rules that apply to the public housing and Housing Choice Voucher (HCV) programs and, in many cases, have been authorized to combine the federal funding streams for these programs into a single block grant that can be used flexibly. The statutory goals of the MTW demonstration are for agencies to reduce costs in federal expenditures, assist residents in becoming economically self-sufficient, and increase housing choice for low-income families.

Housing authorities that have obtained MTW status have made numerous changes to their public housing and HCV programs, ranging from minor procedural changes to complete overhauls of how their housing assistance programs are administered. Many agencies have also adopted completely new housing programs that focus on the needs of people who are not well served through traditional programs, including those with barriers to using housing assistance and those who have emergency needs for housing support.

This report highlights those MTW innovations that participating PHAs and the study team consider most important and far-reaching in their effect on residents, the agency, and the local community.
In developing this report, the study team reviewed agencies' Annual MTW Reports and Plans, conducted interviews with agency staff on 48 separate MTW initiatives, and conducted site visits to five MTW agencies. The information presented in this report is largely qualitative and descriptive. Later stages of this study will attempt to collect and analyze quantitative performance metrics for MTW agencies.

The report discusses five broad categories of innovations under MTW:

- *Increasing the cost effectiveness* of assisted housing programs by streamlining administrative procedures with the intent of reducing the number of staff hours needed and, in many cases, reducing burden on assisted households as well.
- *Increasing the quantity and quality of affordable housing* through leveraging additional housing funds, preserving affordable housing, improving the quality of public housing, and serving more households by lowering per-unit costs or increasing the turnover of assistance slots.
- *Increasing the economic self-sufficiency of assisted households* through rent reforms and supportive services that encourage work among households with work-able adults.
- *Promoting residential stability for targeted households* with specific needs that may be underserved or not well served by the traditional public housing and HCV programs.
- *Expanding the geographical choices of assisted households* through adjustments to payment standards and other program rules and through recruiting and maintaining the participation in the HCV program of a broader range of landlords.

These five categories represent an expansion of the three statutory goals of MTW and were found to be a useful way of classifying and summarizing the broad range of MTW activities and initiatives. The team developed the categories following an initial review of MTW innovations. Throughout the data collection undertaken for this study, housing authorities seemed comfortable with this typology.

This report focuses on the activities of 34 MTW agencies. As of late 2014, 39 PHAs have MTW authorization, but four agencies signed their first MTW agreements between June and November 2013 and were only in the planning stages of their MTW programs during the data collection for this study. Two other MTW housing authorities operate as a single agency and are reported as such in this report.[1]

The Moving to Work Program

MTW Statutory Provisions

The MTW demonstration was authorized by the Omnibus Consolidated Rescissions and Appropriations Act of 1996, which directed HUD to select up to 30 housing authorities to participate in the demonstration.

The three statutory objectives of the program as presented in the 1996 Act are to:

- "Reduce cost and achieve greater cost effectiveness in federal expenditures;
- Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and
- Increase housing choices for low-income families." [2]

Agencies granted MTW authority have two main tools through which to create innovations: agencies can request authority to administer programs in ways that do not conform to the US Housing Act of 1937 or its implementing regulations, and agencies can combine federal funding streams from the public housing operating and capital funds and from the Housing Choice Voucher program into a single "block grant" and use the funds interchangeably across programs or to fund new initiatives. Certain regulations based on laws other than the US Housing Act--such as fair housing and civil rights rules, environmental regulations, and labor standards--cannot be waived under MTW.

The 1996 law establishing MTW also established five statutory requirements that MTW agencies must meet. MTW agencies must:

1. Serve substantially the same number of low-income families as they did prior to the demonstration;
2. Maintain a comparable mix of households by family size as would have been served without the demonstration;

[1] The new MTW housing authorities are in Columbus GA, Fairfax VA, Holyoke MA, and Reno NV. The two agencies operating as one are the County of Santa Clara and the City of San Jose.

[2] Public Law 104-134.

3. Ensure that at least 75 percent of households served have very low incomes (less than 80 percent of Area Median Income);
4. Establish a reasonable rent policy to encourage employment and self-sufficiency; and
5. Assure that the housing they provide meets HUD's housing quality standards.

HUD Implementation of MTW

HUD issued a notice in December of 1996 inviting housing authorities to apply for the MTW demonstration. Thirty PHAs were initially selected - 24 housing authorities that responded to the December notice and 6 that were participating in a research study, Jobs-Plus, for which MTW statutory authority was needed to permit the use of alternative rent rules in the public housing developments participating in the study.

Six of the initial agencies failed to sign an agreement with HUD. Additional PHAs were authorized and selected in 1999 and 2000. The 1999 Appropriations bill authorized two agencies by name,[3] and HUD selected six more agencies through a second competition in 2000. In 2003, the original term of the Jobs-Plus agencies ended, and three additional agencies ended their participation the following year.

Congress then authorized new admissions that would bring the total number of participating PHAs above 30 in 2008, 2009, 2010, and 2012. As of 2014, there are 39 participating MTW agencies.

Exhibit 1-1 lists the current MTW agencies and the date their original MTW agreements were signed.

Exhibit 1-1: MTW Agencies and Date Original Agreement Signed

MTW Agency	Date Original Agreement Signed
Minneapolis Public Housing Authority	August 27, 1998
San Diego Housing Commission	December 8, 1998
Seattle Housing Authority	December 30, 1998
Home Forward (Portland, OR)	January 13, 1999
Portage Metropolitan Housing Authority	March 15, 1999
Lawrence-Douglas County Housing Authority	March 30, 1999
Housing Authority of Tulare County	April 5, 1999
Cambridge Housing Authority	April 9, 1999
Keene Housing Authority	April 21, 1999
Massachusetts Department of Housing and Community Development	April 21, 1999
Vancouver Housing Authority	April 21, 1999
Delaware State Housing Authority	May 14, 1999
Lincoln Housing Authority	May 21, 1999
San Antonio Housing Authority	June 9, 1999
Louisville Metro Housing Authority	August 2, 1999
Chicago Housing Authority	February 6, 2000
Housing Authority of the County of San Mateo	May 1, 2000

[3] The Charlotte Housing Authority and the Housing Authority of the City of Pittsburgh

MTW Agency	Date Original Agreement Signed
Housing Authority of the City of Pittsburgh	November 17, 2000
Housing Authority of the City of New Haven	September 28, 2001
Philadelphia Housing Authority	February 28, 2002 (dated retroactively to April 1, 2001)
District of Columbia Housing Authority	July 25, 2003
King County Housing Authority	September 8, 2003
Atlanta Housing Authority	September 25, 2003
Oakland Housing Authority	March 31, 2004
Charlotte Housing Authority	December 21, 2007
Housing Authority of the City of San Jose	February 26, 2008
Housing Authority of the County of Santa Clara	February 26, 2008
Housing Authority of the County of San Bernardino	March 14, 2008
Alaska Housing Finance Corporation	June 24, 2008
Housing Authority of Baltimore City	December 24, 2008
Tacoma Housing Authority	August 23, 2010
Champaign County Housing Authority	October 10, 2010
Orlando Housing Authority	January 7, 2011
Boulder Housing Partners	November 10, 2011
Lexington-Fayette Urban County Housing Authority	November 10, 2011
Housing Authority of the City of Reno	June 27, 2013
Housing Authority of Columbus, Georgia	July 3, 2013
Holyoke Housing Authority	September 6, 2013
Fairfax County Redevelopment and Housing Authority	November 7, 2013

Source: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_10135.pdf

The initial MTW agreements varied in length between three and seven years, and each PHA negotiated its own agreement specific to its intended use of the authority. The negotiation process for the initial agreements was lengthy, and the agreements were not executed until 1998/1999. In these and subsequent agreements, the base funding that would then be adjusted each year and the method of adjustment varied from agency to agency.

Evaluations of MTW

Despite its statutory characterization as a demonstration, HUD did not choose to implement MTW as a platform for rigorous research on the results of alternatives for the design and implementation of the public housing and HCV programs—with the exception of the use of MTW statutory authority to make the Jobs-Plus changes to public housing rents possible. Instead, MTW has been used to grant particular housing authorities the ability to change program rules to address local needs and circumstances. Indeed, HUD found it challenging to maintain a level of MTW agency performance monitoring consistent with that used for the public housing and HCV programs as a whole. The need to develop and implement separate data forms for MTW—for example, the Form 50058 that is the basic source of information on the households that use housing assistance—created a several-year gap in the availability of that information for MTW agencies.

In 2008, HUD executed a Standard Agreement with participating agencies in order to standardize language and authorizations for MTW agencies and to create a data collection and reporting system for future monitoring and evaluations. The Standard Agreement also extended MTW participation for a period of 10 years, through fiscal year 2018.

A 2004 Congressionally-mandated evaluation conducted for HUD by the Urban Institute focused on the experiences of 18 agencies that were part of the demonstration as of 2000.[4] The evaluators found it difficult to measure the effects of the demonstration for several reasons, including the lack of program data and inability to track patterns for on residents over time. The evaluators also found it difficult to tease out the effects of individual MTW activities when several activities had been implemented by the same agency.

In 2008 and 2009, HUD issued a series of "promising practices" and case study reports to highlight select MTW agency initiatives.[5] Recently, HUD has returned to relying on MTW authority to enable the implementation of research studies. For a current study of rent reform carried out for HUD by MDRC, HUD limited its selection of sites to PHAs that already were participating in MTW and, therefore, could implement rent rules for the HCV program that do not conform to the requirements of the US Housing Act of 1937. Calls for a rigorous evaluation of the MTW demonstration itself have come from many sides. The Consolidated Appropriations Act of 2010 directed "that of the amounts made available for research, evaluation and program metrics and program demonstrations, the Secretary shall include an evaluation of the Moving-to-Work demonstration program." [6] More recently, a 2012 audit by the General Accountability Office (GAO)[7] and a 2013 audit by the HUD Office of Inspector General[8] found that HUD could not show that the program was meeting its statutory objectives because of a lack of program-wide performance measurement data. The OIG suggested postponing any expansion of the program until these concerns were addressed. In response to the 2010 evaluation mandate, HUD issued a report[9] that provided descriptive data on a selection of promising innovations. HUD has announced plans to conduct a more rigorous evaluation of MTW in the near future.

Study Design

This report on MTW innovations is largely qualitative and descriptive and is intended to provide documentation of the most important innovations undertaken by MTW agencies as of 2014 and the changes to housing authority culture, organization, and mission that having MTW authority can

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[4] Abravanel, M. et al. (2004) *Housing Agency Responses to Federal Deregulation: An Assessment of HUD's "Moving to Work" Demonstration*. The Urban Institute. UI No. 07095-000-00

[5] *Moving to Work Demonstration Promising Practices Reports.* (2008-2009). US Department of Housing and Urban Development.

[6] Public Law 111–117

[7] *Moving to Work Demonstration: Opportunities Exist to Improve Information and Monitoring.* 2012. US Government Accountability Office. GAO-12-490.

[8] *Moving to Work Demonstration Program*. (2013) Office of Inspector General for the US Department of Housing and Urban Development.

[9] *Moving to Work: Interim Policy Applications and the Future of the Demonstration* (2010). US Department of Housing and Urban Development.

promote. In later stages of this study, the Abt Associates research team will attempt to collect uniform performance measurement data for MTW agencies and compare it to data on the same topics from public housing agencies without MTW authority.

For this first phase of the MTW research study sponsored by HAI Group, the Abt research team employed several types of data collection, including a document review, a survey, telephone interviews with MTW agency staff, and site visits to five MTW agencies.

Defining "Innovation"

The basic unit of study for much of this report is the MTW "innovation." We define *innovation* as a new program, a material change in the public housing or Housing Choice Voucher program, or a group of activities implemented under MTW authority.

The MTW innovations for this study differ from the MTW *activities* as reported in the MTW annual reports and plans. Many of the *activities* are minor changes or changes to just one element of a program. Activities are presented separately in MTW plans, because those plans focus on the HUD regulations that the agency is requesting to alter or ignore. In contrast, innovations as defined for this study may combine several MTW activities into one single initiative. For example, we may combine several different housing development programs into one overall development model pursued by the agency, and we may combine separate resident services programs into one self-sufficiency innovation.

Furthermore, we describe as innovations some uses of MTW funding flexibility that are not reported as "activities" in MTW plans and reports, because they do not involve changes to program rules per se but only the ability to use funding streams flexibly.

Web Survey

As one of the first steps in gathering information for the study, Abt created a web survey directed to MTW Executive Directors and Coordinators. The survey provided an opportunity for MTW agencies to report which of the innovations undertaken with MTW authority they consider to be particularly important and which innovations have had the most impact on residents, the agency, and the overall community. The survey asked the MTW agencies to provide some detail on the innovations and also asked respondents to direct the Abt study team to specific MTW reports for more information.
The survey also provided an opportunity to introduce the study to the MTW agencies. The survey was conducted between November 2013 and January 2014. The four recent admissions to the MTW program (Columbus, Fairfax, Holyoke and Reno) were not asked to complete the survey because they joined the demonstration in 2013 and would have had less than a year's worth of experience with their innovations. Of the 34 agencies invited to participate in the survey, 31 completed the survey at least partially (91 percent).

Exhibit 1-2 shows the innovations that the survey respondents identified as most important or far-reaching for the agency, presented by the five innovation categories used for this study. More information on the innovations that the agencies identified in the survey is in Appendix A.

Exhibit 1-2: MTW Agency Survey Responses

Housing Authority	Increasing Cost Effectiveness	Increasing the Quantity and Quality of Affordable Housing	Increasing Economic Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding Geographical Choices of Assisted Households
Atlanta Housing Authority		✓	✓		✓
Housing Authority of Baltimore City		✓		✓	
Boulder Housing Partners	✓		✓		
Cambridge Housing Authority	✓	✓	✓		
Housing Authority of Champaign County		✓	✓		
Housing Authority of the City of Charlotte	✓	✓	✓		
Chicago Housing Authority			✓		
Delaware State Housing Authority	✓		✓		
District of Columbia Housing Authority	✓		✓		
Keene Housing			✓	✓	
King County Housing Authority	✓	✓			✓
Lawrence-Douglas County Housing Authority	✓		✓		
Lexington-Fayette Urban County Housing Authority			✓		
Lincoln Housing Authority	✓		✓		✓
Louisville Metro Housing Authority	✓			✓	
Massachusetts Department of Housing and Community Development	✓	✓	✓		✓
Housing Authority of the City of New Haven	✓	✓	✓		
Oakland Housing Authority		✓	✓	✓	
Philadelphia Housing Authority	✓	✓	✓		
Housing Authority of the City of Pittsburgh	✓		✓		
Portage Metropolitan Housing Authority	✓		✓	✓	
Home Forward (Portland, OR)		✓	✓		
San Antonio Housing Authority	✓				
San Diego Housing Commission			✓	✓	✓
Housing Authority of the County of San Bernardino			✓		✓
Housing Authorities of the County of Santa Clara/City of San Jose	✓		✓		
Housing Authority of the County of San Mateo			✓	✓	
Seattle Housing Authority	✓	✓		✓	
Tacoma Housing Authority			✓	✓	
Housing Authority of the County of Tulare			✓		
Vancouver Housing Authority	✓		✓		
Total MTW Agencies	**18**	**12**	**26**	**9**	**6**

As shown in Exhibit 1-2, most PHA staff who responded to the survey identified innovations with the goals of increasing resident self-sufficiency (26 agencies) and increasing cost effectiveness (18 agencies). Within the category of cost effectiveness, the majority of PHAs described their ability to establish alternate recertification and inspection schedules as the most important innovations of this type. Within the self-sufficiency category, agencies most commonly cited work requirements or term limits as the most important innovations undertaken using MTW authority. Twelve housing authorities identified innovations that help increase the quantity or quality of affordable housing, most often referring to using project-based vouchers to increase the availability of hard units of affordable housing. Six agencies identified programs to expand the geographical choices of assisted households, including creating landlord incentive programs and local payment standards to encourage residents to lease in areas of low poverty or other areas of opportunity.

Document Review

In concert with the survey, Abt analysts reviewed MTW reports, plans, and evaluations. In most cases, analysts reviewed the most recent MTW report (typically 2012) and MTW plan (typically FY 2013 or FY 2014). Reviewers systematically culled the reports for a list of current or recently completed MTW innovations. Separate document review forms were created for each PHA and then combined into one innovation database.

The following data was assembled for each innovation:

- Year of Annual Report or Plan reviewed
- Name of innovation
- Brief description of innovation
- Date implemented
- Quantitative performance measures
- Qualitative performance measures
- Reviewer comments on the innovation

When reviewing the MTW documents, we selected innovations that had been implemented and were ongoing, not those that had been proposed and not yet approved, or approved and not yet implemented, or on hold. We also included some housing development initiatives that had been completed, because the development continued to have an effect on residents and the community. We did not select innovations that were listed as MTW activities but could have been implemented without MTW authority unless they also made use of MTW funding flexibility. Prior to the submission of this report, we reviewed recent Annual Plans or Reports (typically FY 2014 Reports or FY15 Annual Plans) that had been submitted since we completed the document review. The purpose of the second review was to determine if any of the innovations we identified in the original document review had been fundamentally changed or discontinued. We did not add new innovations that were proposed or implemented in the later reports or plans.

A summary of the results of the document review is in Appendix B.

Interviews with MTW Agency Staff

While the MTW Annual Reports and Plans and web survey provided some detail on the innovations undertaken with MTW authority, the study team conducted interviews on a number of innovations to learn more about why the agencies adopted the initiative, the process the agency went through to implement the innovation, and any documented outcomes resulting from the innovation.

From among the approximately 300 separate innovations documented for the 34 agencies and sorted by innovation type, senior members of the study team met to discuss each PHA and innovation, and reasons for its inclusion or exclusion in the next step of the study, using the following guidelines:

- How many families/housing units/housing vouchers are affected or created by the innovation?
- How long ago was the innovation implemented?
- What is the potential impact of the innovation in terms of staff hours or money saved?
- For self-sufficiency measures, what is the potential of the innovation on number of families served, change in household income, rates of employment and education completion, or tenant rents?
- Could the innovation have been implemented without MTW authority?
- Is the innovation unique?

Given that some innovations, or similar innovations, had been implemented at several PHAs, the review team narrowed the selection of PHAs for telephone interviews to 23 agencies, based on the following criteria:

- Whether the selected MTW agencies covered all of the selected innovations
- The length of time the PHA had MTW authority
- Whether the PHA had implemented mostly minor administrative procedures or policies
- Whether the innovation represented a unique approach untested at other agencies

Using those criteria, we selected 54 MTW innovations at 23 agencies for further study via telephone interviews. Some agencies were selected for one innovation, while others were selected for three or four. In scheduling the interviews, we learned that two of the innovations were no longer being implemented, and we were also not able to complete interviews on three of the selected innovations because of scheduling problems. As a result, the study team completed 48 interviews with staff at 22 MTW agencies.

The list of MTW agencies and innovations for which interviews were conducted is presented as Appendix C.

Interviews were conducted by mid-level and senior Abt staff with experience in assisted and affordable housing programs. Each interview took approximately an hour, but interview time varied depending on the complexity of the innovation. Interview guides were customized based on the interviewer's preparatory review of documents. However, in order to capture similar data across innovations, each interview included the following questions:

1. How does the innovation work?
2. How did the PHA decide to implement this particular initiative?
3. How does the innovation make use of MTW authority?
4. How was the innovation implemented at the agency? How did it change? What were the challenges the PHA faced during implementation?
5. What is the number and type of families/units affected by the innovation, overall and for the most current fiscal year?
6. (If applicable) Did the agency institute a hardship policy for residents who could not meet the new requirements? What was the policy? How many households requested and were granted hardship waivers? What was the effect on administrative costs and subsidy?
7. What was the perception of the innovation by residents, agency staff, and the community?
8. How does the agency measure the success of the innovation? What performance metrics does the PHA collect and report on to determine whether the innovation is successful? Does the agency collect any metrics of impact on the community (e.g., education, health, transportation)?
9. What has been the financial impact of the innovation on the agency? (If applicable) What is the estimate of savings annually and overall?
10. How has the innovation affected staff performance or efficiency?
11. What are the agency's future plans for expansion or discontinuance?

MTW Case Studies

We selected five MTW agencies to study in more detail. The case studies focus on how agencies have been transformed by their participation in the demonstration program and include not only how the agency has departed from the standard public housing and Housing Choice Voucher programs but also how MTW participation has led to changes in PHA culture, organization, mission, or collaboration with other entities.

The agencies were selected based on review of MTW Annual Reports and Plans, interviews with PHA staff about specific MTW innovations, and recommendations from the study's advisory group. Case study agencies were also chosen to reflect some diversity in geographic location, program size, and housing market. Based on these characteristics, we selected the following MTW agencies for case studies:

- Cambridge (MA) Housing Authority
- Home Forward (Portland, OR)
- King County (WA) Housing Authority
- Lawrence-Douglas County (KS) Housing Authority
- San Diego (CA) Housing Commission

The study team addressed the following topics during the case study site visits:

- **Goals and evolution of MTW at the agency.** We discussed how the agency's MTW plan and goals have changed over time.
- **Decision-making process.** We asked about the process the agency uses to develop its MTW plans, including use of data and performance metrics to evaluate existing programs, breadth of housing authority staff, resident, and community stakeholder input, and any changes in the MTW decision-making process over time.
- **Performance measurement and evaluation.** We asked what procedures the agency has in place to measure outputs and outcomes of the MTW program, how the measurement data is used, and whether any formal evaluations have been conducted on any MTW initiatives.
- **Major Policy Changes enabled by MTW.** We discussed MTW innovations that have had the biggest impact on the agency, its residents, and the surrounding community. We asked about how MTW authority was used, how the innovations were implemented, goals and outcomes, and how the innovations have changed over time.
- **Administrative Efficiencies enabled by MTW.** We asked about administrative changes enacted by the agency and the outcomes of these changes, including how any cost savings are used.
- **Changes in PHA Culture or Systems.** We discussed the impact of MTW on the culture and organization of the PHA including any changes in mission, structures, or staffing and how the PHA partners with other organizations or creates policy changes. We explored the extent to which MTW participation has affected the agency's relationships with residents, staff, landlords, and other community stakeholders.

Senior members of the study team met with MTW agency staff in person over two days in June and July 2014. Abt staff requested to meet with the incumbents of the following positions at each agency: the Executive Director, MTW Coordinator, directors of the public housing and voucher programs, the director of resident programs, and other staff that played key roles in the design and implementation of MTW innovations. In addition to housing authority staff, the research team also met with representatives from other organizations that have collaborated with the PHA—for example, city and county departments and nonprofit partners-- in order to obtain outside perspectives on the agency.

The next five chapters describe in detail the innovations carried out by MTW PHAs in the areas of cost-effectiveness (Chapter 2), increasing the quantity and quality of affordable housing (Chapter 3), increasing economic self-sufficiency (Chapter 4), promoting residential stability for targeted households (Chapter 5), and expanding geographical choices of assisted households (Chapter 6). The case study results are presented in Chapters 7-11.

Chapter 2. Innovations that Increase Cost Effectiveness

One of the three statutory objectives in the MTW program is to reduce costs and achieve greater cost effectiveness in federal expenditures. Streamlining program operations to reduce labor or other administrative costs is the most widespread way in which housing authorities have used the flexibility afforded by the MTW demonstration.

By the 1990s, housing authorities faced increasingly complex regulations in the voucher and public housing programs. The Quality Housing and Work Responsibility Act of 1998 (QHWRA) streamlined some regulations affecting PHAs, including merging the Section 8 voucher and certificate programs and repealing federal preferences for admission of particular types of households. Yet the programs remained highly regulated, because of the intent of both Congress and HUD to ensure that federal funds are used appropriately, rents are kept affordable, housing is safe and maintained, and the resources are allocated to those who meet the requirements of the programs.

Following the regulations and program requirements requires considerable PHA resources and, for the most part, the program rules create a “one size fits all” approach that may not be well matched to local conditions. A 2011 study of rents and rent flexibility in the public housing and HCV programs identified several components of the income calculation and recertification process that are particularly burdensome for staff to implement: verifying income; conducting interim reexaminations; calculating asset income; documenting medical, disability, and childcare expenses for deductions; and applying the earned income disregard.[a]

Through the MTW program, agencies can make changes to existing procedures to reduce duplication of effort, to eliminate program requirements that are burdensome on staff or residents, and to modify the program rules to meet local standards or needs. PHAs outside of MTW can request waivers from some regulations, but the approval process is time-consuming and often unsuccessful. As part of their MTW agreements with HUD or through Annual Plans that require HUD approval, MTW agencies may more easily gain relief from program regulations. That relief may go well beyond waivers of regulations that HUD can provide to non-MTW PHAs, as HUD may give MTW agencies permission to ignore aspects of regulations that are required by the US Housing Act.

MTW agencies have streamlined operations by:

- **Changing the timing of recertification for some or all assisted households.** For assisted households on fixed incomes such as Social Security, SSI, or SSDI, changes in annual income are generally limited to cost of living adjustments. Since incomes do not change substantially enough to warrant a recalculation of income every year, many agencies have changed to biennial or triennial recertifications for households headed by persons who are elderly or disabled. Other agencies have adopted similar schedules for all residents.

[a] Larry Buron et al. *Study of Rents and Rent Flexibility.* (2010). Abt Associates under contract to the US Department of Housing and Urban Development. Contract No. C-DEN-02125.

- **Simplifying the treatment of income and assets** by not counting some or all income produced by assets, removing the earned income disregard, and removing or simplifying deductions for medical expenses or child care.
- **Establishing flat rent schedules within income bands** for some or all assisted households. Income may still be recertified annually, or it may be recertified less often, but the rent does not change unless and until the household's income goes into a higher (or lower) band.
- **Changing the timing of inspections or otherwise simplifying the inspection process** by inspecting HCV units every other year rather than annually, inspecting only a percentage of units in a building, or establishing alternative inspection requirements.
- **Simplifying utility allowances** by providing only one allowance chart for multiple areas or by not issuing utility allowance payments.
- **Modifying the rent reasonableness process** by creating alternative methods to determining whether rents charged in the HCV program are reasonable.

This chapter describes MTW innovations in each of those areas, explaining the logic of the changes and noting how widespread they are across MTW housing authorities and how they differ in detail. In some areas, the chapter provides examples of the savings in dollars or labor hours that have resulted from the changes. The chapter concludes with discussions of how housing authorities have used the savings and of some of the challenges PHAs have faced in realizing those savings.

This chapter focuses on changes to policies or procedures that decrease administrative burdens and not on innovations that change subsidy calculations or other program rules for the purpose of encouraging work effort or increased earnings. Those "rent reforms" are addressed in Chapter 4, *Innovations that Increase Self-Sufficiency*. In this chapter we look at examples of changes to the rent rules of the traditional public housing and HCV programs that MTW agencies have implemented primarily to save staff time or relieve burden on assisted households or landlords. Some of the changes may encourage earnings as a secondary purpose—for example, extending the time period over which a household can keep all of its additional earnings rather than paying a portion of the increase in rent. The study team has attempted to make a distinction between "rent simplification" (this chapter) and "rent reform" (Chapter 4). However, it is difficult to draw a bright line between innovations that have efficiency as their primary goal and innovations that have work incentives as their primary goal.

Some of the changes to the standard rent rules made by MTW agencies may result in net savings to subsidy costs—lower HAP payments for the HCV program or additional rent revenue for public housing. The use of subsidy savings to increase the numbers of households served is discussed in Chapter 3, *Innovations that Increase the Quality and Quantity of Affordable Housing*.

Changing the Timing of Recertification

PHAs are required to reexamine income and household composition annually in the public housing and HCV programs but may choose to do more often. PHAs must establish procedures so that the reexamination is completed and in effect at the 12-month anniversary of initial occupancy, which the PHA may set either at the anniversary date of the initial HAP contract or move into public housing or 12 months from the initial determination of eligibility. In order to comply with these requirements, PHAs begin the recertification process 90 to 120 days prior to a household's anniversary date. Most PHAs require that participants complete the recertification process in person, but some PHAs conduct the reexamination through mail. Participants are notified in writing of their re-examination date and the documentation they will need to provide. Households are required to complete an Application for Continued Occupancy that records household composition, income, assets, and deductions and to supply third-party verification of income, assets, and deductions. Verification of income, assets, and deductions cannot be more than 60 days old on the effective recertification date.

PHA staff spend considerable staff hours setting up recertification appointments, meeting with participants, verifying income and assets, and recalculating income and rent. PHAs also spend resources on mailing, printing, and copying. Preliminary data from a study on administrative costs in the HCV program show that roughly half of frontline PHA staff time is spent on day-to-day work with existing households in the program (rather than applicants) including annual recertifications, interim recertification, moves, exercise of the portability option, and end of participation agreements. Much of this time is spent on annual recertifications alone. Public housing agencies often consider that the cost of these procedures does not justify the increase in rental revenue received when household income increases.

Early in the demonstration, some MTW agencies realized they could save considerable time by requesting approval from HUD to recertify household income less often, typically every two or three years rather than annually. The Keene, Portage, and Lincoln housing authorities adopted alternate year recertifications for some of their assisted households beginning in 1999. Many other MTW agencies adopted alternative schedules between 2008 and 2012. Exhibit 2-1 shows which of the 34 MTW agencies covered in this report had adopted biennial or triennial recertification schedules for elderly and disabled households or for all households as of 2013.

Exhibit 2-1: Recertification Schedules of MTW Agencies

	Public Housing		Housing Choice Vouchers	
	Elderly and Disabled Households	Family	Elderly and Disabled Households	Family
Alaska Housing Finance Corporation	Biennial	Annual[a]	Annual	Annual[a]
Atlanta Housing Authority	Annual	Annual	Annual	Annual
Housing Authority of Baltimore City	Biennial	Biennial	Triennial	Biennial
Boulder Housing Partners	Triennial	Annual	Triennial	Biennial
Cambridge Housing Authority	Biennial	Biennial	Biennial	Annual
Housing Authority of Champaign County	Biennial	Annual	Biennial	Annual
Charlotte Housing Authority	Biennial	Biennial	Biennial	Biennial
Chicago Housing Authority	Triennial	Biennial	Biennial	Biennial
Delaware State Housing Authority	Biennial	Annual	Biennial	Annual
District of Columbia Housing Authority	Biennial	Biennial	Biennial	Biennial
Keene Housing	Annual[b]	Triennial	Annual[b]	Triennial
King County Housing Authority	Triennial	Biennial	Triennial	Biennial

	Public Housing		Housing Choice Vouchers	
	Elderly and Disabled Households	Family	Elderly and Disabled Households	Family
Lawrence-Douglas County Housing Authority	Biennial	Annual[c]	Biennial	Annual[c]
Lexington-Fayette Urban County Housing Authority	Triennial	Annual	Triennial	Annual
Lincoln Housing Authority	Biennial	Annual	Biennial	Annual
Louisville Metropolitan Housing Authority	Biennial	Annual	Biennial	Annual
Massachusetts Department of Housing and Community Development	NA	NA	Biennial	Biennial
Minneapolis Public Housing Authority	Triennial	Annual	Annual	Annual
Housing Authority of the City of New Haven	Triennial	Biennial	Triennial	Biennial
Oakland Housing Authority	Triennial	Biennial[d]	Triennial	Biennial[d]
Orlando Housing Authority	Triennial	Annual	Triennial	Annual
Philadelphia Housing Authority	Biennial	Biennial	Annual	Annual
Housing Authority of the City of Pittsburgh	Biennial	Biennial	Biennial	Biennial
Portage Metropolitan Housing Authority	Biennial	Annual	Annual	Annual
Home Forward (Portland, OR)	Triennial	Biennial	Triennial	Biennial
San Antonio Housing Authority	Biennial	Annual	Biennial	Annual
Housing Authority of the County of San Bernardino	Biennial	Biennial	Biennial	Biennial
San Diego Housing Commission	Triennial	Biennial	Triennial	Biennial
Housing Authority of the County of San Mateo	Biennial	Annual	Biennial	Annual
Housing Authorities of the County of Santa Clara/City of San Jose	Triennial	Biennial	Triennial	Biennial
Seattle Housing Authority	Triennial	Annual	Triennial	Annual
Tacoma Housing Authority	Triennial	Biennial	Triennial	Biennial
Housing Authority of the County of Tulare	Annual	Annual	Annual	Annual
Vancouver Housing Authority	Triennial	Annual[e]	Triennial	Annual[e]
Total MTW Agencies	**Annual: 3** **Biennial: 16** **Triennial: 14** **NA: 1**	**Annual: 17** **Biennial: 15** **Triennial: 1** **NA: 1**	**Annual: 7** **Biennial: 14** **Triennial: 13**	**Annual: 18** **Biennial: 15** **Triennial: 1**

Source: 2012-2014 MTW Annual Reports

Notes:

a. For Alaska Housing Finance Corporation conducts triennial recertification or annual household composition certification for households participating in rent reform.

b. Keene Housing adjusts income annually based on published cost of living adjustments for fixed income sources.

c. The Lawrence-Douglas County Housing Authority conducts biennial recertifications for households who are at maximum rent or 50 percent of Area Median Income.

d. The Oakland Housing Authority conducts biennial recertifications for households with wage income.

e. The Vancouver Housing Authority conducts recertifications annual or 12 months after last interim examination for non-disabled, non-elderly households.

As the exhibit shows, 32 of the 34 MTW agencies have moved to an alternative recertification schedule for at least some of their households, and 14 agencies have adopted an alternative schedule for all households in both public housing and HCV programs. Less frequent recertification is particularly likely to apply to elderly and disabled households because they are likely to receive fixed incomes. For example, 16 agencies have adopted a biennial recertification schedule for elderly and disabled residents of public housing and another 14 agencies have adopted a triennial schedule. Only Atlanta and Tulare County still conduct annual recertifications of income for elderly and disabled households in both programs.

MTW agencies were less likely to adopt alternative schedules for non-elderly and non-disabled households. As of 2014, of the 34 MTW agencies covered in this study, only 18 had begun biennial (or triennial) recertification schedules for these households in one or both programs. Many agencies view the annual recertification process as a good opportunity to check in with the family regarding its tenancy, even if the family's income or rent does not change much from year to year. Public housing residents are more likely to come into contact with property management staff at their developments on a regular basis, but for households leasing private rental units with a voucher, recertifications are often the only opportunity for PHA staff to meet with participants not only to verify changes in employment, income, household composition but also to learn about any potential issues with landlords and maintenance.

Agencies that have switched from annual to biennial or triennial recertifications estimate substantial savings from these changes. For example:

- The Housing Authorities of the County of Santa Clara/City of San Jose moved to a triennial recertification schedule for elderly and disabled clients and a biennial schedule for other assisted households. As a result of the change, the authority conducted 62 percent fewer recertifications in 2012 than in 2009, when the agency conducted annual recertifications.
- In 2009, the Vancouver Housing Authority moved to a triennial recertification process for households who are elderly or disabled. VHA's FY 2013 annual report estimates savings of $91,997 for a single year for a change affecting 1129 households.

Simplifying the Treatment of Income and Assets

PHAs must verify income and assets upon admittance into the program and annually at the anniversary of admittance. Most major sources of cash income received by an assisted household are used in the calculations of public housing rents and voucher subsidies--for example, income from wages and assets; cash benefits such as Social Security, SSI, TANF, and general assistance (GA); and periodic disbursements such as child support, alimony, or retirement benefits.

A number of less common or substantial sources of income are excluded from the total tenant payment (TTP) calculation, and include employment of household members who are under 18 years old, some temporary or sporadic income such as gifts, and some earnings of full time students and persons with disabilities.

The public housing program also has a complicated "earned income disregard" that temporarily excludes increases in earnings for certain households. A quality control study conducted for HUD in 2008 found that 37 percent of households entitled to the earned income disregard had some type of error.[b] In addition to exclusions from income counted for rent, the standard public housing and HCV programs allow deductions for each dependent, elderly person, and person with a disability, and for the costs of child care, disability assistance, and medical expenses. Many of the rules on how income is treated follow statutory provisions that cannot be waived by HUD, and it has been notoriously difficult to achieve national consensus on changes to these provisions of the US Housing Act.

The time PHAs spend to verify income and assets and recalculate rent, both annually and when a family experiences a change in income, is substantial. Although most PHAs use software programs that automatically calculate the TTP, the staff person must still collect income and asset data and evidence for requested deductions based on actual expenditures. Staff must verify every source of income and deduction via third-party documentation or, in some cases, through computerized databases. This usually consists of sending out written forms to employers, banks, and government agencies and waiting to receive forms back via mail or fax.

PHAs often find that the cost to verify and calculate income and assets is greater than the increase in rent received, resulting in a net loss of income to the agency. For example, in order for an assisted household to receive the medical expense deduction that is allowed for heads of households who are elderly or disabled and whose medical expenses are greater than 3 percent of annual income, the household must provide documentation of medical appointments, insurance premiums, prescriptions, and other medical bills. PHAs often find that, once medical expenses are documented and verified, they rarely exceed 3 percent of income. The complex procedures are difficult for both residents and staff to understand and often lead to errors.

MTW authorities have the ability to request approval from HUD to simplify how income is verified and used in rent calculations. Many MTW agencies have received approval to:

- Eliminate or combine the various income deductions into one standard deduction;
- Eliminate the earned income disregard;
- No longer require third-party documentation for some sources of income;
- No longer require third-party documentation and instead allow self-certification for assets with values below a certain threshold (typically between $5,000 and $50,000); and
- No longer count the income from assets less than a certain threshold.

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[b] ORC Macro. (2008). "Quality Control for Rental Assistance Subsidy Determinations: Final Report for FY 2007." Report for the US Department of Housing and Urban Development, Office of Policy Development and Research.

Exhibit 2-2 shows the 24 MTW agencies that, as of 2014, have implemented changes to the way income and assets are verified or removed or modified the income deductions or exclusions and describes the changed policies.

Exhibit 2-2: MTW Agency Changes to the Treatment of Income and Assets

PHA Name	Asset Exclusions and Verification	Income Deductions, Exclusions, and Verification
Alaska Housing Finance Corporation	Allows self-certification of assets up to $10,000 Excludes income from assets up to $10,000	Eliminates the earned income disregard
Boulder Housing Partners	Limits the amount of assets a household can have upon admission to the public housing or HCV program Allows self-certification of and excludes income from of assets up to $50,000	Eliminates the earned income disregard
Cambridge Housing Authority	Allows self-certification of and excludes income from of assets up to $50,000	Establishes two standard deductions, $2,500 and $5,000, in place of deductions for actual child care and medical expenses
Chicago Housing Authority	Excludes income from assets in the HCV program (but continues to verify assets for initial eligibility)[a]	
District of Columbia Housing Authority	Allows self-certification of assets up to $15,000	Creates a local form for third-party verification Extends the verification timeline to 180 days
Keene Housing	Excludes income from assets up to $50,000	Sets higher set deductions for elderly and disabled households and for children in place of deductions for actual medical and child care expenses[b]
King County Housing Authority		Eliminates the standard deductions for elderly and disabled household and limits medical deductions Excludes employment income of all household members under age 21
Lincoln Housing Authority		Eliminates all standard deductions.
Louisville Metropolitan Housing Authority		Provides a standard medical deduction instead of requiring documentation of actual expenses Deducts child-care expenses from a working household's gross income when determining income eligibility

Massachusetts Department of Housing and Community Development	Allows household self-certification of and excludes income from assets up to $50,000	Replaces the earned income disregard with a simpler disregard Excludes all full-time student income for household members other than the head, spouse or co-head
Minneapolis Public Housing Authority	Excludes income from assets up to $50,000	Excludes 15 percent of earned income for families with minor children Eliminates childcare, medical expenses, dependent deduction, and the earned income disregard, and increases the standard elderly/disabled deduction from $400 to $750[c]
Housing Authority of the City of New Haven	Excludes income from assets up to $50,000	Eliminates standard deductions for elderly and disabled households and dependents but establishes deductions for medical expenses, child care, and disability assistance if expenses are greater than $2,000
Philadelphia Housing Authority	Excludes income from assets up to $500 and allows self certification	Eliminates standard deductions and substituted a $500 working family deduction and a medical premium deduction
Portage Metropolitan Housing Authority	Excludes interest income from bank accounts	$480 dependent allowance applies only to family members who are disabled or full time students; allowance cannot exceed $960[d] Excludes income from bonuses and overtime
Home Forward (Portland, OR)		Eliminates the earned income disregard Eliminates all deductions.
San Antonio Housing Authority	Allows participant-provided documents to verify assets less than $25,000	Allows participant-provided documents to verify income
San Diego Housing Commission	Excludes income from assets up to $10,000	Eliminates all deductions
Housing Authority of the County of San Bernardino	Excludes income from assets	Eliminates the earned income disregard
Housing Authorities of the County of Santa Clara/ City of San Jose		Eliminates all deductions and exclusions[e]
Housing Authority of the County of San Mateo	Excludes income from assets up to $50,000 Limits the amount of assets a household can have upon admission to the public housing or HCV program	Eliminates the earned income disregard and other excluded income Streamlines verification of eligible medical expenses and child care expenses Extends the verification timeline to 120 days

Seattle Housing Authority	Excludes income from assets up to $50,000	Eliminates the earned income disregard
Tacoma Housing Authority	Allows self-certification of assets up to $25,000	Eliminates the earned income disregard
Tulare County Housing Authority		Includes all income of the family, with no exclusions or deductions
Vancouver Housing Authority	Allows self-certification of assets up to $5,000.	Eliminates the deduction for medical expenses for elderly and disabled households
Total MTW Agencies	**Excludes income from assets (any amount): 14** **Allows self-certification of assets (any amount): 8**	**Eliminates the earned income disregard: 9** **Eliminates or simplifies deductions: 15**

Source: 2012 - 2014 MTW Annual Reports

Notes:

a. CHA proposes to extend the exclusion to public housing in its FY 2014 Annual Plan.

b. FY 2014 Annual Plan proposes to deduct actual medical expenses above 7.5 percent of gross income.

c. Proposed in FY 2015 Plan.

d. FY 2014 Plan proposes to eliminate all deductions, allowances, and expenses and base rent on 29.6 percent of gross income.

e. Proposed in FY 2014 Annual Plan.

Asset Verification and Use in Income Calculations

Eighteen MTW agencies have adopted changes to the verification of interest income from assets and the use of that income in rent calculations. Most PHAs that changed policies applying to assets have excluded the income from assets less than a certain amount, ranging from $5,000 to $50,000. Other PHAs, such as the San Antonio Housing Authority and Massachusetts DHCD, still count the income from assets when determining initial eligibility and rent but no longer require third-party verification. Rather, participants may simply sign a form certifying the worth of their assets.

The following are examples of cost savings MTW agencies have estimated from changes to how asset income is verified or used:

- The Vancouver Housing Authority estimates that, in 2012 alone, eliminating the need for third-party verification of assets less than $5,000 affected 7,228 households and saved the agency $18,949 in staff time and postage.
- The Chicago Housing Authority uses asset income to determine initial eligibility but not in the HCV subsidy calculation and estimates a FY 2014 savings of $247,620, based on 16,508 fewer asset calculations compared to FY 2012.

Income Deductions and Exclusions

MTW agencies have made a variety of changes to the deductions and exclusions from income, as shown in Exhibit 2-2. For example, some have simplified the medical deduction by establishing higher thresholds or by replacing the deduction of actual expenses with an increased standard deduction for elderly and disabled households. Three housing authorities have eliminated all deductions and instead base the rent calculation on a set percentage of gross income. Nine agencies have eliminated the complicated earned income disregard that applies to certain families.

Most of these rent simplifications were designed to have no net effect on rental income. Instead, the intention was to reduce administrative costs and burdens on assisted households. For example, the Vancouver Housing Authority determined through careful analysis that increasing the standard deduction for elderly and disabled households from $400 to $700 and eliminating the deduction for actual medical expenses above 3 percent of gross income would be revenue neutral but would lead to cost savings. The agency estimates that it saved $7,175 savings in staff costs in 2013. As another example, the Alaska Housing Finance Corporation estimates that eliminating the earned income disregard and its associated tracking and paperwork saved 29,940 staff hours between 2011 and 2015.

Simplified Rent Calculation

Many MTW agencies have adopted simpler methods to calculate tenant rent. Six MTW agencies have adopted flat rent policies within income bands in lieu of calculating rent as a percentage of the household's actual adjusted income. PHAs implement flat rents to reduce administrative burden or to encourage residents to increase their income by only increasing rent when a household's income has increased to the next income band. (See Chapter 4 for a discussion of income bands to encourage self-sufficiency.) Five MTW agencies base assisted housing rents on a straight percentage of gross income that does not include any income deductions or exemptions, and two agencies base rents on a percentage of the payment standard rather than household income.

The Cambridge Housing Authority (CHA) established a rent schedule for public housing residents based on $2,500 income bands. The Rent Simplification Program was established primarily to save staff time rather than to encourage residents to increase their income. CHA established that setting the rents at the low end of each income band would make the policy cost-neutral for the agency. CHA reports that it saved approximately $10,000 in administrative costs between FY 2012 and FY 2013 as a result of this rent simplification policy. Although not a primary goal of the program, the agency also increased rent revenue by approximately $90,000. The San Diego Housing Commission also established a rent schedule based on the lower end of the income bands while the Charlotte Housing Authority, by contrast, uses income bands with the explicit goal of increasing self-sufficiency among residents. King County Housing Authority also established flat rents based on income bands to encourage self-sufficiency for non-elderly and non-disabled households.

Exhibit 2-3 shows the PHAs that have adopted simpler rent policies.

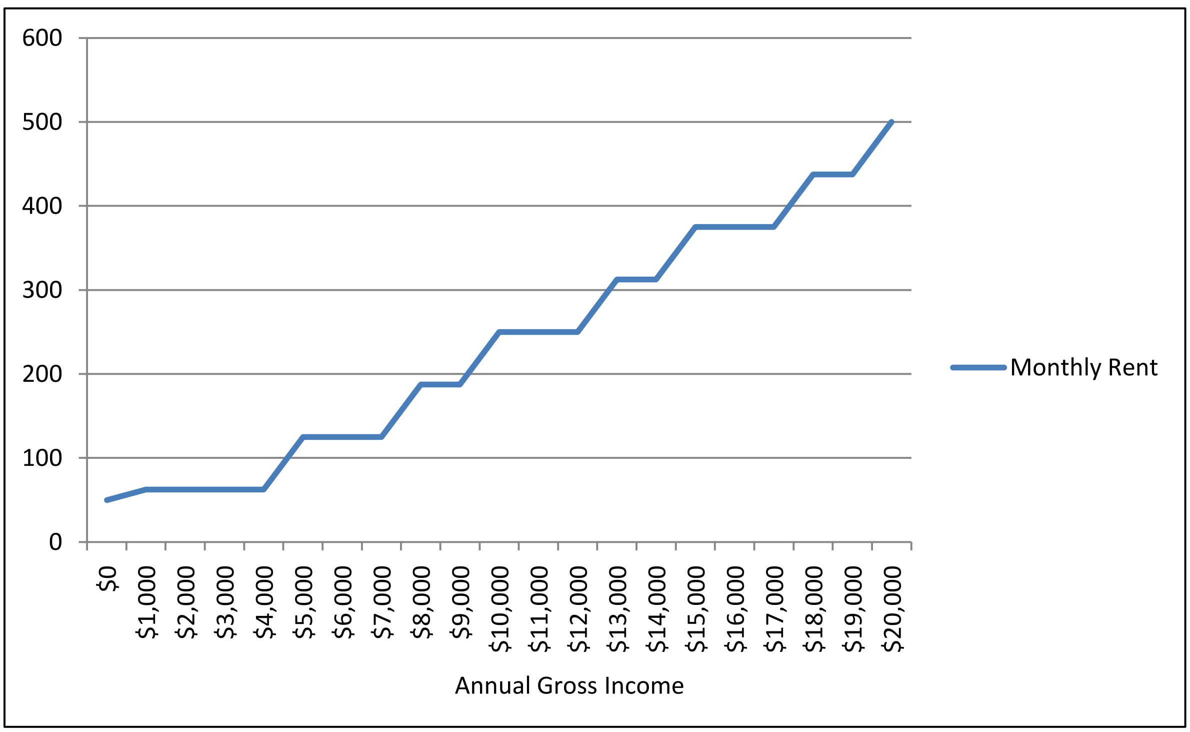
Exhibit 2-3: MTW Agency Changes to Rent Calculation

PHA Name	Flat Rent	Rent Calculation
Cambridge Housing Authority	Within income bands	
Housing Authority of Champaign County	Within income bands	
King County Housing Authority	Within income bands	28% of gross income for elderly and disabled households
Lincoln Housing Authority		27% of gross income

PHA Name	Flat Rent	Rent Calculation
Home Forward (Portland, OR)		29.5% of gross income years 1-4; 31.5% of gross income thereafter
Housing Authority of the County of San Bernardino	50 percent of payment standard	
San Diego Housing Commission	Within income bands for households above minimum rent	
Housing Authorities of the County of Santa Clara/City of San Jose		35% of gross income
Housing Authority of the County of San Mateo	Within income bands	
Tacoma Housing Authority	50 percent of payment standard	
Tulare County Housing Authority	Flat rents and subsidies established by PHA	
Total MTW Agencies	**Within income bands: 6** **50 percent of payment standards: 2**	**Establishes rent on set percent of income: 5**

Exhibit 2-4 shows an example of a rent schedule based on $2500 income bands and a minimum rent of $50.

Exhibit 2-4: Example of Flat Rents within Income Bands



Simplifying the Inspection Process

Within the Housing Choice Voucher program, all units must be inspected as part of the tenancy approval process and then annually before the anniversary of the initial occupancy date to ensure compliance with federally-established Housing Quality Standards (HQS). HQS consists of requirements that must be met in 13 areas to ensure that the housing leased under the program is decent, safe, and sanitary. Agencies must ensure that all units are inspected as required, that all HQS deficiencies are identified, that all deficiencies are corrected by owners or tenants in a timely manner, and that the corrections are verified by the PHA. Agencies must also abate housing assistance payments and ultimately terminate HAP contracts if the owner fails to make needed repairs.

Agencies without MTW authority have some ability to create efficiencies in inspection procedures. Public housing agencies are required to inspect units prior to their anniversary date but do not require the first inspection after lease up to be conducted exactly a year later. Therefore, PHAs can schedule inspections of all units in a building or neighborhood at the same time of year, which is especially helpful for agencies with large geographic areas. Agencies can contract the inspection task to a third-party vendor, and this may be less costly than having the inspectors on staff. Agencies can also opt to use automated inspection software or handheld devices that cut down on time spent in the field and in completing paperwork.

However, under the regular rules of the voucher program until July 2014, PHAs had to inspect 100 percent of their units every year. PHAs devoted considerable financial resources to inspecting all units, including those that routinely passed inspection in previous years. Local jurisdictions also often have their own inspection requirements, particularly when new units are constructed or substantially rehabilitated. This results in units being inspected twice, once by the city and once by the PHA.

MTW agencies have taken a number of steps to streamline the HQS inspection process, including inspecting units every other year instead of annually, inspecting only a percentage of units in a building, and modifying inspection dates to allow inspectors to inspect multiple units in a building or area at the same time, even when that means that some inspections occur later than the 12-month anniversary. Other changes that MTW agencies have made to the inspections process are allowing for alternative inspection standards, conducting inspections based on risk or previous inspection results, and allowing landlords to self-certify that units meet HQS standards.

Exhibit 2-5 shows the MTW agencies that have adopted biennial or other alternative inspection schedules or procedures.

Exhibit 2-5: Inspection Schedules and Procedures of MTW Agencies

PHA Name	Inspection Frequency	Alternative Inspection Procedures
Alaska Housing Finance Corporation	Biennial	PHA inspection of PHA-owned units
Atlanta Housing Authority	Annual	
Housing Authority of Baltimore City	Biennial for units that have consistently met HQS	
Boulder Housing Partners	Inspections tied to recertification schedule (triennial for elderly and disabled and biennial for other assisted households)	
Cambridge Housing Authority	Biennial for tenant-based vouchers Random selection of project-based units	
Housing Authority of Champaign County	Frequency of inspections based on rating system (ranges from semi-annual to inspection not required)	
Charlotte Housing Authority	Annual[b]	Local inspection standards for initial inspection of newly-constructed units
Chicago Housing Authority	Biennial for units in the Owner Excellence Program Annual for other units	
Delaware State Housing Authority	Annual	
District of Columbia Housing Authority	Annual	Landlord self-certification of correction of minor violations Fee for a third inspection
Keene Housing	Biennial after passing first annual inspection	Landlord self-certification of HQS compliance PHA subcontractor inspection of PHA-owned units
King County Housing Authority	Inspections clustered by neighborhood or building	Landlord self-certification of correction of certain violations PHA inspection of PHA-owned units
Lawrence-Douglas County Housing Authority	Biennial for units that have a record of good property maintenance and passed HQS on the first inspection for two consecutive inspections[c]	

PHA Name	Inspection Frequency	Alternative Inspection Procedures
Lexington-Fayette Urban County Housing Authority	Biennial after two years of no violations	
Lincoln Housing Authority	Biennial for units with no violations on first initial or annual inspection Inspection tied to recertification schedule	
Louisville Metropolitan Housing Authority	Annual	
Massachusetts Department of Housing and Community Development	Biennial	
Minneapolis Public Housing Authority	Biennial	
Housing Authority of the City of New Haven	Biennial for property owners with history of successful inspections	
Oakland Housing Authority	Biennial for units that pass first inspection (properties that fail two inspections are inspected semi-annually)	
Orlando Housing Authority	Annual	
Philadelphia Housing Authority	Annual	
Housing Authority of the City of Pittsburgh	Annual	
Portage Metropolitan Housing Authority	Annual	Uses municipal housing inspections as alternative to HQS when available
Home Forward (Portland, OR)	Biennial unless two failed inspections in a row or specific concerns with unit or owner	Alternative inspection requirements for sponsor-based housing vouchers
San Antonio Housing Authority	Tied to recertification schedule[d]	PHA inspection of PHA-owned units
Housing Authority of the County of San Bernardino	Biennial	
San Diego Housing Commission	Biennial for units passing two consecutive inspections (initial and/or annual) on first inspection	PHA inspection of PHA-owned units Landlord self-certification of repair of minor violations
Housing Authority of the County of San Mateo	Biennial (except those abated in previous 12 months)	Landlord self-certification of correction of certain violations PHA inspection of PHA-owned units
Housing Authorities of the County of Santa Clara/City of San Jose	Biennial	PHA inspection of PHA-owned units

PHA Name	Inspection Frequency	Alternative Inspection Procedures
Seattle Housing Authority	Biennial	Landlord self-certification of correction of minor violations PHA inspection of PHA-owned units Use of alternative inspection standards interchangeably with HQS
Tacoma Housing Authority	Biennial[e]	
Housing Authority of the County of Tulare	Annual	
Vancouver Housing Authority	Annual	PHA inspection of PHA-owned units
Total MTW Agencies	**Alternative inspection schedule: 23**	**Landlord self-certification of minor violations: 6** **PHA inspection of PHA-owned units: 9** **Alternative Inspection Standards: 4**

Notes:

a. FY 2013 Plan proposed moving to biennial inspections for high-quality properties and implementing a 30-day abatement schedule, but it is unclear if these changes were implemented.

b. FY 2015 Plan proposes moving to biennial inspections for qualifying high performing units.

c. Proposed in FY 2014 Plan.

d. Proposed triennial for elderly and disabled households and biennial for other assisted households.

e. Proposed to begin in late 2014.

Alternative Inspection Schedules

As shown in Exhibit 2-5, 23 of the 34 MTW covered in this study agencies have adopted or proposed to adopt biennial inspection schedules. Many PHAs report significant savings. For example:

- In 2008, the Cambridge Housing Authority (CHA) established a biennial inspection schedule for tenant-based units and inspections for its project-based units based on a randomly-selected sample of the current participant units. Voucher holders are able to request special inspections in cases when their unit is not part of the random sample. As a result of changes to their inspection procedures, CHA estimated a net savings of $122,234, or more than 3,737 hours of staff time in 2014 compared to 2008.

- The Housing Authority of the County of San Mateo (HACSM) began implementation of a biennial inspection schedule for all HCV units in 2011, with exceptions such as annually inspecting units abated in the previous 12 months. The biennial schedule reduced the number of inspections to approximately 2,086 annually from 4,172, and HACSM reported saving $52,150 in inspection costs.

- The Housing Authorities of Santa Clara/San Jose enacted a biennial schedule for inspections but stipulated that owners and properties that do not consistently comply with HQS retain an annual schedule. After implementation, the agency conducted 45 percent fewer inspections compared to an annual inspection schedule and reported a 55 percent reduction in direct labor costs from the baseline. In FY 2015, the agency expected to save $502,329, or 19,855 labor hours.

Effective July 2014, all PHAs, regardless of MTW status, are permitted to conduct biennial inspections for units in the HCV program and to accept alternative inspection standards. Congress authorized these changes as part of the 2014 Appropriations Act.

Other agencies have adopted alternative inspection schedules for only some units, based on previous inspection results. For example:

- The Lincoln Housing Authority waives the annual inspection for one year if the unit meets 100 percent of HQS upon first initial or annual inspection.
- The Oakland Housing Authority developed an alternative frequency of inspections based on findings from prior inspections. Units that are HQS compliant and pass their first inspection are only inspected every two years, while units that fail on the first inspection remain on the annual inspection schedule. Units that fail to pass HQS after two inspections are inspected more frequently and require semi-annual inspections for the next year. As a result of these changes, the cost of conducting inspections decreased 22 percent from the baseline cost and 29 percent from the cost that would have been incurred to perform inspections on the total number of units under lease in FY 2012.

Inspecting Project-Based Units Owned by the PHA

MTW agencies have received permission to inspect units that they own rather than having another housing authority or third party conduct the inspection. The cost of third-party inspections has become significant as more MTW PHAs have project-based units in their own public housing developments or in other housing developments in which PHAs have an ownership interest. Many PHAs also often trade inspection services with other neighboring housing authorities. MTW agencies are able to project-base more units than traditional PHAs, and when they do so the agreement becomes less favorable for the other PHAs and they are no longer willing to trade services.

Landlord Self-Certification

Non-MTW agencies can verify that HQS deficiencies have been corrected without re-inspecting the unit with proper verification including the use of photographs; however they must re-inspect if a unit does not pass HQS for the initial occupancy inspection or for units leased with project-based vouchers. Six MTW agencies allow landlords to self-certify correction of HQS deficiencies, eliminating a need for inspection staff to revisit the property to ensure the corrections were made. For example, the San Diego Housing Commission allows property owners and tenants to self-certify the repair of minor fail items identified during annual inspections. Inspectors conducting an annual inspection where only a minor fail item prohibits the unit from receiving a “Pass” result may allow the tenant and owner to complete a Self-Certification of Repair form in lieu of scheduling a second inspection.

Keene Housing expands on landlord certification by allowing landlords to self-certify that their housing meets HQS without any inspections conducted by the authority. (Keene Housing also makes HAP payments to assisted households rather than owners.) However, the number of landlords electing to conduct their own inspections has decreased since the initial implementation of this policy (landlords had come to see inspections as a service performed by the PHA rather than an obligation), and Keene Housing is reconsidering this policy.

Alternative Inspection Standards

Under traditional HCV program rules, newly constructed units in which a PHA has an ownership interest must be inspected to meet HUD's Housing Quality Standards prior to being approved for initial occupancy. New units usually also have to be inspected by local authorities in order to receive a Certificate of Occupancy. The Charlotte Housing Authority found two inspections duplicative and used MTW authority to waive HQS inspections for the first year following occupancy of a new unit. HQS inspections would then be done annually or whenever a new family moved into the unit. This change has saved the housing authority $13,600 since implementation in 2009. CHA is seeking approval from HUD to expand use of the Certificate of Occupancy as proof of initial inspection to tenant-based vouchers used in new units that have received a major renovation and to all units in mixed-income developments.

The King County Housing Authority does not suspend HAP payments when a unit fails an HQS inspection because of only minor deficiencies. The policy was initially implemented in 2004 for annual inspections but was modified in 2007 to include inspections completed at initial move-in. Prior to the change, 50 percent of the units that failed HQS required re-inspection. After implementation, 27 percent of units failed HQS for minor reasons and did not require re-inspection, saving overall staff time spent on inspections.

Modifying the Rent Reasonableness Process

Under normal HCV program rules, PHAs must ensure that the rent charged by the owner is reasonable in comparison to rents for similar unassisted units in the local market. In determining reasonableness, PHAs consider the location, quality, size, unit type, the year the unit was built, the cost of utilities, and any amenities or services available to the occupant. PHAs must complete a rent reasonableness determination prior to entering into a HAP contract, if the owner requests a rent increase, or if there is a five percent decrease in the published Fair Market Rent 60 days before a household's anniversary date. Exhibit 2-6 presents the MTW agencies that have used MTW flexibility to modify the rent reasonableness process.

Exhibit 2-6: MTW Rent Reasonableness Policies

PHA Name	Rent Reasonableness Policy
Alaska Housing Finance Corporation	Conducts own rent reasonableness determinations for PHA-owned units.
Boulder Housing Partners	Conducts own rent reasonableness determinations for PBV communities where market studies have been conducted.
Cambridge Housing Authority	Establishes rents based on biennial market analysis conducted by independent consultant.
District of Columbia Housing Authority	Conducts own rent reasonableness determinations annually using assessment of monthly submarket rental data.
Home Forward (Portland, OR)	Conducts own rent reasonableness determinations for PHA-owned units.
Housing Authorities of the County of Santa Clara/City of San Jose	Eliminated requirement to re-determine the rent reasonableness within 60 days of the contract anniversary date or when HUD reduces FMRs by 5 percent or more.

PHA Name	Rent Reasonableness Policy
Keene Housing	Residents determine if rent is reasonable. PHA trains residents on factors to consider.
King County Housing Authority	Only conducts rent reasonableness determinations upon initial occupancy and in response to rental increase requests.
Lincoln Housing Authority	Conducts own rent reasonableness determinations for PHA-owned units.
Minneapolis Public Housing Authority	Eliminated requirement to re-determine the rent reasonableness within 60 days of the contract anniversary date or when HUD reduces FMRs by 5 percent or more.
Massachusetts Department of Housing and Community Development	Eliminated requirement to re-determine the rent reasonableness within 60 days of the contract anniversary date or when HUD reduces FMRs by 5 percent or more.
Oakland Housing Authority	Use of a comparability analysis certified by an independent agency in to determine the reasonableness of the initial PBV contract rent.
Philadelphia Housing Authority	Eliminated requirement to re-determine the rent reasonableness within 60 days of the contract anniversary date or when HUD reduces FMRs by 5 percent or more.
San Antonio Housing Authority	Conducts own rent reasonableness determinations for PHA-owned units.
San Diego Housing Commission	Conducts own rent reasonableness determinations for PHA-owned units.
Vancouver Housing Authority	Conducts own rent reasonableness determinations for PHA-owned units.
Total MTW Agencies	**16**

As shown in Exhibit 2-6, MTW agencies have used MTW authority to eliminate the requirement to conduct a rent reasonableness test at some of the times required in the traditional program or to establish their own method of determining reasonable rents based on local market analysis.

- In 2004, the King County Housing Authority (KCHA) began conducting rent reasonableness determinations only at initial lease-up and when a landlord requests an increase in rent, rather than on an annual basis. KCHA reports that staff conducted 2,181 rent reasonableness reviews in FY 2012, 76.6 percent fewer than those required under pre-MTW rules.

- Keene Housing makes subsidy payments to assisted households, who are also responsible for determining whether rent is reasonable and are trained to consider factors such as location, quality, and size, number of bedrooms, age, amenities, housing services, maintenance and utilities and to negotiate rents with landlords.

Simplifying Utility Allowances

Utilities can be paid either by the assisted household or by the owner of the housing unit (the PHA in the case of public housing). The amount that a PHA determines is necessary to cover the resident's reasonable utility costs is the utility allowance. Utility payments can differ by location, buildings, and by owner and significant staff time is spent determining whether the PHA will make a utility reimbursement and, the amount of the reimbursement.

Several MTW agencies have made changes to the way utility allowances are calculated and applied. The goals of the changes have been to make the process less expensive to administer, easier for tenants and landlords to understand, and less prone to administrative errors. Rather than providing separate utility allowances for different bedroom sizes or localities, five PHAs have chosen to provide a single utility schedule for all units: the Alaska Housing Finance Corporation, Boulder Housing Partners, the Vancouver Housing Authority, the Lincoln Housing Authority, and the San Diego Housing Commission. Three MTW agencies have eliminated the practice of providing participants with a utility allowance payment: Vancouver Housing Authority, the Delaware State Housing Authority, and the Lincoln Housing Authority.

Documenting and Using Administrative Cost Savings

Problems with Measuring Cost Savings

It is often difficult for PHA staff to tease out which of their initiatives achieved a certain level of cost savings. Since determination of rent and verification of income and assets occur as part of the overall recertification process, it can be complicated to tease out which part of the process takes less time. The Cambridge Housing Authority tried to overcome this problem by conducting mock rent calculations using the simplified approach to estimate how much time the new method took compared to the old method. Other PHAs simply survey frontline staff and ask for estimates of their time.

The cost savings is also typically just realized in the first year or two after implementation of a revised procedure. While a PHA can estimate the amount of time it has saved as a result of a change in procedures, once the time has been reprogrammed into other activities, it may no longer be possible to estimate the savings, and such estimates may not be useful.

Offsets to Cost Savings

In the early stages of implementing cost-saving initiatives, cost savings can be offset by the work needed to implement new policies. PHAs have to change forms and software, train staff, and educate residents on the new procedures. PHAs often engage outside stakeholders such as local social service organizations and legal aid as part of the decision-making process or hire consultants to analyze the intended effect on residents and the agency's budget. For example, the rollout of the Massachusetts Department of Housing and Community Development (DHCD) biennial recertification policy was a multiyear process that took considerable time and resources. The policy came out of a working group comprised of DHCD staff, staff from regional DHCD contractor agencies, and other stakeholders that conducted a series of analyses to assess working group ideas and determine what other housing authorities were doing in the rent simplification arena. Implementation included the development of the policies and procedures, as well as forms, training materials, and data system changes. Since the initiatives affected most of its housing subsidy portfolio of 20,000 households, the changes involved a lengthy planning process, marketing, and IT systems changes, as well as training for the regional agencies that administer DHCD's programs.

Furthermore, reductions in staff time can be offset by other policies that remain in effect. For example, when agencies go to a biennial or triennial recertification schedule, assisted households may request additional interim recertifications when they lose employment or their income decreases for other reasons. To mitigate this problem, the Cambridge Housing Authority and the Massachusetts Department of Housing and Community Development limit the number of interim adjustments a household may request.

Using Cost Savings to Provide Better Service

Although a few PHAs have reduced their staffing levels as a result of the savings realized through the innovations described in this chapter, most have used the savings to provide additional services to residents, to allow staff time to take on new programs, or to improve the agency's monitoring of the quality of its work. For example:

- The Vancouver Housing Authority reports that although changes to income verification and rent calculation procedures reduced staff time for these activities, the changes did not result in a reduction of staff, but rather reduced a previous backlog of needed recertifications and allowed the agency to complete the recertifications on schedule.
- In addition to allowing staff more time to work individually with households, the Lincoln Housing Authority reports using the time saved from moving to biennial recertifications for elderly and disabled households to administer special voucher programs such as Mainstream Vouchers, VASH, and Enhanced Vouchers without hiring additional staff. PHAs often are reluctant to compete for new special programs because of the front-end work that needs to be done before units come under lease and begin earning administrative fees. LHA also used the savings to create a 12-hour tenant education program for LHA tenants and others in the community.

Several MTW agencies reported that they have improved program monitoring as a result of their MTW cost effectiveness initiatives:

- The Housing Authorities of County of Santa Clara/City of San Jose (HACSC) reported that they reduced their error rate from 19 percent to 10 percent as a result of the revised inspection policy.
- The San Diego Housing Commission reports that its utility allowance error rate decreased from 11 percent to 5 percent as a result of moving to a simplified utility allowance calculation.
- The Housing Authority of the County of San Mateo reports that the simplified rent calculation process has led to a decrease in their error rate (from 2 percent to 0 percent) and a decrease in the amount of time it takes for a household to lease up, allowing the agency to better budget and forecast HAP utilization.

Finally, MTW agencies also report improved customer satisfaction because of MTW initiatives:

- In the first year of implementation of its biennial and triennial recertification policy HACSC conducted a random client satisfaction survey, and 91 percent of the responding participants preferred or strongly preferred the new policy.
- The Alaska Housing Finance Corporation reports that staff has noticed that assisted households are having an easier time with the leasing process by only having one utility sheet to use. Feedback from these households has been universally positive as many were confused by the multiple schedules and rates.

Chapter 3. Innovations that Increase the Quality and Quantity of Affordable Housing

While the minimum statutory requirements for MTW specify only that agencies "continu[e] to assist substantially the same total number of eligible low-income families," and "assur[e] that housing assisted under [MTW] . . . meets housing quality standards,"[12] most MTW agencies strive to go beyond these minimum requirements in one way or another to increase the quality or quantity of affordable housing in the community. The pursuit of these goals is often closely related to progress in achieving other MTW goals. For example, MTW agencies describe using funds freed up by cost-effectiveness initiatives to address the deferred capital needs of their public housing developments, increase the number of households served through their public housing or Housing Choice Voucher programs, or provide other forms of assistance such as rapid rehousing or permanent supportive housing.

This section describes MTW activities that seek to increase the quantity or quality of affordable housing. The activities fall into six categories:

1. Increasing the number of households served by lowering per-unit costs.
2. Increasing the quality of public housing by investing in modernization and revitalization activities.
3. Preserving at-risk subsidized rental housing.
4. Using project-based vouchers to expand the supply of dedicated, quality affordable housing.
5. Using MTW single-fund flexibility to invest in other forms of affordable housing.
6. Serving more households over time by adopting self-sufficiency or time limit policies intended to help existing residents move up and out of assisted housing, thereby freeing up spots to serve other households.

The remainder of this chapter describes each of these six uses of MTW flexibility to increase the supply of affordable housing. However, the last two uses are described only briefly because they are covered extensively in other chapters of the report.

Increasing the Number of Households Served by Lowering Per-Unit Costs

As discussed in Chapter 2, nearly all MTW agencies have sought to improve their cost effectiveness, in many cases through changes in administrative procedures such as the frequency and scope of income re-certifications. Some MTW agencies have also taken steps to reduce their HAP payments to landlords or their basic public housing operating costs. Both types of changes lead to reductions in the per-unit costs of providing housing assistance, though the potential size of the expense reduction associated with the latter category of changes is much larger since PHAs' expenses for HAP payments to landlords and public housing operations dwarf their expenses for administrative activities like qualifying applicants and recertifying tenant incomes.

[12] Public Law 104-134.

While our analysis of the MTW program did not include a detailed look at variations in the procedures for determining the amount of HUD funding to be provided to each MTW agency, we note that these procedures likely play a substantial role in determining whether and to what extent MTW agencies can capture the benefits of their efforts to reduce per-unit costs and use these savings to serve additional households. An MTW agency with funding that does not depend on its per-unit costs in the prior year has a greater ability to repurpose savings to serve additional households and presumably a stronger incentive to identify and implement policies to generate substantial savings. By contrast, MTW agencies in which reductions in per-unit costs in year 1 will lead to reductions in HUD subsidy in year 2 have less ability to repurpose the savings to serve additional households and perhaps less of an incentive to implement practices that generate them.

The following are examples of MTW agencies that say they have increased the number of households served by reducing per-unit costs:

- King County Housing Authority (KCHA)’s FY 2012 MTW report describes a total HUD-funded inventory of 11,552 units in FY 2012 – an increase of 1,138 units from the agency’s 2003 baseline before MTW. Just over half of the new units (609) appear to represent incremental housing assistance from HUD, leaving 529 new units that the agency attributes to single fund flexibility through MTW. These additional units primarily take the form of additional housing vouchers (275 units) and sponsor-based assistance (142 units) for people who are homeless or have severe disabilities.

  While KCHA has adopted a number of policy changes intended to reduce the voucher and public housing programs’ administrative costs, senior staff indicate that the largest reductions in per-unit costs have come through changes that lead to lower HAP costs in the housing voucher program. These include (a) adoption of a bifurcated payment standard that the agency believes leads to lower contract rents in the less expensive areas of the jurisdiction that more than offset higher contract rents in the more expensive areas and (b) changes in the agencies’ policies for determining the size of a housing voucher to be awarded to new voucher recipients, leading to voucher holders renting smaller housing units.

- In its FY 2014 MTW Plan, Oakland Housing Authority indicates that it expects to provide housing vouchers to up to 105 percent of its baseline number of units. It attributes its ability to do this to “administrative efficiencies achieved through various MTW activities.” The report does not identify specific activities that may be resulting in these savings.

- Goal 3 of the Tacoma Housing Authority’s MTW program is to “increase housing opportunities for low-income households residing in THA’s jurisdiction by serving more households and more households with special needs.” One of the chief ways in which Tacoma proposes to serve more households is by reducing the size of the subsidy provided to new voucher recipients. Under Tacoma’s Housing Opportunity Program – first implemented in FY 2013 – households that newly receive housing vouchers will receive a fixed subsidy, rather than one that varies by income. The subsidy represents 50 percent of the applicable payment standard. In its FY 2013 Moving to Work Plan, Tacoma asserts this new approach will provide stronger incentives for residents to increase their earnings (since increases in earnings will no longer trigger rent increases), increase administrative efficiency and "allow THA to increase housing choice by issuing more vouchers than it could previously."

- Faced with the prospect of having to reduce the number of households assisted due to funding shortfalls, Home Forward in Portland, OR, worked closely with advocates to develop policies that temporarily increased the amount of residents' contribution to rent. By reducing Home Forward's per-unit subsidy costs, this change allowed Home Forward to increase the number of households served above and beyond the level that would otherwise have been possible under HUD's standard procedures. Another, more lasting, change that Home Forward took to maximize the number of households served was to allow the agency's voucher reserves to dwindle. While this change left Home Forward more vulnerable to temporary funding shortfalls, it allowed the agency to serve more households than would have been possible if HUD funds had been used to replenish reserves rather than serving additional households.

- Nine MTW agencies have raised minimum rents over $100 a month. While these policies have a number of rationales – including increasing equity (on the assumption that many households that claim to have zero income really do have income that they are hiding) and promoting economic self-sufficiency – they can also lead to increases in the size of the average tenant contributions to rent, thereby lowering per-unit costs. When needed to address funding shortfalls, Home Forward has also adopted rent policies that require residents to contribute higher shares of income for rent, which can likewise lead to lower per-unit costs, though it's also possible they could cause higher-income households to leave subsidized housing and be replaced by lower-income households, offsetting projected increases in rent revenue from higher rent contribution levels. Policies in both areas are covered thoroughly in Chapter 4.

Increasing the Quality of Public Housing by Investing in Modernization and Revitalization Activities

Given the sizable backlog of capital needs in public housing – the most recent study placed the national backlog at $26 billion as of 2010[13] – it is not surprising that many MTW agencies have sought to use MTW funds to invest in the modernization of older public housing and the revitalization of distressed public housing developments in need of a more comprehensive overhaul. MTW agencies report a wide range of activities that fall within this category, including the dedication of more funds to public housing modernization activities than might have been possible under standard HUD policies, revitalization efforts somewhat similar to those conducted under HOPE VI (though without the benefit of large HOPE VI grants), and policy changes designed to streamline and reduce the costs of day-to-day modernization activities.

The following are examples of MTW activity in this broad area by the Housing Authority of the City of Pittsburgh, the Atlanta Housing Authority, and the King County Housing Authority.

The Housing Authority of the City of Pittsburgh (HACP) has made a major strategic decision to focus its MTW grant on "repositioning" its public housing stock. As described in HACP's FY 2012 MTW report:

[13] Finkel, Meryl et. al. 2010. Capital Needs in the Public Housing Program. Prepared for the US Department of Housing and Urban Development by Abt Associates, On-Site Insight and Steven Winter Associates.

"Since the initial HACP Moving To Work Annual Plan in 2001, a major component of HACP's Moving To Work strategy has been to reposition HACP's housing stock through a) preservation of successful developments and b) revitalization of distressed developments through strategic investments that re-link public housing properties to their surrounding neighborhoods and act as a driver of other public and private investments to revitalize entire neighborhoods."

As HACP acknowledges, "a by-product of these redevelopment efforts, which feature reduced densities, mixed income, and modern conveniences, is a reduced number of traditional public housing units. This is not inappropriate in Pittsburgh, which has seen city population decline substantially over the last 40 years." The report indicates that the number of public housing units has declined from 5,246 as of Jan. 1, 2001 to 4,005 as of Jan. 1, 2013.

HACP asserts that reductions in the number of public housing units have been "balanced by the addition of new affordable units supported by tax credits and new units rented at market rates. In Pittsburgh, many of the new market rate units are affordable to families of modest income." The FY 2012 report asserts that HACP is responsible for "at least 298 tax credit affordable units and 337 affordable market rate units, all of which are at or near full occupancy, for an additional 635 families served."

This investment in repositioning public housing also appears to have required the consumption of a sizable amount of housing choice voucher resources. HACP's FY 2012 MTW Report indicates that HACP was serving 5,142 households with housing choice vouchers as of the end of FY 2012, about 73 percent of the 7,080 authorized units of voucher assistance. Despite these reductions, through a combination of approaches HACP has been able to "continue serving substantially the same number of families as would have been served absent the demonstration." The basis for this assertion is not clear, though it may reflect the fact that HACP projected serving almost exactly the same number of households through its public housing and voucher programs as of Jan. 1, 2013 as were served on Jan. 1, 2001, though this number was about 2,000 less than they were serving as of Jan. 1, 2006.

The Atlanta Housing Authority (AHA) has also focused intensely on using MTW to reposition and revitalize its public housing developments. AHA sees these activities as continuing a process begun under HOPE VI of converting its family public housing properties into mixed income communities that include market-rate renters as well as moderate-income renters and extremely low-income renters. The blueprint that AHA has developed (which it calls the Atlanta model) uses a range of funding sources – including LIHTCs, MTW funds and other sources – and public/private partnerships to revitalize existing public housing developments.

Among other roles, MTW authority has allowed AHA to streamline its procedures to keep pace with its private sector partners for whom lengthy procedures would raise costs and complicate their ability to participate in these redevelopment activities. For example, instead of the large binder of documents required by most PHAs as a rental term sheet to move forward with a development project, AHA does a "Pre-Closing Memo," which allows the agency to present information in a streamlined fashion. Also, AHA has a grant manager who completes a streamlined review 30 days before closing, instead of an investment committee that involves a three to six month review process. AHA has also streamlined the "demo/dispo" procedures needed when changing the status of a public housing development.

King County Housing Authority (KCHA) has used its MTW authority in multiple ways to improve the quality of its public housing. KCHA has used single fund flexibility to transfer funds from its voucher program, which is experiencing lower than projected per-unit costs, to its public housing program to offset the effects of HUD's proration of public housing funding. Single-fund flexibility has allowed KCHA to be more creative on the development side, leading to increased production of affordable housing. For example, at one property, KCHA took the 10-year replacement factor funding from the demolition of public housing as part of HOPE VI and paired it with capital and operating funding and used the combined funds as security for a bond issue. KCHA staff say that it is possible they could have gotten HUD approval for this activity through the traditional regulatory process, but it would have been very difficult. This innovative financing allowed them to essentially do a HOPE VI-style redevelopment without a HOPE VI grant.

KCHA has also used MTW authority to modernize individual interior units of public housing when tenants vacate, rather than taking the entire development offline to do modernization, as is standard practice at non-MTW agencies. This eliminates the need to relocate residents. KCHA is also able to use in-house crews, rather than outside contractors, generating further savings. In total, KCHA staff indicate these changes allow them to modernize units for around $22,000 per unit rather than around $60,000 under standard procedures.[14]

In addition to investing MTW funds in public housing modernization, KCHA has converted public housing units to project-based vouchers, improving the ability to access debt that can be used (either alone or in connection with an infusion of LIHTC or other equity) to meet longstanding needs for capital repairs and put the developments on a sound financial footing.

The Atlanta Housing Authority has announced plans to make a similar conversion of the public housing units at Centennial Place through what it is calling its Reformulation Demonstration Program.[15] With the introduction of the Rental Assistance Demonstration, a program option outside of MTW that authorizes conversions of a limited number of public housing units to project-based vouchers, it is possible that HUD may be less willing to approve these types of conversions through MTW.

Preserving Subsidized Rental Housing that is At-Risk

In addition to using MTW flexibility to improve the quality of existing public housing, a number of MTW agencies have focused on using their MTW authority to preserve the affordability of privately-owned subsidized properties that are at risk of being lost due to decisions by owners to pre-pay their subsidized mortgages or to elect not to renew their contracts. While Congress has enacted a number of incentives for owners to continue to participate in these rental subsidy programs, many owners have nevertheless chosen to convert their subsidized properties to market-rate properties. While residents in these properties receive "enhanced vouchers" that provide them with protection, the subsidized units are gradually lost from the affordable housing stock as existing residents move out and take their vouchers with them.

[14] For more details on this policy and how it contrasts with standard HUD policies, see the King County case study.
[15] See Atlanta's FY 2013 MTW Report, p. 14.

Several MTW agencies have chosen to use their flexibility under MTW to address this challenge and preserve the affordability of existing subsidized properties. In Massachusetts, two MTW agencies – the Cambridge Housing Authority and the Massachusetts Department of Housing and Community Development (DHCD) – have developed programs that give residents that receive enhanced vouchers the opportunity to convert these vouchers to project-based vouchers. Among other flexibilities, MTW authority allows these agencies to issue project-based vouchers without regard to the 20 percent cap on the share of the agency's vouchers that may be project-based or the 25 percent cap on the share of a family development's units that may receive project-based vouchers (as described in the following section on project-based vouchers).

For many (but not all) residents, the project-based vouchers will lead to lower rents. At the same time, the project-based vouchers will secure the affordability of specific rental units for up to 15 years, while giving owners the ability to borrow against the project-based voucher contracts, securing much needed funding for modernizing the units and stabilizing the developments' finances. Units whose long-term affordability is assured through a project-based voucher may also be more easily included within a Low Income Housing Tax Credit transaction, leveraging tax credit equity to further assist in improving the property. According to an analysis of the two MTW preservation programs by Laurie Gould of Viva Consulting, DHCD has preserved 464 units through this program, while Cambridge has preserved 603 units.[16] On average, 77 percent of the units in the seven properties preserved by DHCD and 84 percent of the units in the six properties preserved by Cambridge have accepted the project-based vouchers as exchange for the enhanced vouchers.

This approach complicates efforts to preserve entire developments, as the decision about whether to convert the enhanced vouchers to project-based vouchers needs to be made on a resident-by-resident basis. Other complications include slight variations between the programs offered by DHCD and Cambridge and the presence of an alternative option for converting units through the Rental Assistance Demonstration program.

- The Philadelphia Housing Authority (PHA) is another MTW agency that has prioritized preservation activity as part of its "6 in 5 initiative," announced in October 2012. According to PHA's FY 2014 MTW Plan, "The goal is to create or preserve 6,000 units of affordable housing over a five-year period, subject to funding availability and successful negotiation with partner agencies and/or developers. Units will be primarily developed or acquired in a three-pronged approach including: 1) PHA acting as developer; 2) Preservation of units that are nearing the end of the LIHTC compliance period (in partnership with the Pennsylvania Housing Finance Agency); and 3) Open solicitation of development proposals." The plan does not indicate precisely how PHA will preserve properties nearing the end of their LIHTC compliance period.

[16] For more information on these programs, see Gould, Laurie. 2014. *MTW Agencies' Expiring Use Preservation Programs: An Innovative Effort to Preserve Affordable Housing in Massachusetts*. Boston, MA: Community Economic Development Assistance Corporation (CEDAC).

- The Lawrence-Douglas County Housing Authority borrowed $1.1 million from its reserves to help preserve an expiring project-based Section 8 development; the agency expects to be repaid over time from rental income earned by the redeveloped property.

Using Project-Based Vouchers to Expand the Supply of Dedicated, Quality Affordable Rental Housing

Fourteen MTW agencies have modified the rules related to the project-basing of Housing Choice Vouchers in order to advance a range of objectives related to increasing the quality and quantity of affordable housing. In this section, we first discuss the principal modifications that MTW agencies have made to the project-based voucher rules and then briefly summarize the different ways in which project-based vouchers contribute to the goal of increasing the quality and quantity of affordable housing. We conclude this section with a discussion of how some MTW agencies have used project-basing to expand the supply of affordable rental housing available to serve extremely low-income households.

All housing authorities have the ability to attach housing vouchers to specific units, known as "project-basing." However, there are certain limits that apply to project-basing for agencies that have not obtained a waiver via MTW. For example, absent a MTW waiver, PHAs are not allowed to project-base more than 20 percent of their housing voucher funds and cannot place project-based vouchers in more than 25 percent of the units of a property unless the units are intended solely for the elderly or persons with disabilities or other households receiving supportive services. There are also procedural rules that require agencies to make project-basing opportunities broadly available to all interested parties – rather than acting opportunistically to place project-based in particular developments – and to follow certain procedures before project-basing vouchers in properties that they own.

Fourteen MTW agencies have sought and received waivers allowing them to streamline the project-basing process and expand their ability to use project-based vouchers to advance PHA goals. These waivers include, among others:

- Eliminating the 20 percent cap on the share of the agency's vouchers that can be project based.
- Eliminating the 25 percent cap on the share of units in a development that can have project-based vouchers.
- Streamlining the process for assigning project-based vouchers to specific units – for example, eliminating the requirements for projects to be selected via a competitive process.
- Streamlining the process for project-basing units in properties owned by the housing authorities.
- Eliminating or modifying the requirement that households living in a unit subsidized through a project-based voucher be given an opportunity to receive tenant-based rental assistance ("exit voucher") if, after one year, they wish to move.

Exhibit 3-1 catalogs the principal changes that MTW agencies have made to their project-based voucher program through MTW waivers.

Exhibit 3-1: MTW PHA Changes to Project-based Voucher Rules

PHA Name	Eliminates 20% cap	Eliminates 25% cap	Assigning PBV Units	PBV in PHA-Owned Units	Exit Vouchers
Alaska Housing Finance Corporation		Waives 25% cap at PHA-owned properties		Allows project-basing of vouchers at PHA-owned properties	Waives requirement for exit voucher
Housing Authority of Baltimore City	Allows up to 30% of voucher funding to be project-based	Waives 25% cap	Establishes a rolling selection process based on threshold criteria established by PHA[a]		
Housing Authority of Champaign County		Waives 25% cap on new construction	Establishes a competitive process for project-basing vouchers at properties not PHA-owned		
District of Columbia Housing Authority	Waives 20% cap	Allows 100% of units in a building to have project-based vouchers			
Keene Housing	Waives 20% cap (currently project-bases up to 60% of voucher funding)	Allows 100% of units in a property to have project-based vouchers		Waives public process for project-basing units in PHA-owned or managed properties	
King County Housing Authority	Waives 20% cap	Waives 25% cap for redevelopment of public housing and other sites		Allocates project-based vouchers to PHA-controlled units and transitional housing via non-competitive process	Priority access to public housing instead of exit voucher (time-limited exit voucher for some projects)
MA Department of Housing and Community Development		Waives 25% cap			Except in specified circumstances, requires two-year tenancy to receive exit voucher
Minneapolis Public Housing Authority		Waives 25% cap for specified developments		Allows conversion of public housing units to project-based vouchers	
Oakland Housing Authority	Waives 20% cap	Waives 25% cap	Allows for allocation of vouchers to other developments using existing competitive process	Allocates vouchers without competitive process to developments owned by OHA or via partnership with OHA	Require a two-year tenancy to receive exit voucher[b]

[a] Proposed in 2014 MTW Annual Plan
[b] Implementation on hold as of 2014 MTW Annual Plan.

PHA Name	Eliminates 20% cap	Eliminates 25% cap	Assigning PBV Units	PBV in PHA-Owned Units	Exit Vouchers
Home Forward (Portland, OR)	Waives 20% cap	Waives 25% cap	Modifies owner proposal selection procedures to increase permanent supportive housing;	Waives competitive process in certain circumstances for PHA-owned or managed units	Eliminates preference on tenant-based waiting list for project-based voucher residents
Housing Authority of the County of San Mateo	Allows up to 30% of voucher funding to be project-based	Project-bases up to 100% of units in multifamily projects	Allocates PBV to former PH units without competitive process[c]		May require families to stay more than 12 months before they move
Housing Authorities of the County of Santa Clara/City of San Jose		Project-bases up to 100% of units in family projects		Allocates project-based vouchers to PHA or affiliate-owned properties without competition	Tenants must complete two-years of residency before eligible for exit voucher
Seattle Housing Authority	Waives 20% cap				
Housing Authority of the County of Tulare		Waives 25% cap		Allows project-basing of vouchers in PHA-owned properties without a competitive process	
Total MTW Agencies	**8**	**13**	**5**	**8**	**7**

[c] Expansion to other units owned by HACSM or affiliates proposed in 2014 MTW Annual Plan

A number of the waivers that MTW agencies obtained related to their project-based voucher programs were subsequently made available to all agencies through changes authorized by the Housing and Economic Recovery Act of 2008 (HERA) and codified in HUD regulations on June 25, 2014. One change included in the new regulations allows PHAs to enter into initial contract terms of up to 15 years (rather than 10-year initial terms). The new regulations also allow PHAs to allocate project-based vouchers on the basis of a competitive process established by another federal, state, or local entity—such as the city or the state housing finance agency in awarding LIHTCs— without any further competition.

What do MTW agencies do with this expanded authority? Since every voucher that is project based leads to an increase in the number of dedicated affordable housing units and a corresponding decrease in the number of tenant-based vouchers able to be used by households to find affordable housing on the private market, project-basing does not strictly speaking increase the number of assisted households. It does, however, provide opportunities to use housing vouchers strategically to advance certain goals, such as access to low-poverty areas of opportunity or areas within walking distance of a public transit station or the linkage of housing with intensive services for people in need of supportive housing.

We have identified at least five separate goals that MTW agencies have pursued in their use of project-based vouchers. Exhibit 3-2 is a list of these five goals along with a description of where to find information within this report.

Exhibit 3-2: Goals for the Use of Project-Based Vouchers by Moving to Work Agencies

Goal	Where discussed in this report
1. Preserving existing subsidized housing units	See examples of two Massachusetts preservation programs on p. 38, *Preserving subsidized rental housing that is at-risk*.
2. Facilitating the process of revitalizing public housing	See *Increasing the quality of public housing by investing in modernization and revitalization activities*, p. 36.
3. Expanding the supply of dedicated, quality affordable rental housing units (which may or may not overlap with the next category)	In this section, p. 40.
4. Creating supportive housing developments for people with severe disabilities or other targeted populations	See Chapter 5, *Innovations That Promote Residential Stability for Targeted Households*, p. 63.
5. Expanding housing choice by creating or preserving affordable rental units in high-opportunity areas	See Chapter 6, *Innovations that Expand the Geographic Scope of Assisted Housing*, p. 78.

Home Forward (Portland, OR) is an example of MTW efforts to use project-based vouchers to expand the supply of dedicated affordable rental units. Home Forward is an active developer of affordable housing using LIHTCs and other subsidies and believes that its ability to flexibly assign project-based vouchers has helped it compete successfully for allocations of LIHTCs. To increase the ability of other developers to likewise bring LIHTCs to Portland, Home Forward has made project-based vouchers available to other developers through a competitive process conducted in collaboration with the City of

Portland and Multnomah County – a change that required MTW approval at one time (though the project-based vouchers regulations have recently been changed in ways that may now allow this activity without a waiver).

The Housing Authority of Champaign County (HACC) sees project-based vouchers as a way to improve the quality of housing occupied by its residents. Agency staff notes that housing choice vouchers have historically been used mainly to rent older housing units that do not provide the quality that HACC expects, even though the units meet HUD's HQS standards. HACC project-bases vouchers exclusively in newly constructed buildings to improve the quality of housing provided through its subsidies.

Using MTW Single-Fund Flexibility to Invest in Other Forms of Affordable Housing

Many MTW agencies have used their single-fund flexibility to invest in other forms of affordable housing, such as transitional housing, rapid rehousing, and permanent supportive housing. Housing authorities have engaged in these activities predominantly to help special populations, such as people who are homeless or have a mental illness. We address MTW activities to serve special populations at length in Chapter 5.

As noted above, at least 6 MTW agencies have used their MTW funds flexibly to achieve development objectives related to preserving existing subsidized housing that is at risk or redeveloping existing public housing. At least eleven PHAs have also applied similar strategies to develop new affordable rental housing. For example, the Cambridge Housing Authority reports investing $18 million in MTW funds to acquire 299 units and to develop 100 new units that it maintains as affordable rental housing.

Serving More Households over Time by Adopting Self-Sufficiency or Time Limit Policies

Another way that MTW agencies seek to serve additional households is through the adoption of innovative policies to promote self-sufficiency and encourage or require residents to move up and out of subsidized housing within a defined time period. To the extent these activities lead to shorter stays in subsidized housing, they could free up public housing units or housing vouchers to serve additional households. Similarly, to the extent these activities contribute to higher earnings by residents, they could reduce the amount of subsidy needed to serve each household, enabling agencies to serve more households (assuming they have funding agreements that enable them to retain the savings from lower per-unit costs). We cover these activities at length in Chapter 4.

Chapter 4. Innovations that Increase Self-Sufficiency

The very name of the Moving to Work demonstration suggests that increasing self-sufficiency through employment is a major reason for permitting PHAs to operate outside of the regular rules of housing assistance programs. The rules under which voucher users and public housing residents pay rent are widely thought to discourage work, by imposing a 30 percent “tax” on earnings. This tax is usually combined with a similar feature of the SNAP (food stamps) benefit formula, and sometimes with the TANF subsidy formula, to produce a combined effective tax rate on increased earnings substantially higher than 30 percent. Workers also have payroll taxes taken directly from their paychecks. Altogether, the amount of every dollar earned that the household gets to keep can be small. This has been a concern ever since the enactment in the early 1970s of Brooke Rents—public housing rents or the total tenant payment (TTP) of the voucher program based on a percentage of income. In addition to the “tax” on earnings, people may choose to work less and concentrate instead on other activities such as parenting because the housing subsidy covers some of their needs.

For the purposes of this report, we define achieving “self-sufficiency” as increased earnings of work-able assisted households. While MTW agencies may also try to increase the independence of households headed by elderly or disabled persons by connecting them to services or to income supports for which they qualify, we do not include such efforts in this chapter.

There has been much anecdotal evidence from PHA staff about people quitting work when they realize how little net gain in income they achieve, from the early years of the housing voucher program to the interviews conducted for this study in which MTW agencies explained their reasons for changing the rent system. Recent years have seen rigorous studies measure the impact of housing vouchers on work effort. The Family Voucher Study found that, for welfare and welfare-eligible families, having a voucher that was not linked with job-supporting services resulted in fewer hours worked in the first year of voucher use, but had no effect on hours worked or earnings in the next several years of follow-up. Even during the first year, the reduction was small, 3 to 8 percent, and may have been related to diverting time from searching for a job to going through the process of using the voucher.[20] A study of a broader group of “work-able” assisted households in Chicago found a more persistent reduction in work effort, but still very small, about 6 percent.[21] While these studies did not support the hypothesis that housing assistance receipt would have a large negative effect on work, they also did not support a contrary hypothesis that the stability created by a housing subsidy would provide a platform for *increased* work.

The theory of change underlying innovations undertaken by MTW PHAs to promote work is that changing the rules of housing assistance to remove negative incentives--and sometimes explicitly requiring work or work-related effort--will lead to greater self-sufficiency among assisted households. Many of the work-supporting MTW innovations combine changes to the rent formula or other program rules with case management and services to overcome barriers to work.

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[20] Michelle Wood, Jennifer Turnham, and Gregory Mills, “Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation,” *Housing Policy Debate* 19:2 (2008).

[21] Brian A. Jacob and Jens Ludwig, “The Effects of Voucher Assistance on Labor Supply: Evidence from a Voucher Lottery, *American Economic Review*, 102:1 (2012).

Some support for this theory of change comes from Jobs-Plus, a demonstration conducted at six PHAs that were given MTW status for that purpose and implemented in particular public housing developments that house large numbers of families with working-age adults.[22] The evaluation of Jobs Plus showed that offering households an optional alternative rent formula combined with intensive work-supporting services had a measurable and lasting impact on increasing household earnings for residents of those developments.[23] However, because of the ability of households to choose whether to have the alternative rent apply to them, the rent changes may not have been cost neutral. Perhaps for that reason, the Jobs Plus approach has not spread to other MTW PHAs.

Fairness is another important reason for implementing innovations that encourage and support work for those assisted households deemed "work-able" because they include adults who are neither elderly nor disabled. A widespread belief among the US public is that people should make an effort to be as self-sufficient as they can when the public is providing a large benefit.[24] MTW agencies interviewed for this study often pointed to their long waiting lists as a reason for encouraging work by people fortunate enough to receive housing assistance so that households can transition off subsidy (or reduce the amount of subsidy they require) and allow others on the waiting list to receive assistance.

The Moving to Work demonstration was created in the mid-1990s, after the welfare reform that created Temporary Assistance to Needy Families (TANF), with its emphasis on "temporary." An alternative point of view is that housing assistance is part of the social safety net that responds to the broad income distribution, with minimum wages kept low, that has fueled the US economy. Since low wage workers cannot afford housing, housing assistance should not be temporary. However, the failure of housing assistance to grow large enough to become a true foundation of the social safety net has sharpened the fairness argument. When households that receive housing assistance have "won a lottery" and are no needier than households that remain on waiting lists, many MTW agencies have decided that the rules of the game should change.

The same impetus to help assisted housing families become more self-sufficient had already led to the development of HUD's Family Self-Sufficiency (FSS) program through a series of demonstrations during the 1980s that culminated in enactment of the FSS program in 1990. FSS is a combination of case management, links to services, and a positive incentive to increase earnings through an escrow based on earnings gains. FSS was originally a mandate for PHAs that received new allocations of rental assistance, with a minimum program size based on those allocations. Later legislation left it up to the PHAs whether to implement FSS so long as they worked off any accumulated mandate, but the program model—for example, the escrow formula and the rules for admission to the program--still is largely

[22] HUD's MTW demonstration authority was used to permit the Jobs-Plus PHAs to offer incentives to work outside the statutory and regulatory framework of the public housing program. Most of these PHAs did not become part of the broader MTW demonstration.

[23] Howard S. Bloom, James A. Riccio, and Nandita Verma, *Promoting Work in Public Housing: The Effectiveness of Jobs-Plus Final Report*, MDRC (2005); James A. Riccio, *Sustained Earnings Gains for Residents in a Public Housing Jobs Program: Seven-Year Findings From the Jobs-Plus Demonstration*, MDRC (2010).

[24] For example, a recent Rasmussen poll found that 83 percent of American adults favor a work requirement as a condition of receiving welfare aid.
http://www.rasmussenreports.com/public_content/business/jobs_employment/july_2012/83_favor_work_requirement_for_welfare_recipients

dictated by federal regulations. The staff costs associated with FSS have never been funded in a way that permits PHAs to make the program available to all families who need it or who have a “work-able” adult. Furthermore, some PHAs have been concerned that the standard formula for the FSS escrow provides large rewards for those who go from no work to substantial work and less benefit for those already working whose income may not grow as much.

This chapter begins by discussing three types of innovations for incentivizing work: rent reforms, services supporting work, and changes to FSS escrow policies. The chapter then examines the factors that shaped PHAs’ program and policy choices for incentivizing work and the administrative challenges to changing the rules of housing assistance.

Rent Reform and Incentivizing Work

Despite the demonstration’s origins and title, the early years of MTW saw little emphasis on requiring and incentivizing work. Notable exceptions—early rent reforms implemented by the Tulare, Keene, and Delaware State housing authorities—were not in major cities with strong advocacy communities. Other MTW PHAs have come to “rent reform” gradually and cautiously, often after years of development and consensus-building. More recently, the pace has picked up, with many MTW authorities implementing changes to the rent formula or other program rules with the objective of encouraging work and self-sufficiency. Exhibit 4-1 summarizes key features of those changes at 20 MTW PHAs.

Exhibit 4-1: Rent Reform and Self-Sufficiency Requirements at MTW PHAs

	High Minimum Rent	Flat Subsidy	Time Limit	Work Requirement	Mandatory Services
Atlanta Housing Authority	$125			30 hours/week	Case management and referral services for those not meeting work requirement
Cambridge Housing Authority		Within income bands			
Housing Authority of Champaign County		Within income bands		20 hours/week	Enrollment in FSS program mandatory for those not working 20 hours/week for a minimum of 12 months
Charlotte Housing Authority		Within income bands			
Chicago Housing Authority				20 hours/ week (public housing)	
Delaware State Housing Authority	$120		7 years for MTW participants; elderly/ disabled households are exempt	20 hours/week	Case management on barriers to self-sufficiency and employability in first 5 years, on job placement and retention in final 2 years
Keene Housing	By year 5, family pays 55% of FMR		Formerly 5 years	Not explicit, but encouraged by services mandate	Enrollment in Resident Self-Reliance Program mandatory for households in Stepped Subsidy Program
King County Housing Authority		Within income bands			Case management services required for participants in Resident Opportunity Plan pilot program
Lawrence-Douglas County Housing Authority	30-40% of FMR			15 hours/week for 1 adult or 35 hours for two adult-household with children	

	High Minimum Rent	Flat Subsidy	Time Limit	Work Requirement	Mandatory Services
Lincoln Housing Authority	$212 for single earner, $339 for two			High minimum based on hours assumed working	
Louisville Metro Housing Authority			5 years in specified scattered site public housing units; elderly/disabled households are exempt	20 hours/week at scattered sites	
Housing Authority of the City of New Haven			6 years in specified redeveloped public housing properties	Not explicit, but encouraged by services mandate	Public housing residents with a time limit required to participate in extensive case management
Housing Authority of the City of Pittsburgh	$150				For work-able heads of household working less than 15 hours/week: enrollment in self-sufficiency program as an alternative to minimum rent
Home Forward (Portland, OR)	$100 for two years, then $200			Partial admissions preference for working 30 hours per week	At three public housing developments
San Antonio Housing Authority					Newly admitted families complete curriculum on topics including financial literacy, fair housing, safety, and upkeep
Housing Authority of the County of San Bernardino	$125	50% of payment standard	5 years for new HCV households; elderly/disabled households are exempt	Piloting for port-in vouchers and at a public housing development	For the Five-Year Assistance Program, development of service plans and consultation with a workforce development specialist
San Diego Housing Commission	Starts at $200 and phases up	Within income bands for households above minimum rent			

Housing Authority of the County of San Mateo (HACSM)		Within income bands	5 years for new HCV households participating in Self-Sufficiency program; elderly/disabled are exempt		In collaboration with county and non-profit service providers
Tacoma Housing Authority		50% of payment standard	5 years for work-able households; elderly and disabled households are exempt		
Housing Authority of Tulare County		Flat public housing rent and voucher subsidy at amounts determined by PHA	5 years; elderly/disabled households are exempt		
Total MTW Agencies	**9**	**9**	**8**	**11**	**11**

Work Requirements

Most MTW PHAs have been reluctant to dispense entirely with the protections afforded by Brooke rents and instead charge flat rents or rents that increase over time even if income does not. They have been more willing to simply require work or work-related effort as a condition of receiving assistance, sometimes in combination with a minimum rent that would be difficult for those not working to pay as a further signal that efforts toward self-sufficiency are expected. As shown in Exhibit 4-1, examples are:

- The Atlanta Housing Authority, with a work requirement of 30 hours per week and a minimum rent of $125.
- The Housing Authority of Champaign County, which requires participation in FSS for those not working at least 20 hours a week for a minimum of 12 months.
- The Chicago Housing Authority, where the work requirement only applies to families living in public housing and does not include a high minimum rent.
- The Lawrence-Douglas County Housing Authority, which sets the minimum rent between 30 and 40 percent of fair market rent (FMR). Total tenant payment is capped at 85 percent of FMR to further incentivize work. If working full time, 10 percent of earned income is deducted from the rent calculation and the household receives a $2,000 standard medical deduction. Dependent care costs incurred to allow work or school attendance also are deducted.
- The Lincoln Housing Authority, which does not monitor work effort directly, but sets the minimum rent at a level based on an assumed number of hours worked at minimum wage: currently $212 for a household with one person expected to be able to work, $339 for two such people.
- The Pittsburgh Housing Authority, with a minimum rent at $150.
- Home Forward, which gives working families a faster route to admission to the HCV program and priority access to some public housing developments, combined with a minimum rent for "work-able" families that reaches $200 after two years.
- The San Antonio Housing Authority, which does not require work, but does make participation in the Family Self-Sufficiency program or an equivalent a requirement for new recipients of housing assistance.
- The Housing Authority of the County of San Bernardino (HACSB), in which families porting into the county must be employed in the county at least 15 hours a week. The agency is also piloting phased-in work requirements at a public housing development. (HACSB has also recently introduced a flat subsidy for new voucher holders, discussed below.)
- The San Diego Housing Commission does not have an explicit work requirement, but sets a minimum rent that starts at $200 and phases up based on an assumed 20 hours of work a week at California's minimum wage.

Most PHAs with work requirements permit participation in education or training to substitute for work, with varying definitions and minimum levels.

Time Limits

Explicit time limits are another approach to rent reform implemented by a few MTW PHAs:

- The Delaware State Housing Authority has a seven-year time limit for all MTW participants, with the final two years of the program focused on job placement and retention and readiness to move out of subsidized housing. DSHA created a Hardship Panel in August 2012 for households seeking an extension of assistance beyond year seven due to extenuating circumstances (e.g., medical issues, job availability, under-employment, or histories of participation in MTW and other DSHA programs). The time limit is coupled with a high minimum rent, a work requirement, and mandatory participation in case management. All residents are required to participate in case management, and residents considered underemployed have to meet with their counselors weekly. A "three-strike" policy for non-compliance with case management and other requirements such as getting children to school has resulted in termination of assistance for about 20 residents.

- Keene Housing's stepped subsidy program for all work-able families and interested elderly/disabled families begins at 20 percent of gross income. The subsidy then drops to 65 percent of the payment standard in year three and 45 percent of the payment standard in years four and beyond. As an additional encouragement to self-reliance, including renting a unit that will be affordable in the long term, the subsidy is paid to the assisted household rather than the owner. Keene has dropped its explicit time limit, which formerly was five years.

- The Housing Authority of the City of New Haven is trying out a six-year time limit among new non-elderly, non-disabled residents in two of the housing authority's redeveloped public housing projects (returning residents are exempt but may participate voluntarily). The logic seems to be that access to high quality and expensive-to-develop housing is a privilege. (A similar logic in redeveloped Atlanta and Chicago public housing preceded the broader application of work requirements by those PHAs.) Participants who are unable to achieve self-sufficiency within six years will be able to continue to receive assistance as long as they show sustained progress toward their goals.

- The Housing Authority of the County of San Mateo has recently introduced a five-year time limit for up to 800 new HCV households combined with mandatory participation in FSS and flat rents within income bands. At the conclusion of the five-year period, a 12-month extension may be available if the household is actively engaging in education or vocational activities as specified in its service plan.

- The Housing Authority of Tulare County has had a five-year time limit for non-elderly, non-disabled households for many years and also sets public housing rents and voucher subsidies at flat amounts based on the size unit for which the family qualifies or the actual size of the unit rented, whichever is lower. The current schedule of voucher subsidies provides $370 for a two-bedroom unit.

Two West Coast MTW PHAs have recently implemented major changes to the structure of the housing assistance subsidy, similar to those pioneered by Tulare but in urban environments and applying to many more households. Coupled with a five-year time limit, San Bernardino and Tacoma are providing new voucher holders with a flat subsidy calculated at 50 percent of the payment standard for the applicable bedroom size.[25] In San Bernardino, the payment standard—and, therefore the flat subsidy—varies in different areas of San Bernardino County.

Other Changes to the Rules of Housing Subsidies

Several PHAs have tried approaches that retain the protective structure of Brooke rents and indefinite terms of assistance but provide a delay in taxing additional earnings or short-term rental subsidies. For example, the Minneapolis Public Housing Authority has retained the traditional Brooke Rent structure, but with more generous deductions to support employment: 15 percent of earnings for families with minor children and a deduction of all earnings of some adult full-time students.

Delay in Taxing Additional Earnings

Eighteen PHAs have extended the recertification cycle so that families may keep additional earnings for a longer period of time, and six charge the same rent for all assisted households within an income band, based on 30 percent of income at some point within the band. The household does not pay more rent until it earns enough to cross the boundary between bands. These changes to the rent system are motivated by administrative cost savings as much as they are by work incentives, and we consider those policies primarily as "rent simplification" unless they are implemented along with other changes to the rent rules and describe them in more detail in Chapter 2, *Innovations that Increase Cost Effectiveness*. As work incentives, delayed rent increases are based on the logic that people will get used to working and not scale back their hours or quit when the tax on additional income kicks in.

Short-Term Rental Subsidies

In recent years, many communities have implemented short-term rental subsidies to help people experiencing homelessness or with immediate needs for housing (e.g., offenders re-entering society). Those subsidies take a variety of forms and often go under the rubric of "rapid re-housing." MTW PHAs have begun to participate in these community-based systems, using both their MTW funding flexibility and their ability to provide housing subsidies outside of the rules that apply to the public housing and Housing Choice Voucher programs. Small in size, these programs do not change the rules of the housing authorities' basic housing assistance programs. They are discussed further in Chapter 5, *Innovations that Promote Residential Stability for Targeted Households*.

Services Supporting Work

Many of the MTW PHAs that have implemented work requirements or time limits have made substantial commitments to providing services to households affected by a new rent structure or by work requirements. MTW funding flexibility has helped some agencies pay for those services. Participation in those services is often mandated for families affected by the work-incentivizing policy changes.

- The Lawrence-Douglas County Housing Authority (LDCHA) provides case management services and financial help to overcome lack of skills and barriers to work. The case management services are paid for through the FSS program and focus on assisted households below 40 percent of area

[25] Tulare considered setting the flat subsidy at 50 percent of the local FMR, but then decided to set it at the average HAP payment under the old system. The flat rent is based on the amount needed to operate the agency's public housing developments. (Tulare does not receive an Operating Fund allocation from HUD.) Abt Associates, *Research Plan for a Study of Rents and Rent Flexibility: Final Case Studies*, September 2009. As of 2014, the Housing Authority of the County of Tulare's website show that the flat subsidy ranges from $280 for a zero-bedroom unit to $680 for a five-bedroom unit.

median income (AMI) to identify and rectify barriers to employment, help people in crisis, and refer people to community services. LDCHA sets a maximum rent of 85 percent of FMR to enable families to join the agency's homeownership program before paying market rent. Once a household has income above 50 percent of AMI, it is offered an opportunity to join HO and receive credit counseling services and $3,000 in matched savings (not escrow) if the person is leaving the program to buy a home. Households that choose the homeownership program can receive five additional years of rental housing assistance even if their income goes above 80 percent of AMI.

- For the Five-Year Lease Assistance Program at the Housing Authority of the County of San Bernardino, participants must start receiving services before they lease up. Each adult meets with a life coach from the Community Development Initiatives (CDI) Department to develop an Individual Training and Services Plan. Voucher participants only have biennial recertifications, but meet with a CDI life coach at least annually to connect to resources and track progress on their plan. Five-Year Lease Program and pilot work requirement participants also receive job counseling services from a County Workforce Development Specialist, who is paid for by MTW funds.
- The San Diego Housing Commission has established an Achievement Academy, funded from the MTW block grant, and considers it an essential part of the rent reform. Housing specialists refer their clients to case workers who make referrals to group and one-on-one employment training and coaching, financial counseling, benefits screening, and tax preparation. The housing authority developed a 9,600 square foot physical space on the ground floor of the housing authority's offices to house the Academy, which had an annual budget in 2014 of $1.6 million.
- Coupled with its time-limited flat voucher subsidy, the Tacoma Housing Authority (THA) instituted an enhanced supportive services program using MTW funding flexibility. The goal of the enhanced supportive services program is getting work-able people ready for steady employment within five years. A voluntary program, residents can meet one-on-one with case managers and link to community services provided by partners. THA monitors earned income and if income does not increase, case managers are more proactive in engaging residents in educational or employment activities. Residents are enrolled in FSS when they enroll in the enhanced supportive services program. As of 2014, 200 families are enrolled in the joint program.
- The Chicago Housing Authority (CHA) has committed to funding Family Works Services programs at general occupancy public housing developments as part of its implementation of a work requirement. The Family Works Services are contracted-out services, delivered by providers who win a competitive bidding process and delivered on-site at the developments. Services include job training, employment services, transitional jobs (low-skilled jobs for people without work histories), financial help, counseling, and help with SSI applications. Residents who are unemployed and subject to the work requirement have priority for these services. The Director of Supportive Services estimates that 80 percent of all family public housing households access Family Works Services at some point each year. CHA also has an intergovernmental agreement with the City Community College system to allow its residents to take classes at extremely low prices. The Resident Services budget, based in part on MTW funding flexibility, provides a subsidy for enrollment. For the adults subject to the work requirement, taking classes at a community college is a relatively inexpensive way to enroll in education to meet the work requirement.

- The Delaware State Housing Authority (DSHA) provides case management to all residents, paid for in part through MTW single-fund flexibility. Case managers work with residents to enact a clearly defined action plan that addresses obstacles to self-sufficiency such as employment, education, transportation, and child care and then link residents to resources in the community. DSHA has relationships with the local technical community college and other programs that provide employment training and education. Residents can also access a $500 scholarship from the agency to help offset the costs of equipment, books, and other materials associated with going back to college.
- Keene Housing's case management is mandatory. Work-able adults are required to participate in a Rental Self-Reliance program as long as they are receiving a subsidy, and to meet with a case manager four times a year. The case managers are paid for from the housing authority's FSS budget.
- The time-limited Caring about Resident Economic Self-Sufficiency (CARES) program at two New Haven redeveloped properties uses MTW flexible spending to fund the social service components of the program, which include two years of intensive case management. Residents also receive a lump sum deposited in an escrow account to which they have access at program completion or in year three for hardships or employment supports (vehicles, start-up funds for a small business, computer purchase, enrollment in higher education).
- The Housing Authority of the City of Pittsburgh (HACP) has used MTW funding flexibility to hire additional staff for the FSS program. FSS participation is an alternative to the $125 minimum rent. MTW funds have also been used for companion programs such as the Resident Employment Program and other supportive services. Staff reported that the additional funding for FSS program enables the program to respond to the specific and individual needs of participants such as mental health and substance abuse issues, job training, and employment placement.
- The Housing Authority of the County of San Mateo mandates participation in a somewhat altered version of FSS for all families subject to the five-year time limit. The case management and links to community services include financial training, GED, vocational education and training, credit counseling, transportation, childcare, ESL, and helping family members obtain US citizenship. Case management that goes beyond what can be funded through FSS service coordinator funds is provided and funded by community partners.
- The San Antonio Housing Authority (SAHA) has a 4 to 5-hour Early Engagement Program that all new tenants are required to attend before they can receive a voucher or select their public housing community. The program is intended to empower tenants to manage their own households, and covers topics including financial literacy and budgeting, tenants' rights, housekeeping, and safety and security. After completion of the program, tenants are enrolled in SAHA's FSS or Jobs-Plus program.

Modifications to the Family Self-Sufficiency Program's Escrow Policies

As part of their efforts to encourage and support self-sufficiency, several MTW PHAs have created modifications to the Family Self-Sufficiency program. These policies build on the framework that FSS offers–a combination of stable affordable housing, financial incentives to increase earnings, and services to help individuals overcome barriers to increased work–but include financial incentives that differ from the standard FSS program.

In the traditional FSS program, 100 percent of the increased rent that a participant pays because of increased earnings following enrollment in FSS is placed into an escrow account that the participant can access if she meets her goals. Goals include becoming employed and independent of TANF cash assistance. Some of the MTW variations are motivated, at least in part, by a desire to adopt escrow policies that are more likely to be cost-neutral, thus allowing them to be scaled up to help additional households.[26] This was at least part of the motivation for FSS escrow changes by the Cambridge Housing Authority and Home Forward in Portland, OR. In Cambridge, participating households get an escrow account equal to half of the traditional FSS escrow. The underlying assumption, derived from research on Individual Development Accounts, is that larger incentives do not necessarily produce stronger outcomes. The incentive needs to be meaningful, but it may be possible for it to be effective even at lower levels than the conventional FSS program.

To a greater extent than most other FSS program, Cambridge's program also includes a central focus on helping participants improve their credit and pay down debt. Funding permitting, Cambridge's nonprofit partner implementing this initiative, Compass Working Capital, is planning to conduct an evaluation of the impact of this program, known as FSS+. Cambridge and Compass Working Capital are also exploring a variation on FSS+ that could be offered automatically to all households in subsidized housing. This initiative is still in the planning stages and will be pilot-tested before offered more broadly.

Home Forward operates a modified Family Self-Sufficiency (FSS) program called Greater Opportunities to Advance, Learn and Succeed, or "GOALS." Instead of the escrow contribution calculation used in standard FSS programs, under the GOALS program each participating household's escrow account receives an amount equivalent to any rent paid over $350 (the "strike point") each month. In addition to being more cost-effective than the traditional escrow (because no escrow is paid before the household passes the strike point) and thus potentially more scalable, this incentive avoids the "fairness" problem of providing a larger escrow-building opportunity to households that begin FSS with little or no earnings and thus have the biggest potential to increase their earnings. The strike point model is also simpler for Home Forward staff to administer than the traditional model. As part of its efforts to increase self-sufficiency, Home Forward has made participation in GOALS mandatory at three public housing developments. Home Forward also provides preference for a spot in the GOALS program to families who are participating in complementary employment programs funded and implemented by other organizations in the area. In 2012, Home Forward received permission to transition its full set of FSS slots to the GOALS model. As of the end of March 2014, 544 families were participating in GOALS.

The Housing Authority of County of San Mateo (HACSM) observed that households participating in the FSS program following the HUD regulatory model were accumulating up to $42,000 in escrow. In 2007 and 2008, HACSM used MTW authority to change how the FSS escrow was calculated and put

[26] For a discussion of why these types of models are more likely than the traditional FSS model to be cost-neutral and thus scalable, see Reid Cramer and Jeffrey Lubell: "Rental Assistance Asset Accounts: An Opportunity to Support Work and Savings among Recipients of Federal Housing Assistance" (2009) and "Taking Asset Building and Earnings Incentives to Scale in HUD-Assisted Rental Housing" (2011).

a $3500 cap on the total escrow that could be accrued. Families earn set amounts of escrow for participating in activities and achieving goals defined by the program. This made the program more budget-neutral and allowed HACSM to budget for it without so much uncertainty, which is important since eventually all work-able voucher families will participate in FSS.

Designing New Self-Sufficiency Policies

Based on the interviews with MTW agency staff conducted for this study, this section describes how MTW agencies have gone about designing the rent reforms and related policies to encourage self-sufficiency described above and some of the circumstances that have led them to make particular design choices.

Aligning Housing Assistance with Welfare Reform

Two MTW agencies adopted time limits for housing assistance explicitly to promote alignment with Temporary Assistance for Needy Families (TANF), or welfare. Welfare reform legislation passed in 1996 stipulates that families may not receive federal TANF funds for more than 60 months, although about one third of states have established shorter time limits.[27] The Delaware State Housing Authority was one of the earliest MTW participants, joining in 1999. Time limits for housing assistance were initially set at 36 months, to match Delaware's TANF limits. Similarly, the five-year time limit applied by the Housing Authority of the County of San Mateo (HASMC) to 300 TANF recipients who received set-aside vouchers was chosen to coincide with TANF's time limit.

In the design of its MTW program, the Lincoln Housing Authority (LHA) built on Employment First, a state-level welfare experiment underway when Lincoln became an MTW site. While LHA did not end up adopting the five-year time limit used by Employment First, its policy of charging a high minimum rent incorporates many of the same exemption categories and definitions of education and training as the Employment First program.

Creating Exemptions for Households Not Expected to Work

All MTW agencies that have implemented rent reforms exempt certain categories of households on the basis that it is not reasonable to expect them to work or to increase work effort. Typically, the exemption is for people over 62 years of age (the definition of elderly for HUD housing assistance programs) or people with a disability. Sometimes the exemption extends to anyone in an assisted household headed by an elderly or disabled person or to all assisted households that include an elderly or disabled person. Some housing authorities have lowered the minimum age for a categorical exemption from a revised rent policy or a work requirement. For example, Home Forward (Portland, OR) exempts everyone 55 or older from its high minimum rent, and the Chicago Housing Authority exempts anyone 55 or older from its work requirement for public housing residents. Exempting people who are "near elderly" or who may have difficulty working because of caring for an elderly or disabled person can help allay concerns by advocates about the policy changes.

Serving More Households with the Same Budget

Concerns about fair treatment of equally needy households have influenced the design of rent reforms at some MTW agencies. For example, the Tacoma Housing Authority describes its policies to increase the number of eligible households that receive housing assistance. New voucher recipients receive a

[27] Liz Schott. *Policy Basics: An Introduction to TANF.* Center on Budget and Policy Priorities (2012).

fixed subsidy based on 50 percent of the THA's payment standard and are limited to five years of assistance. On average, the subsidy amount is lower than the traditional voucher calculation, enabling THA to serve more households. The time limit is intended to ensure that vouchers will eventually be turned back, allowing more people to come off the waitlist and receive support. In response to public comment on affordability challenges stemming from this change, THA broadened the types of units that may be leased by voucher holders. To provide access to lower-cost housing arrangements, households may now lease shared housing or live with family members, as long as the unit passes housing quality standard inspections and is not overcrowded.

Protecting the Housing Authority's Budget

MTW authorities contemplating rent reform—or the rent simplification policies described in Chapter 2—often use program data to model the potential effects of changes to the rent rules or the subsidy calculation. In the development of its changes to the rent rules, Home Forward engaged the services of a consultant and also used in-house analysts to assess the extent to which policy changes would be "budget neutral." In its earlier development of changes to the FSS escrow, Home Forward arrived at a "strike point" of $350 after examining property budgets and identifying a level that would allow property managers to feel comfortable with the rent payments coming in to the properties.

The Minneapolis Public Housing Authority's deduction of 15 percent of earnings initially applied only to voucher holders with children but was expanded to the public housing program in its first year of operations. MPHA has considered allowing all voucher holders to participate—regardless of whether they have children—but has so far been unable to afford this expansion because of its impact on subsidy costs in an era of funding pro-rations for the public housing and Housing Choice Voucher programs. Earnings disregards are unlikely to be self-funding. For example, a family's income would need to increase by 15 percent in order to pay for the disregard in Minneapolis, and work incentives rarely have that large an impact. The very complicated standard HUD earnings disregard attempts to get around the self-funding issue by applying the disregard only to additional earnings, limiting it to certain people, and limiting its duration. Many MTW PHAs have eliminated it as part of rent simplification.[28]

Addressing Hardships for Particular Households

Most housing authorities that require work, change the rent rules in ways intended to encourage work, or create time limits for assistance have policies that are applied case by case to assisted household members who claim that special circumstances prevent them from complying with the policy. For example, staff at the Delaware State Housing Authority have some leeway in implementing a three-strike rule, in which repeated failure to comply with employment, school attendance, and case management requirements can result in eviction from public housing or termination from the voucher program. While preserving the option to rescind housing assistance, DSHA recognizes there may be circumstances in which a household will come into compliance if given a little more time.

Similarly, although the Housing Authority of the City of New Haven (HANH) and the Tacoma Housing Authority are relatively early in program implementation, both agencies have acknowledged they may

[28] For a discussion of earnings disregards and why they are so difficult to make budget-neutral, see Larry Buron et al. *Study of Rents and Rent Flexibility.* (2010). Abt Associates under contract to the US Department of Housing and Urban Development. Contract No. C-DEN-02125.

disregard time limits for residents who are on track to achieve self-sufficiency but not yet there when the prescribed time period ends. HANH plans to allow residents to receive assistance as long as they meet certain conditions such as continuing to meet with case managers and make progress towards goals in their Individual Service Plans.

It appears that the more modest and unambiguous the change to the rules, the less likely it is that hardship exemptions will be claimed. For example, although the Housing Authority of the City of Pittsburgh provides many grounds for hardship exemptions to the $150 minimum rent—including waiting for an eligibility determination for a government assistance program, loss of employment, a death in the family, or other circumstances that would place the family in dire financial straits--very few households have asked for exemptions. Home Forward has simplified the exemption itself by applying it only to households for which a $200 minimum rent would create a housing cost burden greater than 50 percent.

Implementing Rent Reform in Phases

Gradual or phased implementation of rent reform can make the policies more palatable to residents, advocates, and other stakeholders. When new rent policies are accompanied by commitments to provide services or mandates for participation in services, gradual phase-in also makes the new policies more affordable for the housing authority. For example, because of the commitment to services that is associated with the Chicago Housing Authority's work requirement for public housing, the agency does not consider it possible to extend the work requirement to the Housing Choice Voucher program, even though the agency leadership thinks it would be desirable to do so.

Starting with Specific Developments or Set-asides of Units

Housing authorities in Atlanta, Chicago, and Portland began experimenting with work requirements or admission preferences for working families at public housing redeveloped under HOPE VI before applying the policies more broadly. The more recent CARES program in New Haven is mandatory for work-able adults living in two redeveloped public housing properties, with former residents who return to a CARES site exempt from mandatory enrollment. As already noted, San Mateo initially imposed time limits only to a set-aside of 300 vouchers made available to TANF participants.

Starting with Households from the Waiting List

While new rent rules often are implemented at the time an assisted household's income is recertified, some housing authorities apply new policies only to families newly admitted to a housing authority's public housing or HCV program. For example, the San Antonio Housing Authority's Path to Self-Sufficiency program is mandatory only for new voucher holders or public housing residents. The fundamental changes to the subsidy structure at the San Bernardino and Tacoma housing authorities are being applied only to new households as program units turn over, as is the time limit in San Mateo.

Administrative Challenges to Changing the Rules of Housing Assistance

The housing authority staff interviewed for this study described some administrative challenges to implementing self-sufficiency policies, particularly those that change rent and subsidy calculations. Many of these challenges relate to the innovations to increase cost effectiveness described in Chapter 2 as well.

Administering Parallel Programs

Since revised rent requirements that are intended to promote work and self-sufficiency almost always exempt elderly and disabled households, agencies must apply two sets of rent calculations, based on different formulas, for different categories of residents. Several of the housing authorities interviewed for this study noted that as a cost to implementing changes to the rent system.

A further complication, now resolved, applied to Home Forward's GOALS (FSS) program. Until recently, PHAs were not permitted to apply their MTW flexibility to FSS programs for which they received HUD funding for service coordinators. That created an added administrative burden for Home Forward as assisted households moved back and forth between traditional FSS and the locally-funded program at three public housing developments.

Making Changes to IT Systems

Changes to the rent rules require changes to technology that was not designed for the modified programs that MTW agencies have created, as standard, vendor-provided systems must be customized to support new rent calculations and to produce reports required by HUD or desired by the housing authority to measure the results of the policy. That can be the case even for fairly straightforward changes. For example, the Housing Authority of the City of Pittsburgh reports that software changes to accommodate a higher minimum rent were time-consuming and expensive.

Training and Aligning Staff

Coordinating the various parties involved in carrying out a program presents another implementation challenge. Management at the Housing Authority of the City of Pittsburgh eventually developed a "responsibility grid" to convey their new responsibilities to the parties accountable for successful program implementation in each department, including property managers and FSS staff. Both the San Antonio Housing Authority (SAHA) and the Housing Authority of the County of San Mateo (HACSM) are working to improve linkages between families and case managers. For example, SAHA co-located certification specialists and family self-sufficiency case managers in the same building, so eligible families can meet case managers when they come in for recertification. Home Forward is using savings in front line staff time from the rent simplifications that are part of its rent reform (e.g., simplified deductions, less frequent income certifications) to have front-line voucher staff operate more like case managers and is retraining staff to understand their new roles.

Changes to Policies Following Implementation

MTW agencies that have had new policies in place for many years have made a variety of changes over time to the details of how work requirements, rent calculations, and time limits are applied. In some cases, MTW agencies have also bolstered their initial programming with additional supportive services.

Changes to the Terms of Work Requirements

The Lawrence-Douglas County Housing Authority reduced weekly work requirements from 20 hours to 15 hours to be consistent with the local labor market, in which many part-time jobs provide 17 to 18 hours per week. In contrast, the Delaware State Housing Authority (DSHA) increased work requirements from 20 to 25 hours per week at year 3 of program enrollment and 30 hours per week in year 4 and subsequent years. This change was implemented to align work requirements with the level of engagement considered to be needed to achieve self-sufficiency. In addition, DSHA limited the extent to which time in educational programs could be applied towards the work requirement. Education hours now may only count for the first two years of enrollment in the MTW program.

Changes to the Terms of Rent Calculations

Keene Housing uses a stepped subsidy program intended to increase rent contributions and move families off of housing assistance over a five-year period. Initially, residents paid 20 percent of gross income in year one, and then in years two to five switched to a flat rent structure based on a growing share of the voucher payment standard. When case managers found that residents were not ready to assume higher payments, Keene pushed back the transition to flat rents, which now kick in at year 3. The Lawrence-Douglas County Housing Authority (LDCHA) did not change its rent calculation formula, but rather adjusted the inputs used to determine rent payments. LDCHA began excluding the earned income of adult children age 18-21 from household rent calculations (although they are still subject to work requirements). This change was made to prevent vulnerable adults from losing housing assistance in the event that a child refuses to pay part of the rent.

Four MTW agencies have built into their new systems automatic adjustments to account for changes in external factors such as wage rates and prevailing rents. Examples are the minimum rents based on assumed hours of work at minimum wage (Lincoln, San Diego) and the voucher subsidies based on a percentage of payment standards (San Bernardino, Tacoma). The Lincoln Housing Authority has adjusted its minimum rents as the federal minimum wage has changed. Whether the housing authorities that have adopted rent reforms more recently will stick with automaticity features is likely to depend on experience over time with how the rent reforms affect assisted households and the housing authorities' budgets.

Changes to Time Limits on Assistance

Keene Housing eliminated the original five-year time limit when residents' work participation and progress towards self-sufficiency did not develop as initially envisioned. To address this challenge, Keene Housing also strengthened its requirements for enrollment in the Resident Self-Reliance case management program (discussed below).

The Delaware State Housing Authority (DSHA) extended its time limit from three to five years, corresponding to staff expectations for the time residents would need to gain self-sufficiency. At the same time, DSHA created a new safety net program for families whose earnings did not allow them to pay fair market rents. These families were essentially returned to pre-MTW status and could stay enrolled in the program indefinitely with no work requirements. Case managers observed that the safety net unintentionally created a deterrent to work, with families turning down employment and hours. The safety net was eventually replaced with a possible two-year extension, bringing time limits at DSHA to seven years.

Adding Financial Support and Supportive Services

At least three MTW agencies have increased or strengthened the support provided to help residents gain employment or stay employed, providing additional resources to support education and training, boosting available on-site services, and creating stronger requirements for tenants to access those services. In 2014, Keene also began using MTW funds to provide grants of $500 per assisted household per year to help pay for expenses such as books and tuition to help families reach their self-reliance goals during the expected (but not mandated) maximum subsidy period of five years. In 2010, the

Lawrence-Douglas County Housing Authority implemented an MTW activity to pay for education and training opportunities such as nursing and medical assistance and soft skill training. In 2011, at the suggestion of its resident advisory board, LDCHA also created a vehicle repair assistance program. If the vehicle is used for transportation to work or school, LDCHA provides up to $500 per assisted household for repairs. The Housing Authority of the County of San Mateo (HACSM) did not introduce new financial resources, but instead began providing additional training and support services to enable tenants to reach self-sufficiency. Services available to HACSM voucher holders include financial training, credit counseling, transportation assistance, and childcare, among others.

In addition to boosting available resources, Keene Housing has changed its voucher program to require voucher holders to remain enrolled in its Resident Self-Reliance (RSR) program as long as they receive assistance. Case managers with the RSR program work with tenants to develop self-reliance goals and a plan for achieving those goals. Case managers can also refer tenants to resources in Keene's service-rich community. Participation in the RSR program was initially required for only the first three years of enrollment in the voucher program; it is now mandatory for the duration of assistance receipt.

Chapter 5. Innovations that Promote Residential Stability for Targeted Households

While not a specific statutory goal of the MTW program, MTW flexibility has allowed housing authorities to provide housing assistance to specific high-needs populations identified by communities as not well served through the traditional public housing and HCV programs. MTW PHAs have used MTW funding flexibility to provide housing support to a variety of populations with specific needs, including homeless people, those perceived to be at risk of homelessness, victims of domestic violence, young adults transitioning out of foster care, and ex-offenders re-entering society. Using MTW authority to help better serve these populations, housing authorities have set aside public housing units or vouchers with program features that would not be permitted by standard public housing and HCV rules. In some cases, MTW PHAs have partnered with community organizations to provide housing subsidies that do not follow traditional program designs at all. They also have used single-fund flexibility to provide services such as case management linked to the housing support.

Populations that MTW housing authorities target are thought not to be adequately served by existing housing assistance or homeless assistance programs for a number of reasons:

- McKinney-Vento programs such as Shelter Plus Care and the Supportive Housing Program are limited to households and individuals who are currently homeless. Community partners may ask housing authorities to provide assistance for other populations considered at risk of homelessness.
- Housing assistance programs typically have long waiting lists, while individuals or families may be in a crisis that requires immediate assistance.
- Some types of households with immediate needs for assistance may only need short-term help to become stable and connect with sources of income to pay for housing. These include families leaving a domestic violence shelter, youth aging out of foster care, and recently released prisoners.
- Some of the populations that MTW PHAs have chosen to target would have difficulty gaining access to mainstream housing assistance programs because of screening criteria—notably criminal background checks.
- If assisted through a voucher or a public housing unit, the types of households MTW PHAs have targeted might have difficulty in maintaining assistance in the absence of case management and supportive services, because of challenges such as substance abuse, mental illness, or other physical or mental impairments.

Over the past decade, more and more communities have made reducing or eliminating homelessness a community-wide priority and have developed ten-year plans to end homelessness. Many communities have found that services are provided by a wide range of government and community-based service providers with little coordination or consistency across activities and partnerships, resulting in inefficient provision of services and confusion among service providers, funders, and potential clients. Housing authorities have been asked to fill gaps in the system and, in a few cases, to take leading roles in coordinating program efforts. More typically, MTW agencies have been asked to use their regulatory and funding flexibility to target program slots or funding toward priority populations identified by other community stakeholders.

Use of MTW Authority

Under the traditional public housing and HCV programs, PHAs have some ability to target specific populations. PHAs can establish preferences for the order in which applicants are selected off their public housing and HCV waiting lists that favor certain types of families and individuals. Those preferences can be either general, putting certain categories of households at the top of the waiting list, or limited, identifying a specific number of program slots that will be made available to a particular group of households such as the clients of a service-provider organization.[29] Furthermore, special voucher programs such as the Family Unification Program (FUP) and Veterans Affairs Supportive Housing (VASH) have allowed some PHAs to partner with other agencies to take referrals of targeted populations directly, without the need for a waitlist.

Many MTW housing authorities have gone beyond what traditional PHAs can do in targeting assistance to specific populations and creating partnerships with service organizations. Features of these MTW innovations to promote residential stability for targeted populations include:

- Making direct referrals to housing subsidy slots without use of the HCV or public housing waitlists;
- Imposing service participation requirements on residents to increase the likelihood that residents will remain stably housed or attain other goals;
- Using MTW funding flexibility to provide or fund services;
- Project-basing vouchers beyond the 20 percent of program funds permitted under standard HUD rules and with more flexible approaches to allocating project-based vouchers to specific organizations;
- Permitting service-provider organizations to master-lease HCV units on behalf of their clients; and
- Creating shallow or time-limited subsidies that create transitional housing programs or bridge housing programs in order to serve populations with immediate or temporary need and to serve more households.

MTW housing authorities have combined these program features in a variety of ways, making them difficult to categorize. Many of the MTW programs are targeted to a variety of special needs populations, making categorization by specific client group not useful. Instead, this chapter groups and discusses innovations to promote residential stability for targeted populations according to the nature of the housing assistance provided by the housing authority and the extent to which it differs from a set-aside of vouchers or public housing units that a non-MTW PHA could implement. The rest of this chapter discusses:

1. *Set-asides of units of PHA housing assistance*—the PHA makes vouchers or public housing units available to the households served by a partner organization. MTW flexibility may be used to alter some program rules, but the PHA administers the basic functions of the housing assistance program and has a direct relationship to the household.

[29] Lauren Dutton et al., *Study of PHAs' Efforts to Serve People Experiencing Homelessness.* Abt Associates, February 2014.

2. *Project-based assistance*—the PHA allocates project-based vouchers to a housing development that is owned by a partner organization or for which the partner organization selects residents or provides other management functions.
3. *Sponsor-based assistance*—the service-providing partner is given control of the housing units through a master lease of vouchers or public housing units.
4. *Alternative forms of housing subsidy*—the PHA provides the partner organization with funding that is used to provide housing or housing-and-services support that differs radically from the subsidy structure of the voucher or public housing program.

The first three categories vary based on the extent to which the PHA has devolved the responsibilities for administering a housing program to a partner organization and the way in which that is done. For the most part, these categories represent a continuum, with the least devolution for simple set-asides of voucher or public housing units and the most for sponsor-based assistance. Some programs that use sponsor-based assistance or alternative forms of subsidy are not considered by the PHA to be Housing Choice Vouchers or public housing and are not included in household-by-household reports to HUD. Instead, the partner organization may report participant information to the local Homeless Management Information System.

Set-Asides of Housing Assistance

Exhibit 5-1 shows the wide variety of target populations for the targeted programs employing set-asides of regular vouchers or public housing units and also shows the extent to which these set-asides make use of MTW authority to make services mandatory, create time limits, and use single-fund flexibility to provide or fund services. The exhibit also shows when the program began, its approximate program size based on recent MTW plans and reports, and whether the program is a hybrid that makes some use of project-based vouchers as well as set-asides of HCV or public housing units.[30]

[30] The table is based on data collected through the interviews and review of housing authorities' plans and reports, but needs further review. Although we have attempted in the following sections to document the program features of the innovations to serve targeted populations at the 34 MTW PHAs covered in this study, we conducted telephone interviews covering only a few such programs, and housing authorities' plans and reports do not always provide the needed detail. In some cases, the housing authority may not know the details of the program.

Exhibit 5-1: Set-Asides of Vouchers or Public Housing for Targeted Populations

PHA Name	Start Date	Program Slots	Target Population	Mandatory Services	Time Limits	Includes PBV Component	Clear Use of PHA Funds for Services
Alaska Housing Finance Corporation	2010	161	People with disabilities, including and chronically mentally ill individuals, and ex-offenders re-entering the community		Varies by program (ex-offenders program is time-limited)		Yes
Atlanta Housing Authority	Unclear (long-standing approach)	546	Homeless, formerly homeless, people with disabilities, other high-needs populations				
Louisville Metropolitan Housing Authority	2005	Unclear	Participants in local social service programs	Yes	Yes, but graduates get voucher waitlist priority		
Minneapolis Public Housing Authority	2012	28	Homeless or formerly homeless families and homeless individuals leaving hospitals		Yes		
Housing Authority of the City of New Haven	2010	12	Ex-prisoners re-entering the community	Yes	Yes		Yes
Housing Authority of the City of New Haven	2008/ 2011	55	Tenants at risk of eviction because of foreclosure on landlords, and homeless individuals needing supportive housing			Yes	
Philadelphia Housing Authority	Prior to 2006	275	Graduates of transitional housing program			Yes	Yes
Philadelphia Housing Authority	Prior to 2007	75	Elderly/disabled transitioning out of nursing homes		Yes, but graduates may have preference on the HCV waitlist		Yes

PHA Name	Start Date	Program Slots	Target Population	Mandatory Services	Time Limits	Includes PBV Component	Clear Use of PHA Funds for Services
Home Forward (Portland OR)	2010	130[a]	Formerly homeless individuals or families screened in with a vulnerability index tool		No (those who no longer need services get preference on other public housing waitlists)		Yes
San Antonio Housing Authority	2012	200	Homeless and other households with priority needs and receiving services from sponsor agencies	Yes			
Housing Authority of the County of San Mateo	2009	130	Homeless individuals and families		Yes		
Housing Authority of the County of Santa Clara/ City of San Jose	2011	202	Chronically homeless people				
Vancouver Housing Authority	2008	55	Households with service and housing needs who have the potential to gain self-sufficiency	Yes	Yes	No[b]	Yes
Total MTW Agencies: 11		**1869+**		**4**	**7**	**1**	**4**

[a] New construction of public housing.
[b] The Vancouver program previously used project-based vouchers, but the program is now tenant-based.

Some of the set-aside programs require participants to engage with specific services such as case management or training, and about half of the programs have time limits for housing assistance. Typically, these set-asides are targeted to the clients of a particular organization, and the MTW housing authority "aligns" its resources to the programs or services that are available. The expectation is that the housing assistance will be available only to clients who actually participate in the organization's program.

Set-aside programs with time-limited housing assistance are designed to be transitional, combining housing assistance and services with the aim that participants will be able to support themselves after program graduation, freeing up the program slot for new participants. For example, The Housing Authority of the County of San Mateo runs a Housing Readiness Program that provides homeless individuals and families with a housing voucher and services for up to three years, at which point the expectation is that the participants will no longer need housing assistance. Some of the programs with time limits address the possibility that program graduates will still need housing assistance by giving them preference to receive a standard housing voucher.

MTW authority allows housing authorities to establish and adjust set-asides without formal use of the PHA's preference system and that system's public approval process. All of these targeted housing programs bypass standard waitlists. Most have no waitlist at all and use direct referrals only, when program spots are available and when an identified member of the target population has an immediate need for housing. For example, the Philadelphia Housing Authority has a voucher program to house low-income seniors or disabled individuals leaving nursing home facilities with immediate needs for affordable housing.

Several housing authorities indicated that, in addition to setting aside voucher or public housing units, they use MTW single fund flexibility to provide services to residents, cover additional staffing or operations costs associated with the programs, or fund escrow savings programs. (In other cases, we cannot tell from the agencies' documents whether such supplemental funding by the housing authority is part of the program.) For example, the Housing Authority of the City of New Haven uses single fund flexibility to pay for housing authority case managers to work with tenants who are ex-offenders re-entering the community.

Since these are regular vouchers or public housing units, the rent structures for the initiatives listed in Exhibit 5-1 are always based on the standard formulas for those programs, or on whatever variants the MTW housing authority has applied to other households in the HCV or public housing program.

Project-Based Vouchers

In addition to using project-based vouchers as a tool to preserve hard units of affordable housing, as discussed in Chapter 3, many MTW housing authorities use project-based vouchers to serve targeted populations. Exhibit 5-2 shows some of the features of MTW agency programs that use project-based vouchers to target housing assistance to specific populations. For these programs as well, target populations are varied, and whether or not the program has time limits may vary within a given housing authority, depending on the provider and the target population. Most programs using project-based vouchers use standard rent formulas.

The role of the service provider in administering the housing varies as well. For some programs, the service provider owns and manages the development and manages the entire wait list, while others set aside units owned by a housing developer, who agrees to make units available to the clients of a service-provider organization.

MTW agencies using project-based vouchers for targeted populations indicate that they use single fund flexibility to help fund service provision or generous program administration. While supportive services are always provided in these targeted project-based programs, they are not always mandatory. Programs administered by the Charlotte Housing Authority and Seattle Housing Authority, for example, require participation in services, while programs offered by the Alaska Housing Finance Corporation and the San Diego Housing Commission do not. Mandatory participation in services in Home Forward’s programs varies by service provider.

Exhibit 5-2: Project-Based Vouchers for Targeted Populations

PHA Name	Start Date	Program Slots	Target Population	Rent Structure	Mandatory Services	Time Limits	Clear use of PHA Funds for Services
Alaska Housing Finance Corporation[a]	2012	70	Homeless	Standard		Yes	Yes
Charlotte Housing Authority[b]	2008	451	Elderly, disabled, homeless, families with low incomes and high needs	Varies by provider: Standard formula, fixed subsidy, or "ability to pay" formula based on net income and expenses.	Yes	Yes	Yes
Home Forward (Portland, OR)	2013	Unclear	Homeless, people with disabilities, extremely low incomes, or backgrounds that may create high barriers to housing	Standard	Varies by provider		Yes
San Diego Housing Commission	2009	439	Families at risk of homelessness and chronically homeless people	Standard	Varies by provider		Yes
Seattle Housing Authority	2005	3100	High needs, including chronically homeless	Standard	Yes		
Total MTW Agencies: 5		**4060+**			**4**	**2**	**4**

[a] Program on hold as of FY 2015 Annual Plan.

[b] The majority of assistance slots for Charlotte's Community-Based Rental Assistance program appear be project-based vouchers, although assistance is also provided using non-standard local subsidy models.

Sponsor-Based Housing Assistance

Through some of the MTW innovations designed to target specific populations, a new type of partnership and leasing arrangement has emerged called "sponsor-based assistance."[35] Under that model, service partners not only provide referrals from the target population and services to participants, but also receive allocations of housing vouchers directly from the housing authorities and use them to lease units and then sub-lease to the participant.

The sponsor-based assistance model allows service providers to serve as formal mediators between participants and landlords, encouraging landlords to house tenants who they would not be willing to house without an additional guarantee—for example, those with a criminal history, history of drug abuse, or poor credit. The service provider is able to assure the landlord that responsibility for lease compliance does not lie with the tenant alone.

The basic definition of sponsor-based assistance is that the service provider serves as the direct tenant for purposes of interacting with the landlord. In some cases, the housing authority retains its regular administrative functions, while in other cases the service provider may certify participant eligibility, conduct income certifications and recertifications, and inspect units for compliance with housing quality standards. The housing authority may provide technical assistance on how to perform these functions.

In the Lexington-Fayette Urban County Housing Authority's program, service providers serve as the landlord but do not handle housing authority functions for the units they provide for participants. In the Oakland Housing Authority's sponsor-based housing assistance program, some administrative functions—e.g., determining housing assistance eligibility and conducting the initial housing quality inspection—are retained by the housing authority, while others—e.g., negotiating with landlords and conducting annual re-inspections—are the responsibility of the partner organizations.

Sponsor-based programs often include time limits for housing assistance, in most cases providing housing and services for a few years. The programs are considered temporary, tied to helping individuals and families in crisis or in a vulnerable position such as leaving a domestic violence shelter or exiting prison. Sponsor-based programs generally include mandatory or strongly-encouraged service participation—for example, case management or work toward individual service plan goals such as sustained employment, education, or recovery from substance addiction.

[35] The concept of sponsor-basing, as distinction from project-basing, originated with the McKinney-Vento Shelter Plus Care program.

Exhibit 5-3: Sponsor-Based Assistance for Targeted Populations

PHA Name	Start Date	Program Slots	Target Population	Rent Structure	Service provider role in housing administration	Mandatory Services	Time Limits
Cambridge Housing Authority	2008	60	Households receiving services, including families exiting domestic violence shelters	Standard	Service provider rents or provides a provider-owned unit to participant and certifies participants' eligibility	Yes	Yes
King County Housing Authority	2007	137	Homeless, exiting psychiatric hospital, mentally ill with justice system involvement, youth transitioning from foster care	Standard	KCHA provides vouchers to service providers using a master lease. The provider rents apartments and sub-leases to clients.	Yes	Unclear
Lexington-Fayette Urban County Housing Authority	2012	437	Low-income families participating in programming provided by one of 11 partner agencies	Standard	Service providers provide housing in which participants must use HCV	Yes	Yes
Oakland Housing Authority	2010	118	Homeless in encampments, ex-offenders returning from prison, mothers returning from prison, youth involved with criminal justice system	Standard	Varies by target population (some providers receive a master lease; others control the choice of owners for tenant-based vouchers). Provider conducts re-inspections.	Yes	Varies by target population. Youth have an explicit time limit.
Portage Metropolitan Housing Authority	2009	12	Severely mentally ill individuals, and individuals with drug addiction	Standard (group homes)	Varies (one provider serves as landlord, another provider leases public housing)		

PHA Name	Start Date	Program Slots	Target Population	Rent Structure	Service provider role in housing administration	Mandatory Services	Time Limits
San Diego Housing Commission	2011	258	Homeless, homeless with disabilities and and/or substance abuse issues	Standard for HCV, flat rate for Project-Based Vouchers (PBV)	Varies by program (HCV: providers rent apartments and conduct eligibility screening and rent-determination; PBV: partners provide services only)	Yes	Yes
Housing Authority of the County of San Mateo	2011	31	Survivors of domestic violence, low level ex-offenders	Standard	Varies by program (service providers are landlords, or administer HCVs).	Yes	Yes
Total MTW Agencies: 7		**1053**				**6**	**5**

Exhibit 5-3 provides an overview of the sponsor-based programs identified through our interviews. The following is a more detailed description of two sponsor-based programs:

- Through the Sponsor-Based Housing Program, the King County Housing Authority (KCHA) provides funding and technical assistance to service provider agencies that secure housing for special populations, such as individuals suffering from mental illness or re-entering the community from prison. KCHA's underlying assumption is that these highly vulnerable, hard-to-house individuals would, on their own, be unable to find a landlord and pass a tenant screening. The sponsor organization establishes a relationship with the landlord, rents the unit, and sublets it to the client. All participants receive intensive case management and wrap-around services. As part of the implementation of King County's 10-Year Plan to End Homelessness, KCHA worked with the King County government to issue a combined funders' NOFA, blending funding streams.

  KCHA works with three agencies, including the criminal justice system and a local behavioral health agency, and target populations including unsheltered homeless individuals and families, people exiting the psychiatric hospital, and people experiencing mental illness who are involved with the criminal justice system. KCHA funds the housing component of these programs, with support services funded by King County and the United Way. The partner agencies carry out the housing functions with substantial technical assistance from KCHA. KCHA has developed a master lease and other program documents and funds vacancy payments for landlords, when properties rented by the sponsor organization for the program remain vacant—for example, when the program waits for a patient to be discharged from the hospital.

- The San Diego Housing Commission (SDHC) administers two programs that offer housing assistance to homeless individuals in partnership with partner agencies that provide services. In the Sponsor-Based Subsidy Program for the Homeless, which began in FY 2011, SDHC provides housing vouchers to service partners that select appropriate clients, provide rent payments to property owners, and provide services to participants. SDHC provides guidance on the administration of housing assistance, including ongoing training on eligibility determination and rent calculation, and monitors the administration of the vouchers. In FY 2013, HUD approved a number of changes to the program, including increasing the number of subsidies from 100 to 1,000 to broaden the program to serve distinct populations of homeless individuals, streamlining rent calculations, and clarifying that participants will not be provided with a tenant-based voucher upon exiting the program.

  For the Transitional Project-Based Subsidies for the Homeless program, which began in FY 2013, SDHC partners with local agencies to provide short-term transitional housing. The program uses a flat project-based subsidy paired with supportive services provided by the service partner, People Assisting the Homeless (PATH), which operates the development (the development also provides permanent supportive housing). The flat rate is based on a rent reasonableness assessment for Single Room Occupancy units. Participants may remain in the unit for up to six months, during which time they can access an array of services. Participants are encouraged to apply for and remain on the SDHC HCV waiting list in order to transition to a permanent tenant-based voucher. This initiative started with a 16-participant pilot, designed to serve homeless individuals with special needs in the new homeless-focused development located in downtown San Diego, called "Connections Housing." This center offers an array of services, including case management, life skills, legal services, personal care services, and medical and mental health care services. Given the short-term nature of this program, SDHC considers a unit "fully occupied" if the unit was in use at least 25 days out of the month.

Alternative Forms of Subsidy

Some MTW programs targeting special populations are not considered allocations of vouchers but instead provide flexible funding for housing subsidies that differ radically from traditional housing assistance programs, although they may be similar to short-term rental assistance funded through HUD's Homeless Prevention and Rapid Rehousing Program. Alternative subsidies take many forms, including flat subsidies, shallow fixed subsidies, full subsidies (i.e., no participant contribution), and subsidy amounts that decrease over the course of the program. The housing authority may still do the administrative work of a housing subsidy program, as shown in Exhibit 5-4. Some programs are not rent subsidies, but instead use space in a public housing development.

Sponsor-based programs providing alternative forms of subsidy tend to have mandatory services or other conditions of participation. For example, adult heads of household participating in Tacoma's McCarver Elementary School Initiative must participate in their children's education (e.g., attend parent-teacher conferences) and work toward their own educational or professional advancement.

While these programs are not "rent reforms" covering large numbers of households assisted by the housing authority, PHAs have noted that the flat or phased-down subsidies provided by these targeted programs can create incentives to work. MTW housing authorities implementing these programs also point out that shallow subsidies allow the housing authorities and their service provider partners to serve more participants. At the same time, some participants in these programs are unable to afford market-rate housing and support themselves without help, so some participants may end up using a program with services and shallow subsidies as a bridge program while they wait to obtain permanent assistance.

For example, the Seattle Housing Authority has set aside 21 public housing units in its Jefferson Terrace development for a 34-bed medical respite program for homeless individuals. The respite care program provides health care services to individual who no longer have medical needs substantial enough to remain in a hospital but who need a safe place to recuperate. When homeless people were admitted into the hospital for illness and injury, they often were discharged to the street or shelter even though they required additional recovery time that would normally have occurred at home. Medical respite programs are not new to Seattle or Washington State, but local hospitals were interested in expanding the program beyond two in place at local shelters.

The program is operated by the University of Washington Harborview Medical Center and made possible by a partnership with a consortium of hospitals, housing agencies, and a variety of funders and service providers. The social work departments in referring hospitals determine eligibility for the program and refer patients based on whether the patient is in need of the program and will obey facility rules. The space in Jefferson Terrace includes 17 patient rooms, serving up to 34 patients at a time, two exam rooms, and common areas including a kitchen, where three meals per day are served. Residents work with an integrated team of providers who provide direct medical care, behavioral health services, and chemical dependency counseling. All residents are assigned a primary care provider. Housing specialists also work with residents to link them to housing options in the community. If permanent housing cannot be secured immediately, patients who are about to be discharged are assigned a case manager to continue to help them access housing. Resident stays at the program are generally limited to six to eight weeks, although residents may stay longer for extenuating circumstances. The average stay is 19 days.

Exhibit 5-4: Alternative Forms of Subsidy for Targeted Populations

PHA Name	Start Date	Program Slots	Target Population	Rent Structure	Service provider role in housing administration	Mandatory Services	Time Limits
Cambridge Housing Authority	2011	45	Families in Cambridge and Boston area homeless shelters	Flat subsidy	During the first stage of the program, service provider receives rental subsidy from HA, rents apartment, and sub-leases to participant. In the second stage, participants receive a tenant-based subsidy.	Yes	Yes
Massachusetts Department of Housing and Community Development	2012	13	Former foster youth who have timed out of the Family Unification Program	Shallow fixed subsidy that reduces over time. Also includes a small "support budget" kept in escrow for the participant	PHA retains housing functions	Yes	Yes
Massachusetts Department of Housing and Community Development	2000	200	Homeless, or at risk of homelessness and currently or recently receiving government benefits such as TANF	Shallow fixed subsidy with small support budget	PHA retains housing functions	Yes	Yes
Home Forward (Portland, OR)	2006	815	Households with high needs, low chance of success with HCV without services, immediate needs for assistance, or needs for only short term subsidy	Fixed shallow subsidy	Service providers administer the housing subsidy	Yes	Yes
Seattle Housing Authority	2011	34	Homeless individuals returning from the hospital in need of medical respite	No cost to participant	PHA receives rent from the provider rather than the participant	Yes	Yes
Tacoma Housing Authority	2011	50	Families with a child enrolled in K-2nd grade at McCarver Elementary School	HA payments: Year 1: All but $25/month of rent, Year 2: 80%; Year 3: 60%; Year 4: 40% Year 5: 20%.	Standard (Services only)	Yes	Yes
Total MTW Agencies: 5		**1157**				**6**	**6**

Chapter 6. Innovations that Expand the Geographic Scope of Assisted Housing

Increasing housing choices is one of the statutory goals of the MTW program. This goal is traditionally interpreted as facilitating moves to areas of "opportunity," either by helping voucher-holders access such areas or by increasing or preserving the supply of project-based housing (either public housing or project-based vouchers) in such neighborhoods.

Expanded access to opportunity areas can result in a variety of positive outcomes. Research on the academic performance of elementary school students living in public housing in Montgomery County, MD, for example, revealed a significant association between math and reading scores and neighbor-hood poverty rates. Over a five- to seven-year period, students living in public housing who had been randomly assigned to developments in lower-poverty neighborhoods significantly outperformed their peers in higher-poverty areas.[36]

Opportunity neighborhoods have also been linked to improved health outcomes, with some of the strongest evidence coming from participants in the Moving to Opportunity (MTO) program. Over a 10- to 15-year study period, women living in distressed public housing who were offered housing vouchers that could only be used in low-poverty neighborhoods had significantly lower rates of morbid obesity and diabetes than their peers who were not offered a voucher.[37] Findings from MTO also indicate that women who moved to low-poverty areas experienced significant reductions in psychological distress.[38] Evidence from the HOPE VI program also points to health benefits for families that used vouchers to move from public housing developments to lower-poverty areas.[39]

By expanding access to opportunity areas, PHAs also take steps to fulfill their legal obligation to affirmatively further fair housing, including helping residents find housing outside of racially-segregated and poverty-concentrated neighborhoods. The Housing Choice Voucher program is, by design, intended to enable greater neighborhood choice and has by many measures been effective in achieving this goal. Nevertheless, a 2003 study of voucher usage patterns found that more than 70 percent of voucher holders in the 50 largest metropolitan areas lived in moderate- and high-poverty neighborhoods (characterized as having concentrations of poverty greater than 10 percent). This share was even higher among African American and Hispanic households, 75 percent and 78 percent of whom used their vouchers in moderate- and high-poverty neighborhoods, as compared with 51 percent of white households.[40] Some PHAs have come under pressure—from litigation, media coverage, or other

[36] Heather Schwartz, *Housing Policy is School Policy: Economically Integrative Housing Promotes Academic Success in Montgomery County, Maryland*, The Century Foundation (2010).
[37] Jens Ludwig et al., "Neighborhoods, Obesity, and Diabetes–A Randomized Social Experiment," *The New England Journal of Medicine* 365: 1509-1519 (2011).
[38] *The Moving to Opportunity for Fair Housing Demonstration Program Final Impacts Evaluation: Executive Summary*, US Department of Housing and Urban Development (2011).
[39] Manuel Pastor and Margery Austin Turner, *Reducing Poverty and Economic Distress after ARRA: Potential Roles for Place-Conscious Strategies*, Urban Institute (2010).
[40] Deborah J. Devine et al., *Housing Choice Voucher Location Patterns: Implications for Participants and Neighborhood Welfare*, US Department of Housing and Urban Development (2003).

sources—to do more to enable families to live in a broad range of neighborhoods, including those that are racially mixed and have low concentrations of poverty. Mobility programs are specifically designed to address these challenges.

Opportunity areas can be defined in multiple ways and at multiple levels of geography. Most commonly, MTW agencies target parts of their service area that have a low percentage of households below the poverty line. However, some MTW agencies have developed more sophisticated approaches that account for multiple factors, including those based on the Kirwan Institute's Opportunity Mapping Initiative, which accounts for indicators related to education (educational attainment, teacher qualifications, graduation rate), employment (proximity to employment, job growth trends, unemployment rates), and health and nutrition (access to food, parks, and open space) among other factors.[41]

While housing voucher holders are less likely than residents of public housing to live in neighborhoods with extremely high rates of poverty, they nevertheless often fail to take full advantage of the opportunity to move neighborhoods that have lower rates of poverty, better schools, and better access to jobs. There are many possible explanations for why higher numbers of voucher holders have not relocated to opportunity areas. Most fundamentally, these areas tend to demand higher rents. Even after steps have been taken to increase the subsidy level available to voucher holders and the share of income they may contribute towards rent, assisted households may still be unable to find units they can afford in these neighborhoods. In some cases, demand for higher security deposits and first and last month's rent at lease-up also create increased barriers to entry.

Voucher holders may also be unfamiliar with neighborhoods in opportunity areas or uncomfortable moving away from existing support networks, and therefore focus their search in other parts of the service area. Likewise, property owners in low-poverty areas may be unfamiliar with the housing voucher program or reluctant to take on the bureaucratic processes associated with the program and the associated delays.

Finally, obstacles to expanding the geographic scope of assisted housing may be rooted in the receiving neighborhoods. In some cases, opportunity areas have an absolute shortage of supply of rental housing. In others, NIMBY opposition can prevent new development or the project-basing of vouchers. Moreover, negative stereotypes persist, leading some landlords to refuse to rent to voucher holders (some jurisdictions have passed anti-discrimination laws that prohibit this practice) and neighbors to make it known that voucher holders are not welcome.[42] Landlords may also view vouchers as a proxy for race, with denial of voucher holders indicating racial discrimination.[43] While additional research is

[41] See, for example, Jason Reece, *King County Opportunity Mapping: Introduction and Preliminary Results,* presentation at The Future of Fair Housing Regional Convening (October 30, 2009). Available at: http://www.slideshare.net/kirwaninstitute/2009-10-30kingcountyoppmappingnjp, and "King County Housing Authority adopts policy on opportunity neighborhoods," PRRAC Update (August 23, 2012).

[42] Xavier de Souza Briggs and Margery Austin Turner, "Assisted Housing Mobility and the Success of Low-Income Minority Families: Lessons for Policy, Practice, and Future Research," *Northwestern Journal of Law & Social Policy* 1:1 (2006), p. 53.

[43] Martha M. Galvez, *What Do We Know About Housing Choice Voucher Program Location Outcomes? A Review of Recent Literature*, What Works Collaborative (2010).

needed to examine the extent of this relationship, fear of discrimination may be enough to prompt voucher holders to conduct their housing searches in areas where others have successfully leased up.

Use of MTW Flexibility

MTW agencies have taken a variety of approaches that deviate from the traditional Housing Choice Voucher program to expand the geographic scope of assisted housing. Some initiatives are intended to make it possible for voucher holders to afford units in opportunity areas. These include lifting or removing the 40 percent cap on initial rent levels (10 MTW agencies), creating new payment standard schedules that are broader than the standard limits (6 MTW agencies), and permitting higher “exception rents” on a case-by-case basis (4 MTW agencies). Others seek to make it easier for vouchers holders to find units in opportunity areas through landlord recruitment and retention incentives that increase program participation (4 MTW agencies).

Exhibit 6-1 shows which of the MTW agencies covered in this report have adopted these measures. The remainder of the chapter provides additional information on how each of these interventions works, with examples from participating agencies. Other approaches to improving access to opportunity neighborhoods are also discussed, including providing mobility counseling and other services to support voucher holders in their housing searches, and expanded project-basing of vouchers in these areas.

Exhibit 6-1: Innovations by MTW PHAs to Expand the Geographic Scope of Assisted Housing

PHA Name	Changes to Payment Standards	Lifting the 40% of Gross Income Cap on Initial Rent Level	Landlord Recruitment and Retention Incentives
Alaska Housing Finance Corporation		Raised the cap to 50%	
Atlanta Housing Authority	Sets separate payment standards for 7 local submarkets		
Boulder Housing Partners		Removed the cap	
Cambridge Housing Authority	Permits exception rents greater than 110 percent of FMR	Removed the cap	
Housing Authority of Champaign County	Sets separate payment standards for 9 submarkets within the county		
Charlotte Housing Authority			Targeted landlord recruitment in areas with low poverty and voucher usage rates; creation of Landlord Advisory Group
Chicago Housing Authority	Permits exception rents up to 150% of the payment standards		
Keene Housing		Removed the cap	
King County Housing Authority	Sets separate payment standards for two submarkets in the County		

Lincoln Housing Authority		Raised the cap to 50%	
Massachusetts Department of Housing and Community Development	Permits exception rents without regard to the level of increase over payment standards		Pilot in Berkshire County of incentive payments to new owners
Housing Authority of the City of New Haven	Permits exception rents up to 150% percent of FMR		
Housing Authority of the City of Pittsburgh		Removed the cap	
Portage Housing Authority		Raised the cap to 50%	
Home Forward (Portland, OR)	Sets payment standards for 9 local submarkets		Landlord Guarantee Fund and Vacancy Loss Payments
Housing Authority of the County of San Bernardino	Sets separate payment standards for 9 submarkets		
San Diego Housing Commission	Sets separate payment standards for 9 zip codes	Removed the cap in low-poverty neighborhoods	Security Deposit Loan Program in low-poverty zip codes
Housing Authority of the County of San Mateo		Removed the cap	
Tulare County Housing Authority		Removed the cap	
Total MTW Agencies	**10**	**10**	**4**

Changes to Payment Standards

In their Housing Choice Voucher Program Administrative Plans, PHAs specify payment standards for each bedroom size category in a fair market rent (FMR) area. The payment standards are used to calculate the maximum housing voucher subsidy amount the PHA will subsidize each month. The payment standards that PHAs set must normally fall within 90 and 110 percent of HUD's published FMR schedules and may vary within different parts of their service area. Under certain circumstances, PHAs can also request HUD approval for "exception rents"—rents that may be up to 120 percent of the FMR.

Six MTW agencies have used the flexibility provided under MTW to create new payment standard schedules that are broader than the standard 90 to 110 percent of FMR range, reaching down to 80 percent of FMR or below in low-cost areas, and exceeding 120 percent of the FMR in high-cost areas. In fact, some MTW agencies have completely decoupled the payment standards from HUD's FMR schedules, basing them instead on analysis from third-party market research firms or other databases.

MTW agencies that increase payment standards in high-rent areas of the housing authority's jurisdiction expand the geographical choices of assisted households by enabling these households to rent units in high-cost submarkets without incurring additional costs. While all PHAs allow voucher recipients to select units with rent levels that exceed the payment standard (with certain limitations), the tenants must pay the incremental amount, potentially resulting in an unsustainable rent burden. By setting payment standards in high-price, high-opportunity areas above the amount that would otherwise be allowed under HUD policy, MTW agencies make it possible for voucher holders to lease up in these areas without incurring an unsustainable rent burden.

Without other compensating steps, increases in the per-unit subsidy paid in areas with higher payment standards will necessarily reduce the overall subsidy amount available to assist all voucher holders. To offset the costs of higher payment standards in certain parts of their service area, some MTW agencies lower payment standards in other parts of their service area. Lowering the payment standard where market rents tend to be lower also helps avoid a “magnet” effect in which voucher holders gravitate towards low-rent areas where they can afford units with the most attractive amenities, creating or reinforcing patterns of race and income segregation.

Examples of MTW agencies with submarket payment standards include:

- Home Forward is experimenting with separate payment standards, ranging from 80 to 120 percent of FMR, for nine zip code-based submarkets in its service area. This shift is part of an effort to improve access to opportunity areas, where rents are already high and rising, as well as to avoid creating concentrations of poverty in less-costly neighborhoods.
- The Housing Authority of the County of San Bernardino (HACSB) hired an independent firm to conduct a local rent study of its service area, which covers the largest geographic area of any county in the contiguous United States. Based on their findings, in April 2011 HACSB implemented separate payment standards for the nine submarkets that comprise its service area. Payment standards range from 50 to 130 percent of FMR, reflecting significant variation in housing costs across submarkets. In addition to enabling voucher holders to choose units in higher-priced areas with the greatest access to jobs and high-performing schools, HACSB reports that the tiered payment standards promote more efficient use of HACSB resources by limiting subsidy levels in low-rent areas to market levels. Whereas the previous system allowed families to lease some of the most expensive homes in lower-priced areas, HACSB perceives the new system as reflecting a more rational distribution of housing assistance.
- The King County Housing Authority (KCHA) created two payment standard areas using a local analysis of market conditions in its service area to set payment standard levels. The bifurcated system not only increases payment standards in high-priced, high opportunity areas (they exceed 130 percent of FMR for certain bedroom sizes); it also reduces the payment standard for lower-cost areas (reaching down below 90 percent of FMR for certain bedroom sizes). Lowering the payment standard for lower-cost areas, where the majority of KCHA residents live, may offset the cost of higher payment standards in areas of opportunity.

There are, of course, limits to how low a MTW agency can set payment standards and still provide a subsidy sufficient to fill the gap between what voucher holders can afford and the rents in lower-cost areas. Similarly, even with increases, the payment standards may still be insufficient to provide full access to high-cost areas.

Administrative challenges

With the authority to create their own payment standard schedules outside of the normal 90 to 110 percent of FMR range, MTW agencies avoid the administrative burden associated with seeking HUD approval for so-called “exception rent areas.” According to a report prepared by the Poverty and Race Research Action Council, several MTW agencies increased payment standards precisely because they had greater discretion in setting exception rent areas and the authority to proceed in a more streamlined manner.[44] However, the establishment of local payment standards may also bring administrative challenges, both at the time of adoption and on an ongoing basis.

For example, HACSB did not grandfather in existing payment standards when it converted to a system with nine payment standards. Where the new payment standard was lower than the existing payment standard, tenants had to move or absorb the rent increase, or participating landlords had to accept a lower rent. To mitigate these challenges, HACSB engaged in extensive analysis and outreach to landlords and tenants in advance of the transition, and offered a repayable loan to cover moving expenses for voucher holders in good standing who moved as a result. HACSB reports that after some initial complaints, they now are not receiving any negative feedback.

Like non-MTW agencies, MTW agencies transitioning to a system in which they have multiple payment standards face an additional level of administrative complexity that may require additional staff training as well as outreach to landlords and to voucher holders searching for an apartment. Submarkets may be composed of census tracts, zip codes, or other geographic areas whose boundaries are not easily identifiable, leaving all parties unclear of the relevant payment standard. To help mitigate these challenges, HACSB has developed a “cheat sheet” list of census tracts by submarket, as well as a web-based tool that provides the census tract for any address.

Exception Payment Standards

Rather than creating entirely new payment standard schedules, four MTW agencies approve exception rents in high-cost opportunity areas on a case-by-case basis. For example, the Housing Authority of the City of New Haven (HANH) and the Massachusetts Department of Housing and Community Development approve exception rents for a variety of reasons, including seeking to expand housing opportunities in neighborhoods with low concentrations of poverty. HANH exception rents may be as high as 150 percent of FMR without prior HUD approval.

The Chicago Housing Authority (CHA) had approved exception rents as high as 300 percent of FMR in census tracts that have poverty rates below 20 percent and a saturation rate for subsidized housing units below 5 percent.[45] In August 2014, Illinois Representative Aaron Schock registered disapproval of the “supervouchers” and introduced a bill that would restrict MTW agency payment standards to no more than 120 percent of FMR.[46] In response, CHA proposed to reduce its exception payment standard to 150 percent of FMR in its 2015 MTW Annual Plan; payment standards above 150 percent will be phased out over the next three years.[47]

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[44] Sarah Oppenheimer, Megan Haberle, and Philip Tegeler, *Increasing Housing Choices: How Can the MTW Program Evolve to Achieve its Statutory Mandate?*, Poverty and Race Research Action Council (2013), p. 14.

[45] The subsidized housing saturation rate includes city-subsidized housing as well as HUD-subsidized housing, but does not include senior-only subsidized housing. Some census tracts near the rule-defined opportunity areas have poverty and saturation rates close to the definition and are also considered opportunity areas based on other economic characteristics.

[46] “Schock Goes After ‘Supervoucher’ Program.” National Low Income Housing Coalition (August 4, 2014). Available at http://nlihc.org/article/schock-goes-after-supervoucher-program.

[47] Chicago Housing Authority 2015 MTW Annual Plan, pg. 10.

Lifting the 40 Percent Cap on Initial Rent Levels

In the standard housing voucher program, the PHA provides a subsidy based on the difference between the required tenant rent contribution (30 percent of adjusted income) and the lower of the gross rent for the unit (rent plus the utility allowance) or the voucher payment standard. At lease-up, households are allowed to spend an additional 10 percent of their adjusted income to rent a higher-priced unit for a maximum total contribution of 40 percent of adjusted income. This limit only applies during the first year in a unit, after which assisted households may spend more than 40 percent of adjusted income if needed to accommodate rental increases. Using their MTW authority, 10 MTW agencies have lifted the 40 percent cap at lease-up to enable higher initial rent burdens.

Lifting the income cap for initial rent gives voucher holders the flexibility to lease up in higher-rent areas that provide greater opportunity. Three MTW agencies have increased the cap from 40 percent of adjusted income to 50 percent, while seven other agencies removed the cap altogether and allow residents to determine how much they can afford. The Housing Authority of the City of Pittsburgh (HACP), for example, interprets the 40 percent cap as a “guideline” rather than a firm threshold in an effort to expand options in more costly neighborhoods.[48] Eliminating the income cap on initial rents may also make it easier for recipients of housing vouchers to find units, and some MTW PHAs may have lifted the cap primarily to increase voucher success rates.

Sustaining affordability

Some voucher holders may select units with unsustainable rent levels that jeopardize their housing stability. To avoid this situation, HACP emphasizes the dangers of taking on excessive rent burdens when counseling voucher holders.[49] Keene Housing has eliminated the 40 percent rent cap and also makes the HAP payment directly to the assisted households rather than the landlord, but takes steps to ensure residents are equipped to manage their tenancies. Voucher holders are trained to critically examine the unit’s features (location, quality, age, etc.) and to negotiate rents. It may be useful in a subsequent evaluation to examine the extent to which the lifting of the cap on initial rent levels leads to higher rent levels, increased access to high rent neighborhoods, and increased likelihood of moving or being evicted.

Coverage area

Most MTW agencies that lift the 40 percent cap on initial rent levels do so throughout the entire service area. The San Diego Housing Commission is a notable exception, allowing voucher holders to exceed this threshold only in low-poverty neighborhoods. Further study would be needed to assess the extent to which lifting of the 40 percent cap jurisdiction wide increases the likelihood that voucher holders move to opportunity areas.

Landlord Recruitment and Retention Incentives

Traditional PHAs may not use HUD voucher program funds to compensate property owners who participate in the Housing Choice Voucher program. While they can use administrative fees for this purpose, those fees are limited and generally insufficient to fund these incentives. Using the funding flexibility provided by MTW, at least 3 MTW agencies have created landlord recruitment and retention

[48] Sarah Oppenheimer, Megan Haberle, and Philip Tegeler, *Increasing Housing Choices: How Can the MTW Program Evolve to Achieve its Statutory Mandate?*, Poverty and Race Research Action Council (2013), p. 31.
[49] *Ibid.*

incentives. Incentives may be focused on specific submarkets and neighborhoods or the entire service area, and can range from a cash payment at initial lease-up to a commitment by the PHA to cover certain costs that may be incurred (e.g., damages) over the term of the lease.

Effective landlord incentives broaden the pool of available units, particularly in areas where it can be challenging to recruit landlords. For example, in the Berkshires area of western Massachusetts, the Massachusetts Department of Housing and Community Development (DHCD) had difficulty finding landlords with suitable properties who would accept vouchers. At the urging of the Berkshire Housing Development Corporation, DHCD instituted a system of financial incentives called the Owner Incentives Program. During the first year of tenancy, participating landlords receive a flat fee of $1,200 per unit, paid in four quarterly installments so long as the tenant is still in the unit. Landlords receive an additional one-time payment of $500 if the tenant remains in the unit after one year (or if the unit has been leased to another voucher holder). DHCD reports that the program increases housing opportunities for assisted households and addresses an identified need for funds that enable landlords to make upgrades to their properties.

Similarly, Home Forward created the Landlord Incentive Fund to increase housing choice and availability in low-poverty areas. Landlords receive a one-time payment of $100 each time they lease to a voucher holder. Home Forward also offers incentives designed to address concerns that may prevent landlords from renting to voucher holders. The Landlord Guarantee Fund and Vacancy Loss Payment Systems provide compensation to owners in the event that voucher holders leave the unit with significant damage or vacate without providing the required notice. To the extent that these programs encourage participation by landlords who might not otherwise lease to voucher holders, they expand choice for assisted households.

Market conditions

In a strong housing market, incentive payments may not be sufficient to stimulate interest among landlords who may be reluctant to take on increased administrative burdens associated with the voucher program or other perceived challenges renting to voucher holders. To make the voucher program more attractive, some MTW agencies have tailored landlord incentives to effectively respond to identified needs that persist outside of market cycles. For example, DHCD's program in the Berkshires provides assistance that enables "mom and pop" landlords to make improvements to their properties, stimulating interest and participation in the voucher program by helping to address a specific, long-standing issue in the area.

Funding continuity

Landlord recruitment and retention programs are funded at the discretion of the MTW agency, which may choose to reallocate funds at any time. For example, DHCD must re-authorize the Owner Incentives Program annually. While it has done so for four years and has no plans to stop, DHCD may discontinue the program at any time, which could potentially undermine future owner interest in the voucher program. While the possibility of the incentives disappearing could pose the risk of undermining established expectations, it also provides flexibility for the PHA to reallocate funds to respond to emerging challenges.

Other Measures to Encourage Landlord Participation

In addition to, or instead of, providing financial incentives to owners to participate in the voucher program, some MTW agencies take a range of other steps to encourage landlord participation in the voucher program. For example, some MTW agencies actively reach out to landlords to build direct relationships and encourage landlord participation. The Minneapolis Public Housing Authority engages in "rigorous" education and recruitment in targeted low-poverty neighborhoods.[50] Other MTW agencies take steps that streamline or even eliminate administrative tasks associated with the voucher program, such as Keene Housing, which makes subsidy payments directly to voucher holders, who then pay rent to the landlord as any other household would.

By encouraging landlords to participate in the voucher program and providing a more user-friendly experience, MTW agencies could potentially expand the pool of available units and make it easier for voucher holders to rent in opportunity areas. As part of its Participant and Landlord Tracking Program, the Charlotte Housing Authority tracks utilization of vouchers in low-poverty areas and actively visits landlords and apartment complexes in areas where there are low concentrations of voucher holders. While some of these measures, such as landlord outreach, do not require MTW authority, the flexibility in funding afforded by MTW may make it easier for participating agencies to sustain such outreach operations.

Some of these efforts (such as in Minneapolis and Louisville) are targeted on owners in low-poverty or other opportunity neighborhoods while others (such as in Keene) are directed at reducing barriers to the use of vouchers throughout the agency's jurisdiction. Further study would be needed to determine the extent to which jurisdiction-wide changes have increased the rate of mobility to opportunity areas.

Services to Help Voucher Holders Access Opportunity Areas

At least four MTW agencies provide mobility counseling and other educational or support services to help voucher-holders access neighborhoods that provide increased opportunities for residents. Initiatives range from compiling and disseminating booklets and other materials that provide information on targeted neighborhoods, to employing dedicated staff members to assist more directly in the search. While traditional PHAs can offer similar opportunities, the funding flexibility provided by MTW may make it easier for MTW agencies to implement these activities. For example, the Housing Authority of the City of New Haven reports that MTW funding flexibility allowed the agency to contract with an outside vendor to provide mobility counseling services.[51]

Mobility counseling and related activities help voucher holders become familiar with rental opportunities in neighborhoods that provide enhanced levels of opportunity, such as through higher quality schools or better access to jobs or public transit, and to learn whether those neighborhoods are well-suited to address their needs. By familiarizing program participants with parts of the service area with which they may be unfamiliar, these initiatives increase the likelihood that residents move to these higher-opportunity neighborhoods.

The following are examples of mobility counseling activities offered by MTW agencies:

[50] Sarah Oppenheimer, Megan Haberle, and Philip Tegeler, *Increasing Housing Choices: How Can the MTW Program Evolve to Achieve its Statutory Mandate?*, Poverty and Race Research Action Council (2013), pp. 16, 31.
[51] *Ibid,* p. 19.

- The King County Housing Authority (KCHA) recently started an initiative called Community Choice, which focuses on helping voucher holders with children move to low-poverty neighborhoods with high-performing schools.
- The Minneapolis Public Housing Authority funds mobility counseling for participants in its HCV Mobility Voucher Program, which helps assisted households move from areas with high concentrations of poverty to areas with lower concentrations of poverty. Participants also receive profiles of targeted low-poverty neighborhoods, a moving allowance up to $1,000, and move-in counseling and assistance.[52]
- The Charlotte Housing Authority (CHA) incorporated information on the benefits of living in low poverty areas in its voucher briefings. In 2008, CHA began using the University of North Carolina at Charlotte Geographic Information Science mapping services to identify low-poverty areas where voucher participation is low. At initial briefings, CHA encouraged voucher holders to consider the entire county when searching for a unit and provided listings of amenities in the non-concentrated zip codes. CHA's goal is to reduce the percentage of voucher holders living in eight concentrated zip codes from 75 percent (as of fiscal year 2013) to 71 percent.

Supplemental efforts

Mobility counseling will likely need to be paired with other complementary initiatives in order to effectively assist voucher holders moving to areas of opportunity. For example, participants in KCHA's Community Choice program report that payment standards are too low (even after increases) to facilitate access to an adequate supply of housing. As a result, KCHA is considering further increases to payment standards in targeted areas. In addition, the PHA (or a subcontractor) must engage in active outreach and maintenance of landlord lists to ensure that information booklets and other materials are up-to-date and of value.[53]

Self-selection

In general, mobility counseling and related supportive services offered by MTW agencies are voluntary. Program participants determine whether and how they wish to engage and make use of available resources. For example, the San Diego Housing Commission (SDHC) Choice Communities initiative aims to incentivize and provide assistance to enable assisted households to move from high-poverty areas to areas with lower concentrations of poverty. Program participants receive information packets with details about rental properties and neighborhood amenities (e.g., schools, churches, public transportation, etc.), and then choose whether or not to work with a mobility counselor. SDHC did not meet its most recent benchmark for number of participants receiving counseling – a shortfall it attributes to the strong motivation of program participants and the quality of its information materials. Nevertheless, the voluntary nature of these services may mean they are under-utilized and used only by a subset of participants.

[52] *Ibid.,* pp. 16, 31.
[53] *Ibid.,* p. 35.

Absence of support network

Many assisted households that move to opportunity areas end up moving back to high-poverty neighborhoods.[54] Reluctance to leave behind their social network also explains why some households do not enroll in mobility programs in the first place. The Minneapolis Public Housing Authority, for example, attributes waitlist applicants' low interest in its Mobility Voucher program to a preference to stay in familiar areas in which established social networks are embedded.[55] The SDHC reports a similar scenario, indicating the marketing of its mobility program has been its most challenging aspect. Many potential enrollees choose to remain where they have established a household and made connections to a community and its amenities. Development of the information packet described above is intended to address this obstacle.

Urgency of initial lease-up

Households that receive a voucher are often focused intently on finding a place to live, and may not take the time to consider a broad range of options, including units in unfamiliar neighborhoods. As a result, some mobility programs focus on "second movers" – existing voucher holders who are better-positioned to fully think through their options and explore new opportunities. For example, the Chicago Housing Authority's voluntary Mobility Counseling program focuses on housing choice voucher holders who live in high-poverty areas. Through a variety of mechanisms, including housing search assistance and referrals, community tours, and a grant of up to $500 to be used toward a security deposit, the CHA aims to help participating households transfer to low-poverty neighborhoods. (New voucher recipients and families porting-in from another housing authority may also enroll in the program.)

Expanded Project-Basing of Vouchers in Opportunity Areas

As previously stated in this report, traditional PHAs may convert a portion of their tenant-based vouchers to project-based vouchers but they are subject to certain limitations. Many MTW agencies have used their MTW flexibility to adjust these parameters, allowing them to project-base vouchers under a variety of scenarios. For example, 13 MTW agencies have adopted policies allowing them to project-base more than 25 percent of units in a private property. Five MTW agencies have adopted streamlined processes for awarding project-based assistance, rather than adhering to the competitive process required by HUD.[56]

Project-based vouchers attach to a housing unit, rather than to a tenant. By project-basing vouchers in opportunity areas, MTW agencies ensure these units remain available to tenants for the duration of the contract. KCHA, for example, has adopted a deliberate policy of expanding housing choice in opportunity areas by project-basing vouchers in targeted opportunity-rich neighborhoods. These efforts have been facilitated by MTW waivers that make it easier to project-base vouchers in units owned by the housing authority, including both LIHTC and market-rate properties. These waivers eliminate some of the process requirements associated with selecting units for project-basing as well as the requirement that a third party conduct rent reasonableness checks and HQS inspections of project-based vouchers located within authority-owned units. KCHA also partners with a regional housing intermediary, ARCH,

[54] G. Thomas Kingsley and Kathryn L.S. Pettit, "Have MTO Families Lost Access to Opportunity Neighborhoods Over Time?" accessible at http://www.urban.org/UploadedPDF/411637_opportunity_neighborhoods.pdf.
[55] Sarah Oppenheimer, Megan Haberle, and Philip Tegeler, *Increasing Housing Choices: How Can the MTW Program Evolve to Achieve its Statutory Mandate?*, Poverty and Race Research Action Council (2013), pp. 16, 23.
[56] *Ibid*, p. 11.

which KCHA has empowered to assign project-based vouchers to appropriate tax credit and other housing developments in opportunity areas.

Number of families served

Project-based vouchers in opportunity areas typically require a higher level of subsidy than assistance provided in low-cost areas. As with other innovations that target higher-cost areas, the benefits of providing access to opportunity areas need to be weighed against the possibility of reducing the overall number of households served. By using project-based vouchers to deepen income targeting in low-income housing tax credit and other properties that carry rents below market levels, MTW agencies can reduce the level of subsidy needed to serve extremely low-income households relative to using vouchers for market-rate units in those same neighborhoods.

Impact on housing choice

In some respects, the conversion of a tenant-based voucher to project-based assistance limits housing choice. Rather than a voucher that may be used in any property (subject to rent limits and quality standards), project-based assistance is tied to a specific unit. This trade-off may be justified, however, by the assurance that a unit will be available in an opportunity area on an ongoing basis.

Chapter 7. Cambridge Housing Authority

Cambridge Housing Authority is one of the original Moving to Work agencies and 2014 marks its 15th year in the demonstration. CHA has strategically used MTW flexibility for numerous regulatory reforms and has used the program's single fund flexibility to preserve affordable housing units in Cambridge that would have otherwise been lost.

Under MTW, the agency has achieved the following:

- CHA, through its non-profit affiliates, has developed or acquired 399 new hard units of affordable housing using a combination of funding sources including $18.6 million in MTW block grant funding.
- CHA works with private owners to convert enhanced tenant protection vouchers to project-based vouchers at expiring use properties to ensure that the property can remain affordable for at least forty years in the City of Cambridge. To date, CHA has preserved 468 units in the city.
- CHA attributes its success in obtaining $36 million in ARRA funding and a successful portfolio-wide Rental Assistance Demonstration (RAD) conversion application to its capital planning efforts and creation of working capital under MTW. The ARRA funding was used for the comprehensive redevelopment of three obsolete public housing developments and energy improvements at several other developments. Under RAD, CHA will convert all 2130 units of its federal public housing stock to project-based voucher funding and complete the largest capital program in the agency's history.
- CHA used MTW funds to maintain and rehabilitate state-funded public housing developments within Cambridge and to support the operations of the Massachusetts Rental Voucher Program, a severely underfunded resource in the Commonwealth. Through ARRA funds, CHA has also federalized the public housing stock previously funded by the state.
- CHA created a sponsor-based housing program to serve families and individuals who would have otherwise not been served under traditional housing programs, including victims of domestic violence and those experiencing homelessness.
- CHA implemented rent simplification procedures in both the HCV and public housing programs to reduce administrative costs and burdens on staff and residents.
- CHA has a new model of the Family Self-Sufficiency Program called FSS+ (Financial Stability and Savings), implemented in partnership with the nonprofit Compass Working Capital. Under the new model, CHA and the resident contribute to an escrow savings account and CHA will greatly expand the number of households participating in the program.

MTW status has been a significant boon to agencies in weathering the effects of reductions in the administrative fees received for the HCV program and sequestration. While other PHAs have struggled to maintain their portfolio of hard units and have reduced the number of vouchers in their communities, CHA has been able to serve more families and to create additional units of affordable housing in the city. Without the single fund flexibility to devote to development, acquisition, and modernization, CHA would not have been able to transform its state and federal public housing stock or add to its portfolio of affordable housing units. At a time of severe federal budget constraints, CHA has been able to do both.

This case study focuses on how CHA has been transformed through MTW participation from a traditional public housing authority that administers federal programs to an organization that is proactive in the preservation and development of affordable housing. The case study reports on how the agency has departed from the standard public housing and Housing Choice Voucher programs, and how MTW participation has led to changes in PHA organization, mission, and collaboration with other entities. The case study is presented in four parts. First, we present an overview of the agency and the community it serves and in which it operates. We then discuss how CHA's participation in MTW has changed over time and how the agency develops its MTW goals and initiatives. Next, we present the major initiatives that the agency has undertaken with MTW authority. Finally, we summarize what the CHA has been able to accomplish through its participation in the MTW program, organized by the five innovations categories used throughout this report.

Overview of PHA and Community

City of Cambridge

CHA's jurisdiction is the City of Cambridge, Massachusetts. As of the 2010 Census, the population of Cambridge was approximately 105,000, making it the fifth most populous city in the state. Rich in community resources, the city is adjacent to the state capital of Boston and home to two of the most prominent colleges in the US, Harvard University and MIT, in addition to numerous other colleges, universities, and think tanks. Cambridge has long been a center for technology, biotechnology, and pharmaceutical firms.

Cambridge is well-served by public transportation, including six subway stops and numerous bus lines. The city has a walkscore of 87[57] out of 100, one of the highest in the country, meaning that most errands can be accomplished on foot. The accessibility to transportation, employment, and education opportunities make the city a highly desirable place to live for all ages and income levels. As of the 2012 American Community Survey, the average income in Cambridge was $109,000, the median income was $72,000, and roughly 10 percent of households had incomes below the poverty line. A homelessness census conducted by HUD and city officials in 2013 counted 573 homeless individuals, up from 485 in 2012.[58] The Boston metro area has an unemployment rate of 4.7 percent[59], compared to a national average of 6.1 and a state average of 5.6 percent.

As Cambridge attracts residents from all over the country and the world, the cost of living in the city is one of the highest in the country. The cost of living in Cambridge is 23.2 percent greater than the Massachusetts average and 47.4 percent greater than the national average.[60] The City of Cambridge conducted a September 2013 survey of local advertised rents and found that the median monthly rent sought was $2,385 for a one bedroom unit, $3,000 for a two-bedroom unit, and $3,200 for a

[57] www.walkscore.com

[58] http://www.cambridgema.gov/citynewsandpublications/news/2013/04/2013cambridgehomelesscensusresults.aspx

[59] Bureau of Labor Statistics for May 2014. http://www.bls.gov/web/metro/laummtrk.htm

[60] http://www.areavibes.com/cambridge-ma/cost-of-living/

three-bedroom unit.[61] As the 2014 Area Median Income as estimated by HUD for the Metropolitan Boston area is $94,100 for a family of four, most Cambridge-area residents earning 30 percent of the area median income would not be able to afford to rent an apartment even if they dedicated their entire monthly earnings to rent.

Although there are many rental units in Cambridge (65 percent of units are rented and 35 percent are owner occupied[62]), the rental vacancy rate is two percent[63] due to the intense demand for housing in the City of Cambridge and the entire Boston metropolitan region. What housing is available is out of reach financially for many. As the City of Cambridge encompasses only seven square miles, every neighborhood is desirable and accessible to public transportation, resulting in high rents throughout the entire city. Cambridge also borders other high cost towns including Boston, Somerville, and Arlington so Cambridge residents would have to travel many miles outside of the city to find more affordable rents, usually in cities lacking public transportation and other amenities.

In response to the high cost of housing and low vacancy rates, and reflective of the community's dedication to social issues, resources exist within the City of Cambridge to support and create affordable housing. According to the 2010 Census, approximately 14 percent of the city's housing stock is subsidized in some form. Several organizations, including advocacy groups, community development organizations, and tenant councils, exist within the city and the state with a mission of preserving and expanding affordable housing in Cambridge. The Cambridge Affordable Housing Trust was established by the Cambridge City Council in 1989 to provide financing for the development of new affordable housing units and to preserve existing affordable housing units in the city. Since 1989, the Trust has funded the creation and preservation of 2,600 affordable rental and homeownership units. The Massachusetts Housing Partnership is funded by private sector funds and since 1985 has made financed nearly 20,000 rental units throughout the state. The housing authority often works in concert with these organizations to preserve and expand housing opportunities for low-income families.

CHA Inventory and Households

CHA has an annual budget of over $65 million and a staff of 160. At the end of the 2014 fiscal year, CHA served a total of 5,609 households through federal public housing, state public housing, and various voucher programs. The majority of households served by CHA, 4,608 households, are considered MTW households subject to MTW policies. MTW households are defined as all households residing in CHA's federal public housing, and all households served by tenant-based and project-based Housing Choice Vouchers. At the end of the 2014 fiscal year, there were 2,375 MTW households in CHA's public housing program and 2,233 MTW households in its Housing Choice Voucher (HCV) program.

The remaining households served by CHA are considered outside of MTW participation because they are funded separately from the MTW public housing and HCV programs and are required to be administered for the purpose for which they were intended. These non-MTW households include 167 households in state-funded public housing, and 679 households supported through other forms of housing assistance such as Veterans Supportive Housing (VASH) Program, Shelter Plus Care, and the Disaster Housing Voucher Program.

[61] http://www.cambridgema.gov/cdd/factsandmaps/demographicfaq.aspx
[62] 2010 US Census
[63] 2008-2012 American Community Survey

Exhibit 7-1 presents CHA's inventory of affordable housing as of the end of Fiscal Year 2014.

Exhibit 7-1: CHA Inventory, MTW and Non-MTW Units and Vouchers

Program	Households Served as of 3/31/14	Vouchers Authorized or PH Units in Place as of 3/31/2014
MTW		
Federal Public Housing		
Family	1283	1338
Elderly/Disabled	1042	1079
HOPE VI	44	44
Non-Residential	6	6
Total Federal Public Housing	**2375**	**2467**
Federal Vouchers		
Tenant-Based	1427	
Project-Based	742	
Sponsor-Based	64	
Total Federal Vouchers	**2233**	**2398**
MTW Total	**4608**	**4865**
Non-MTW		
State-Assisted Housing		
State Family Public Housing	65	108
State Other Public Housing	102	110
State Non-Residential		1
State Vouchers	155	156
Other		
VASH, Disaster Housing Voucher Program, Mod Rehab, and Shelter Plus Care	527	
Enhanced Vouchers (Expiring Use)	135	
Unassisted housing	17	
Non-MTW Total	**1001**	**1477**
All Programs Total	**5609**	**6342**

SOURCE: CHA MTW Annual Report FY 2014
Note: State family public housing is being vacated for redevelopment.

CHA residents are diverse in income and race and ethnicity. More than two-thirds (71 percent) of MTW households earn less than 30 percent of the Area Median Income (AMI), which amounts to $19,800 for an individual and $28,250 for a family of four. The average income for CHA public housing residents is $17,418 compared to $13,976 nationally and the average income for all CHA voucher-assisted households is $17,377 compared to a national average of $13,066.[64]

Approximately 48 percent of all MTW residents are African American, 48 percent are white, and 4 percent are Asian, and 12 percent of residents identify as Hispanic. According to the 2012 American Community Survey, the City of Cambridge's population is 11 percent African American, 69 percent white, 13 percent Asian, and 7 percent Hispanic.

Exhibit 7-2 presents demographics of the MTW households.

The demand for affordable housing greatly exceeds CHA's available resources, as evidenced by CHA's waiting list. At the start of the 2014 fiscal year, there were 9,315 distinct applicants on CHA's public housing and Housing Choice Voucher waiting lists. A total of 2,918 applicants were added to the public housing waiting list in fiscal year 2013 but the HCV waiting list remained closed to new applications.

Exhibit 7-2: CHA Characteristics of MTW Households

			Recent Fiscal Year (2014)	
Strategy	**PH**	**HCV**	**Total**	**(%)**
Income				
<30% AMI	1653	1530	3183	71%
30-50% AMI	427	447	874	19%
51-80% AMI	173	183	356	8%
>80% AMI	72	9	81	2%
Race				
Native American	14	11	25	<1%
African American	1127	1017	2144	48%
Asian	118	57	175	4%
White	1059	1083	2142	48%
Other	7	1	8	<1%
Ethnicity				
Hispanic	259	297	556	12%
Non-Hispanic	2066	1872	3938	88%
All Programs Total	**2325**	**2169**	**4494**	**100%**

SOURCE: CHA MTW Annual Report FY 2014

Note: Does not include characteristics of the households residing in HOPE VI units or with sponsor-based vouchers

[64] HUD PIC Resident Characteristics Report July 31, 2014.

Evolution of MTW at the PHA

Decision to Apply to MTW

CHA sees its primary mission as maintaining and expanding the availability of affordable housing, primarily through the acquisition of new affordable housing and the preservation of existing housing. In 1995, a year before the first MTW competition was announced, rent control rules that had been in place for more than two decades in the City of Cambridge were removed through passage of a state-wide ballot initiative. The rent-controlled buildings in Cambridge typically had rents 25 to 40 percent below the level of uncontrolled rental buildings in the city. CHA staff were concerned that the Housing Choice Voucher program would no longer be able to attract owner participation because property owners could get market rate rents higher than CHA's payment standards.

In addition to eliminating rent control, the ballot initiative removed the restriction that had been put in place on condominium conversions. Together, these changes contributed to rent increases in formerly rent-controlled units, as well as to increases in condo conversions, resulting in a significant net loss of units affordable to CHA clients. The impact on the availability of affordable housing in the city was significant in an already tight housing market. With limited land resources in the city, one way to increase the affordable housing stock was to buy condominiums. However, public housing and voucher funding had significant constraints for acquisition. Under MTW, CHA would have the flexibility to create an acquisition program using MTW block grant funding and to leverage additional funding for rehabilitation of the properties.

One of CHA's first preservation projects was the redevelopment of a nursing home in Cambridge, Neville Manor, as affordable assisted living with a new skilled nursing and rehab facility on the same campus. The City of Cambridge was looking to maintain the nursing home beds and create a mixed-income assisted-living component on the site. After a competitive RFP process, CHA was named the developer. At the time, assisted living was a relatively new type of housing, and HCV funds could not be used to support its operation. CHA specifically included a provision in its first MTW agreement with HUD that single-fund flexibility could be used for assisted living facilities and dedicated project-based vouchers to preserve the affordability of some of its units.

CHA also entered the MTW competition looking for ways to make the most out of limited financial resources, based on the view that funding flexibility would open up opportunities for cost savings, as would the ability to obtain HUD waivers on certain required policies and procedures via the Annual Plan process. Outside of the MTW program, obtaining a regulatory waiver from HUD was and still is a significant undertaking, both time-consuming and unlikely to be easily approved.

Evolution of MTW Goals and Plan

CHA's MTW plan has evolved over time, beginning with incremental policy changes that evolved into comprehensive changes in how its housing stock is funded. CHA's initial MTW agreement was five years long, so the staff thought about what changes they could make within that timeframe, keeping in mind that they may have had to convert back to the traditional program rules after the five-year period ended. They were careful not to make any commitments with partners that went beyond the demonstration period. CHA signed additional incremental agreements in 2001, 2005, and 2006 until they signed the MTW Standard Agreement in 2008 which extended CHA's participation in MTW through

2018. The longer agreement encouraged staff to think beyond the MTW period. CHA also started making commitments of up to 20 years after new Executive Director Greg Russ came to the agency in 2004, with the caveat that the agreement was subject to continuation in the MTW program.

CHA signed the initial MTW agreement and submitted its first MTW Annual Plan in 1999. CHA's central goal for the MTW demonstration was to develop an affordable housing program for Cambridge that identified local needs and to target the program to meet those needs while addressing the realities of the Cambridge housing market. CHA identified the following as guiding principles of its initial participation:

- Preservation of existing affordable housing resources through:
  - Capital improvements to the current public housing stock;
  - Changes to the Leased Housing Program to make it more competitive;
  - Project-basing as many leased housing units as possible; and,
  - The return to viability of the Massachusetts Rental Voucher Program (MRVP) by using federal resources to enhance its usefulness.
- Development of new, permanently affordable units.
- Resident-based initiatives to increase choice for low-income residents.
- Ongoing tenant services programs in employment and training to serve residents in their journey towards upward mobility, economic stability and self-sufficiency.
- Administrative and other internal changes to address issues of efficiency and accountability.[65]

The initial agreement authorized CHA to combine its Housing Choice Voucher administrative and subsidy funding, public housing operating funding, and public housing capital funding into a single block grant. The initial agreement also authorized CHA to streamline administrative procedures and to make changes to its development and procurement policies. The agreement authorized CHA to establish reasonable cost limits in lieu of HUD's Total Development Cost limits, to acquire sites without prior HUD approval, and to utilize alternative systems of procurement. These authorizations removed many time-consuming regulatory procedures and allowed CHA to acquire and develop affordable housing in a manner similar to private developers.

The MTW initiatives adopted by CHA in the early years of the program largely focused on the preservation and expansion of affordable housing. In 2000, CHA formally adopted an initiative to expand the supply of permanently affordable hard units through a variety of means including condo acquisitions, acquisition of larger scale development projects, and development of affordable units through construction financing or other financing options. In 2001, CHA developed a capital improvement plan and identified $69 million in capital improvements and repairs needed. When the Capital Funds allocated to the agency were insufficient, CHA was able to dedicate additional MTW block grant funding to modernize and rehabilitate its public housing stock.

[65] CHA 2001 MTW Annual Report to HUD

In later years, while still focusing on development of affordable housing and modernization of its public housing stock, CHA implemented several other initiatives that aimed at increasing cost effectiveness. In 2006, CHA first implemented its rent simplification program in both the public housing and HCV programs, and in 2008 implemented a biennial inspections policy for HCV units.

In 2009, CHA and HUD executed the Restated and Amended MTW Agreement which extended the agency's participation in the demonstration through 2018. In its 2011 MTW Annual Plan, CHA laid out a MTW long-term plan that focused on liberating public housing assets in order to access capital funding for modernization needs, simplifying procedures in the public housing and voucher programs to reduce administrative burdens and increase efficiency, and leveraging partnerships with local service providers to integrate educational and employment opportunities into its housing programs. As part of its long term plan, CHA implemented a sponsor-based housing program in which it partnered with local service providers to couple housing assistance with supportive services for hard-to-house populations

MTW Decision-Making Process

Determining how best to make use of MTW flexibility for Cambridge is an ongoing collaborative process among CHA staff, residents, and partners in the community. All senior staff report a cooperative environment in which they can present ideas for consideration. Ideas often come from the Executive Director, but contributions from all departments and staff levels are encouraged and acted upon. For example, the idea for a sponsor-based housing program came from the then-Director of Leased Housing, and the maintenance staff has been involved in determining the unit specifications for the redevelopment of public housing.

Senior staff report that the MTW goals and the agency goals are the same: increasing the affordable housing stock, improving cost effectiveness, and helping people become self-sufficient. Everything that is done in the agency is evaluated against these three mission goals. Many of the internal ideas come from staff asking how they can make things easier—for both staff and residents—and how they can modify policies to make them work better for local needs in Cambridge. Reductions in federal funding have also spurred staff to consider how to make their work more efficient. With fewer resources to run a program, staff try to come up with ways to make administration easier and less time-consuming.

Although coming up with ideas on new and revised MTW initiatives occurs throughout the year, the required MTW Annual Plans and Reports provide an inherent schedule for decision making. Each year the MTW Coordinator works with the Executive Director and department heads to put together the MTW Annual Plans and Reports. The MTW Coordinator meets with the Executive Director to discuss CHA's key goals and how they fit under the demonstration. Then the MTW Coordinator meets individually with each Department Head to discuss his or her ongoing initiatives and outcomes. Managers are encouraged to take ownership of innovations within their departments and to oversee the collection of outcomes data.

For the FY 2014 Annual Report, the MTW Coordinator revisited each of the MTW activities on which the agency was reporting to HUD to determine which continued to need authorization under MTW. This was largely done in response to the new HUD Form 50900 reporting requirements and performance metrics. The review prompted CHA to remove a number of activities from its reporting because they no longer required MTW authorization, and to consolidate others. For example, CHA removed the MTW "activity" allowing 58- and 59-year olds to apply for elderly housing, something that HUD now permits all PHAs to do.

All initiatives, MTW or non-MTW, are incorporated into CHA's Annual Plan and included in the public notice and comment process. The Annual Plan is CHA's report to residents and the wider community and is used as a living document to guide staff over the course of the fiscal year.

In the early years, the agency had a contingency plan in case the demonstration was discontinued. That is not the case now: fifteen years into the demonstration, it would be very difficult for CHA to return to pre-MTW policies, since so many of the changes that took place include long-term financing commitments. For CHA, MTW is no longer a demonstration, but a way of life.

Role of Residents and Advocates in Decision Making

CHA strives for an open channel of communication between the agency and the community it serves. The agency routinely works with resident councils, advocacy groups, and legal aid as part of its annual planning and reporting processes and as it seeks to implement changes to its policies and procedures. Cambridge is home to a very active resident community and resident councils have formed at a number of public housing sites. CHA provides numerous opportunities for residents to engage with the agency and provide input. In addition to quarterly resident council meetings CHA also holds brainstorming sessions with residents and advocates on how to improve its housing programs and working sessions on proposed initiatives. The CHA also conducts a survey of its residents every other year.

A separate organization, the Alliance of Cambridge Tenants (ACT) emerged in 2007 as a citywide mechanism to advocate for public housing residents and voucher holders in Cambridge. Although the CHA Board of Commissioners did not approve an ACT-proposed agreement to establish the parameters of the two organizations' relationship, it did formally recognize ACT as its city-wide organization. A representative of ACT reports a positive working relationship with CHA. The organization maintains an office at a CHA development and CHA pays for its telephone service and utilities. ACT has also worked with the CHA to educate residents about their options under the expiring use program to convert their enhanced tenant-based vouchers to project-based vouchers.

Performance Measurement and Evaluation

CHA uses a variety of methods to measure their MTW performance. The agency routinely uses outside consultants and evaluators for its programs and tracks agency performance metrics. CHA's data systems have been continually evolving throughout their MTW participation. CHA has long had a central data system but it has not always been practical to use for each department. The system that was in place at the start of MTW was a DOS-based system that was not very flexible. Late in 2008 the CHA moved its HCV and public housing programs to a Windows-based program called Elite that was much more flexible but also much more complicated on the back-end and, at first, required multiple work-arounds to obtain reports. In the past few years, the CHA has invested a lot of resources, both in staff time and obtaining an outside consultant, to develop a new comprehensive data collection system inside Elite. In 2012, CHA moved the remaining processes to Elite, integrating the HCV, public housing, resident services, and fiscal data systems. The new system includes a data dashboard that provides resident and financial data for forecasting and evaluation. CHA also recently hired a new director of Information Technology.

CHA has not conducted an overall evaluation of its MTW program, although its Annual Report is a self-evaluation of the success and/or failure of various goals and related initiatives detailed in the Annual Plan. CHA has also engaged consultants and evaluators in the following ways:

- An independent consultant conducts resident surveys.
- Brandeis University and Boston College evaluated the Crittenton Women's Union (CWU) sponsor-based housing program.
- CHA is working with a research firm to evaluate its FSS+ program.
- CHA hired an independent consultant to conduct a time and motion study to estimate the cost savings from their Rent Simplification Program.
- In 2013, an independent consultant conducted a survey of the Work Force program participants who graduated high school between 2003 and 2013. The first assessment of the Work Force College Savings Account Program is planned for FY15.
- CHA hosts a number of academic fellows as part of its Policy and Technology Lab. Fellows conduct research projects in various areas, including CHA procedures and business practices and program policies. The Lab has just begun a new partnership with the Boston Area Research Initiative (BARI), an interuniversity partnership for conducting and sharing research on urban issues. CHA is investigating working with BARI and an as-yet-unidentified research partner to de-identify its resident database and perform data analysis.
- CHA participated in a number of studies on the MTW program including the 2004 study conducted by the Urban Institute and HUD's study resulting in their 2010 report to Congress.

Major Policy Changes enabled by MTW

Below we present the major policy and procedure changes made by CHA as a result of, or indirectly attributed to, its participation in MTW, organized by the five innovation categories used in this report. Exhibit 7-3 shows the most important innovations undertaken by CHA using MTW authority or as a direct result of MTW participation. As shown, CHA has undertaken numerous initiatives to meet the MTW goals of increasing cost effectiveness, increasing housing choice through improvements in the quality and quantity of affordable housing, and encouraging self-sufficiency of its residents.

The single fund flexibility of the MTW program has allowed CHA to redistribute federal funding to programs or initiatives as it sees fit. Since 1999, CHA has used MTW block grant funding for the development and acquisition of new affordable housing units, capital improvement projects at its federal and state public housing developments, resident services, and special programs. The majority of the MTW block grant funding is redistributed from unspent Housing Assistance Payments in the HCV Program. CHA has realized cost savings from HAP primarily through relatively lower payment standards in outside communities (assisted households living in Cambridge all rent at or over 120 percent of FMR) and through a slightly lower HCV utilization rate. A large percentage of CHA voucher holders (40 percent) lease in areas outside Cambridge with lower payment standards. Within Cambridge, payment standards have historically not increased as rapidly as rents in the Cambridge market. Even at 120 percent of FMR, CHA has negotiated with Cambridge owners to accept its payment standard. CHA typically tries to maintain a voucher utilization rate around 95 percent, although it has been lower in some years as CHA has addressed the capital needs of its hard units.

Exhibit 7-3: CHA MTW Innovations by Type

Increasing Cost Effectiveness	• As part of its Rent Simplification in HCV Program, CHA conducts biennial recertifications for elderly and disabled households, limits interim recertifications and moves, excludes assets under $50,000, and implemented a minimum rent of $50. • CHA implemented a similar Rent Simplification Program in public housing but also included a tiered rent schedule based on $2500 income bands and established a more simplified ceiling rent calculation. • CHA implemented biennial inspections and simplified inspection procedures in HCV program. • CHA earns fee income as developer for mixed-finance projects and other fees for service. • CHA began acting as its own Energy Service Company in 2002 and realized reduction of energy consumption in its developments by 62 percent during participation in MTW.
Increasing Quantity and Quality of Affordable Housing	• CHA, through its nonprofit affiliates, has developed or acquired 399 new hard units of affordable housing using a combination of MTW block grant funding and working capital, tax credits, and state and local funding. • CHA has converted 392 Enhanced Vouchers used in expiring use projects to project-based vouchers to ensure at least 40 years of affordability of hard units in Cambridge. • CHA augments the Massachusetts Rental Voucher Program and state public housing budgets with MTW block grant funding to preserve the availability of vouchers. At least 8 vouchers have been stabilized as a result of this activity. • CHA used single-fund flexibility to complete rehabilitation and modernization activities at its federal and state public housing. • CHA established a working capital pool in its MTW block grant to fund pre-planning and planning activities for capital projects which creates the opportunity to compete for funds or participation in new programs, such as ARRA and RAD. • MTW funding fungibility has allowed CHA to implement an enhanced capital program for improvements to hard affordable units which totals $50 million over the last 15 years.
Increasing Self-Sufficiency	• CHA has implemented a revised FSS program called FSS+ (Financial Stability and Savings) which is a five-year program focused on financial goals, budgeting, credit, debt, and savings. • CHA uses MTW grant block funding to support resident services programs such as the Work Force Success Initiative, an award-winning college readiness and work program, parental education programs, elementary school mentoring programs, and Adult Literacy and ESOL Programs.
Promoting Residential Stability for Targeted Households	• CHA works with community partners to implement a Sponsor-Based Voucher Program that provides transitional and permanent assistance for homeless individuals, individuals with disabilities, and victims of domestic violence.

Expanding Geographical Choices of Assisted Households	• To expand housing choices in the HCV program, CHA allows assisted households to pay more than 40 percent of income in rent and utilities at initial lease up and revised its rent reasonableness policy to allow exception rents of up to 120 percent of payment standards. • To encourage owners to participate in the HCV program, CHA provides landlord vacancy loss and damage payments. • CHA allows transfers between the public housing and HCV programs for households in crisis such as victims of domestic violence. • By project-basing as many HCV's in Cambridge as possible, the CHA fosters choices and opportunities for low-income households to live in a diverse city with unprecedented access to jobs, education, services, transportation and shopping.

Increasing the Quality and Quantity of Affordable Housing

CHA's housing stock has changed fundamentally since the beginning of the agency's participation in MTW, particularly in how it is funded. The overall number of affordable hard units and vouchers administered by CHA has increased from 6005 to 6342. The baseline number of MTW households served by CHA in 1999, at the beginning of its MTW participation, adjusted by units and vouchers added and disposed, is 4407, including 2208 public housing units and 2199 tenant-based vouchers. At the time, CHA also administered 764 state public housing units, 274 state vouchers, 455 non-MTW units, and 16 unsubsidized units. As of March 31, 2014, CHA had 6342 total units and vouchers available including 2,467 federal public housing units and 2398 vouchers. After CHA completes the Rental Assistance Demonstration, it will administer a total of 6,344 units and vouchers, including an additional 2,130 project-based vouchers issued by HUD for the demonstration.

Exhibit 7-4: CHA Units and Vouchers Authorized, 1999 and 2004

	1999 Adjusted Baseline	As of 3/31/14
Federal Public Housing	2208	2467
Housing Choice Vouchers	2199	2398
MTW	**4407**	**4865**
State Public Housing	764	219
State Vouchers	274	156
Non-MTW Vouchers[66]	455	1085
No Subsidy	16	17
Non-MTW	**1598**	**1477**
Total Units and Vouchers	**6005**	**6342**

Development of New Affordable Housing

CHA has invested in the creation and preservation of affordable housing units in Cambridge even prior to its participation in MTW. CHA created the Cambridge Affordable Housing Corporation (CAHC) in 1989 as a nonprofit charitable organization to acquire, construct, and rehabilitate low income housing. CAHC has received funding from the CHA, the City of Cambridge's Affordable Housing Trust, the Massachusetts Housing Partnership Fund, Federal Home Loan Bank and private lenders and investors. In addition to CAHC, CHA created two affiliate organizations for the development and management of its HOPE VI project and a 65-unit development of affordable housing in Cambridge. These non-profit organizations are controlled by the CHA and have the same Board of Directors (with the addition of CHA's Executive Director).

CHA's initial MTW agreement authorized CHA to make changes to its development and procurement policies in order to simplify these processes and allow CHA to acquire and develop affordable housing in a manner similar to private developers. In addition to the regulatory relief provided by MTW, CHA used single fund flexibility to dedicate MTW block grant funds toward the development of new affordable housing units, including both working capital and capital investment. The flexibility of MTW funding allowed CHA to provide grants and loans for acquisition, rehabilitation, and new construction. MTW funding could be used at any stage of development, allowing CHA to leverage the MTW funds for other public funding from the city, state, and private banks and lenders. CHA also combines project-based vouchers with tax credits and other funding sources to make the development of new housing financially feasible.

Within the first two years of MTW participation, CAHC developed 80 new units of housing through condo and scattered site acquisition. Although MTW block grant funding was not used for acquisition costs, the waivers received by the agency allowed CHA to acquire the sites without HUD approval. Since 1999, CHA has constructed 100 units and acquired new 299 units of affordable housing through

[66] Includes 335 vouchers that were authorized in advance for expiring use properties and 32 vouchers that were issued but not yet leased up. 135 of the voucher total are expiring use/enhanced vouchers that have not yet been converted to MTW.

its affiliates. For these units, CHA allocated $18.6 million in MTW block grant funding. Other funding sources included the City of Cambridge, the Cambridge Affordable Housing Trust, Low Income Housing Tax Credits, the Massachusetts Department of Housing and Community Development, and private construction financing. In its 2015 fiscal year, CHA plans to add 40 units of affordable housing in Cambridge.

Preservation of Public Housing Stock

Since the beginning of its participation in MTW, CHA has used MTW funding flexibility to support the capital needs of its public housing units. In 2001, a capital needs assessment estimated repair and construction costs of $69 million. With annual capital funding of approximately $3.5 million, it would have taken CHA 20 years to meets existing maintenance and modernization needs. CHA used MTW single-fund flexibility to dedicate funds above what it received in capital funding. Between 1999 and 2005, CHA spent $9 million from its MTW block grant toward modernization and extraordinary maintenance. Although reduced operating subsidies over the next few years required CHA to limit the amount of MTW funding spent on maintenance, CHA ultimately spent a total of $50 million in MTW funding on capital needs between 1999 and 2014, maintaining the quality of all of its public housing units.

Preservation of State-Funded Housing Vouchers

In addition to dedicating MTW block grant funding for capital and operating needs in its state-assisted public housing developments, CHA has also supported a smaller state rental assistance program called the Massachusetts Rental Voucher Program (MVRP). The MVRP program has been underfunded by the Commonwealth, and the number of vouchers available has significantly decreased over the last 20 years. In 1990, the Commonwealth issued approximately 20,000 vouchers; in 2013 that number had dwindled to just 5,100. Based on provisions in its original MTW agreement, CHA used funding from the MTW block grant to supplement the MRVP vouchers. In 2014, CHA used $44,000 in MTW funds to match the $48,936 in funding provided by the state. These funds allowed CHA to continue helping eight families who otherwise would have lost housing assistance during the year.

Project-Based Assistance

CHA has used its authority to project base vouchers without the statutory limitations that apply to non-MTW PHAs in several ways. Under MTW, agencies are allowed to exceed the portfolio-wide cap on vouchers that may be project-based (20 percent) and the 25 percent cap on the share of units in a building that may have project-based vouchers. CHA's activities in this area were approved and implemented in 2001, early in its MTW involvement. CHA's Administrative Plan describes the project-based assistance available through CHA as a "community resource" to "support and preserve" housing as well as to "expand housing development." Since implementing its PBV effort, CHA has project-based 853 vouchers in units across the city, including private developments, developments owned by CHA affiliates, and its own public housing.

CHA also uses project-based vouchers to preserve affordable housing units at multi-family expiring use properties. HUD provides "enhanced" tenant-based vouchers to residents of such projects when the owner prepays the HUD mortgage or opts out of the Section 8 contract. Enhanced vouchers enable tenants to stay in buildings after they have been converted to market rate. Enhanced vouchers may also be used at other developments—the subsidy stays with the tenant and not the unit—and the vouchers are subsequently absorbed into agencies' general tenant-based HCV program. In contrast, project-based vouchers remain with the property, helping to ensure that the property remains affordable over the long-term and enabling the owner to access private debt for required renovations. CHA works with owner-entities, both private and nonprofit, to allocate project-based vouchers to units with expiring subsidies and maintain the hard units as affordable for at least 15 more years.

CHA began project-basing units at expiring use properties in FY 2012. Working with the City of Cambridge's Community Development Department and the advocacy community, including legal services, CHA identified 10 properties with a total of 590 affordable housing units that would reach the end of their subsidy contract in the near-term. These units were at risk of conversion to market-based rents, and therefore out of reach of both the current tenants and future tenants with similarly low incomes. To maximize housing choice for current residents, eligible tenants were given the option to retain a traditional enhanced voucher administered by CHA, which would move with the tenant, or to convert it to a project-based voucher, which would remain with the unit. To date, CHA has preserved 246 expiring units in the city, and has an additional 218 units pending.

To project-base units in private developments, CHA set up a procedure for receiving Requests for Proposals for project-basing efforts that differs from the usual regulatory requirements for project-basing. CHA uses an open-ended RFP process under which project-based vouchers can be awarded at any time, without competition and without HUD approval. This flexibility allows the agency to move quickly in response to market forces, making the process an effective, market-responsive tool. CHA also educates tenants in the units proposed for project-basing. CHA staff invested a significant amount of time creating educational materials, conducting meetings with tenants and other stakeholders, and working to convince the tenants and advocates of the importance of preserving the building as an affordable housing resource.

ARRA

CHA believes that the planning it engaged in as of a result of MTW participation played a critical role in helping CHA obtain almost $29 million in federal stimulus funds through the American Recovery and Reinvestment Act (ARRA). Projects funded under ARRA had to be shovel-ready with project planning, engineering, and funding at the stage where construction could begin immediately. CHA has long had a plan to renovate and preserve its housing stock, and engaged in a city-wide planning process in 2009-2010 to begin discussions with residents and the wider community about the overall capital needs of their entire public housing stock. Because of MTW and the flexibility it offered for redevelopment funding, CHA started the planning process at several developments without full funding in place, anticipating that the developments would at least qualify for 4 percent Low Income Housing Tax Credits.

The planning process included engaging architecture and engineering firms, having discussions with residents, and searching for funding. This planning put CHA in a very competitive position for ARRA funds, and a total of five competitive applications were approved. The $29 million in stimulus funds leveraged an additional $67 million in other state, local and private funding. ARRA funds also provided an opportunity for CHA to add to its public housing portfolio. A provision in ARRA allowed PHAs to exceed the Faircloth limit[67] on public housing units that may receive federal subsidies. As part of its original MTW agreement, CHA was able to reserve 98 units of public housing operating subsidy for future use based on the demolition of three public housing buildings in the 1980s. Until ARRA, CHA did not have the funds to develop these hard units.

Another boon of the ARRA legislation was that it allowed CHA to federalize its state-assisted housing units. Massachusetts is one of three states with state-funded public housing. The Commonwealth provides a significantly lower per-unit operating subsidy than HUD ($199 compared to $374 for federal public housing) so converting the units to receive ACC funding significantly increased the operating funding of the developments, and also provided capital funds for those units. The housing developments had to meet federal health and safety standards under REAC in order to qualify for ARRA funding. CHA had been able to maintain the quality of the state housing using MTW fungibility while other state-assisted housing in Massachusetts had deteriorated due to lack of funding and, therefore, was not eligible to apply for ARRA funds. Overall, CHA was able to bring 438 units of state-assisted housing into its federal public housing portfolio.

Rental Assistance Demonstration

Similar to ARRA, CHA staff believes that participation in MTW increased the likelihood of success in its application to HUD's Rental Assistance Demonstration, which allows the conversion of public housing units to project-based Housing Choice Vouchers, providing a long-term operating subsidy and allowing CHA to finance capital improvements. Having already completed preliminary design work and a financing plan, and after having held more than 20 meetings with residents about its capital needs, CHA was able to quickly repackage the plans for consideration under RAD. The previous planning paid off as the first round of RAD applications was reviewed in the order they were submitted to HUD. CHA was able to secure an award for 1,151 units. The second phase application covers the remaining 979 units in CHA's federal public housing portfolio that had not yet been redeveloped.

Increasing Cost Effectiveness

CHA reports administrative cost savings created by several of its MTW initiatives. In fiscal year 2014, CHA reported an administrative cost savings of approximately $200,000 in the operations of its public housing (Property Management Department) and voucher programs (Leased Housing Department). However, the savings were not used to reduce staff hours or eliminate positions. Instead, staff time was reprogrammed into other administrative responsibilities and greater customer service and quality control roles. Senior staff report that, although they have saved staff time through various MTW initiatives, there has also been a substantial increase in reporting and planning required for MTW participation that absorbs most or all of the repurposed funds.

CHA calculates the amount of administrative cost savings realized through MTW activities by estimating the amount of time the new procedures (e.g. initial income verification and rent calculation, annual recertification, inspections, etc.) take for staff to complete compared to the process under traditional program rules. The time is then multiplied by the number of times the agency conducts the activity.

[67] The "Faircloth Amendment" to Section 9 of the United States Housing Act of 1937 states that PHAs cannot receive public housing operating and capital funding for units that they construct, acquire or rehabilitate that exceed the number of public housing units the PHA owned as of October 1, 1999.

Rent Simplification Program

In 2006, CHA implemented a Rent Simplification Program (RSP) in both its public housing and HCV programs. CHA sought to develop a simplified rent calculation in order to reduce the administrative burden on staff and compliance burden for residents. CHA staff found it difficult to administer the complex program of deductions and exclusions in an efficient manner. Prior to implementing the RSP, CHA conducted an impact analysis and identified options to simplify rent determination and calculation with the goals of streamlining eligibility and recertification processes, simplifying resident understanding and compliance, and improving program integrity. The RSP was intended to be cost neutral in rent and HAP payments.

Public Housing Rent Simplification. The RSP in the CHA's public housing program is a tiered rent structure in which residents' rents are based on $2,500 income bands and unit size, rather than 30 percent of adjusted gross income, as in the traditional public housing program. The rent bands were calculated based on 30 percent of income on the low end of the band, so no family pays over 30 percent of its income on rent.

Financial analysis conducted showed that while 60 percent of residents would see their rent go down, approximately 20 percent of residents would experience an increase in rent. Rent increases were capped at $100 during the first year after the new rent bands were implemented. Residents can apply for hardship waivers if they have no income, although residents can only pay the minimum rent for one year before being moved to the next rent tier and required to pay rent based on the $2500 income band. RSP also streamlined the calculation of deductions, allowing for just two levels of deductions, either $2500 or $5000 for childcare and/or medical expenses. The RSP applies to all federal public housing residents, including those who are elderly or have disabilities, with some exceptions.

RSP in the public housing program is coupled with a biennial recertification schedule, allowing assisted households to retain their increases in income within a two-year period without an increase in rent triggered by crossing into a new rent tier. Families can request interim recertifications for reductions in income but are limited to just two interims over their tenancy. Residents have to consider if the decrease is substantial enough to warrant using one of their interims.

HCV Rent Simplification. Rent simplification procedures in the HCV program include biennial recertifications for elderly and disabled households and a minimum rent of $50 after the first four months of tenancy, even for assisted households claiming zero income. CHA also excluded income from assets greater than $50,000, and created new procedures to allow assisted households to add family members without completing interim recertifications. Taken together, CHA reports a cost savings of $45,850 in the HCV program and $28,561 in the public housing program from rent simplification changes. This is based on a calculation of the number of recertifications and interim recertifications in FY 2006 compared to FY 2014, multiplied by the average amount of time it takes to complete a recertification.

Changes to Inspections

CHA has used MTW authority to streamline the inspection process in the HCV program. Under the traditional HCV program, all units are inspected to meet HUD's Housing Quality Standards on an annual basis.[68] In 2008, CHA implemented biennial inspections on all tenant-based units. CHA conducts inspections on a random sample of units funded with project-based vouchers. As a result of this change, CHA reduced the number of inspections conducted from 2,730 in FY 2008 to 1,011 in FY 2014.[69] CHA has also recently moved to contracted inspections for all annual and initial inspections to further reduce administrative costs.

The City of Cambridge also requires all new units to be inspected by its Inspectional Services Department and meet the city's Board of Health requirements. Since the Board of Health's standards are more stringent than the HCV program's Housing Quality Standards, CHA opted to take advantage of the city's services and no longer conducts HQS inspections on new units coming online.

Even when inspection contracting costs of $27,000 are considered, CHA realized a net savings of $122,234 in FY 2014 based on estimates of hours saved and average hourly staff rate.

Energy Conservation

Under standard public housing rules, PHAs must use third-party energy companies and are only permitted to retain 50 percent of the annual savings realized from energy savings actions. However, under the terms of its original MTW agreement, CHA was able to act as its own Energy Service Company (ESCo). The agreement also included a provision that froze CHA's utility consumption for purposes of calculating operating subsidy eligibility during the term of the agency's MTW participation, allowing CHA to recoup all cost savings after the debt service costs of energy retrofits were covered.

In addition to the ESCo, CHA has obtained funding for other energy conservation projects from federal and local sources including $10 million in ARRA funds for modernization and energy improvements and funding from local weatherization and solar energy programs. All these changes combined have resulted in a reduction of 63 percent of electricity consumption since 1999, although the reduction has been partially offset by an increase in gas use, as three of CHA's development converted from electricity to gas. Overall, CHA has seen the cost of energy from both electricity and gas decrease by about $850,000 annually.

Increasing Economic Self-Sufficiency

Resident Services

Resident services and the goal of moving residents toward self-sufficiency has remained a focus throughout CHA's 15 year tenure as an MTW agency. In the original MTW agreement, CHA was authorized to operate its Family Self-Sufficiency (FSS) program exempt from HUD requirements and could allocate MTW block grants toward resident service programs. In 2002, CHA realigned FSS to integrate it into their larger and more comprehensive Economic Development and Supportive Services program and transferred participants into a local employment program. The MTW block grant provided supplemental funding to CHA's long-standing high school employment program. However, it was not until 2010 and 2011 that CHA developed MTW programs tying housing assistance to services.

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[68] Effective July 2014, HUD allows all PHAs, regardless of MTW status, to conduct inspections every other year for units in the HCV program and to accept alternative inspection standards.
[69] At the time of this writing, CHA's FY 2014 MTW Annual Report is pending approval from HUD.

CHA uses MTW block grant funding to support its Resident Services initiatives. Resident Services initiatives include programs that serve residents in every stage of their lives, from early childhood programming to adult education and service coordination to help elderly age in place. In 2014, CHA served over 10,000 residents through various resident services programs. The Resident Services Department supports 11 full-time and 3 part-time staff and relies heavily on partnerships with local non-profits and service providers in the community for the provision of many direct services.

Although CHA has educational and employment programming for adults, the agency has purposely focused the bulk of its programming resources on CHA's youth in order to break the cycle of generational reliance on subsidized housing. More than half of CHA's Resident Services budget is dedicated toward youth programs at each stage of development from childhood education programs through high school. The Director of Resident Services commented that these are the areas where CHA can have the most impact to help set young CHA residents on a path to greater economic self-sufficiency.

CHA's youth program called The Work Force was created in 1984 to help address the significant high school dropout rate of Cambridge students living in subsidized housing. Within 10 years, almost all of the participants went on to graduate high school, and CHA remodeled the program to focus on college preparedness. Now with four sites, including three housed at CHA developments and one new location at the Cambridge Rindge and Latin High School, the Work Force program serves approximately 200 students annually. CHA reports a 95 percent college matriculation rate for the class of 2013 and an 85 percent matriculation for all participants in the last two years. Two recent evaluations of the program found that nearly two-thirds of participants are living in unsubsidized housing six or more years after graduating from the program. The program has won the National Ford Foundation/Harvard University Innovations in State and Local Government Award and has been designated a National Model of Effective Practice by the US Departments of Labor and Housing and Urban Development.

Other programs supported by MTW funds and geared toward youth are Baby U and the DREAM mentoring program. Largely based on the early intervention strategies developed and deployed in the Harlem Children's Zone, Baby U is a parenting program that provides expectant and new parents with hands-on learning experience regarding child development and effective behavior management. The DREAM program pairs freshmen college students with middle school students living in CHA developments.

FSS+

The Financial Stability and Savings Program (FSS+) is a voluntary five-year program available to participants in CHA's HCV program. Through CHA's partner Compass Working Capital, FSS+ provides financial education and coaching in five areas: income and employment, credit and debt, savings, utilization of financial products, and asset building. CHA also maintains an escrow savings account for the participant for five years; contributions are automatically made into the account based on increases in tenants' portion of rent payments. Participants whose income increases due to employment can save a percentage of their income in the escrow that would have otherwise gone toward rent. Unlike the traditional FSS Program in which all increases in rent due to increases in income would be placed in an escrow account, under FSS+, CHA receives half of the increase. Compass Working Capital is actively recruiting participants and as of this writing has enrolled 130 participants, more than half of its total enrollment goal.

Additionally, CHA is in the feasibility stage of determining a new model for FSS+ that would automatically enroll participants in the escrow program and require them to “opt out” if they do not want to participate. CHA received some funding for the feasibility stage from a philanthropic broker and is looking for additional funding.

Promoting Residential Stability for Targeted Households

Sponsor-Based Housing

An effort to reach those households that are most challenging to serve through conventional programs, the sponsor-based program is considered by CHA staff as its first effort under MTW that is completely outside of the traditional public housing and HCV programs, rather than just adopting rule changes to the programs. CHA uses MTW authority to issue housing vouchers directly to sponsor organizations that in turn rent housing for their social services clients and provide them with intensive supportive services. Under the traditional HCV program, vouchers can only be issued directly to the household receiving housing assistance. CHA’s sponsor-based program was first approved and implemented in FY 2008.

The sponsor-based voucher creates another mechanism for assisting households, especially those experiencing homelessness or living in temporary settings like shelters, and those who may not be eligible for mainstream housing program requirements or in need of immediate housing assistance. The service provider is responsible for selecting the recipients, while the CHA determines their eligibility for the program. The program provides more flexibility than the regular voucher program in that the assistance can be temporary and the service provider can issue the voucher to more than one household per year. As such, the sponsor-based housing can be used as short-term transitional housing.

During the past few years, CHA has expanded the number of service provider organizations it provides with sponsor-based housing subsidies, as well as the number of vouchers available. The program has grown from 40 vouchers in 2008 to 63 in FY 2014, offered through nine sponsor organizations. Many service providers are able to serve more than one household per voucher in a given year. The program served a total of 81 families in FY 2014.

Two examples of sponsor-based housing programs are the Hard to House and Pathways to Permanent Housing programs. The Hard to House Program provides vouchers to households that include people with psychiatric, developmental, or behavioral disabilities. These households receive housing assistance from CHA while receiving case management and support services from the nonprofit service provider. The Pathways to Permanent Housing program provides hard units and vouchers to victims of domestic violence. CHA makes available two public housing units for households that have been sheltered in Transition House to live in for a period of one year. To qualify, participants must have been on CHA’s waiting list for at least one year and in Transition House’s program for at least 90 days. The lease is between CHA and Transition House, and the participant signs a participant agreement with Transition House. After a year, families in compliance with the agreement can transition to permanent assistance in a CHA program. CHA also allocated the equivalent of four voucher subsidies to fund a community liaison to provide supportive services to families in the program and to other CHA residents and staff.

Staff indicate that this program serves as a model of what being part of the MTW demonstration has to offer: development of a locally-based solution to a local challenge, designed in coordination and partnership with other entities within the city. The participants in this program would not have been otherwise served by CHA under its public housing program or with a Housing Choice Voucher because they either would not have qualified for the programs based on their housing history or would have had to wait years on a waiting list before receiving assistance. Using this model, CHA is exploring other partnerships with agencies that provide temporary housing for other hard-to-house participants.

Expanding Geographical Choices of Assisted Households

Landlord Incentives

CHA has implemented some measures to attract and retain landlords for the HCV program. Prior to the Quality Housing and Work Responsibility Act of 1998 (QHWRA), housing authorities could pay for damage to units done by tenants and cover last month's payments. When QHWRA was enacted, potential tenants had to come up with first and last month's rent and security deposits on their own, something that was very difficult for very low-income residents. In 2000, CHA created an incentive for landlords to waive or accept reduced security deposits in return for compensation if the tenant causes any damage. They also asked landlords to waive the last month's deposit in return for one month's rent if an assisted household vacates a unit without prior notice. In FY 2014, the policy was revised to 80 percent of contract rent.

CHA notes that the higher rents that can be charged in the private rental market make it difficult to attract new landlords to their programs. In 2002, CHA implemented changes to its rent reasonableness policy and payment standards. Payment standards were set at 120 percent of HUD's Fair Market Rent for the Boston Metropolitan Region to allow families to have a greater chance of leasing units that are not widely available in Cambridge. The FMR region is large and includes hundreds of towns and cities within six counties, reflecting a wide range of rents. Rents in Cambridge are high compared to the average rents over the entire region. In FY 2014, CHA modified its rent reasonableness policy to establish rents based on a biennial market analysis conducted by an independent consultant. In FY 2014, 104 new admissions leased units over 110 percent of the Fair Market Rent.

CHA's Transformation through MTW

Through its 15-year participation in the Moving to Work program, CHA's overall mission has remained unchanged. CHA's mission is "to develop and manage safe, good quality, affordable housing for low-income individuals and families in a manner which promotes citizenship, community and self-reliance." Staff at CHA always saw it as their mission to serve a wide range of families in need. However, the way the public housing and HCV programs were structured, CHA was largely serving families in the middle, those whose incomes were low but who were capable of using CHA subsidies to achieve housing stability. MTW allowed the agency to set aside resources to serve households who may not have been able to qualify for public housing or the HCV program because of screening requirements or who had emergency needs and could not wait for years on the waiting lists.

Culture of Innovation

The Cambridge Housing Authority has long been guided by a vision of creativity and innovation beginning with the previous Executive Director Dan Wuenschel's tenure from 1978 to 2004.

Wuenschel's leadership and advocacy brought CHA to the forefront of national discussions on affordable housing. CHA has been honored with numerous awards and recognitions since the 1980s, particularly surrounding its efforts to develop and rehabilitate affordable housing and promote self-sufficiency through resident programs. CHA undertook one of the first redevelopments of public housing in 1983, which became a national model and precursor to the HOPE VI Revitalization Grant program.

Succeeding Mr. Wuenschel in 2004, Executive Director Gregory Russ has carried the vision forward, and, through MTW flexibility, has fostered a culture of innovation at the agency. Both directors have been very involved in the national issues around shrinking budgets for the public housing and voucher programs and have consistently looked for ways to make the most out of few resources. In implementing this vision, CHA has had the benefit of consistency in leadership. CHA has had only two Executive Directors in the last 40 years. Until recently, two members of the authority's Board of Commissioners had been on the Board for 40 years.

While CHA has always had a culture of innovation, prior to MTW staff were constrained to operate within the confines of the regulations of the public housing and HCV programs. Under MTW, staff can think more freely about what changes need to be made in the agency. Because staff had become accustomed to working in a top-down regulatory environment, in which they had to request permission for waivers to any policies that deviated from HUD regulations, it took several years for staff to fully consider the flexibility allowed under MTW. Now, 15 years later, staff are not limited in their visions of what the agency can do and how they can do it. Senior staff report that they have realized as an agency that they can be bold and push their initiatives further than they would have thought possible 15 years ago. Staff report an increasingly creative environment, with a seemingly endless number of ideas for innovations on the table. The leadership at CHA has profoundly shaped CHA's culture of creativity and innovation but MTW has been used heavily as a mechanism to foster that culture.

One example of CHA's commitment to innovation is the Policy and Technology Lab, which was established in 2012 to create an analytical decision-making framework for affordable housing programs. The Lab houses college-age and graduate student fellows for a semester or year to conduct various research projects that will improve CHA business processes, help clients move toward economic self-sufficiency or contribute to the national debate surrounding affordable housing. The Lab is fully funded from the MTW block grant with CHA dedicating $312,000 to this program in FY 2014. Projects at the Lab include research on incentives for completing adult education, increasing Internet access, and increasing the number of residents with bank accounts. CHA recently signed a partnership with the Keene Housing Authority to merge their two Lab programs and create a northeast learning consortium.

Changes in PHA Systems

Although participation MTW has fostered an atmosphere of creativity and innovation, it has not led to any major restructuring of the PHA as an organization. CHA still operates separate public housing and HCV programs, although it did recently adopt a new transfer policy between the programs. All current public housing households will be served by the Housing Choice Voucher program after CHA's public housing is converted to project-based voucher assistance through RAD, disposition of public housing, and the Massachusetts High Leverage Asset Preservation Program.

CHA made a significant change to the physical structure of the agency by moving its administrative staff to a new city-owned building in Cambridge. The City of Cambridge chose CHA to redevelop a historic building, a former police station, into its new central office and the offices for two other city agencies. The total construction budget was $21 million, with $1.5 million from MTW block grant funds and the balance coming from city-issued general revenue bonds. CHA occupied the new central office in May 2013. The central office is now located in the same building as the Cambridge Multiservice Center and Community Learning Center, providing residents with convenient access to ESOL classes, computer lab, and other programs and services.

The most substantial systems change CHA made through is participation in MTW is in how CHA relates to its customers, the residents. With administrative staff time saved through MTW initiatives and a focus in initiatives that address local needs, CHA has taken on a greater customer service role. In 2012, CHA created a new staff position focused on Customer Service and Communications. As of 2014, CHA is continuing to review and revise its customer service policies. In January CHA adopted a new logo and began the process of updating CHA's website. The new website will include a new design, service-oriented navigation, and greater usability for all of its stakeholders.

In November 2013, the Leased Housing Department restructured its services from assigning staff to work with residents based on task (intake, recertification, moves, ports, etc.) to a client-based system in which leasing staff work with HCV participants throughout their tenancy from lease-up to their end of participation. The new organization was largely feasible due to administrative time and cost savings resulting from the rent simplification changes. This system is creating improved relationships between CHA and its residents, helping staff understand barriers to self-sufficiency and creating improved customer service.

CHA has also made staffing changes in recent years and hired new directors of Leased Housing and Property Management. The new staff brought outside perspectives; the Director of Property Management previously worked at CHA prior to moving to other housing positions and the Director of Leased Housing previously worked for a non-MTW agency. In 2013, CHA created a new position of Chief Financial Officer to handle the increasing complex financial planning for the merged finances of the public housing and HCV programs.

In response to the many changes implemented under MTW, CHA adopted a new Administrative Plan in 2013 that laid out some of the MTW policy changes and new requirements of residents such as the zero income rent policy and policies for households assisted with project-based vouchers. The new plan also announced new resident fees for missing recertification meetings or inspections. Consistent with its customer service policies, CHA held numerous public comment periods and working sessions with participants, advocates, legal counsel and tenant board members. CHA contracted with a consulting company to customize and conduct a 60-hour training program for staff based on the new plan.

MTW as a Testing Ground

CHA has largely been successful with its initiatives but staff reports that two initiatives have been tried and then substantially modified into new programs – the Family Opportunity Subsidy (FOS) and the Career Family Opportunity – Cambridge (CFOC) programs. The FOS program was created in 2010 as an approach to helping homeless families become self-sufficient. Households moving from shelters would receive a flat subsidy over a period of ten years, beginning with a sponsor-based subsidy and phasing into a tenant-based subsidy within two years if certain goals were met. Participants received matched savings, which they could claim if they graduated from the program early. After three years of implementation, CHA found it unsuccessful. CHA found that households living in shelters were not able to move to unsubsidized housing within the agreed-upon timeframe. Many residents had significant financial issues, including bad credit. CHA staff decided that they were trying to marry too many different components into one program.

The CFOC program was deemed an unsuccessful initiative. Started in 2011, the program provided peer support, education, and training to participants over a five-year period. The program was intended to help participants develop a career path and provided cash awards for meeting goals. The program was discontinued because program staff determined that the participants who enrolled in the program did not have the capacity to become self-sufficient within five years.

Conclusion

MTW status has been a significant boon to agencies in weathering the effects of reductions in the administrative fees received for the HCV program and sequestration. While other PHAs around the region and the country have struggled to maintain their portfolio of hard units and lease fewer vouchers in their communities, CHA has been able to both serve more families and create additional units of affordable housing in the city. Without the single fund flexibility to devote to development, acquisition, and modernization, CHA would not have been able to transform its state and federal public housing stock or add to its portfolio of affordable housing units. At a time of severe federal budget constraints, CHA has been able to do both.

Chapter 8. Home Forward (Portland, OR)

Portland was one of the original MTW PHAs and signed its first MTW contract with HUD in 1999. However, the aggressive use of MTW authority to transform the way the agency does business did not begin until around 2008, after a new Executive Director had been on the job for several years and after HUD had agreed to a contract that would extend MTW authority until 2018 (prior extensions had been for three years at a time).

As a direct or indirect result of participating in MTW, the agency has fundamentally changed its culture and systems in the following ways:

- A new organizational structure reflects a mission for the agency that is broader than the administration of HUD programs. Operating departments cover real estate development, real estate management, asset management, and the provision of rental assistance, rather than the traditional PHA organizational structure with separate entities for public housing and the Housing Choice Voucher program. The agency's development department competes successfully for City and State resources and has been selected by the County as the developer of a new county office building and by the City as the developer and owner of a multipurpose complex serving homeless individuals. The agency's property management department competes successfully with private real estate management companies. The rental housing department administers both short and long-term assistance, including Continuum of Care funds. A name change—the agency now is called Home Forward—reflects this broader mission. While neither the organizational changes nor the expansive role as a housing developer and manager required MTW authority, Home Forward senior staff members assert that the broader vision for the agency was furthered by the ability to alter HUD program rules and to use HUD funding streams flexibly.
- Home Forward partnerships reflect a determination to align rental subsidies with services and supports provided by other systems. Project-based vouchers and short-term "program-based" subsidies are provided to partners that commit substantial resources to serving particular groups of households. Home Forward's leadership "comes to many tables" to identify such opportunities and to participate in the planning of new initiatives undertaken by potential partners.
- Resident services are integrated into the operating departments, and services staff focus on housing retention, identifying problems that show the need to link residents to services provided by other systems. Home Forward has implemented GOALS, a modified version of the Family Self-Sufficiency program that calculates escrow using a "strike point" approach that Home Forward believes is more equitable than the standard FSS formula, which provides the largest escrow opportunities to individuals that enter the program with no earnings.
- Home Forward is attempting to establish a new relationship with residents based on mutual responsibility and respect. Distinguishing households headed by elderly, near-elderly, and disabled people from those that are "work-focused," Home Forward is implementing a rent reform that creates incentives for work-focused assisted households to increase employment income, and is experimenting with applying waiting list preferences for work-focused households with adults who are employed or pursuing education and training. At the same time, materials presented to

residents—a "Community Compact"—emphasize problem solving rather than punitive enforcement of rules.

- City and County officials and homeless advocates report that Home Forward communicates with them in a transparent way and has been able to implement controversial policy changes because the agency upholds its end of the bargain with the community. Notably, Home Forward has attempted to keep leasing rates for the Housing Choice Voucher program high in order to maximize the number of households served. External stakeholders appreciate that, in order to serve as many households as possible, Home Forward took the risk of paying for vouchers with funds that other PHAs might have used to build reserves. In return, when federal budget sequestration threatened cancellation of subsidies for currently assisted households, stakeholders accepted Home Forward's proposal to avoid this measure by increasing the percentage of gross income residents pay.
- Home Forward makes extensive use of data to model the implications of policy changes and to monitor program performance. Such analysis is supported by the CFO's office, but also appears to be built into the culture of the operating departments.
- Home Forward has tried to "bake in" the changes that have occurred recently through a strategic planning exercise and operating plan that set the following goals: alignment with other systems, increasing housing units, mutual accountability with people served, and a transformed and efficient organizational structure.

Overview of Home Forward Programs and the Housing Market it Serves

Home Forward's jurisdiction covers all of Multnomah County, including the cities of Portland, Gresham, Fairview and the balance of the county. As of 2013, Multnomah County was home to 766,135 people, 609,456 in Portland and 109,397 in Gresham.[70] The Portland metropolitan area has more than 2.3 million people and also includes Clackamas, Columbia, Washington, and Yamhill Counties in Oregon and Clark and Skamania Counties in Washington.[71]

As of May 2014, Home Forward served 15,211 households. About half were using vouchers, including tenant-based vouchers and project-based vouchers used in properties without other Home Forward involvement. Only fifteen percent were in units receiving public housing operating subsidy, as most of the agency's public housing inventory has been converted to project- or tenant-based vouchers. Another 11 percent were using rental assistance tied to specific affordable housing units (project-based vouchers and vouchers that had been allocated to protect tenants in former public housing and S.8 developments),[72] and 12 percent were in unassisted affordable housing units (e.g., units developed with LIHTCs that do not have any additional rental assistance).

Home Forward also counts in this inventory 1,024 households using short-term rental assistance.

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[70] http://quickfacts.census.gov/qfd/states/41

[71] http://factfinder2.census.gov/faces/tableservices

[72] When units have a "local blended subsidy" that combines public housing operating subsidies with some rental assistance, they are included in the public housing totals but not in the rental assistance totals. The public housing high rises that were converted to rental assistance using tenant protection vouchers are counted as affordable with rental assistance.

According to Home Forward's calculations, the utilization rate for tenant-based voucher in May 2014 was 94 percent, slightly lower than in prior years because of the effects of sequestration (HUD requested that housing authorities not reissue turnover vouchers). The occupancy rate for public housing was 98 percent.[73]

Exhibit 8-1: Home Forward Inventory of Assisted and Affordable Housing

Type of Assistance	Average Monthly Households
Rent Assistance	
Households Receiving Rent Assistance (only)	7855
Short Term Rent Assistance Programs	1024
Public Housing	
Public Housing Units Occupied	2224
Affordable Housing	
HUD Multifamily Project-Based Vouchers	430
Households Occupying Affordable Housing Units and Receiving Shelter Plus Care	127
Households Occupying Affordable Housing Units and Receiving Rent Assistance	1263
Unassisted Affordable Housing Units	1763
Special Needs Master Leased	
Special Needs Units (Master Leased)	288
Special Needs Shelter Beds (Master Leased)	236
Total Monthly Average Households Served	**15,211**

Source: Home Forward Dashboard Report, Monthly Average as of May 2014

Households Served

The overwhelming majority of the population served by Home Forward's Housing Choice Voucher and public housing programs (89 percent) has incomes below 30 percent of the area median income. Home Forward does not report information to HUD on income levels for short-term rental assistance, but instead to the local Homeless Management Information System (HMIS). Given that short-term rental assistance is largely used by formerly homeless families and individuals, the percentage that has extremely low incomes is likely to be very high. As for the incomes of the occupants of affordable properties without rent subsidies, Home Forward reports that the unweighted average across 38 affordable properties is 25 percent of area median income.

The agency reports that its programs serve about 10,000 children, about 7 percent of Multnomah County's school enrollment. At the same time, very high proportions of both public housing units (35 percent) and vouchers (32 percent) are used by elderly people or people with disabilities. During the "de-institutionalization" of mental health services in the 1980s, many younger people with disabilities began moving into public housing, while seniors chose Section 202 housing for the elderly. In addition, advocates for people with disabilities worked hard to get their clients on waiting lists (both public

[73] Home Forward Dashboard Report for May of 2014.

housing and vouchers) and help them qualify for assistance. Many have aged in place and are now counted among Home Forward's elderly population.

More than half of the households using Home Forward vouchers and public housing are white (51 percent) and not Hispanic, 33 percent are African American, 7 percent are Hispanic, and small fractions are Native American, Asian, or Hawaiian and Pacific Islander. African American households are substantially overrepresented among Home Forward households, as they represent just 6 percent of the population in the City of Portland and just over 5 percent in Multnomah County as a whole. Home Forward and its governmental partners are concerned about underserving other minority groups in proportion to their need, and a number of the partners implementing short-term rental assistance offer culturally specific services.

Exhibit 8-2: Home Forward Households Served by Housing Choice Vouchers and Public Housing

	PH		Tenant-Based HCV		Project-Based HCV		Total	
	#HH	%HH	#HH	%HH	#HH	%HH	#HH	%HH
Household-Type								
Work-Focused	929	46%	2889	46%	479	25%	4297	42%
Elderly/People with Disabilities	1090	54%	3391	54%	1439	75%	5920	58%
HHs with Children <18	808	40%	2700	43%	388	20%	3896	38%
Total Households	**2019**	**100%**	**6280**	**100%**	**1918**	**100%**	**10217**	**100%**
Income								
<30% AMI	1720	85%	5121	82%	2282	87%	9123	84%
30-50% AMI	240	12%	1015	16%	256	10%	1511	14%
51-80% AMI	52	3%	134	2%	77	3%	263	2%
>80% AMI	7	0%	10	0%	1	0%	18	0%
Total Households	**2019**	**100%**	**6280**	**100%**	**2616**	**100%**	10915	**100%**
Race								
White	969	48%	3203	51%	299	69%	4471	51%
African American	606	30%	2229	36%	72	17%	2907	33%
Native American	81	4%	163	3%	17	4%	261	3%
Asian	61	3%	358	6%	8	2%	427	5%
Haw/Pacific Islander	20	1%	94	2%	3	1%	117	1%
Hispanic	283	14%	333	5%	33	8%	649	7%
Total Households	**2019**	**100%**	**6280**	**100%**	**432**	**100%**	8731	**100%**

SOURCE: Data provided by Home Forward for May 2014

Within Home Forward's jurisdiction, the City of Portland has higher rent levels and lower vacancy rates than Gresham or the balance of Multnomah County (Exhibit 8-3). In June 2012, the *Oregonian*[74] published a series of articles on the growth of poverty and voucher use in Gresham and other parts of

[74] "Locked Out: The Failure of Portland Area Fair Housing," accessible at http://projects.oregonlive.com/housing.

eastern Multnomah County. Home Forward is experimenting with separate payment standards for nine zip-code-based areas across Multnomah County, requesting approval in its FY 2015 Plan to set payment standards as low as 80 percent of HUD's published FMR and as high as 120 percent.

According to people interviewed for this case study at Home Forward and at the City's Housing Bureau, Portland is a high-cost area, but not as expensive as other West Coast cities such as Seattle, San Francisco, Los Angeles, and San Diego. Rents in the center city are relatively high—somewhat higher on average than for Multnomah County as a whole (Exhibit 8-2), but the poverty rate is also high—at 12.1 percent for families and 17.2 percent for individuals—in part because of Portland's success in preserving affordable housing, including units that house formerly homeless people. Home Forward's jurisdiction and the metropolitan area as a whole have relatively low vacancy rates, as shown on Exhibit 8-2.

In May 2012, Home Forward established a combined voucher service area with Clackamas County as part of an effort to expand the ability of voucher users to reach areas with higher rents and lower poverty rates. As shown on Exhibit 8-2, rents in Clackamas Count are on average $91 higher than rents in Multnomah County and $79 higher than rents in Portland, and the poverty rates are substantially lower.

Exhibit 8-3: Rents, Rental Vacancy Rates, and Poverty Rates in the Portland Metropolitan Area

	City of Portland	City of Gresham	Multnomah County	Clackamas County	Portland Metropolitan area OR/WA
Gross Median Rent	$905	$840	$893	$984	$934
Rental vacancy rate	4.0%	4.2%	4.2%	4.0%	4.4%
Poverty rate for families	12.1%	18.1%	13.2%	5.5%	9.9%
Poverty rate for individuals	17.2%	21.6%	18.3%	8.8%	14.0%

Source: 2012 American Community Survey 1-Year Estimates

A landlord guarantee fund made possible by MTW funding flexibility (and adopted before the *Oregonian* series was published) provides reimbursements for damages caused by tenants and a longer period of vacancy loss payments, and was designed to help voucher users reach a broader range of owners of rental housing. Based on its experience with the landlord guarantee fund, Home Forward played a leading role in the creation of a similar statewide fund and a change to state law that removed a "Section 8 exception" from the state's prohibition of housing discrimination based on source of income.

Portland has long had a high rate of homelessness, particularly homeless individuals. In January 2013, 3,183 people were homeless as individuals in the Portland/Gresham/Multnomah County Continuum of Care, and 1,258 were homeless as members of families (398 households). The percentage of all people in Oregon who are homeless on a particular night is high compared with the national average, 0.35

percent vs. 0.19 percent.[75] Home Forward and partner staff pointed out that Portland is one of the 25 areas given priority attention by the US Interagency Council on Homelessness.

Goals and Evolution of MTW at the PHA

Home Forward (formerly known as the Housing Authority of Portland) became an MTW agency in 1999. Members of the current leadership team, none of whom was there at the time, report that the original motivation for the MTW application was funding flexibility, which permits funding for vouchers and Capital Funds to be more easily shifted to public housing operations. A review of Home Forward's MTW plans from the program's early years also shows that MTW regulatory flexibility was used to reduce voucher costs to cover a short-term funding gap. The standards for household eligibility for voucher payment standards by bedroom size were changed and, for a brief period, the percentage of income paid by assisted households was increased from 30 to 35 percent. This was not thought of as a "rent reform," but instead as a temporary emergency measure to deal with funding shortfalls. Some of the extra rent payments were rebated to households when the funding crisis was over.

The current Executive Director, Steve Rudman, who took over in 2001, says that he would not have taken the job if Home Forward had not had MTW authority. Aggressive use of MTW authority to make more substantial changes to program rules and the way the agency does business started around 2008. Some of the initiatives—in particular, rent reform--went through long development periods.

According to Home Forward's Chief Financial Officer, Home Forward did not make extensive use of MTW authority earlier because of the risk associated with having to sign a new MTW agreement every three years. MTW really took off around 2008, after HUD committed to a new 10-year MTW agreement. At that time, Home Forward decided to dedicate a full-time policy director to MTW activities, including developing a rent reform policy—an extensive, multi-year effort.

The next area of emphasis was the use of rental assistance, including short-term rental assistance, in alignment with resources provided by partners. Home Forward had already taken over the administration of a local program called Short-Term Rental Assistance (STRA). STRA is a program with multiple partners, target populations, and sources of funding that formerly was administered as three separate programs by the City of Portland, Multnomah County, and Home Forward. In Portland, the City is responsible for serving homeless individuals, while the County is responsible for serving homeless families. Home Forward provides some of the funding for STRA, using MTW regulatory and funding flexibility, and also runs the competitive process for allocating STRA funds. STRA is used predominately, but not exclusively, for short-term rental assistance to end an episode of homelessness or to divert people from becoming homeless. A key feature of STRA is "systems alignment" in which the housing subsidy is combined with services provided or accessed by the partner that selects the recipients of the housing subsidy.

Home Forward also redesigned Annual MTW plans and reports required by HUD to make them more useful for the Portland community, and not simply for HUD reviewers. This focus on "transparency" was also reflected in a strategic planning exercise in 2009-2010, based on a major internal and external consultative process.[76] Published in 2010, the Strategic Plan set forth four strategic directions and was

[75] Tabulations by Abt Associates based on Point in Time data and US Census data.
[76] Housing Authority of Portland, *Framing the Future: Strategic Directions and Next Steps,* September 2010.

followed by a Strategic Operations Plan in 2012. A report to the community issued in 2014 repeats those directions in a somewhat modified form.[77] The new priorities – quoted in the sidebar text box – went beyond policies and implementations that required MTW authority to include many activities that were possible only because of MTW. Home Forward staff interviewed for this case study repeatedly used language from these principles and goal statements to explain the purposes of particular innovations.

In 2012, the agency underwent a reorganization designed to make it operate more like a large non-profit housing provider and not a HUD-centric housing authority focused solely on following the rules of federal programs. According to Home Forward staff, the reorganization enables a greater focus on other funding sources and partnerships. The agency now has four operating departments: Development and Community Revitalization, Property Management, Finance and Asset Management, and Rent Assistance, replacing an organizational structure typical of non-MTW housing authorities that separates public housing and vouchers and focuses on implementing the rules of those programs.

Finally, the name of the organization was changed to Home Forward for three reasons: 1) to reflect this broader conception of what the organization does as a public non-profit; 2) to get away from the paternalistic connotation of "housing authority;" and 3) to better reflect the broader geography served by the organization (including the all of Multnomah County and the City of Gresham) since the Housing Authority of Portland signed an intergovernmental agreement in 1992.

Exhibit 8-4 shows some key dates for Home Forward during the period since becoming an MTW agency.

Goal 1: We will deploy resources with greater intentionality and alignment with other systems while increasing the number of households we serve.

Goal 2: We will increase the number of housing units for our community through preservation, development, and acquisition.

Goal 3: We will strengthen our relationship with people we serve by increasing mutual accountability and by improving our ability to connect them to vital services in the community.

Goal 4: We will increase efficiency and embrace our new identity by transforming the organizational structure and culture.

Home Forward, *Strategic Operations Plan*, June 2014

[77] Home Forward, *Strategic Operations Plan: Report to the Community*, June 2014.

Exhibit 8-4: Home Forward Key Events during MTW Participation

Date	Milestone
1999	First MTW Agreement signed
2002	Began project-basing vouchers
2004	Began shifting to site-based management for public housing
2005	Housing authority took over administration of the multi-agency Short-Term Rental Assistance (STRA) program. First HOPE VI development opened.
2007	FSS based on a "strike point" FSS model made mandatory at some public housing developments Biennial inspections implemented for some households
2008	Rent reform planning began
2009	New 10-Year MTW Agreement signed Landlord guarantee fund and vacancy loss payments implemented Strategic plan developed
2011	Use of local blended subsidy began—Bud Clark Commons and other properties Name change to Home Forward
2012	Rent reform implemented Strategic operating plan developed Reorganization into operating departments: Development and Community Revitalization, Property Management, Finance and Asset Management, and Rent Assistance Began sharing voucher jurisdiction with Clackamas County Housing Authority
2013	Rent reform modified in response to sequestration "Strike point" implemented for all FSS households
2014	Zip code payment standards within Multnomah County

MTW Decision-Making Process

According to the members of the leadership team interviewed for this case study, MTW has enabled a policy development process that starts with the recognition of a problem, uses a brainstorming process to identify the best possible solution, and then determines whether the solution will require the agency to request HUD approval of an "MTW activity" through HUD review of the Annual MTW Plan. Thus, the decision-making process is not driven by the process of preparing the Annual Plan. Instead, the Plan serves as the formal mechanism to request HUD approvals, as well as a vehicle for explaining Home Forward policies and policy changes to the community. The MTW Coordinator, who reports to the Strategic Initiatives Program Director within Home Forward's Executive Department, prepares the Annual Plan with extensive input from the operating departments.

The development of the Strategic Plan in 2009-2010 appears to have been an important process, both for articulating initiatives and policies already developed and for pointing to the further evolution of policy, as indicated in later documents such as the 2012 Strategic Operations Plan. The leadership team seems thoroughly invested in the principles and goals articulated in these documents, and staff interviewed for this case study repeatedly used phrases from those documents to explain rationales for policies. The leadership of Home Forward appears very well integrated, with senior staff of each of the operating departments well-versed in MTW initiatives that belong organizationally in other departments. They brought up initiatives not under their purview without being asked about them. The CFO described the decision-making process as follows: "first someone has an idea, then it goes to a directors meeting, then we pull people into an implementation group." His department, Finance, Accounting, and Asset Management, works on making implementation possible—for example, through modifications to IT systems, stating that: "accounting should never be the barrier for implementing a good idea."

In addition to the formal external consultations that were part of the Strategic Plan, the Home Forward leadership often develops policies in consultation with their counterparts in the City and County governments and with non-profit partners. The response to the deep cuts in funding for Housing Choice Vouchers brought about by sequestration in FY 2013 is one illustration of the importance of these relationships. MTW block grant funding notwithstanding, MTW PHAs saw proration reductions in housing assistance funds. Home Forward had implemented rent reform in 2012, after a four-year planning process that included extensive consultation with stakeholders. That consultation had established a high level of "buy-in," based in part on compromises Home Forward was willing to make. For example, in order to make a fairly high, work-encouraging, minimum rent palatable to advocates, the agency lowered the age limit of "work-focused" adults from age 62 to age 55 and did not apply the policy to other adults in assisted households headed by an elderly or disabled person. Home Forward also developed materials illustrating how the rent reform would affect different types of households.

When the 2013 funding cut could not be sustained without terminating assistance for some currently assisted households, Home Forward took the problem to the community. The agency built on the consensus developed around rent reform and also pointed out to stakeholders that it was maximizing the number of households served by keeping voucher utilization rates very high—typically 97 percent—and not building voucher reserves as a "rainy day" fund or diverting resources that could be used to serve households for other uses. A senior Multnomah County official interviewed for this case study described the result: "the community" was willing to accept modest increases to the percentage of income paid for rent in the public housing and voucher programs, helping to cover funding gaps and eliminating the need to terminate assistance for any existing households. Her department also was willing to temporarily pick up Home Forward's share of funding for the Short Term Rental Assistance (STRA) program during the year of the sequester crisis.

Performance Measurement and Evaluation

Home Forward has had a history of using household- and unit-level data to inform policy even before MTW took hold. However, senior staff members describe uses of data to monitor performance of the voucher program as rising to another level since the mid-2000s. For example, the Director of Rent Assistance noted that her Department monitors the voucher success rate (not just the voucher utilization rate), which has been as high as 90 percent and as of 2014 is 82 percent. The Department is developing policies that would get as close to 100 percent success as possible by attempting to better understand what happens to the 18 percent of households that do not lease up. The Department also monitors the time frames that are important to landlord participation in the program—for example, the days elapsed from a Request for Tenancy Approval to the HQS inspection--and the extent to which new landlords are attracted to the program. Such data-driven monitoring is good standard practice in the voucher program, but the Director of Rent Assistance, who came to Portland in the mid-2000s after working 14 years at "traditional" housing authorities, argues that their implementation in Portland is part of a culture that emphasizes achieving goals, and not just complying with HUD rules. In that sense, these practices are linked to Home Forward's status as an MTW PHA.

Performance measurement also seems to be a fundamental part of Home Forward's approach to housing management. The Director of Asset Management described the metrics used by Home Forward's asset management staff (which reports to the CFO and thus is external to the Property Management Department) as following multifamily rental industry standards to measure such indicators as turnover, lease-up times, and rent collections--"not simply what HUD requires us to measure." Home Forward's property management and cost accounting is completely project based. The Director of the City of Portland's Housing Bureau confirmed that Home Forward's Property Management Department is competitive with private housing management companies. Although their costs are high because of union wages and work categories and participation in Oregon's public retirement system, they deliver a quality product, so "it's hard not to use them." Again, the use of performance data for the management of multifamily housing is good standard practice and could be followed by non-MTW PHAs, but Home Forward staff assert that it is part of a change in the agency's business model that would not have happened without MTW, because MTW enabled the agency to shift its focus away from compliance with HUD rules.

Formal evaluation of Home Forward programs using rigorous designs does not appear be part of the agency's increased focus on the use of data and measurement.

Major Policy Changes Enabled by MTW

Summary of Home Forward Innovations

Exhibit 8-5 shows the most important innovations undertaken by Home Forward either using MTW authority or as an indirect result of the changed business model encouraged by MTW, sorted by the categories of innovations used throughout this report. The exhibit shows that Home Forward has focused on all of the major types of innovations that MTW agencies have been pursuing.

Exhibit 8-5: Home Forward MTW Initiatives by Type

Increasing Cost Effectiveness	• Biennial HQS inspections • No child care and medical deductions • Less frequent income certification: biennial for “work-focused,” triennial for elderly-disabled, semi-annual for zero-income
Increasing Number of Households Provided with Affordable Housing	• High voucher utilization—voucher reserves kept low in order to keep number of households served high • One for one replacement of all HOPE VI properties, including scattered site, based in part on the use of “local blended subsidy” • Short-term rental assistance—more households, served for shorter periods of time • Use of project-based vouchers to make units in LIHTC and other affordable housing developments available to extremely low-income and special needs populations
Increasing Self-Sufficiency	• Rent reform that includes a minimum rent for “work-focused” assisted households at $200 per month • Preference for those in employment, education, or training for some public housing properties and for tenant-based vouchers, as well as for the modified Family Self-Sufficiency program • Modified Family Self-Sufficiency program (GOALS), with an escrow based on a “strike point” of rent greater than $350 per month. Applies to ALL work-focused households in certain developments. • Rental assistance dollars made available to partners who work with families to access training and other employment supports

Promoting Residential Stability for Targeted Households	• Project Based Vouchers and "program-based" rental assistance for homeless and at-risk populations, linked to services offered by partners in the community • Bud Clark Commons—new downtown facility with day program, night shelter, and harm-reduction permanent supportive housing for homeless individuals • VASH security deposits and barrier reduction fund
Expanding Geographical Choices of Assisted Households	• Landlord incentive fund and landlord guarantee fund and vacancy loss payments • Sharing jurisdiction with Clackamas County which eliminates need to go through red tape of portability for Multnomah County voucher holders to access opportunity areas in Clackamas County (does not require MTW authority) • Payment standards at the neighborhood level, as designated by zip codes, with payment standards set according to actual market rates, which may be outside the range permitted by HUD for non-MTW PHAs • Advocacy for state landlord guarantee fund and prohibition of discrimination against Housing Choice Voucher holders

Rent reform

As of 2014, the rent system for both public housing and Housing Choice Vouchers works as follows.[78] All of these policies represent departures from standard rent policies and thus require MTW authority.

- Seniors (aged 55+) and people with disabilities pay 28.5 percent of gross income. There are no deductions from income. Income is reviewed every three years, with interim requests for reductions based on income loss permitted.
- Work-focused households pay 29.5 percent of gross income, with no deductions, during the first year of assistance or, for households continuing in assistance, during the first year rent reform was implemented. After two full years, work-focused households pay 29.5 percent of gross income or a $100 minimum rent, whichever is greater. After another two years, the rent increases to 31 percent of gross income or a $200 minimum rent, whichever is greater. Income is reviewed at year three and every other year thereafter, with interim requests for reductions based on hardship permitted.
- A hardship policy permits reductions in rent typically only if an assisted household is paying more than 50 percent of gross income for rent and utilities (not including rent the household has chosen to pay above the voucher payment standard).

[78] Home Forward, *Rent Reform.* Updated February 2014.

According to Home Forward staff, quite a few requests for hardship exceptions based on unusual expenses have been turned down because the assisted households were not paying more than 50 percent of gross income for rent and utilities.

Along with rent reform, Home Forward has also implemented a partial admissions preference for work-focused households that work or are engaged in education and training. Such households have the same preference as elderly and disabled households, and 80 percent of vouchers that become available are allocated to preference-holders.[79] Households headed by a person under 55 who cannot meet the preference are not excluded, but they may have to wait longer for assistance. For public housing, the concept of this partial preference is similar: the preference applies at nine of the 42 general occupancy public housing properties, including three HOPE VI redevelopments. Home Forward Property Management staff explained that, based on discussions with advocates, some properties in different parts of Multnomah County will remain available to households that cannot meet the preference.

GOALS Program (Modified Family Self-Sufficiency)

Home Forward has implemented a modified version of Family Self-Sufficiency (FSS) known as GOALS (Greater Opportunities to Advance, Learn, and Succeed). Instead of the escrow contribution calculation used in the standard FSS programs governed by HUD regulations, each participating household's escrow account receives an amount equivalent to any rent paid over $350--the "strike point"--each month. According to staff interviewed for this case study, the change was made to make the program serve working and non-working households more equitably. In the standard FSS escrow calculation, large escrow accounts are built up only for households that go from no (or very little) work to substantial amounts of work. Home Forward staff explained that the primary purpose of GOALS is not to transition households off of housing assistance but to help them advance while still using a voucher or living in public housing. Before 2012, the strike point approach was applied on a pilot basis to certain developments, even as Portland simultaneously administered a large FSS program that it called GOALS using the standard FSS model. The strike point of $350 was chosen to reflect the amount of rental income needed to cover the developments' operating costs. Starting in 2013, Home Forward received permission to transition its full set of FSS slots to the strike point model. As of the end of March 2014, 544 families were participating in GOALS, about 13 percent of work-focused assisted households.

In addition to the strike point escrow model, the GOALS program varies from standard FSS in several other ways. Participation in FSS was made mandatory for work-focused households in three public housing developments. A preference for admission to GOALS is given to participants who are enrolled in training or other programs intended to increase economic independence, such as those funded by the local Workforce Investment Board. The adult who holds the GOALS contract for the household does not need to be the official head of household. For example, in a two-parent household, one parent may be identified as head of household, while the other is a better choice for GOALS participation. Under the traditional FSS system, the head of household must be the FSS participant. There are plans to includes a safety net grant of $1,500 per household, provided through MTW funding flexibility, to families who increase their income to the point that they are willing to move out of public housing or

[79] Home Forward, *Section 8 Administrative Plan,* Revision date February 2014.

relinquish their voucher assistance. The idea is that families who are able to give up their subsidy will feel more secure in doing so when they have a cushion against the risk of a temporary job loss.

Housing Subsidies Aligned with Other Systems

Home Forward has long been part of Portland's efforts to address homelessness. Portland had a large and visible homeless population when national attention first focused on homelessness, and was a leader in adopting policies such as the preservation of older downtown hotels where at-risk single men were living. At one point Home Forward had a preference for homeless people that ensured that some came to the top of the waiting list, but the housing assistance was insufficiently connected to services, and the agency did not have the resources to assist formerly homeless residents. In addition, the pool of agencies referring households for this preference was large and difficult for Home Forward to manage. Home Forward now follows a "systems alignment" model, reserving a specified number of slots for homeless people in many of the buildings that use project-based vouchers and at some public housing developments if partners can guarantee the provision of services to these individuals or families. As described in Home Forward's response to the web survey conducted for this study: "Each system focuses on its specialty—housing, employment and training, healthcare, public benefits—while leveraging resources from other partners." The Community Services Division Manager for Multnomah County, a major Home Forward partner in providing services to vulnerable families, described this model as "staying in our own lanes."

The rental assistance provided through this "systems alignment" model can be project-based vouchers or short-term rental assistance. MTW flexibility has permitted Home Forward to allocate project-based vouchers as part of a local competitive process in collaboration with the City and County, applying those partner's site selection standards in coordination with Home Forward's requirements.

The standard rules for eligibility for the public housing and Housing Choice Voucher programs often create barriers to use of those programs by people experiencing homelessness. Home Forward has modified its screening and eligibility requirements at particular public housing and project-based voucher properties in order to serve high-barrier vulnerable households who would not pass traditional screening criteria, because they cannot pass criminal background checks or they owe money to the housing authority, for example. Homeless providers and advocates interviewed for this case study report that this approach works well. Home Forward still screens for criminal backgrounds, and the providers have to go through an appeals process on behalf of the household, but the appeals often get approved.

In April of 2012, Home Forward had a total allocation of 305 VASH vouchers, but found that veterans identified for the program were having trouble using the vouchers. That led to "Operation 305" in the fall of 2012, in which Home Forward used MTW funding flexibility to provide security deposits for VASH voucher holders. Home Forward also contributed $10,000 to a $40,000 fund that was used to reduce other barriers such as debts and application fees. By April 2013, Operation 305's goal had been met, with all 305 of the vouchers used, and Portland competed successfully for another allocation of VASH, bringing the current total to 360.

Home Forward will become part of a new governance system for the Portland/Gresham/Multnomah County homeless services system and for the first time will be part of the decision-making entity for the use of resources dedicated to implementing Portland's ten-year plan to end homelessness. The governance body will consist of two elected officials from the City, two from the County, one from Gresham, and the chair of Home Forward.

Home Forward also tries to follow a "systems alignment" approach for meeting the services needs of other people served by its mainstream voucher and public housing programs, trying to link them to supportive services provided by other systems when needed, rather than providing services in house. Resident services are integrated into the operating departments rather than, as before, lodged in a separate resident services department. For properties owned by Home Forward, resident services coordinators are assigned on an as-needed basis and focus on problems with housing retention identified by management and maintenance staff. A current focus in properties serving people with disabilities is helping them gain access to—and use—new health services under the Affordable Care Act.

Expanding the Number of Households Served

HAP had been a developer of affordable housing under the Low Income Housing Tax Credit (LIHTC) program since the early 1990s, serving as either the sole general partner or part of a development partnership. Home Forward's Development and Community Revitalization Department continues to develop additional units of affordable housing, competing for funds allocated by the City's Housing Bureau as well as for state-allocated LIHTC. According to the Director of the Housing Bureau, Home Forward has become an increasingly aggressive developer, competing and sometimes collaborating with other nonprofits. She pointed out that Home Forward now belongs to Oregon Opportunity Network, the trade association of the state's housing non-profits and is considered something of an industry leader.

Home Forward sometimes has an advantage in competing for LIHTC resources, in that it can include rental assistance such as project-based vouchers in its development proposals. Home Forward has received approval from HUD to exceed the 20 percent cap on project-basing voucher funds that applies to non-MTW PHAs. Home Forward also has the ability to allocate project-based vouchers in ways that do not conform to HUD regulations, making it easier to tailor the program to local needs—for example, by awarding project-based vouchers through a competitive process in collaboration with the City of Portland and Multnomah County.

Flexible use of project-based vouchers has helped make Home Forward one of a small number of organizations in the Portland area with the capacity to own and manage housing for people with special needs. Home Forward sometimes develops and owns housing on behalf of other organizations—for example, Bud Clark Commons, a complex that provides a day program, a night shelter, and harm-reduction permanent supportive housing for homeless individuals. Home Forward has also been selected by Multnomah County as the developer of a new county office building.

Home Forward has experimented with a variety of models for redeveloping its public housing portfolio and making using public housing operating subsidies. For example, using its MTW authority with HUD approval, Home Forward uses "local blended subsidies," a combination of public housing operating subsidies and partial voucher assistance at properties for which operating subsidies alone would not be sufficient. (The Director of Rent Assistance pointed out that those funds are not counted towards voucher utilization.) The agency was also successful in using the Section 18 public housing disposition process to obtain tenant-protection vouchers that were then used to redevelop the properties with a higher rent subsidy than will be possible under the HUD's Rental Assistance Demonstration (RAD).

Finally, Home Forward leadership staff point out that keeping voucher utilization rates high is an important part of maximizing the number of households served by the agency, as is the agency's participation in funding Short-term Rental Assistance. (Home Forward would like to get credit for serving more households with STRA than the traditional voucher program, since households use the assistance for an average of only three months, thus serving an unduplicated four households per year.)

Administrative Efficiencies and Subsidy Savings Enabled by MTW

Home Forward staff make a distinction between two types of savings enabled by MTW: administrative efficiencies—made possible through less frequent HQS inspections and recertification—and savings in housing assistance payments (HAP) --rent payments on behalf of assisted households. Most of the HAP savings came from lower than predicted per unit costs before rent reform was implemented, while a small amount of savings (once voucher funding recovered from sequester) is a by-product of rent reform. The CFO speculated that between 2007 and 2010, the agency may have enjoyed some good luck, as the split between family and non-family (larger and smaller unit sizes) changed somewhat. In addition, Home Forward did not increase payment standards during this period, so the automatic adjustment to the voucher funding stream produced some savings. That source of savings shrank over time, as market rents rose by more than the inflation factor built into the voucher block grant, and the payment standards were adjusted to catch up.[80]

Home Forward keeps track of the uses of block grant savings in a Moving to Work Initiative Fund (MIF), and the programs so funded are considered directly attributable to MTW. The projected MIF budget for 2014 was $3,169,000, while the total projected use of funds for housing assistance payments was $56,690,000, so voucher savings put into MIF represent about 6 percent of voucher funding. The CFO pointed out that, in FY2014, MIF was funded in part by permitting voucher utilization to drop from 97 to 96 percent. (A further drop, to 94 percent, came about as a result of the HUD restriction on reissuing vouchers that turned over during sequestration.) Initiatives funded by MIF in 2014 included STRA, Local Blended Subsidies, VASH security deposits, the Landlord Guarantee Fund, a Landlord Incentive Fund to attract new landlords and units in low poverty areas, and short to medium-term rental assistance for families with students in Alder School and youth whose Family Unification Program voucher expired.

Savings in staff time do not result in staff reductions, but instead are redirected to implementing a "Community Compact" under which front line staff provide more housing search assistance and budget coaching (e.g., helping families understand trade-offs between rent and transportation costs). This appears to be in the early stages of implementation and will require some staff retraining.

[80] The Director of Rent Assistance explained that the 2009 agreement with HUD that extended MTW for 10 years turned the voucher program into a block grant: instead of annual funding based on average HAP over time, funding is calculated as a base subsidy amount, plus amounts represented by any subsequent allocations of vouchers (e.g., VASH), plus an inflation factor.

Changes in PHA Culture

Home Forward senior staff interviewed for this case study universally reported a change in culture at the housing agency. The Director of Rent Assistance came from a similar position at a traditional big city housing authority and says that she made the move because the Housing Authority of Portland was an MTW PHA. Among the cultural changes she has observed is a shift from “obey the rules or we’ll kick you out” to “we’ll work together,” which includes expectations for family behavior such as getting kids to school and expectations that front-line staff will provide more individualized assistance to families in housing search, budgeting, and other areas. The Deputy Executive Director described a change in culture that started when he came back to the agency in 2008 after a one-year absence and was put in charge of implementing MTW. Several members of the leadership team, including the Deputy Executive Director, came from the world of social services non-profits, rather than from within the housing authority industry. The Director of Development came from Enterprise Community Partners, and the Executive Director himself came from Portland’s Bureau of Housing & Community Development. This diverse background may have helped form and implement Home Forward’s very strong determination to align housing subsidy resources with initiatives and funding available from the social services world and to make the agency a much broader housing provider than an implementer of HUD programs. To an extent that seems very different from traditional PHAs, senior Home Forward staff are focused on low-income people who are not already clients of the agency—for example, in their embracing of short-term rental assistance to broaden the reach of housing assistance beyond the fraction of eligible households that can be served by vouchers and public housing.

Home Forward’s Executive Director will retire in October 2014, and the current Deputy Executive Director, Michael Buonocore, has been selected to replace him. External observers—for example, City and County staff and non-profit partners—consider that the cultural and operational changes that have been implemented at Home Forward will survive, because they have been “baked in.”

Conclusion

The flexibility afforded by Home Forward’s participation in MTW has enabled it to create robust partnerships with the broader community providing service to low-income people. Home Forward has cultivated a culture of transparency and cooperation that has enabled the agency to weather challenging times without reducing the number of households served. The agency’s entrepreneurial approach, along with the authorities afforded by MTW, allows it to compete successfully with private developers and management companies to achieve its mission, making it a valuable partner to have at the table.

Chapter 9. King County Housing Authority

Overview of PHA's Participation in MTW

Launched in 2003, the King County Housing Authority (KCHA)'s MTW program has evolved over time to cover an expanding number of policy changes and initiatives across a broad array of programmatic areas. Rather than orienting its MTW plan around one or two signature initiatives, KCHA has integrated MTW authority into the fabric of its day-to-day operations to the point where MTW is not seen as a stand-alone program but rather as a means to the end of achieving KCHA's broader policy goals, which include reducing homelessness and improving residents' educational opportunities. The waivers in KCHA's current MTW Plan are thus instrumental pieces of KCHA's broader policy agenda, rather than the sum total of that agenda.

Some of the more significant waivers requested in KCHA's initial MTW Plan focused on addressing longstanding concerns with specific HUD policies. Over time, however, KCHA leadership and staff have moved from an approach that "reacts" to HUD's existing regulations to a more "proactive" approach in which KCHA staff first decide how they wish to structure their programs and only then determine whether changes are needed in HUD regulations through MTW.

Among other goals, KCHA has sought to use MTW authority to improve the quality and quantity of affordable housing in King County. To this end, KCHA has used the single-fund flexibility provided by MTW to increase funding for the operation and renovation of public housing, to increase the number of households served with housing vouchers above the baseline for which KCHA's federal voucher funding is calculated, and to meet other identified needs. These activities are made possible by programmatic changes that created surplus funds by reducing per-units costs--including the adoption of a multi-tiered voucher payment standard structure, changes in KCHA's policies for assigning voucher unit sizes that have led to smaller voucher sizes, and policies that have improved administrative efficiency. KCHA's Executive Director, Stephen Norman, asserts that the freedom that MTW provides to use the "savings" that result from more efficient policies to advance KCHA-identified goals provides a strong incentive to adopt these kinds of reforms.

KCHA staff pride themselves on providing a path to stable housing for people that wouldn't otherwise have one, including: younger adults who are homeless or aging out of foster care, people with mental disabilities and other homeless people. Consistent with these goals, KCHA has created a division focused on addressing homelessness, and has used its MTW authority to provide sponsor-based assistance to hard-to-serve populations and facilitate the project-basing of vouchers for permanent supportive housing.

KCHA also owns and operates a large number of rental properties that are not assisted by HUD – both LIHTC and unsubsidized properties – and has used its MTW authority to facilitate the integration of its assisted and non-assisted portfolios – in particular, by making it easier to project-base vouchers in KCHA housing units located in "opportunity areas."

Finally, KCHA has recently begun implementing an agenda focused on improving children's academic performance, which includes a number of specific components – some of which use MTW authority and others of which do not – including initiatives to promote residential stability during the school year, to facilitate the mobility of families with children to neighborhoods with better schools, and a pilot transitional housing program to help children who would otherwise be homeless maintain school stability.

Overview of PHA and Community

As of the end of fiscal year 2012, KCHA was providing housing subsidies to 13,803 households, including 11,347 vouchers, 1937 public housing units, 386 units of other forms of housing assistance, and 133 households receiving sponsor-based assistance.[81] The number of public housing subsidies administered by KCHA has declined by about 40 percent during the course of its participation in MTW, largely through the conversion of public housing to project-based Section 8 and changes in the size and unit mix of developments revitalized through HOPE VI. At the same time, KCHA's overall inventory of housing assistance has increased by about 1138 units, a bit more than half of which are due to the receipt of incremental vouchers through specialized HUD programs like VASH and the Family Unification Program, with the balance representing additional households the agency says it is able to house due to the flexibility of MTW. The latter category includes, among others, 142 units of sponsor-based assistance and 275 housing vouchers above and beyond their voucher baseline.

KCHA operates in a suburban county adjacent to Seattle. The housing market in King County is generally strong, though conditions vary in different parts of the county.

PHA Inventory

Exhibit 9-1, from KCHA's FY 2012 MTW Report, shows the breakdown of KCHA's inventory of assisted units as of the end of FY 2012 and compares these figures to comparable counts from FY 2003, before KCHA entered the MTW program. A few important notes:

- This exhibit excludes port-in vouchers that are administered by KCHA, which numbered 2,393 at the end of FY 2012. The port-ins account for most of the difference between the total unit count shown in this chart and the total number of assisted households reported by KCHA.
- The chart also excludes 5,370 "workforce" units that KCHA maintains in its bond-financed and LIHTC portfolios. These units are not included in the total numbers of households reported to HUD unless they have some other form of assistance (such as a project-based voucher) because they are not otherwise HUD-assisted units.
- KCHA staff indicate that the 563 units shown on this chart as enhanced/relocation non-MTW vouchers will convert to regular MTW vouchers one year after they are awarded. For all practical purposes, therefore, these units should be considered part of the MTW count going forward. Most of these enhanced/relocation vouchers were provided to residents when KCHA converted its scattered site public housing portfolio to project-based vouchers.

[81] Table 2.B, King County Housing Authority, FY 2012 Moving to Work Annual Report. The FY 2013 Annual Report indicates that KCHA was serving 14,062 households as of the end of FY 2013, a slight increase over the past year. Because the FY 2013 MTW report does not include the same level of detail on household and units counts as the FY 2012 MTW report, this case study will focus on the data provided in the FY 2012 report.

Exhibit 9-1: KCHA Inventory in FY 2012 (Public Housing, HCV, Other-HUD and Local programs)

Program	Inventory at MTW Program Entry: 2003	Inventory at Fiscal Year Begin: Jan 1, 2012	Inventory at Fiscal Year End: Dec. 31, 2012
Public Housing: MTW	3292	2488	1966
Total PH Inventory	**3292**	**2488**	**1966**
HCV: General MTW	6024	5858	5263
HCV: Project-based MTW	0	1423	1998
HCV: Local MTW-funded	0	43	275
Total MTW Vouchers	**6024**	**7324**	**7536**
Other MTW: Sponsor-based	0	142	142
Total Other-MTW	**0**	**142**	**142**
VASH, non-MTW	0	213	270
Mainstream, non-MTW	350	350	350
Designated, non-MTW	0	100	100
Certain Development, non-MTW	0	100	100
FUP-2009/2010, non-MTW	0	132	139
Enhanced/Relocation non-MTW	0	157	563
Total non-MTW Vouchers	**350**	**1052**	**1522**
Other HUD: Sec 8 New Construction/236	174	196	196
Other HUD: Preservation	271	41	41
Other, non-HUD: LOCAL	303	149	149
Total other programs	748	386	386
TOTAL	**10,414**	**11,392**	**11,552**

Comparing the FY 2012 figures to the FY 2003 baseline yields the following high-level conclusions about changes in KCHA's inventory:

- KCHA's inventory of HUD-assisted housing has increased from 10,414 in 2003 to 11,552 as of the end of FY 2013, an increase of 1,138 units.
- Of these increased units, a bit more than half (609) are attributable to the incremental receipt of new housing assistance from HUD, comprised of 270 VASH vouchers, 139 Family Unification Program vouchers, 100 "designated" vouchers and 100 "certain development" vouchers. ("Designated" and "certain development" vouchers are for non-elderly families that include a person with a disability affected by decisions by PHAs or private owners regarding the occupancy rules for specific developments.)
- The balance of units (529) represents the number of additional units KCHA it is able to provide due to its MTW authority; 142 of these units are provided through contracts for sponsor-based assistance and 275 are housing vouchers above and beyond KCHA's voucher baseline.

- The number of units funded with public housing subsidies has decreased from 3,292 at baseline to 1,966 as of the end of FY 2012, largely due to conversions of some developments to project-based vouchers and changes in the size and unit mix of developments revitalized through HOPE VI.

Households Served

KCHA reports that 97 percent of the households it serves have incomes that are at or below 50 percent AMI (very low-income), very close to the share in the baseline year of FY 2003. Currently, 86 percent of households receiving Section 8 assistance and 90 percent of households in public housing have incomes that are at or below 30 percent of AMI; the comparable figures in April 2003 (per the 2004 MTW Plan) were 89 percent (Section 8) and 90 percent (public housing).

Exhibit 9-2 presents a brief summary of KCHA households served.

Exhibit 9-2: KCHA Households Served

Strategy	Base Year (2003)		Recent Fiscal Year (2013)	
	Public Housing (%)	Vouchers (%)	Public Housing (%)	Vouchers (%)
Income				
<=30% AMI	90%	89%	90%	86%
30-50% AMI	9%	11%	8%	12%
51-80% AMI	1%	1%	2%	2%
>80% AMI				
Race/Ethnicity				
African American	15%	35%	17%	39%
Asian	24%	4%	23%	9%
White	58%	55%	56%	46%
Hispanic	2%	2%	4%	6%

SOURCE: Picture of Subsidized Housing (FY 2013); FY 2004 MTW Plan

PHA Community

KCHA serves the part of King County, Washington that is not within the city boundaries of Seattle and Renton, which are served by separate housing authorities. According to the 2010 Census, King County had 1,931,249 people, of whom 608,660 lived within the boundaries of Seattle and 90,927 lived within the boundaries of Renton, leaving a population about twice the size of Seattle to be served by KCHA. King County overall is a large area of 2,115 square miles – nearly twice the land area of Rhode Island – of which just 84 square miles are within the City of Seattle and 23 square miles are within the City of Renton.

One of the challenges involved in working in a large suburban community is that there are fewer facilities available to serve poor households. There are also coordination issues involved in working with the numerous cities and towns within the county. At the same time, the different scale of the PHA (county-wide) relative to the political entities responsible for day-to-day governance (cities and towns) appears to facilitate a level of independence for KCHA that empowers it to act in the best interests of its residents without substantial political interference.

As with other large regions, King County includes communities that are wealthier and poorer. For the most part, the residents of south King County – especially in the neighborhoods adjacent to Seattle, including White Center – are poorer than those of east King County, which includes such wealthy suburbs as Bellevue, Kirkland, Mercer Island and Redmond. Because the schools in east King County generally exhibit a higher level of performance than those in south King County, KCHA is focused on expanding opportunities for its residents to access those schools by helping them move to specific areas of high opportunity within east King County. KCHA's analysis of high-opportunity areas is informed by an "opportunity mapping" analysis conducted by the Kirwan Institute.[82]

According to Dupre & Scott, a regional market research firm, the gross vacancy rate as of September 2013 for the Puget Sound region (King, Pierce, Snohomish, Kitsap, and Thurston counties) was 4.7 percent, down from 5.5 percent the prior year. As vacancy rates have fallen, rents have risen, continuing a steady increase that began in March 2010.[83]

Notwithstanding the tight rental market, KCHA reports in its FY 2013 MTW Report that 86.2 percent of households newly issued a housing voucher are able to use their vouchers successfully before they expire, which compares favorably to the 82.4 percent success rate of KCHA voucher recipients in the MTW baseline year of FY 2003 and to the national average success rate found in the last national study of voucher success rate of 69 percent (based on data from 2000).[84]

MTW Participation

This section describes how KCHA has developed its goals relating to the MTW demonstration, how the agency uses data for performance measurement and goal setting, and the agency's decision-making process.

Goals and Evolution of MTW at the PHA

As described in its FY 2013 MTW Report, KCHA's strategic plan focuses on five broad themes:

- Expanding and preserving the region's supply of affordable housing
- Promoting housing choice
- Increasing self-sufficiency
- Improving operational efficiency and cost effectiveness
- Reducing our environmental footprint

These are the agency's overall goals, rather than its specific MTW goals. However, KCHA has used MTW authority extensively to advance each of the first four goals, as well as to implement a Healthy Homes pilot consistent with the fifth goal.

As with many other housing agencies participating in MTW, the waivers requested by KCHA pursuant to its MTW authority have changed and expanded over time, although the trajectory of KCHA's MTW program appears to be more a story of continuous evolution than one of distinct phases. Whereas

[82] See http://kirwaninstitute.osu.edu/docs/KingCounty.pdf
[83] http://www.duprescott.com/productsservices/articleinfo.cfm?ArticleId=634
[84] Larry Buron and Meryl Finkel. Study of Section 8 Voucher Success Rates; Volume 1. (2001). Abt Associates under contract to the US Department of Housing and Urban Development. Contract No. C-OPC-18571.

many of the initial changes requested by KCHA represented “reactions” to existing HUD rules they wanted to change, over time KCHA has adopted a more proactive approach in which KCHA staff first decide what they want to do from a programmatic standpoint and only then ask whether MTW authority is needed to implement those changes.

KCHA’s initial MTW plans started out with what KCHA staff describe as “low-hanging fruit.” They had a long list of things they wanted to change and started by requesting HUD approval for changes to address some of the more straightforward issues while they worked internally to address more complex issues. Many of the initial changes were focused on reducing administrative costs. For example, KCHA eliminated the requirement that they re-inspect housing voucher units with minor deficiencies identified in HQS inspections, allowing owners to self-certify that the minor repairs had been completed. KCHA also eliminated annual rent reasonableness checks, conducting the checks only upon initial occupancy and when owners requested a rent increase, unless there was documented evidence of a shift in the rental markets.

A number of the administrative changes included in early KCHA MTW plans were designed to facilitate the integration of KCHA’s two portfolios – its public housing and housing voucher portfolio, funded by HUD, and its workforce housing portfolio funded through Low Income Housing Tax Credits (LIHTCs) and tax-exempt bonds. For example, KCHA obtained a waiver through MTW allowing it to inspect and conduct rent reasonableness checks on units owned by KCHA, eliminating the need to work through a third party. KCHA also adopted changes making it easier to project-base units in KCHA’s properties.

Among the many other changes adopted in KCHA’s initial MTW plans were changes designed to address specific problems that KCHA had experienced, such as the challenges of serving a mixed population of older adults and non-elderly persons with disabilities in a single development. Certain developments had developed a negative reputation among elderly residents for noise and disruption. To address this issue, KCHA obtained a waiver allowing it to cap the share of non-elderly disabled households in each development to even out the percentages across the developments. KCHA staff report that this has led to a more manageable mix in each development and was preferable to making the buildings “senior only” – the only option under traditional HUD regulations.

Over time, as KCHA implemented larger and more complex items on its initial list – such as the EASY (elderly/disabled) and WIN (non-elderly, non-disabled) changes to rent policy to reduce the frequency of income certifications, reduce disincentives to increased earnings and otherwise streamline the rent calculation process – the role of MTW appears to have shifted from addressing longstanding concerns with existing HUD rules to using MTW as a means to an end to achieve KCHA’s broader policy goals. For example, in part due to the limited availability of sites for the development of permanent supportive housing, KCHA has developed relationships with service providers whereby the service provider selects households in need of affordable housing, master leases units on behalf of the households, and then administers the assistance as “sponsor-based assistance.” In designing this program, which launched in FY 2007, KCHA did not start with the HUD rules and ask what changes were needed to make the program work but instead developed a new program essentially out of whole cloth, funded with MTW flexible funds rather than through waivers to the voucher program.

Another, more recent example, is the suite of initiatives that KCHA has recently adopted to help the children among its residents perform better in school. Working collaboratively with the school districts, KCHA has developed a range of new initiatives, including: (a) a rapid rehousing pilot to help homeless children move out of shelters and into housing located within an area served by their existing school; (b) a marketing campaign to encourage voucher-holders to avoid moves during the school year; (c) counseling to encourage and help families with children to move to opportunity areas; and (d) a place-based focus on strengthening educational facilities and programs in White Center, Kent and Bellevue. Some of the initiatives required MTW authority, while others did not. Regardless, the first step was to ask what was needed to advance KCHA's programmatic objectives, and only then did KCHA ask what MTW waivers might be needed to implement these programs. The components of this education initiative made possible through MTW—for example, the rapid rehousing pilot—complement the components that are possible under standard HUD authority, such as the development of 18 community centers on its properties that provide after-school programming and other services for residents.

While the manner in which KCHA approaches MTW has evolved over time, many of the goals animating KCHA's MTW agenda have remained the same over the years. As stated in KCHA's FY 2004 MTW report, these include:

- "Preserving and increasing the affordable housing stock and tenant-based units in the county, while continuing to focus on those greatest in need.
- Expanding clients' program, location, and other housing choices. Increasingly, the communities they choose will be or become more economically integrated and will offer the support services they need to be successful.
- Increasing resident self-sufficiency. More residents will become employed, retain their employment longer, and experience faster income progression. This will lead to a higher percentage of positive transitions out of assisted housing, including transition to homeownership.
- Greater efficiency and effectiveness through simplifying and streamlining operations, decentralizing management, increasing program user-friendliness, and increasing the financial stability of KCHA programs."

While not called out in this particular articulation of KCHA's MTW goals, KCHA's "focus on those greatest in need" has always included an interest in helping to meet the housing and services needs of the homeless. While KCHA remains focused on promoting positive transitions out of assisted housing, its goals with respect to economic self-sufficiency have shifted over time, in part because of the economic challenges associated with the recent recession which made it harder for residents to earn enough to afford unsubsidized housing. In recent years, KCHA has begun to focus on boosting educational achievement for residents' children in the hope of influencing the long-term trajectory of economic mobility.

MTW Decision-Making Process

As described by KCHA staff, the process of developing their initial MTW plan involved soliciting the opinions of a large number of staff. On the public housing side, for example, KCHA leadership put a list of topic areas in a box, and asked staff members to pull a topic out of the box. Staff were then asked to answer the same question, "If you could change something about this topic, what would you change?"

In some cases, KCHA has learned over time the benefits of obtaining the views of a broader range of staff. For example, a comprehensive effort was made to obtain the views of line staff early on in the design of the WIN rent policy, in order to troubleshoot potential problems. This feedback led to fewer implementation problems than with the EASY rent policy that had previously been adopted and was not as widely vetted.

In subsequent years, KCHA has developed its MTW plans through a mix of accumulating ideas during the year for purposes of inclusion in the next year's MTW plan, and brainstorming new ideas at the time the report is prepared. To facilitate the identification of needed MTW waivers during the year, the MTW coordinator participates in separate monthly meetings that senior public housing and voucher program staff hold to review program progress. The MTW coordinator also sends out an email every year to lead staff in each operating department to solicit activities that need to be added to the plan.

KCHA staff describe a generally positive relationship with residents and other organizations with an interest in the outcomes of their programs. In general, it appears there are fewer advocacy groups active on housing issues in suburban King County than in a typical city environment, and KCHA's Executive Director said KCHA had made a point of inviting legal services in on the ground floor to obtain their input and anticipate and address any concerns. It also appears that some of the initial concerns that advocates in the region had about MTW were worked out in connection with the earlier implementation of the MTW program of Seattle Housing Authority, which began several years before KCHA's. Given KCHA's strong focus on using its MTW authority to help the homeless, KCHA has particularly strong support from homeless service providers.

Several KCHA staff members mentioned that they had benefitted from learning from other agencies, including Cambridge, Portland, San Antonio, Oakland, Seattle and San Mateo. One staff member credited Portland with facilitating a West Coast affinity group for MTW agencies, which meets periodically and provides an opportunity for sharing promising practices.

Performance Measurement and Evaluation

KCHA has a number of mechanisms in place to track outcomes of its MTW program. Some of these performance measurement systems are specific to MTW – in particular, those required by HUD in connection with the annual MTW reports and other required reporting. Others are part of KCHA's broader efforts to track outcomes so that adjustments can be made when needed.

KCHA's Executive Director described the broad area of performance measurement and evaluation as one that KCHA was still refining and which they expected to further improve. Nevertheless, KCHA appears generally to be an agency that values data and uses it to improve its understanding of its programs. Current performance measurement and evaluation mechanisms include a dashboard focused on key outcomes for the agency as a whole, relative to the FY 2003 pre-MTW baseline, and measures of what it calls "operational excellence." The key outcomes are shown in Exhibit 9-3 and the measures of operational excellence are shown in Exhibit 9-4.

Exhibit 9-3: KCHA Key Dashboard Outcomes

Measure	FY 2003	FY 2014
Number of households served	11,260	14,062
Number of transitional and supportive housing units	1,956	3,258
Share of vouchers being used in the higher payment standard areas, an indicator of access to opportunity	11.7%	19.3%
Share of assisted households that are very low-income	97%	97%
Share of voucher-holders with rent burdens above 30 percent	40.2%	44.3%

Exhibit 9-4: KCHA Operational Excellence Measures

Measure	FY 2003	FY 2014
Voucher success rates	82.4%	86.2%
Voucher utilization	98.8%	103.9%
Public housing occupancy rates	98.9%	98.3%
REAC Physical inspection scores for public housing	93.3%	94.4%

KCHC also evaluates its performance through the following mechanisms:

- The FY 2013 MTW report reports on 25 performance measures that match up to groups of waivers obtained through MTW. These measures are drawn from the HUD form 50900.
- While KCHA has not commissioned an overall evaluation of its Moving to Work program, it periodically commissions evaluations of specific initiatives. For example, the FY 2013 MTW report attached a third-year report on the Resident Opportunity Plan, conducted by Clegg & Associates. Another report, from 2010, documents lessons learned from KCHA's sponsor-based program to serve chronically homeless adults in south King County.
- For each of the past four years, KCHA has conducted a detailed analysis of the characteristics of households entering and exiting its housing programs. This report provides KCHA with information on trends in new occupants, as well as analysis to support KCHA's classification of those exiting the program into categories reflecting successful, unsuccessful, or neutral exits. KCHA classifies exits for homeownership or over-income as "successful" and moves to other rental housing or in with family as "likely successful." Information on the share of exits from KCHA housing that are successful or unsuccessful are among the statistics reported in a high-level dashboard report that KCHA provides its Board of Directors.
- Based on data sharing agreements with specific school systems, KCHA is in the process of developing dashboard reports to track educational outcomes for children in several of its housing developments. These reports will be considered by KCHA and its partners in developing programs to help children do better in school. Data from this effort has already led to the development of a rapid rehousing pilot to help the children of homeless families move from shelters into housing located within a neighborhood served by the children's existing school.

- KCHA has a data-sharing agreement with the Department of Health and Human Services and is looking at the overlap with households served by DHHS through such programs and services as TANF, Children's Administration, and health services.
- KCHA surveys its residents annually. The survey provides information on resident satisfaction with different aspects of management, resident complaints, services of interest, and languages that residents speak.

Consistent with KCHA's expressed interest in strengthening their data and evaluation capacity, KCHA plans to hire several new staff to augment this capacity.

Major Policy Changes enabled by MTW

This section describes the major policy changes enacted by KCHA as part of the MTW demonstration. Exhibit 9-5 is a brief summary of selected innovations adopted by KCHA through its MTW authority. The following sections provide additional detail on selected KCHA policy changes, organized by the innovation types used throughout this report.

Exhibit 9-5: Summary of KCHA's MTW Innovations

Increasing Cost Effectiveness	• EASY rent policy. Applicable to assisted households headed by an elderly individual or a person with a disability, the EASY rent policy largely eliminates deductions and switches to a three-year recertification cycle. • WIN rent policy. Applicable to non-elderly non-disabled assisted households, this policy switches to a two-year recertification cycle and replaces income-based rents with rents determined by broad income bands. • Using MTW authority, KCHA has been able to modernize individual public housing units when tenants vacate, utilizing capital funds to support in-house journeymen repair teams, rather than having to take whole developments offline. • Changes in HQS inspection protocol. To improve efficiency, KCHA does not conduct return inspections for minor problems; clusters inspections based on location to reduce travel time; and inspects its own properties. • KCHA does rent reasonableness checks upon move-in and whenever landlords request a rent increase, but not in intervening years unless there is evidence of systematic changes in rent levels.
Increasing the Quantity and Quality of Affordable Housing	• KCHA uses savings from the HCV program to fund its public housing program when HUD funding falls below the level specified in applicable funding formulas due to "proration," leading to improvements in unit quality. • KCHA reports that MTW single-fund flexibility has allowed it to address public housing modernization issues in a more thoughtful and cost-effective way and to be more innovative in securing financing for new development. • KCHA reports that it is able to provide more vouchers to more households than anticipated by its baseline number of vouchers due to reductions in per-unit costs relative to expectations in the funding formula.

	• KCHA uses its working capital to purchase small developments without debt, enabling it to turn-on public housing subsidies banked during earlier HOPE VI revitalizations.
Increasing Economic Self-Sufficiency	• To create incentives for self-sufficiency, KCHA has adopted a system of tiered rents in which households' rents only increase if their income increases enough to move into the next band. • KCHA's Resident Opportunity Plan is a five-year pilot initiative serving approximately 50 households designed to help residents increase their earnings to the point where they no longer need housing assistance. • KCHA has invested substantially in resident services coordinators and community coordinators in all of its developments using MTW single fund flexibility and the staff time freed-up by administrative streamlining. • To promote educational achievement – which over the long-term KCHA believes will support greater economic opportunity – KCHA has adopted a number of initiatives designed to improve school stability, provide early-learning and after-school services, and help residents with children to access high-opportunity neighborhoods with good schools.
Promoting Residential Stability for Targeted Households	• KCHA has invested MTW funds in providing sponsor-based assistance to help people with mental disabilities, including ex-offenders and formerly homeless individuals. • KCHA has obtained a number of waivers to allow it to expand its use of project-based vouchers to fund permanent supportive housing. • KCHA has stabilized its mixed population buildings by setting a cap of 22 percent non-elderly disabled at each building. • KCHA has a rapid rehousing pilot focused on helping homeless children stay in their school district during the school year. • KCHA has developed a step-down program for youth leaving transitional housing who would otherwise have no place to go.
Expanding Geographical Choices of Assisted Households	• KCHA helps voucher holders access high-opportunity neighborhoods by adopting a higher payment standard than would otherwise be allowed under HUD policy in east King County. • KCHA has made changes designed to facilitate the project-basing of vouchers in housing units owned by the housing authority, which facilitates mobility because many of these units are located in high opportunity neighborhoods. • KCHA's Community Choice program focuses on helping voucher holders in south King County move to high-opportunity neighborhoods.

Increasing Cost Effectiveness

One of the steps that KCHA has taken to increase cost effectiveness is to streamline its approach to modernizing its public housing inventory. Using MTW authority, KCHA has been able to modernize individual interior units of public housing when tenants vacate, rather than having to relocate residents and take the entire development offline to do modernization of all units at the same time. KCHA is also able to use in-house crews, rather than outside contractors, generating further savings. In total, KCHA staff indicate these changes allow them to modernize units for around $22,000 per unit rather than around $60,000 under standard procedures. Under standard HUD rules, a PHA may take public housing units offline only while work is being done (not while waiting for crews to arrive). The exception is when there's a construction contract with an outside contractor in place, in which case the unit can be taken offline even if work is not currently underway. If the units are vacant but not taken offline, the agency's occupancy rate is negatively affected, which can affect an agency's PHAS rating and funding levels. This drives non-MTW agencies to take the more expensive route of relocating residents and hiring outside contractors to do the entire development at the same time.

Another step that KCHA has taken to improve cost effectiveness is to adopt a voucher payment standard for south King County that is not tied directly to HUD's published FMR for King County and is, for some household sizes, below the 90 percent of FMR typically allowed by HUD. KCHA believes that adopting this lower payment standard in the area where the majority of KCHA residents live has led to lower average HAP payments for the voucher program as a whole than would have been possible with a single payment standard for the entire service area. The lower payment standard frees up funds for their various initiatives through single fund flexibility, including providing more vouchers that anticipated under their baseline, fully funding the public housing program, and funding sponsor-based assistance. At the same time, as noted below, KCHA has adopted a voucher payment standard for east King County that is higher than would generally be allowed by HUD without MTW authority (110 percent of the FMR), increasing per-unit costs for those units while facilitating moves to higher opportunity areas.

Another area in which KCHA may have increased cost effectiveness is through its ownership of bond or LIHTC properties. About 16 percent of the units in this portfolio have tenant-based or project-based Housing Choice Vouchers. That works out to around 860 units or 7.5 percent of all vouchers administered by KCHA. KCHA believes its ownership of these units has kept rents lower than if the units had been left in private hands, as some would likely have been converted to market-rate housing, while others may have been allowed to deteriorate or the land used for purposes other than rental housing. Thus, the expanded use of project-based vouchers in connection with KCHA's affordable housing portfolio may have generated cost savings in the HCV program although this is difficult to determine with certainty due to the absence of a counterfactual.

KCHA also notes that they have achieved costs savings by conducting their own physical inspections and rent reasonableness assessments of units in properties that they own, rather than hiring third parties to inspect the units as normally required by HUD. In this regard, it is important to highlight the trust in KCHA's fair dealing that is required for this arrangement to work. Given KCHA's MTW funding formula that provides for flat voucher funding, the agency could not generate increased HUD funding by inflating rents in properties it owns, but it could conceivably use inflated rents to generate program income for struggling properties in its affordable housing portfolio, reducing the availability of voucher funds to help other families. Given KCHA's strong focus on helping households in greatest need, and the high quality of its overall administration, *there is every reason to believe they are acting fairly and honestly* and so this observation should be understood as a cautionary note for future policy development rather than a comment on KCHA's activities specifically.

Increasing the Quantity and Quality of Affordable Housing

KCHA uses the "single-fund" flexibility of MTW in a number of ways that it asserts lead to an increase in the quantity and quality of affordable housing in King County. The following are key examples:

- KCHA has used single-fund flexibility to increase funding for public housing operation and renovation and to increase the number of households served with housing vouchers above the baseline on the basis of which KCHA's federal voucher funding is calculated. As of the end of FY 2012, KCHA was serving 275 voucher holders more than its baseline unit count. It also was able to backfill the hole in public housing funding created by HUD's proration of public housing funds due to limited congressional appropriations. Both of these were made possible by a level of housing voucher funding that exceeds what KCHA needs to serve its baseline number of households. KCHA asserts these excess funds are the result of programmatic changes such as the reduction in the payment standard in south King County, changes in their policies for assigning voucher unit sizes that have led to smaller voucher sizes, and policies that have improved administrative efficiency. Additional analysis would be needed to determine to what extent other factors may have played a role in contributing to this surplus, such as deviations over time between the expected and actual pace of changes in contract rents and household incomes.
- Single-fund flexibility has allowed KCHA to be more flexible in how it meets its modernization needs, leading to improved efficiencies and speedier upgrades in housing quality. For example, the Valley Kee development needed to have its interior sewage piping replaced. As the development was vacant, KCHA decided to shift funds around to allow the interiors to be upgraded at the same time.
- Single-fund flexibility has allowed KCHA to be more creative on the development side, leading to increased production of affordable housing. For example, at one property, KCHA took the 10-year replacement factor funding from the demolition of public housing as part of HOPE VI, paired it with capital and operating funding, and used the combined funds as security for a bond issue. KCHA staff say that it is possible they could have received waivers to use these funding sources as bond security through the regulatory process at HUD, but it would have been very difficult. This innovative financing allowed them to essentially do a HOPE VI-style redevelopment without a HOPE VI grant.

Increasing Economic Self-Sufficiency

KCHA has adopted the following policies to promote adult economic self-sufficiency:

- To reduce the disincentives for assisted households to increase their earnings, KCHA structured the WIN Rent policy in a manner that causes the rents of non-elderly non-disabled households to rise only when their incomes reach the next band.
- As discussed in more detail below, KCHA has adopted a pilot initiative, the Resident Opportunity Plan, to test a new approach for promoting self-sufficiency, even as KCHA has continued to run a traditional FSS program.

- KCHA has constructed (or partnered with other agencies) to create a number of facilities to support adult education and employment, including the Kent Family Center (where Neighborhood House administers an employment program) and the YWCA Adult Center (co-located with a new library) at Greenbridge.
- As discussed under the expanding geographical choices section, KCHA has adopted a number of policies to promote moves to areas with a strong employment base that KCHA hopes will spark increases in economic self-sufficiency.
- KCHA has funded ESL and computer literacy programs in multiple locations.

The Resident Opportunity Program (ROP) is a five-year pilot which is now in its fourth year. Serving 50 people, ROP's goal is to help participants increase their earnings, access education, and move out of KCHA housing within five years. ROP differs from KCHA's Family Self-Sufficiency program in the following ways: (a) ROP participants must be attached to the labor market (or recently employed) or in school or recently in school, and must live within certain geographical areas; (b) rather than getting an escrow deposit tied to earnings growth, ROP participants receive a flat $200 per month deposit into their accounts if (and only if) they comply with their goals; (c) no interim withdrawals of escrow are allowed; (d) the ROP program requires more contact than KCHA's FSS program, with at least monthly contact between the clients and their case managers. Finally, in order to access the money in their escrow accounts, ROP participants must leave subsidized housing. To help address concerns that their incomes may fall and they may need subsidized housing again, ROP graduates have a two-year right of return giving them a priority for admission to public housing (though not housing vouchers).

KCHA has also focused on assigning Family Development Coordinators to all of its developments to improve the quality of services. In addition to linking KCHA families to resources that help stabilize their housing during crises, these Coordinators provide support to KCHA providers that directly engage families in after-school programs and career development activities.

Finally, as discussed above, KCHA has focused particular attention in recent years on its education initiatives to help the next generation acquire the skills they need to move up the economic ladder. This is motivated in part by a determination that, in light of the Great Recession and its aftermath, the ability of existing residents to increase their earnings sufficiently to move up and out of assisted housing may be limited.

Promoting Residential Stability for Targeted Households

A major focus of KCHA's MTW program has been on providing housing and services for people who would otherwise be homeless, including those with severe mental illness. Based on a review of KCHA's programs and conversations with KCHA staff and an individual who ran a key partner organization, it is clear that MTW has allowed KCHA a great deal of flexibility to try new ideas and partner effectively with other organizations, leveraging KCHA's housing resources to access supportive services that the individuals need to maintain residential stability.

For example, KCHA used MTW funding flexibility to create its sponsor-based housing initiative, which currently provides service-enriched housing for 137 people. Under this initiative, partner agencies find rental units that they master lease and then fill with individuals who are being discharged from the mental health system and/or prison and would otherwise be homeless or residentially unstable. Although some of these initiatives use a “housing first approach” in which individuals are encouraged but not required to participate in services, a key component of the sponsor-based assistance – and a key benefit for KCHA – is the provision of mental health, chemical dependency, and other services by partner agencies, using non-KCHA funds, to promote residential stability. Unlike comparable initiatives at other MTW agencies that are run basically as housing vouchers with waivers, the participants in this initiative are not formally issued a housing voucher, eliminating the need to formally “admit” them to the voucher program, which would add a layer of bureaucracy that KCHA staff say would add cost as well as creating more opportunities for individuals to fall through the cracks and fail to get housing support. In fact, one of the lessons that KCHA staff say they have learned from the program thus far is that they need to go even further in reducing the recordkeeping requirements for their partners to ensure the program is manageable by organizations without substantial housing expertise.

Other pilot initiatives focused on targeted households include a rapid rehousing initiative for homeless families who need a place to live to maintain school stability for their children (serving up to 60 households) and a step-down initiative designed to help young adults leaving transitional living programs get accustomed to paying market rents for housing (serving up to 15 individuals). These initiatives are examples of new ideas that KCHA is testing through MTW to determine whether to continue or expand them. KCHA’s executive director says that he does have some questions about whether the rapid rehousing approach can be successful when not followed by a long-term subsidy. However, when the issue of homeless children maintaining school stability bubbled up through KCHA’s conversations with school districts on how to promote educational achievement for low-income families, the agency identified the rapid rehousing initiative as a potential way to address the concern. Without MTW, they would not have been able to experiment with this approach.

One final component of KCHA’s efforts to house the homeless has been the enhanced use of project-based vouchers to create transitional housing for families with minor children (240 units in 18 developments) and permanent supportive housing for households that need on-site services of longer duration (145 units in 13 developments). Transitional housing services include individualized case management, which connects families to benefits, workforce training, and family support services. Permanent supportive housing serves predominantly individuals who are transitioning out of chronic homelessness and provides individualized case management that focuses on access to benefits, mental health and addiction services, and basic life skills training.

While KCHA owns some of these properties, most have other owners; in some cases, the owner is also the service provider while in others, the owner contracts with an outside service provider. KCHA has made a number of changes to facilitate the project-basing of vouchers for these and other purposes – including making it easier to project-base vouchers in its own properties. While recognizing that different clients have different needs and that some clients can be effectively placed into more mainstream settings, in general, KCHA’s Executive Director believes that permanent supportive housing has important advantages over sponsor-based assistance in which sponsors master lease units in scattered locations. The project-based setting of permanent supportive housing allows the provider to provide a concierge level of services, including front-door monitoring, while also allowing services to be delivered efficiently at a single location and providing opportunities for peer support. However, because the ability to site permanent supportive housing in a suburban landscape is limited, KCHA has also used the sponsor-based assistance model described above.

Expanding Geographical Choices of Assisted Households

From the outset of its MTW program, KCHA has focused on helping its residents to access communities of greater opportunity. Its two major policy initiatives to achieve this goal are: (a) project-basing vouchers in areas of opportunity and (b) setting a higher payment standard in east King County. In all, KCHA reports that 22 percent of its tenant-based housing vouchers are in high or very high opportunity neighborhoods – roughly double the FY 2003 baseline – and that 44 percent of its roughly 2,000 project-based vouchers are located in such neighborhoods. KCHA has adopted a local definition of neighborhoods that are "high" or "very" high opportunity based on data provided by the Kirwan Institute's Opportunity Mapping initiative.

KCHA currently has two payment standard schedules for its tenant-based voucher program that apply to different parts of King County, and is considering going to four once its computer systems are upgraded. Using MTW authority, KCHA has decoupled its payment standards from the FMR, basing them instead on local rent studies. Payment standards for four bedroom sizes in east King County are currently over 130 percent of FMR, while the lowest payment standards in south King County are in the mid-80 percentages of FMR. Without MTW or an approved exception payment standard by HUD, PHAs are required to set their payment standards between 90 and 110 percent of the FMR.

To facilitate project-basing in areas of opportunity, KCHA project bases vouchers in developments in its own portfolio located in areas of high opportunity and also encourages project-basing in developments in such neighborhoods owned by other entities. One process for achieving the latter is to work through a regional housing intermediary, A Regional Coalition for Housing (ARCH), which KCHA has empowered to assign project-based vouchers to appropriate LIHTC and other new housing in high-opportunity areas.

KCHA also has a new initiative, called Community Choice, which focuses on helping voucher holders with children in south King County move to high opportunity neighborhoods with good schools. Enrollment just started in 2014. So far, there have been about 23 signed enrollment agreements and only one move to an opportunity area. According to participants, the payment standard for east King County is still too low to facilitate access to an adequate supply of housing in that region, limiting the success of this program. KCHA is currently considering raising the payment standard further.

Through MTW, KCHA has obtained a number of waivers to the project-basing authority, including changes to facilitate project-basing in its own properties, changes to streamline the process for awarding project-based vouchers (for example, to permit the ARCH process), and the elimination of the requirement that KCHA provide residents departing project-based voucher units with first preference for an exit voucher. Given KCHA's extensive use of project-based vouchers, it was concerned that the latter requirement would prevent them from offering vouchers to people on the regular voucher waiting list.

Administrative Efficiencies Enabled by MTW

In its FY 2013 MTW report, KCHA summarizes the net impact of the administrative efficiencies it has adopted through MTW as follows:

- More than 35,000 accumulated hours saved to date through implementation of MTW-modified policies and procedures;
- $11.4 million saved and 834 units renovated through completion of interior rehabilitation of Public Housing units using "in-house" crews under KCHA's MTW-supported Unit Upgrade program; and
- 50 percent reduction in Housing Quality Standards re-inspections required due to minor unit deficiency protocol that allows landlords to self-certify corrections.

The FY 2012 report also noted that “4,200 households [were] added to HCV administrative and inspection caseloads without a significant increase in FTEs.” Many of the MTW waivers that KCHA cites as leading to these savings have already been referenced, including: (a) reductions in the frequency of rent recertifications and a streamlining in rent calculation procedures through EASY and WIN; (b) the use of in-house crews for public housing modernization rather than outside contractors; (c) elimination of re-inspections for minor deficiencies identified through HQS and the grouping of HQS inspections by geographic area to reduce travel time; and (d) streamlining of the project-based voucher process. KCHA conducted a study to estimate the impact of the changes in recertification procedures on staffing, and found a savings of 21 percent of total staff time in the voucher program and 16 percent in the public housing program.

In addition to these changes, KCHA has streamlined the applications process. Clients can now apply for assistance at any development or at the authority headquarters. The household self-certifies its eligibility for preferences, reducing workload for KCHA. When a household gets to the top of the waiting list, a packet is sent by mail, seeking information to verify income, preference status, etc. A case worker figures out what is missing and follows up with the applicant.

Changes in PHA Culture

It can be challenging to determine how much of the culture at KCHA is attributable to MTW as opposed to the high quality of its management and staff. In fact, the two are interrelated, as KCHA staff report that the MTW status of the agency was one of the things that attracted them to the agency. Given the strong commitment of KCHA’s long-time Executive Director, Stephen Norman, to addressing homelessness – he brought a strong background in homelessness to KCHA based on his work as founding national vice president of the Corporation for Supportive Housing – it is clear the agency would have focused resources on achieving this goal even without MTW. KCHA’s focus on using data to inform decision-making likewise would have been present in any event, as the staff are highly committed to maximizing the effectiveness of their programs to achieve their programmatic objectives. KCHA has also benefitted from a long period of stable leadership; the Executive Director has been with KCHA since 1997.

At the same time, it seems likely that MTW has contributed to this culture in several important ways. First and foremost, it has empowered the agency to think creatively about how to maximize the utility of its resources. As noted above, the longer KCHA has been in MTW, the more the inquiry has shifted from 'what do I want to change about HUD's regulations?' to more simply, 'how can I advance KCHA's overall goals?' As the Executive Director put it, "With MTW, PHAs grow up. HUD is no longer telling you what to do so you need to make your own choices and decide how to invest your resources." While liberating, this is also challenging. It "shifts the onus of leadership onto the agency," which now has the responsibility for determining much more of its own future and will rise and fall with the strength of the agency's management and vision.

MTW has also allowed the agency to experiment with new approaches, some of which it anticipates will prove successful, but others of which may well prove to be less successful. As one staff member commented, "At KCHA, there is a willingness to try something different." As with the greater degrees of freedom allowed by MTW itself, this can have upsides and downsides. The upside is that KCHA may develop innovative approaches for meeting the housing and services needs of its community, such as sponsor-based assistance to help individuals with severe mental illness. The downside is that it could end up investing resources in approaches that ultimately prove to be less effective than the standard approaches.

A third contribution of MTW to KCHA's culture that is closely related to the freedom of KCHA to chart its own course is a focus at KCHA on long-term outcomes, rather than very short-term outputs. One example of how this has influenced the agency's programs is in the area of education. It will likely take many years for an educational initiative to bear its full fruit in terms of better-educated youth graduating from high school and college and increasing their long-term earnings. Without the ability to think long-term, it seems unlikely KCHA would have chosen to partner with the school systems to the extent it has to focus on strengthening educational outcomes for the children of KCHA residents.

At the staff level, KCHA staff report that MTW has led to a breakdown in programmatic silos as staff across the different departments have focused on aligning resources to achieve a common set of goals. KCHA staff also report that they now invest more energy in solving problems that they previously may have assumed were unsolvable in light of HUD's prescriptive rules. As one staff member put it, MTW provides an "ability to solve problems in the way that makes the most sense, rather than doing things the way they have always been done." It allows KCHA to "solve problems in an innovative way. About half of the time, we probably wouldn't need MTW authority" to solve the problem, but "without MTW, we probably wouldn't have" invested as much energy into trying to solve the problem.

Finally, MTW has given KCHA stronger incentives to run a leaner program and free up funds to serve more households and invest in creative approaches. This outcome appears to be closely related to the way in which KCHA is funded – receiving the same funding level regardless of how many households they served – rather than simply the ability to obtain waivers of HUD regulations. An MTW agency without this funding arrangement would not have the same incentives since any reductions in per-unit costs would lead to lower funding levels from HUD the next year.

Conclusion

MTW status has emboldened KCHA to take on major challenges, such as breaking up concentrations of poverty in its service area and helping high-needs households to access housing and critical services. This focus on long-term outcomes, rather than day-to-day compliance with regulations, has allowed KCHA programs to align its programs with partners' initiatives, providing broader opportunities for residents to benefit from a coordinated approach. At the same time, KCHA has realized efficiencies in implementing its programs that have enabled the agency to assist a larger number of households than might otherwise be served.

Chapter 10. Lawrence-Douglas County Housing Authority

The Lawrence-Douglas County Housing Authority (LDCHA) started preparing for MTW when the program was announced in 1996. LDCHA was ready and able to start implementing three major initiatives when the agency's MTW contract with HUD was signed in 1999. For the next 10 years LDCHA staff focused on the numerous changes required by these initiatives, but always with a concern that MTW could end and they would have to reverse the changes. After the initial changes had become standard operating procedures for participants and staff and after a new 10-year MTW agreement in 2008 gave LDCHA confidence that it would not have to revert to the pre-MTW policies and procedures, LDCHA staff started a flurry of additional changes. The new activities both supported the initial initiatives and took advantage of new opportunities to address the housing needs of the community. As a result of MTW flexibility, LDCHA:

- Combined the Public Housing program for families and the Housing Choice Voucher Program into single program, called General Housing, with a single organizational structure, one waiting list, and a single administrative plan.
- Increased incentives to work by instituting a work requirement for all work-able adults, changing the calculation of rent, and providing services to support work.
- Used MTW reserves to preserve affordable housing and reduce the long-term operating costs of public housing developments.
- Worked with community partners on niche programs for special populations that leverage LDCHA's expertise in providing housing services and the partner's expertise in providing services to the special population.
- Started making changes to administrative procedures to reduce costs.
- Adopted a culture of "if there is a problem, it can be fixed," making the agency more accountable.

Overview of LDCHA Programs and the Housing Market It Serves

LDCHA's jurisdiction is Douglas County in northeastern Kansas. Almost 80 percent of the Douglas County population of 112,864 lives in the city of Lawrence, a college town located on the banks of the Kansas and Wakarusa Rivers that is home to the University of Kansas and Haskell Indian Nations University.

As is typical in college towns, the universities are sources of educational opportunities and on-campus low-skilled jobs such as food service, landscaping, and construction, but also the source of student competition for rental housing and low-skilled jobs. Nevertheless, Douglas County has a relatively strong job market and a moderate vacancy rate. Douglas County had an unemployment rate of 5.1 percent in 2013, compared with a state average of 5.4 percent and a national average of 7.4 percent.[85] According to the Census, the vacancy rate was 7.5 percent in the 2nd Quarter of 2014 compared with the state average of 6.7 percent. Rents also seem relatively affordable, although there could be a substantial rent burden for families below 50 percent of area median income (AMI). For a family of three at 50 percent

[85] Source: Bureau of Labor Statistics local area data at www.bls.gov/lau.

of AMI ($30,300) a two-bedroom unit at the FMR ($779) would cost 31 percent of the family's gross income, while for a family of three at 30 percent of AMI ($19,790), the rent would cost 47 percent of the family's gross income.

PHA Inventory

In April 2014, LDCHA administered 1,229 units of affordable housing, 61 percent of which were tenant-based vouchers (752 vouchers) and 30 percent of which were public housing units (363 units). The public housing units include a 124-unit family development, 94 scattered-site units, and two developments designated as elderly housing. The other affordable housing units are a mix of units serving elderly households and targeted populations such as homeless households.

Exhibit 10-1: LDCHA Inventory

Strategy	Fiscal Year 2014	
	Number of units	Share of all LDCHA units
Public Housing		
Family	218	17.7%
Elderly/Disabled	145	11.8%
Vouchers		
Tenant-Based	752	61.2%
Project-Based	0	0
Port-ins Administered	7	0.6%
Prisoner Re-entry Set Aside	5	0.4%
MTW Total	**1,127**	**91.7%**
Non-MTW		
HOME Units (TBRA and Transitional Housing)	40	2.7%
Section 8 Development for Elderly and Near- Elderly	58	4.7%
Permanent Supportive Housing	6	0.5%
LDCHA-Owned Affordable Elderly and Near Elderly Disabled Units	8	0.4%
All Programs Total	**1,229**	**100%**

Households Served

In its housing assistance programs, nearly all the households have income below 50 percent of AMI, including 57 percent that are extremely low-income households with income below 30 percent of AMI. In both the voucher and public housing programs, three out of five households are headed by a person who is either elderly or disabled. However, in the voucher program, two-thirds of such households are headed by a person with a disability, whereas in the public housing program nearly two-thirds of such households are headed by an elderly person. LDCHA work requirements and the alternative rent structure only apply to non-elderly, non-disabled households, therefore these rules apply to about 40 percent of the households in LDCHA's public housing and voucher program.

The racial and ethnic composition of LDCHA participants is similar to the population of Lawrence, pre-dominantly white, non-Hispanic, although there a slightly higher share of minorities in LDCHA's population than in the city. Approximately two-thirds of LDCHA's participants are white, non-Hispanic, 14 percent are African American and 6 percent are Native American.

Exhibit 10-2: LDCHA Households Served by Tenant-Based Vouchers and Public Housing

Characteristic	Percent
Income	
<30% AMI	57%
30-49% AMI	30%
50-80% AMI	12%
>80% AMI	1%
Race/ethnicity	
African American	14%
Asian/Hawaiian/Pacific Islander	1%
Native American	6%
White, non-Hispanic	73%
Mixed/Other	2%
Hispanic/Latino	4%
Elderly and Disabled	
Elderly as a share of Public Housing	39%
Elderly as share of Vouchers	21%
Non-Elderly Disabled as share of Public Housing	20%
Non-Elderly Disabled as Share of Vouchers	44%

Sources: Quarterly Report on Demographics of LDCHA Program, April 2014 and LDCHA 2012 MTW Annual Report.

Notes:

Elderly and disabled characteristics are based on Voucher and Public Housing and 5 Elderly Affordable Housing units, all other characteristics are based on all LDCHA programs (n=1,190).

Hispanic ethnicity not separated by race, so have assumed all Hispanics are white.

Estimate of share of families below 30 percent of AMI is from interview of LDCHA data analyst on July 1, 2014.

Goals and Evolution of MTW at the PHA

LDCHA became an MTW agency in 1999. A short time after MTW was authorized by Congress in 1996, the then Executive Director, Barbara Huppee, read about MTW in the NAHRO newsletter and excitedly asked her senior staff, "Can we do this?" Soon after, the Executive Director and senior staff members starting meeting on her porch after work hours to discuss "How can we make the program more effective for the participants, less burdensome for us?" These meetings came to be known as "Barbara's Porch Meetings."

The two issues they thought most important to address were:

- The disincentives to work inherent in housing assistance programs that provide a potentially permanent subsidy and charge more rent the more you earn.
- The separate silos for the public housing and voucher program and the redundancies this creates.

LDCHA took on both these problems with its initial MTW activities, all implemented in its first year as an MTW agency. To address the disincentive to work, the agency both instituted a mandatory work requirement and changed the calculation of rent. The goal of these changes was to get away from the participant mindset of "I hit the lottery, now I have a permanent subsidy and can reduce my work effort." Instead, the agency wanted the message to be, "Go ahead and work." To address program silos and redundancies, LDCHA combined the public housing and voucher operations and procedures including forming a single waiting list and applying the same suitability criteria for voucher participants as was applied to public housing participants.

Exhibit 10-3 shows LDCHA's major MTW initiatives since 1999.

LDCHA Long-Term MTW Goals

- Continue to institute policies and programs that create incentives for families to work, increase household income and become self-sufficient. In so doing, the agency will continue to promote homeownership and create additional housing opportunities for families.
- Look for ways to reduce administrative burden.
- Commit to expanding the stock of affordable housing through the acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of housing (including but not limited to, assisted living or other housing as deemed appropriate by LDCHA, in accordance with its mission) or commercial facilities consistent with the objectives of the demonstration. LDCHA plan to meet this goal through leveraging its MTW funds to create innovative financing and development strategies through joint ventures or other partnerships.

Source: LDCHA 2014 MTW Plan, Revised January 27, 2014.

Exhibit 10-3: LDCHA MTW Activities by Year

Date	Milestone
1999	First MTW Agreement signed for 5-year period
1999	Proposed three signature MTW initiatives: • Combine Public Housing for families and Section 8 programs into one program named General Housing • Establish work requirement for non-disabled adults age 50 or younger • Institute alternative rent structure with minimum and maximum rent for non-elderly, non-disabled households
2004 and 2005	Signed one-year extension of MTW Agreement
2006	Signed three-year extension of MTW Agreement
2006	Used MTW reserves to purchase a 58-unit Section 8 project based multifamily development
2008	Signed 10-year MTW Agreement
2009	With signed MTW agreement and initial three MTW initiatives firmly established, start other initiatives: • Single fund budget with full flexibility • Biennial recertification of MTW households • Minor revisions to definition of countable income • Mandatory orientation program • Expanded case management services to non-elderly, non-disabled households for assisted households below 40 percent of AMI • Homeless to housed program • Jail re-entry program • Eliminate HUD's earnings disregard
2010	• Start vehicle repair program • Partner to provide more youth services • Expand employment services, funding for education and training • Energy conservation improvements • Biennial recertification for elderly and disabled public housing households

Date	Milestone
2011	Combine Section 8 Administrative Plan and Public Housing Admissions and Continued Occupancy Policy and Methods
2012	Biennial recertification for elderly and disabled HCV households
2013	Create an Affordable Housing Acquisition and Development Fund (Not yet implemented)
2014	• Biennial HQS for units with record of good maintenance • Self-certification for minor HQS-required repairs • Change effective data for variables in rent calculation (FMR, Payment Standard, and utility allowance) so at same time at beginning of LDCHA's FY

Source: Lawrence-Douglas County Housing Authority, 2014 MTW Plan, Revision date January 27, 2014.

After initiating these three major changes at the start of MTW, LDCHA did not propose any new MTW activities for 10 years. No new MTW activities were implemented in this time both because of the uncertainty of the long-term authorization of MTW flexibility and because staff energies were focused on implementing the changes they had started. These changes included retraining staff on the new rules, revising their manuals to reflect the new policies and procedures, communicating the changes to their clients, and adapting their software to do the new rent calculations. To combine the public housing and voucher programs, the agency had to change both its organizational structure and its office space to reflect organization by work functions rather than program type. The pre-MTW workspace was divided into two separate programs on opposite ends of the building accessed from different locked doors off the reception area. The space was remodeled to reflect a single program with access from a single door to all work areas. Also, as unanticipated situations arose during implementation, agency staff had to determine and codify the rules to address each situation. For example, during this period staff fine-tuned the work requirement exemptions, the hardship policies, and the definition of education and training that met the work requirement. At the end of the period, in 2008, LDCHA reduced the work requirement from 20 hours a week to 15 hours a week as both a reaction to the Great Recession and a reflection of the local labor market that had many jobs that only hired people for less than 20 hours a week.

In 2009 and 2010, LDCHA proposed and implemented many activities to support work by expanding employment services to MTW households and providing financial support for vehicle repair and education or training programs needed to find or continue to work. LDCHA also started implementing rule changes to reduce the administrative burden of the program. The agency's increased focus on cost efficiencies allowed LDCHA to add 140 tenant-protection vouchers in 2012 without adding any new staff. Rather than turn down the vouchers or incur additional staff costs, LDCHA had the mindset "We have MTW. We have the flexibility to make this work without new staff." And they have.

MTW Decision-Making Process

As described earlier, the first three MTW initiatives were developed by LDCHA senior staff in Barbara's Porch Meetings as well as in public input meetings. However, before proposing these MTW activities to HUD, LDCHA paved the way for broader acceptance by gaining the support of other social service agencies in the community and the general public. The Executive Director met many times with her local counterparts at the Kansas Department of Children and Families, which was also going through changes as a result of welfare reform, to strategize about how to make these programs work for their overlapping populations. The LDCHA Executive Director presented the changes to be proposed in its MTW application at the Practitioners' Panel, a quarterly meeting of approximately 25 Douglas County social service providers. The providers were supportive, but concerned that participants would be evicted if they could not meet the work or rent requirements because of lack of jobs and childcare and transportation issues. LDCHA presented a revised proposal with an income deduction for childcare costs, stronger supportive services for employment, and more developed exemption and hardship policies. With these extra supports and policies and together with analysis that showed about 70 percent of assisted households were already meeting the requirements, the social service agencies at the Partner's Meeting supported LDCHA's proposed changes.

Ideas for subsequent changes have come from a variety of sources, but all ideas are vetted at senior staff meetings, with a resident advisory board, and in public meetings. The agency gathers ideas for improvements on an ongoing basis, but formally in the lead-up to developing the MTW Annual Plan. Line staff offer their suggestions at meetings with their supervisors and residents offer suggestions through the resident advisory board or in public meetings. Senior staff also seek ideas for improvements from other MTW agencies. The current Executive Director has reviewed the MTW plans for all the other MTW sites, and she and other staff meet with other agencies at the Annual MTW meetings or at other trainings and conferences. MTW activities that LDCHA has proposed have come from all of these sources. For example, residents proposed providing transportation help to participants, which resulted in the Vehicle Repair Program started in 2010; line staff proposed combining the Public Housing Administration and Occupancy plan and the Housing Choice Voucher Administrative plan into one policy statement that was initiated in 2011 and completed in 2013. Some of the more recent administrative changes related to biennial HQS inspections were inspired by initiatives at other MTW agencies.

Major Policy Changes enabled by MTW

LDCHA's MTW program has focused on activities to help families become self-sufficient and increase the cost effectiveness of the program, consistent with two of the agency's three long-term MTW goals. Exhibit 10-4 presents the major policy changes that LDCHA implemented, organized by the five innovation types, followed by a discussion of specific MTW initiatives.

Exhibit 10-4: LDCHA Innovations Enabled by MTW

Increasing Cost Effectiveness	• Combine Public Housing for families and HCV programs into one program named General Housing. • Biennial HQS for units with record of good maintenance. • Biennial recertification for elderly and disabled households and households at 50 percent AMI or maximum rent. • Landlord self-certification of minor HQS violations. • Energy conservation improvements for public housing developments. • Change effective date of FMR, Payment Standard, and Utility Allowance to beginning of LDCHA's fiscal year to reduce revisions to materials and website. • Partner affiliated nonprofit to pursue funding restricted to nonprofits for youth programs (leveraging funding). • Exclude income of children 18 to 21 from rent calculation (reduce staff time on rent calculation). • Eliminate earned income disregard rule.
Increasing Number of Households Provided with Affordable Housing	• Used MTW reserves to acquire and rehabilitate 58-Unit HCV project-based multifamily unit for elderly persons. • Provide 5 units of TBRA for County prisoner re-entry program.
Increasing Self-Sufficiency	• Require 15 hours of work for non-disabled adults age 50 and younger. • Alternative rent structure with minimum and maximum rent for non-elderly, non-disabled households. • Provide employment case management and small grants for technical training, education, and certifications. • Homeownership matching grant of up to $3,000. • Vehicle repair grants of up to $500 to help retain or gain employment or training. • Partner affiliated nonprofit to pursue funding restricted to nonprofits for youth programs (out-of-school services allow parents to work). • Mandatory orientation program on self-sufficiency for new residents. • Exclude income of children 18 to 21 from rent calculation.

Promoting Residential Stability for Targeted Households	• Stabilization case management for homeless households in LDCHA's Transitional Housing and Prisoner Reentry program. • Provide 5 units of TBRA for county prisoner re-entry program.
Expanding Geographical Choices of Assisted Households	• No activities that fit this category

Source: Lawrence-Douglas County Housing Authority, 2014 MTW Plan, Revision date January 27, 2014.

Increasing Self-Sufficiency

LDCHA has used MTW authority to incentivize and reward work. The work requirement is an incentive to work. All able-bodied adults between ages 18 and 50 must work or be enrolled in a post-secondary education program or work training program for at least 15 hours a week. A two-adult household with children can meet the requirement if one adult is employed at least 35 hours a week. Elderly and disabled household are subject to HUD's standard 30 percent of adjusted income rent rules.

The initial work requirement established in 1999 required residents to work or participate in work-related activity at least 20 hours per week. However, during the Great Recession of 2007 to 2009, LDCHA reduced the work requirement to 15 hours a week. LDCHA decided to keep the 15-hour per week requirement because it is common practice in Lawrence to offer part-time jobs of less than 20 hours per week and LDCHA wanted its policy to be consistent with the local job market. Assisted households can meet the work requirement by participating in LDCHA's Family Self-Sufficiency program at least 15 hours a week to receive assistance finding a job and address barriers to employment. Failure to meet the work requirement is a major program violation. If the work requirement is not met, a household's rent assistance is suspended and the household must pay full contract rent. If not corrected within 30 days, termination action begins. Residents can also request temporary exemptions from the work requirement if they have a medical illness that does not allow them to work temporarily.

The alternate rent structure is both an incentive to start working for households that have no earned income (because of a high minimum rent) and an incentive to work more for households with substantial earned income (because there is a maximum rent above which additional earnings does not change the rent). The monthly rent is 30 percent of income after subtracting allowable income deductions (see income deductions below), bounded at the bottom by a high minimum rent and bounded at the top by the maximum rent. The 30 percent of income rent only applies between the minimum and maximum rent. Originally, the minimum rent was set between 30 to 40 percent of FMR for each bedroom size and the maximum rent was set at about 85 percent of FMR. Since then, these rents have been adjusted periodically to stay in line with the local housing market. In FY 2012, the two-bedroom minimum rent was $215 and the maximum rent was $475. According to the FY 2012 Annual Report, assisted work-able households were relatively evenly split between those paying the minimum rent (35 percent), the maximum rent (29 percent) and the income-based rent between the minimum and the maximum (36 percent).

The rent amount is fixed for the year, unless the assisted household permanently loses income through death, divorce, or when an income-producing adult child moves out of the household. However, under a hardship policy, a household that experiences a temporary loss in income due to a lay-off, business closing, or medical illness can recertify to the appropriate alternative rent based on its current income for up to three months. Only one temporary hardship exemption per household is allowed in the year. However, even for the recertification due to permanent loss or the temporary hardship exemption, the household is subject to the minimum rent unless its status has changed—for example, a permanent disability that no longer makes the household subject to the work requirements or alternative rent structure. According to the 2012 MTW Annual Report, 13 assisted households were recertified to a lower rent because of a permanent loss in income earned (11) or lost income due to returning to school. In addition, 21 assisted households (out of 32 requested) were granted temporary hardship.

Income deductions are also designed to make work pay and support work, and were implemented at the same time as the alternative rent structure. Income for calculating rent of work-able households has only a few deductions, primarily deductions that benefit working households. If a person is working full time, 10 percent of his or her earned income is deducted and the household receives a $2,000 standard medical deduction. For all workers (including people in education and training programs), all dependent care costs incurred to allow work or school attendance are deducted from income.[86] In addition, the earned income of adult children ages 18-21 and in school full time, is excluded from income.

LDCHA considers its robust supportive services as essential to helping residents meet the work requirement. The Director of Resident Services said “We are completely committed to the radical notion that anything we can do to help someone become self-sufficient, we will do.” LDCHA provides case management services and financial help to overcome lack of skills and other barriers to work. The case management services are paid for through the FSS program and focus on assisted households below 40 percent of AMI to identify and rectify barriers to employment, help people in crisis, and refer people to community services.[87]

In addition to case management services, the Resident Services Office has computers for residents to do their homework, search for jobs, and receive basic training on software. Resident Services also has two programs to provide financial assistance to support work efforts. In 2010, LDCHA implemented an MTW activity to pay for education and training opportunities such as nursing and medical assistance, soft skill training, and gap childcare payments for the period between when the tenant gets a job and the Kansas Department of Children and Families’ childcare subsidies kick in. The maximum allowable grant for this activity is $3,000, but so far the largest grant has been less than $2,200 and the typical grant is less than $400. In 2011, LDCHA added another activity recommended by the resident advisory board: financial assistance for vehicle repair for assisted households with children. This program pays up to $500 per household in vehicle repair assistance if the vehicle is used for transportation to work or school.

LDCHA’s homeownership (HO) program is another avenue through which it encourages self-sufficiency. The HO provides credit and counseling services and $3,000 in matched savings (not escrow)[88] if the person is leaving the program to buy a home. Once an assisted household has income above 50 percent of AMI, it is offered an opportunity to join the HO program. If a household chooses the HO program, it

[86] The other two income deductions are: $840 per child to maximum of $1,680 and the utility allowance is an annual income deduction rather than a monthly deduction from rent.

[87] FSS funds are not fungible even under MTW, though that is something that LDCHA believes is being considered by HUD.

[88] This is not S8 homeownership program, so HAP is not used for mortgage payments.

then receives up to five more years of rental housing assistance as long as the household's income does not go above 100 percent of AMI. If a family has not bought a home after five years in the HO program, homeownership program, they can still stay in the rental program if their income has not risen above 80 percent of AMI, the same income threshold that would have applied if they had not joined the HO program. In other words, the household has not risked long-term housing assistance by joining the program to try to become a homeowner.

Increasing Cost Effectiveness

According to senior LDCHA staff, the first MTW activity related to cost effectiveness—combining the public housing and voucher programs—also had the biggest effect on cost effectiveness. An indication of the efficiencies this created is that the number of vouchers increased from 502 in 1999 to 752 (including 20 VASH) in 2013, but the number of staff outside of resident services has not increased.[89] The efficiencies were created by organizing staff by function rather than program type. Prior to the merger of the program, applicants applied to each LDCHA program separately, their applications were processed separately (and thus multiple times) by different people, and their names were added to separately-managed waiting lists. Now there is a single application for all of LDCHA's programs (other than the permanent supportive housing program). The program merger also provided a single point of contact for applicants, participants, and partners. An applicant interested in the status of their application just needs to talk to one person. The public housing and voucher programs are also managed by a single director rather than two different directors.

In 2009, LDCHA began biennial recertifications starting with the group of MTW households paying the maximum rent and in more recent years for elderly and disabled households. The only households that still have scheduled annual recertifications are non-elderly, non-disabled assisted households with income below 50 percent of AMI. Agency staff notes that the income in this group fluctuates too much to do biennial recertification. LDCHA is currently analyzing how the biennial recertification policy for eligible MTW households is working, because it appears that many people are claiming hardship exemptions to request recertification prior to the scheduled biennial recertification. In 2014, LDCHA also proposed biennial HQS inspections for units with a record of good maintenance and owner-certification for minor HQS-required repairs.

While not requiring MTW authority to undertake energy performance contracting, MTW made it more cost efficient for LDCHA to enter into such contract. LDCHA was able to use its funding flexibility to support $1.5 million dollars in energy improvements for their public housing developments and administrative offices. This means for the next 20 years, rather than having to make payments to a lender, LDCHA will pay the reserves back at a 3 percent interest rate, creating a steady stream of income for their housing assistance programs. Due diligence at the time found that the agency would have had to pay 5.49 percent interest on a private-market loan, an external cost they can now completely avoid.

[89] A staff person was added to manage the 58-unit affordable development that LDCHA acquired in 2006.

Increase Number of Households Provided with Affordable Housing

LDCHA was approached by HUD in 2006 about acquiring a Section 8 project-based multifamily unit (Clinton Place) that was in foreclosure and was in need of rehabilitation. LDCHA was able to use its reserves to fund the $1.1 million in acquisition and rehabilitation costs to preserve the 58 units of affordable housing for elderly households. Per the terms of the loan agreement LDCHA will pay the reserves back with the rental income from Clinton Place each year until the loan is paid off. This project both preserved affordable housing and provided another income source for the PHA.

LDCHA's third long-term MTW goal is to increase the stock of affordable housing in Lawrence through acquisition, new construction, or rehabilitation, indicating the desire of agency leadership to undertake more activities like the acquisition and rehabilitation of the 58-unit Clinton Place property. The LDCHA Executive Director strongly expressed this sentiment: "We'd like more units we can keep. We'd like 10 more Clinton Place deals. We want to be in a position to keep helping." In 2013, LDCHA received approval to create an Affordable Housing Acquisition and Development Fund, but no acquisitions have occurred yet. However, LDCHA is in discussions with a private developer for a Low-Income Housing Tax Credit housing development.

LDCHA also used its efficiency gains to fund a set aside of 5 vouchers for a prisoner reentry program for the Douglas County jail. These re-entry vouchers are good for 2 years and the PHA waives some of the criminal background eligibility criteria, but not the criteria that result in lifetime bans from housing assistance (e.g., operating a meth lab). However, this program has not yet been very successful. Since it started in 2009, LDCHA has never had more than three of the five slots filled, and right now only one of the slots is filled. The Douglas County Jail is supposed to refer people while they are in jail, so the PHA can brief the person while in jail and he or she can come out of jail ready to use the voucher. The problems include late referrals (so the person is already out of jail when referred or the person goes through the briefing), jail sentence gets extended before the person is released, and the person is released but goes back to jail before the voucher is used. Another issue has been frequent turnover in the partner staff assigned to work with the PHA. The problem with no longer offering the program is the concern that the people released without a permanent housing solution have no options except "shelter, street, or back to jail." Instead, LDCHA is asking the question "How do we change it to be more successful rather than drop it?"

Changes in PHA Culture

According to the Director of Housing Assistance, who was part of the porch meetings, MTW has caused a whole paradigm shift at the agency: "Before we were in a rule-driven environment. Now we are in environment that allows employees to have an effect on how things work, to be a participant in the process."

Several of LDCHA's partner social service agencies praised the work of the housing agency and its active involvement in the community and work with other social service providers. However, these providers did not know if this approach is the result of LDCHA's participation as an MTW agency for the last 15 years. However, one partner who has worked in the homeownership counseling field and in the affordable housing development field in many different counties said that LDCHA "was the most proactive agency he had worked with."

The Director of Resident Services says that MTW enables the agency to adjust more easily, "to pivot away from what isn't working and pivot toward what is working." For example, in 2000 and 2001, LDCHA was trying to make a family public housing development mixed income. After experimenting for a few months, the agency realized that the development was not drawing relatively higher income households and the units were standing vacant, so the agency dropped the attempt.

When the Director of Resident Services spoke to a colleague at a non-MTW agency, she realized how embedded the notion was that LDCHA staff, as part of an MTW PHA, had the power to make a change to fix a problem rather than feeling it was beyond the agency's control. Her colleague at the non-MTW agency was remarking about the need to remove from the FSS program someone who had built up a lot of escrow because the participant had not reached her education goal. The LDCHA Coordinator responded with a common-sense fix, "Change her goal to buying a home."

LDCHA's current Executive Director, Shannon Oury, switched careers to become the Executive Director in 2011. She had been a lawyer, including a lawyer for the PHA, before making the switch. It was the mission of the PHA and the flexibility that MTW allowed in meeting that mission that attracted her to the job.

Performance Measurement and Evaluation

LDCHA reports a multitude of performance indicators in its MTW Annual Report because it has so many activities. However, the Executive Director focuses on the big picture: "Are we housing more people and are we housing them stably? That is our mission. Are we meeting our mission? Then I go to the MTW households and look at self-sufficiency. Is income rising and is education rising?"

LDCHA had only four evictions for non-payment of rent in 2013. The senior staff interpret this as meaning that the rent structure, particularly the minimum rent, is not causing undue problems. People are stably housed under the rent structure. However, the resident service providers reported that, during the recession, they spent a lot of time helping people find assistance to pay their rent.

As far as housing more people, LDCHA reports that its voucher utilization rate has ranged from 100 to 105 percent after MTW. The 2012 MTW Annual Report (the most recent published report) states an average of 735 vouchers were under lease, which translates into a utilization rate of 100.4 percent.[90] LDCHA also reported an average occupancy rate of 98 percent in its public housing units. It appears that LDCHA is fully utilizing its public housing units and vouchers.

LDCHA also reported that 100 percent of non-elderly, non-disabled adults were meeting the work requirement in 2013, compared to 70 percent in 1999, prior to MTW. Two-thirds of the targeted adults were meeting this requirement working a part-time job and 14 percent were meeting it through full-time enrollment in school. Only 19 percent were meeting it through full-time work. Not everyone was meeting the requirements every month, however. There were 50 work-requirement enforcement actions in 2012. Such an action eliminates the subsidy so that the assisted household has to pay the full contract rent until they are back in compliance. All households came into compliance.

[90] LDCHA had 732 vouchers in 2012. In 2013, LDCHA was awarded 20 VASH vouchers raising the voucher total to 752.

LDCHA also reported a 37 percent increase in average gross income from 2000 to 2013. It is hard to judge whether that is a large or a small increase. Inflation was about 35 percent, suggesting this income growth is small in constant dollars (dollars with the same buying power). More importantly, it is not clear what would have happened to income growth for the same group of families in the absence of the MTW program. LDCHA recognizes the limitations of comparing average income from the households served in 2000 with households served in 2013, but points to the fact that 100 percent of assisted households are meeting the work requirement and paying a substantial rent as evidence the program is increasing self-sufficiency. Staff also cited example of residents completing four-year and graduate degrees, including a former resident who became a pharmacist, as evidence of the agency's self-sufficiency efforts having an impact.

Conclusion

LDCHA has taken a thoughtful and practical approach in exercising its MTW authority, taking the time to ensure that major reforms—such as merging the public housing and housing choice voucher programs—are done carefully and with ample time for staff and residents to adapt the changes. Feedback from other service providers helped to inform design of some of LDCHA's reform programs, helping to address any coverage gaps or unintended consequences that might otherwise have resulted. LDCHA continues to revisit its programs to ensure their alignment with realities in the local in the local housing and labor markets, incorporating regular feedback from all stakeholders including line staff and residents.

Chapter 11. San Diego Housing Commission

San Diego Housing Commission (SDHC) is a relatively recent entrant into the MTW demonstration, having given up its original 1998 designation in the early 2000s, then reinstating it through negotiations with HUD in 2009. SDHC submitted its first Annual Plan under the re-instituted MTW Agreement in 2009, covering the agency's FY 2010 fiscal year. In a period of five years, SDHC has primarily applied its MTW flexibility to streamline the use of administrative resources, implement an agency-wide program to support and encourage work among work-able assisted households, and create and support efforts to meet the challenges of homelessness. SDHC staff indicates that MTW allows the agency to use a private sector approach to focus their activities and efforts on local issues and to develop strategies to address those local challenges.

Under MTW, the agency has changed fundamentally how it serves low-income families in the following ways:

- SDHC has implemented an agency-wide rent reform strategy called "Path to Success" to encourage program participants to move to self-sufficiency. This effort combines new rent requirements with encouragement to participants to use the resources available through the agency's "Achievement Academy" to obtain and maintain employment.
- SDHC has been a key participant in efforts to address homelessness in the city of San Diego for many years. However, with MTW authority, SDHC has been able expand its efforts, using Housing Choice Voucher resources to create new and different transitional and permanent housing solutions for homeless people in the city and to forge additional partnerships with various service providers. SDHC staff is dedicated to various efforts, and senior management serve in key roles in the regional Continuum of Care.
- SDHC has used MTW to streamline various processes and policies within the Rental Assistance Department in order to increase cost effectiveness and to create savings that can be applied to other needs.
- SDHC has developed a mobility program to encourage voucher holders to move to areas of low poverty. This program uses MTW authority to implement higher payment standards in these areas, and to provide mobility counseling and security deposit funds.
- Using the flexibility provided through MTW to project base vouchers, SDHC has been able to increase affordable housing options in the city both for targeted populations such as homeless people and for other low-income households.

Through a recent agency-wide strategic planning process, SDHC established three primary goals for the period 2014 to 2016. These goals reflect the agency's desire to seek agency-wide solutions that incorporate MTW and other programs. The goals include:

- Create and preserve quality affordable housing;
- Provide Housing Choice Voucher (HCV) families with opportunities for them to become more financially self-reliant; and
- Foster a culture of excellence and innovation.

While the first two points echo the mandates of MTW, the final point speaks to how the agency is trying to use MTW to solve local problems in innovative ways, and to encourage this approach throughout the agency.

Overview of SDHC and the Housing Market It Serves

SDHC was established in 1979 and is governed by the San Diego City Council, with a seven-member board serving the housing authority. SDHC has three primary functional areas: rental assistance, homelessness assistance, and real estate development. The agency's primary funding source is federal, but it also receives about 19 percent of its funding from local sources and one percent from the state. The agency manages a budget of close to $350 million and has 260 full time employees.

The Housing Choice Voucher program, administered by the Rental Assistance Division, is SDHC's largest program and in FY 2013 served over 17,000 low-income households. The agency administers a small number of public housing units (153) and is in the process of adding another 35 units in the coming year due to conversion of state developments to public housing. There are approximately 60,000 households on the agency's waiting lists (37,518 on the HCV and 22,980 on the public housing list). [91]

SDHC's Real Estate Division and its non-profit subsidiary, Housing Development Partners, develop and preserve affordable housing units throughout the city. This division oversees the rehabilitation of agency-owned properties, develops new properties, often in partnership with other entities, and as a finance agency underwrites loans and issues bonds that provide funding for construction of new affordable housing units. Both the Rental Assistance Division and Real Estate Division oversee and administer various efforts to assist homeless populations in the city.

[9191] FY 2014 Annual Plan

Exhibit 11-1 presents SDHC's housing inventory at the end of fiscal year 2014.

Exhibit 11-1: San Diego Housing Commission Inventory

Housing Type	Recent Fiscal Year (2014)
Public Housing	**188**
Family	109
Elderly/Disabled	44
Scattered Sites (Pending transition to PH)	35
Vouchers	**13,931**
Tenant-Based	12,946
Project-Based	580
Sponsor-Based	358
Transitional Project-Based Subsidies	47
Affordable Housing	**2,176**
PH Conversion	1,366
Affordable	810
Non-MTW	**1,097**
Tenant-Based NED	200
VASH	797
FUP	100
All Programs Total	17,392

SOURCE: SDHC MTW Annual Plan FY 2014

Households Served

Exhibit 11-2 shows the characteristics of the households served by SDHC at the end of its most recent fiscal year.

Exhibit 11-2: San Diego Housing Commission Households Served

Demographic	Fiscal Year 2014
Income	
<30% AMI	76%
31-79% AMI	23.5%
80% and >80% AMI	0.5%
Race	
African American	30%
Native Hawaiian/Other Pacific Islander	0.5%
White	53%
American American/Alaska Native	0.5%
Asian	16%
Ethnicity	
Non-Hispanic	69%
Hispanic	31%
Elderly and Disabled	
Elderly	26%
Disabled	48%
Families (non-elderly, non-disabled)	86%

SOURCE: 2013 Annual Report and Portfolio, May 23, 2014
Note: Elderly, disabled, and family households are not mutually exclusive. SDHC defines family as two or more household members.

Overview of PHA and Community

The city of San Diego is the eighth-largest city in the United States and second-largest in the state, with 1.38 million residents. A fast growing area, the population is projected to grow to 1.54 million by 2020.[92] Covering 372.1 square miles, the city has more than 100 distinct neighborhoods, a feature recognized in its 2008 General Plan, which refers to San Diego a "city of villages." In 2010, the racial composition of the city's population was 45 percent white, non-Hispanic, 29 percent Hispanic, and 6 percent African American.[93]

The city is the "seat" of San Diego County, and is considered the economic center of the region. Unemployment in the San Diego area stood at about 7 percent in January 2014, comparable with the national unemployment rate and generally lower than other parts of the state.[94] Of the 25 most populous metropolitan areas in the country, the San Diego metropolitan area employment rate grew by just over 2 percent over the prior year. The largest employers, considered the economic drivers of the

[92] City of San Diego Planning, Neighborhoods and Economic Development
[93] SANDAG, Fast Facts San Diego, October 2011
[94] Economic Snapshot, San Diego Regional EDC

region, include military and defense-related activities, tourism, international trade, and manufacturing. The city is considered a center for research in biotechnology, with the University of California San Diego (UCSD) and its affiliated UCSD Medical Center. Recently, the city hosted the Biotechnology Industry Organization (BIO) International Conference, the largest world-wide event focused on biotechnology, attracting thousands of participants from around the world.

San Diego is the second most expensive real estate market among metropolitan areas in the nation (behind San Francisco). Median rent in the city represents 41.4 percent of median income, and there is a 7 percent vacancy rate. In terms of affordable housing, the needs are substantial. A San Diego Association of Governments' Regional Housing Needs Assessment Plan showed that the city would need an additional 38,680 affordable housing units by 2020. In 2002 the Council declared a housing state of emergency (for lack of affordable housing) and has since often renewed that declaration, most recently in 2014.

The most recent SDHC Annual Plan shows a total of 37,518 families on the open HCV waiting list, and 22,980 families on the public housing waiting list. Project-based developments designated as supportive service providers maintain their own lists.

Homelessness is a large challenge in San Diego, which has the 4rd highest number of homeless people among major US cities, 3rd highest number of homeless individuals, and the 3rd highest number of veterans experiencing homelessness.[95]

Goals and Evolution of MTW at the PHA

Beginning in 1998, SDHC's initial involvement in the MTW demonstration focused on a boutique program of approximately 50 Housing Choice Vouchers. The agency eventually found it too challenging to operate two distinct programs and therefore abandoned its MTW status. Even though the number of MTW vouchers was small, it meant carrying out activities differently between the MTW voucher and the regular voucher programs.

In 2007, prior to re-entering the MTW demonstration, the agency brokered a landmark agreement with HUD to purchase its entire inventory of public housing (1,366 units in 137 sites) for $1 per unit, enabling SDHC to have full ownership and releasing HUD from funding obligations for the units as public housing. Current residents of the units were provided with Housing Choice Vouchers that they could use at their existing residence or at a different unit. The agreement with HUD required that the units now owned by SDHC continue to be rented at affordable rates to low-income households, either seniors earning up to 50 percent of the area median income or families earning up to 80 percent of the area median income. In exchange for this arrangement, the agency was required to develop at least 350 additional units of affordable housing. SDHC then developed a complex financing plan to borrow against the equity of the former public housing stock in order to both preserve that stock and to fund the development of additional housing. Staff characterize this plan as innovative, using an entrepreneurial, private-sector approach.

Although the agreement with HUD was made prior to SDHC re-entering the MTW Demonstration, the effort to purchase its public housing inventory demonstrates the innovative and strategic thinking

[95] 2013 Annual Homeless Assessment Report, Part 1

present at the agency as a backdrop for its re-assignment as an MTW agency. SDHC was able to take advantage of the financial crisis and the resulting foreclosed properties in the area. In the five years after the agreement, SDHC had developed 810 additional affordable housing units through public-private partnerships, significantly surpassing the number in the agreement with HUD. The agreement between HUD and SDHC is seen as a precursor to the current “Rental Assistance Demonstration” (RAD) Program.

When a new President and CEO, Rick Gentry, joined the agency in 2008, he was interested in gaining back the MTW designation to allow the agency to move forward in innovative ways. Gentry believed that with MTW status the agency would be able to accomplish a number of community-focused goals and would be able to continue to be a viable and active participant in affordable housing development in the city. As he sees it, the non-MTW, regulation-driven public housing program is a failing business model, and he was interested in seeing SDHC move away from that model. Through negotiations with HUD, the agency was granted MTW status once again and re-entered the demonstration with an executed agreement in January 2009. The first MTW Annual Plan under the revived MTW agreement was submitted in 2010.

Since the initial plan in 2010 upon re-entry into the Demonstration, SDHC has increased its MTW activities through seeking waivers at a steady pace year after year. Beginning on a somewhat small scale in 2010, the agency increased its MTW activities in 2011 and then proposed more far-reaching activities and waiver requests in 2012, 2013, and 2014. Currently, the centerpiece of SDHC’s MTW efforts is the “Path to Success” program, a comprehensive effort at rent reform and incentives for participant households to achieve self-sufficiency, coupled with the “Achievement Academy,” a service center dedicated to assisting participants to obtain, maintain, and increase employment.

As staff members describe it, during the first two years the agency focused on longer-term planning for term rent reform and immediate implementation of various administrative efficiencies. SDHC was able to benefit from examining the best practices and lessons learned of other MTW agencies with longer-term experience in the demonstration. Agency staff visited several MTW agencies in the Northwest to learn about those agencies’ experiences. Also, when the agency began again in MTW, staff recognized that agency functions and decision-making were often “silo-ed” and determined that they would need to think more broadly about the agency’s mission and reach, and to involve all departments in the planning and strategizing for MTW. In the third and fourth years, planning efforts focused on more far-reaching program changes. First, they focused on how the agency could serve help residents to be more productive and eventually to become self-sufficient. The planning around this area involved examining how to assist HCV families beyond the FSS program that was currently in place, how to encourage more families to engage in work-related activities, and how to assist more families to move to areas of lower poverty. SDHC staff believes that, as families become self-sufficient, the agency will be able to provide vouchers to additional non-elderly and non-disabled families. Second, SDHC aimed to focus on the unique aspects of the City of San Diego. The challenge of homelessness has been recognized as a “signature” problem in the city by many stakeholders - not only SDHC, but also the Mayor, city council, veterans groups, tourism proponents, private foundations, and citizens. SDHC endeavored to complement how the city was addressing and focusing resources on this challenge and began to examine how they might use the voucher program to help address homelessness.

Overall, staff indicates that MTW allows them to focus their efforts on local issues, and to use private sector approaches to meeting those local challenges.

Exhibit 11-3: San Diego Timeline of MTW Participation

Year	Milestone
1998	First MTW Agreement signed 12/8/1998
2009	Re-Negotiated MTW Agreement signed (HUD signed 1/14/2009) Create Achievement Academy First Annual Plan submitted
2010	Choice Communities program proposed and implemented HCV Ownership program proposed and implemented Streamlining activities proposed and implemented
2011	Sponsor-Based subsidies for homeless proposed and implemented
2012	Path to Success proposed
2013	Transitional Project-Based Subsidies for the Homeless proposed MTW VASH program
2014	Path to Success/Achievement Academy implemented Flat housing subsidy for youth aging out of foster care proposed

MTW Decision-Making Process

Decision-making around SDHC MTW efforts has been grounded in analysis of data, examination of the experiences of other MTW agencies, consultation with front line staff, and collaborative brainstorming. First and foremost, the agency is interested in acknowledging local issues and problems, problem solving and researching to determine if the flexibility afforded through MTW can be applied to solve the problem, and then testing approaches. As described later, several of SDHC's activities have begun as "pilot" efforts. For example, the most recent annual plan proposes a pilot to implement a program providing subsidies for youth aging out of foster care. SDHC plans to assess the effort and will expand its implementation, with programmatic changes as needed.

Hiring in recent years has included more new employees in senior positions with private sector work experience instead of promoting from within as was the typical practice in years past. Accessing the fresh perspectives offered by new staff from outside of the agency has been strategic, as the agency continues to expand and increase its number of MTW initiatives and activities.

Staff indicate that planning and decision-making for MTW initiatives typically involves examining current operations, assessing what works and what does not, and determining if there are ways to streamline processes or to better serve SDHC residents. For the HCV program, staff has given thought to how current barriers to effectiveness and efficiency can be removed. Examining performance data to assess how a proposed initiative will potentially impact SDHC households is not only a requirement for the planning process, but also allows the agency to identify the possible positive and negative impacts. For example, when SDHC proposed the MTW activity to standardize utility allowances by unit size in order to simplify and streamline the allowance process, to reduce confusion about utilities for both voucher holders and landlords, and to reduce calculation errors, the agency first conducted several analyses. SDHC analyzed how the change would impact administrative procedures and reduce costs, as well as how it would impact the current households' utility allowances. The analysis showed that a small number of assisted households (approximately 25) would see an increase of $50 or more per month in the household share due to the revised utility allowance, so SDHC created a hardship policy to allow for exemptions from the new rule. A more recent example includes the development, based largely on a survey of the needs of current landlords, of a web-based portal through which landlords can access real-time information about units under contract, including necessary information to manage the relationship with SDHC's Rental Assistance Division.

Staff noted a difference in approach between those at the management and front line levels. While management staff is focused on innovation, flexibility, and implementing private sector approaches to solve problems, front line staff is less open to changing the way they carry out their regular functions. Staff acknowledged that although progress has been made in encouraging all levels of staff to think creatively and be flexible, ongoing work is needed to foster a deeper culture of innovation and commitment to solving challenging problems through all levels of the organization.

Performance Measurement and Evaluation

SDHC re-joined the MTW Demonstration as the "Revised and Restated MTW Agreement" was being rolled out by HUD. Revised reporting requirements accompanied this version of the agreement, requiring MTW agencies to set specific benchmarks for each MTW activity proposed and implemented by the agency. Subsequent annual reports are required to report on progress toward each of those benchmarks. SDHC, like other MTW sites, has thoughtfully developed a set of specific benchmarks and activities to measure its progress within each activity. With each annual report, SDHC takes stock of each measure, discusses whether the agency is meeting the benchmark and, if not, the reasons contributing to the lower than expected outcome. SDHC tracks each measure through its database or through reporting requirements imposed on its partners that manage various aspects of initiatives.

To date, SDHC has not engaged in any rigorous external evaluation, but staff indicate that this is an area they would like to explore in future years in order to better understand how some of the major policy and program changes implemented under MTW, such as the rent reform effort, have affected residents. Although no external evaluation has occurred to date, SDHC often employs a "piloting" approach to new programs so that outcomes of these small scale efforts can be assessed. Once a small-scale effort is deemed successful, the effort can be modified or tweaked to address any issues and can then be expanded on a larger scale. SDHC points to a number of the agency's past efforts that have originated in a pilot effort. For example, the Sponsor-based Subsidy program for the homeless (described more fully below) began in FY 2011 with 25 subsidies provided to a partner, and then expanded to provide an additional 50 subsidies to two other partners. In FY 2013, after the successful implementation of the first part of this program, HUD has now approved the agency's expansion of this program to 1,000 subsidies. To date, the agency has committed 358 subsidies for this purpose.

Major Policy Changes Enabled by MTW

Exhibit 11-4 shows the most important innovations undertaken by SDHC either using MTW authority or as an indirect result of the changed business model encouraged by MTW, sorted by the categories of innovations used throughout this report. The exhibit shows that SDHC has focused on all of the objectives that MTW agencies have been pursuing, as detailed earlier in this report.

Exhibit 11-4: San Diego Housing Commission Innovations by Type

Increasing Cost Effectiveness	• Revisions to income verification policies – asset definition and disregard retirement accounts as assets • Reduce number of interim re-certifications • Triennial re-certifications for elderly and disabled households (used Path to Success definition of elderly/disabled) • Revisions to HQS inspections--owners to self-certify repair of minor items, well-maintained units placed on biennial schedule • Standardize utility allowance by unit size • Inspect and determine rent reasonableness for SDHC-owned properties (instead of using external third party) • Biennial re-certifications for the work-able population • Modify full-time student definition and favorable treatment of student income • Two-year occupancy requirement for PBV users prior to eligibility for tenant-based voucher • Elimination of flat rent in public housing in connection with SDHC's Rent Reform
Increasing Number of Households Provided with Affordable Housing	• Acquisition, renovation, and conversion to public housing of 113 units of formerly state-aided units • Acquisition, preservation and rehabilitation as methods for creating affordable units defined as serving families at or below 80 percent AMI • Use MTW, ARRA, and RHF funds to acquire and rehabilitate a 39-unit development as public housing • Streamline process for commitment of Project Based Vouchers to SDHC-owned units to assist with acquisition and improvement
Increasing Self-Sufficiency	• Major rent reform initiative, Path to Success (PtS) planned and implemented during Fiscal Year 2014 • Achievement Academy: SDHC's resource center providing employment support to residents first established in 2009 and expanded in connection with PtS • FSS program Reinvention – this activity aligns SDHC's FSS program with PtS so that the two efforts can work in concert
Promoting Residential Stability for Targeted Households	• Transitional subsidy for homeless veterans

	• Flat housing subsidy for youth aging out of foster care • Short-term project-based transitional housing for homeless people • Provide Sponsor Based subsidies to partnering agencies and developed other innovative solutions to address homelessness
Expanding Geographical Choices of Assisted Households	• Choice Communities Program – SDHC's mobility program to encourage HCV participants to move to areas of low poverty • HCV Ownership program, using MTW block grant funds to assist potential home-buyers including incentives to purchase foreclosed homes

Increasing Self-Sufficiency

The area of encouraging and promoting self-sufficiency among program participants has become a centerpiece of SDHC's MTW involvement. The agency's rent reforms and employment supports are complemented by a recent reinvention of the FSS program.

Rent Reform and Employment Resources: Path to Success and Achievement Academy

Since 2011, SDHC has focused on the challenge of how to assist the 14,000 HCV households to become self-sufficient (beyond the FSS program). Path to Success (PtS) is SDHC's rent reform initiative, conceived in 2011-2012, with significant outreach efforts beginning in 2012. As of July 1, 2013, the program was fully implemented. PtS established a tiered rent schedule coupled with a progressive minimum rent structure to replace the rent calculation for the regular public housing and HCV programs. The goal of the effort is to incentivize and reward employment. The policy applies to all "work-able" households, a group comprised of those who do not meet the definition of "Elderly/Disabled." Elderly/Disabled households are those in which all adults are elderly (age 55 or older), verified as disabled, or a full-time student ages 18 to 23 years (excluding the head, spouse or co-head). SDHC has also implemented hardship policies for those assisted households that have difficulty meeting the requirements.

SDHC invested a significant amount of time and effort to develop and implement the policy. To achieve buy-in from all those who would be affected by the program change, SDHC conducted outreach to participants and to other stakeholders, including advocates and legal services. For those residents who would be affected by the program change, SDHC sent individual letters, described the program in tenant newsletters, and made telephone calls. The initial year of implementation also involved training staff, changing forms, and programming software to accommodate the new policy.

For work-able families, the family's rent portion is calculated using a tier structure that establishes income bands. The tenant rent portion is set at 30 percent of the lower end of the band. For example, if annual adjusted income is $12,000, then the income falls into the $10,000 - $12,499 band, and the lower amount of $10,000 would be used to determine rent. If a family is paying a premium because the contract rent plus the utility allowance exceeds the payment standard, then the premium will be added to the family's portion of the rent.[96]

Work-able families are also subject to minimum rents, which are set at 30 percent of the current California minimum hourly wage multiplied by 20 hours (which is considered a reasonable level of work hours).[97] Under PtS, the minimum rent for work able families is adjusted based on the number of work able adults who live in the household. If the tiered rent calculation is lower than the minimum rent, based on the number of work-able adults, then the minimum rent prevails. (A family's rent portion cannot be less than the minimum rent.) The threshold changes depending on the utility allowance applied to the family. If there is no utility allowance, then minimum rents are applied. For elderly/disabled families, the minimum rent is zero dollars with a Total Tenant Payment of 28.5 percent.

Under PtS, the minimum rent is being implemented in two phases. After 24 consecutive months on the program, the minimum monthly payment amounts will increase in Phase Two of the initiative. The second phase will include an increase to $300 or $500 for work-able families. Phase 2 increases are also based on California minimum wage, and assume a 40-hour work week. SDHC has determined that these rent amounts are affordable to a family using this assumption. Allowances and deductions have been eliminated for both work able and elderly/disabled families with the exception of the utility allowance, childcare deduction, and streamlined medical/disability expenses.

Recertifications for work-able families subject to PtS requirements are completed on a biennial cycle while those for elderly/disabled families are on a triennial cycle. SDHC has also changed its portability policy so that households who request a "port out" must provide a "compelling" reason such as employment, education, safety reasons, medical needs or others determined on a case-by-case basis.

While work is not mandatory in SDHC's rent reform, staff believe that the incentives built into the tiered and minimum rent schedule, along with the encouragement and support offered through the Achievement Academy, will accomplish the ultimate goal of assisting more families to become self-sufficient. Those assisted households who have zero income receive a temporary hardship exemption from the policy if they agree to participate in Achievement Academy self-sufficiency activities. Rent for these families is set at zero for sixth months, after which the rent will default to the minimum rent. If the family fails to participate in activities, then the hardship exemption will be removed. An additional hardship policy is available to those who need the exemption after six months.

To complement the rent reform initiative and to support assisted households in moving to employment or better-paying employment, SDHC developed the "Achievement Academy." SDHC determined that the availability of resources to assist participants to find, maintain or increase employment is a necessary part of the success of the rent reform. SDHC invested in development of a 9,600 square foot physical space on the ground floor of the agency's downtown office. The space contains several training rooms, a computer lab, as well as individual offices where participants can meet one-on-one with case

[96] SDHC has established two utility schedules for those tenants paying utilities based on unit bedroom size– one for those tenants that have sewer/water included in the allowance, and one for those that do not have sewer/water included.

[97] For example, for a family with one work-abled adult in the household, at the current CA minimum wage standards, the minimum rent would be 30 percent of $8 x 20 hours, x 50 weeks (or $8,000), calculated at $200.

workers. The Achievement Academy offers a schedule of classroom-style workshops on job skills, marketability, as well as other short term courses and services (financial counseling, benefits screening and tax return preparation). The agency partners with the San Diego Workforce Partnership, the THRIVE initiative and Juma Ventures to provide full time staff and employment placement support. The Achievement Academy is supported by MTW funds, and its most recent annual line item in the "sources and uses" section of the MTW Annual Plan is listed as $1.6 million. Clearly, this is a significant investment by the agency to make available accessible, quality services to assist residents directly with employment rather than only referring residents to service providers outside of the agency. SDHC expects that showing significant results from these combined initiatives will require time.

Reinvention of the Family Self-Sufficiency Program

In FY 2013, SDHC proposed to modify the FSS program to revise the contract term and the escrow calculation in order to align the program with Path to Success. The purpose for the changes was to increase program accessibility and participant engagement. The contract term was changed from five years to two years in order to coincide with the agency's biennial recertification cycle. Participants can request an additional three-year term at recertification. SDHC revised the escrow calculation so that participants may receive escrow credits not only based on earned income, but also on completed outcomes, including income increases, completion of activities, and establishing a savings account, among others. Outcomes that "trigger" escrow deposits are verified semi-annually by program staff, and the maximum escrow balance participants may receive upon graduation is $10,000.

Housing Efforts for Targeted Populations

SDHC has focused its housing efforts for targeted populations on those experiencing homelessness, including individuals, families, veterans and in the FY 2014 Plan, youth exiting foster care.

Sponsor Based Housing

Beginning in 2010, the City of San Diego undertook a major city-wide effort to address homelessness. For its part, SDHC realized that the mainstream voucher program operates in a way that is simply not responsive to the needs of homeless people. In the agency's view, many homeless people need emergency and transitional housing and are typically not able to provide updated contact information to maintain waiting list status. SDHC developed a new model to address housing needs of homeless people and proposed the initiative in the FY 2011 Annual Plan. The objective for the "Sponsor-Based Subsidy Program for the Homeless" (SBS) was to work with non-profit partners who provide comprehensive social services while SDHC provides permanent housing resources. Initially, SDHC committed to providing 100 zero-bedroom vouchers to house homeless persons, while the "sponsor" non-profit partners provide the supportive social services. In the FY 2013 Annual Plan, SDHC requested to increase the number of vouchers for this initiative to 1,000.

Over the first several years, SDHC awarded three groups of 25 vouchers each to different organizations. The first group of 25 vouchers was provided to a partnership between SDHC, the United Way of San Diego, and the County of San Diego. Through a competitive process, the vouchers were awarded to the St. Vincent dePaul Village (SVdP), an agency that provides supportive services to people experiencing homelessness. Called "Project 25," this effort served as a pilot for the initiative. Project 25 is intended to serve the 25 homeless people who are the greatest users of social services in the city. SDHC provides the housing subsidies, and together SVdP and the County provide or fund supportive services. SDHC awarded additional groups of 25 vouchers each to two other non-profit providers in the city, Community Research Foundation and Mental Health Systems. These non-profit organizations provide mental health and substance abuse case management services to homeless residents who are housed using the vouchers provided by SDHC.

During the early phase of implementation, SDHC staff was primarily involved in developing contracts and program plans for each of the partners involved. Once the partners approved the contracts and plans, the partners then conducted outreach to potential participants. SDHC provides subsidies to each partner on behalf of each participant. The partner, or sponsor, then makes payment to the property owner of the occupied unit. SDHC also administers Emergency Solutions Grant (ESG) funds to provide assistance in the form of security deposits or other uses to assist or enable participants to move into units.

Sponsors are required to create and maintain waiting lists for their programs, and SDHC conducts periodic auditing to ensure the sponsors' compliance with Fair Housing Laws. SDHC conducts annual inspections of the units, but the sponsor is required to provide all other aspects of program administration, including eligibility and income determinations, rent calculations, interim and annual re-certifications. Sponsors are required to include in the program plan the procedures for administering the program, and SDHC provides ongoing training on eligibility determination and rent calculation. Sponsors are also required to develop a service plan for each participant in the program. SDHC conducts oversight and monitoring to ensure compliance, and sponsors are required to submit quarterly narrative and quantitative reports to SDHC.

In FY 2013, HUD approved a number of changes to the program, including increasing the number of subsidies from 100 to 1,000, to broaden the program to serve distinct populations of homeless individuals, to streamline the rent calculation, and to clarify that participants will not be provided with a tenant-based voucher upon exiting the program.

SDHC set a number of performance measures for this initiative, including: the number of program participants; dollars saved as a result of the initiative; number of new housing units made available for homeless households; percentage of participants remaining housed at 3, 6, 9, 12 and after 12 months; and average length of participation. In the most recent Annual Report (2013) SDHC reports that all benchmarks were reached or on target to be reached. Staff did note, however, that they encountered a number of challenges that required adjustments and revisions to implementation of the initiative. For example, SDHC had planned to use the "Vulnerability Index," a tool developed to assess use of social and health-related services by vulnerable populations, to identify and recruit participants in the program. They found, however, that the tool was not a reliable method to find and recruit participants. SDHC and its partners worked to develop other outreach and recruitment methods, including the development of a coordinated point-of-entry system used by all homeless providers in the city. Staff also report that some participants have left the program or have not completed the leasing up process, which staff attribute to these participants not being ready for semi-independent living. Other challenges have included getting the partners trained and proficient at rent calculation and other leasing functions. SDHC provided additional training and support to assist in meeting this challenge.

Transitional Project-Based Subsidies for the Homeless

SDHC proposed this MTW activity in the FY 2013 Annual Plan. Building on its efforts to serve the homeless populations of the city, SDHC developed the program, in partnership with other agencies, to provide short-term transitional housing. SDHC pays a flat, monthly subsidy for each unit that is occupied, with the tenant's portion based on income (or not, depending on the needs of the vulnerable tenant). The housing is paired with supportive services that are provided by a selected service provider. The maximum amount of subsidy paid is calculated based on the applicable payment standard and a rent reasonableness assessment for Single Room Occupancy (SRO) units. Most of the resident population is considered high needs. During residency, the participant can access an array of services, with the goal that at the end of the transitional period, the participant will segue into more permanent housing. Participants are encouraged to apply for and remain on the SDHC tenant-based voucher waiting list in order to transition to a tenant-based voucher.

SDHC proposed to begin this initiative with a pilot of a 16-unit subsidy program in Connections Housing, a new homeless-focused development in downtown San Diego. The facility also has 73 permanent supportive project-based units, as well as 134 interim shelter beds. Comprehensive and integrated services, focused on helping those experiencing homelessness to move beyond homelessness, include case management, life skills, legal services, personal care services, and medical and mental health care services. SDHC began implementation of this effort in February 2013. Participants determined eligible for the program first entered Connections Housing in April 2013. Two other agencies have since implemented the program for a total of 47 subsidized units available for homeless persons.

Flat Housing Subsidy for Youth Aging Out of Foster Care

The FY 2014 Annual Plan proposes a pilot initiative to support a time-limited program to provide flat housing subsidies to a partner organization that provides supportive services. The subsidies and support together will assist youth aging out of foster care who might otherwise be released with no further assistance or support. While SDHC plans to provide subsidies for individual beds based on the unit size, number of participants, and rent reasonableness, the partner will provide case management and other services such as job search assistance, education, and training. The pilot proposed intends to test the model on a small number of participants, once an appropriate partner is selected by a request for proposals. If the effort proves successful in two years as measured by the number of households receiving services aimed at increasing self-sufficiency, the number employed either part or full-time, and the number in education or training activities, then the agency may expand the program.

MTW VASH Voucher Program

In FY 2010, SDHC received regulatory and statutory waivers from HUD to apply certain elements of its MTW authority to its VASH program. Building on these efforts, in FY 2013 the agency proposed additional changes to its program. Based on discussions between VA and SDHC staff, the changes are intended to benefit VASH program participants and program administrators alike. Paying the initial minimum rent is often challenging for participants, but once participants engage in VASH case management, they are expected to be able to obtain income. SDHC proposed setting the minimum rent at zero for the first 12 months, to increase to $50 thereafter. In addition, participants are often subject to garnishments from back debts to child support or other debt collections once they do obtain income support, so the new policy will not count garnishments as income for the first 12 months of program participation. Finally, VASH participants will be eligible for the same inspection cycle as other voucher holders. The goal for these changes is to make the program available to more veterans who are referred to the agency and may not have been able to meet the previous requirements, and to support those participants' success in the program.

Expanding Geographical Choices of Assisted Households

SDHC's efforts to increase housing choice for its participants have focused on mobility efforts, as well as efforts to redevelop or rehabilitate additional affordable housing.

Mobility Efforts: Choice Communities

SDHC launched its Choice Communities initiative in FY 2010. This initiative aims to incentivize and provide assistance to MTW program participants to move out of high- and medium-poverty areas and into areas of low poverty with the end goal of decreasing poverty concentration. Since this MTW-enabled version of a mobility program began in early 2010, 244 assisted households have moved into areas of lower poverty, 730 participants have received counseling from the mobility counselor, and 141 tenants have participated in the Security Deposit Program.

The program was included for HUD approval in the agency's FY 2010 Annual Plan and involved four related elements:

- Eliminating the 40 percent affordability cap on family share at the time of initial lease-up in low-poverty neighborhoods;
- Creating a security deposit loan program for families moving from high-poverty areas to low-poverty areas;
- Providing resources, information, and guidance to families expressing interest in moving to low-poverty neighborhoods; and
- Increasing the payment standards in low-poverty areas to 20 percent above the current payment standards.

The agency identified nine low-poverty zip codes as target areas for participants aiming to move to an area of low-poverty. The counselor does not meet with every program participant, as some choose to make the move based on their own research and information from the agency-produced booklet describing the program and its guidelines. SDHC included the security deposit feature of the program because of the barrier posed for voucher holders needing to provide up front security deposit funds for accessing some units. Participants can apply with the move specialist to receive a no-interest loan from the agency to cover the security deposit costs and are required to repay the loan in small, monthly installments.

MTW has enabled this program by making available funds the agency can use to cover the salary costs of the mobility counselor, marketing materials, and the security deposit no-interest loan program. Non-MTW agencies are allowed to implement some aspects of this initiative, such as increasing the payment standards in some neighborhoods.

Staff indicated that the marketing of this initiative has been its most challenging aspect. While some voucher holders want to move, many more choose to remain where they have established a household and made connections to a community and its amenities. The agency created and published an information booklet (including an on line version) as a reference for those interested in participating in the program and to help publicize the initiative. Informational flyers are also disseminated to voucher holders, and Rental Assistance Division staff educates clients about the program when interacting with clients. Interested clients are referred to the Choice Communities Housing Assistant. As the program has matured, the agency has created additional marketing materials to try to capture the interest of voucher holders who are contemplating a move.

HCV Homeownership Program

Since the SDHC's homeownership program, *Home of Your Own*, was approved and implemented in FY 2010, 37 families have purchased homes. The program is intended to expand homeownership opportunities for voucher participants by helping qualified HCV participants to transition from rental assistance to home purchase. SDHC has employed MTW flexibility in a number of aspects of the program. Early in its implementation, SDHC targeted foreclosed homes and the soft housing market by creating incentives for the purchase of foreclosed homes such as a down payment/repairs assistance of $10,000. MTW funds (through the block grant) are used to assist with down payments as well as payment of the first two months of the mortgage as an incentive for the purchase of foreclosed homes, and SDHC also administers a soft second mortgage option funded through the HOME program. SDHC has been able to employ a staff person to oversee the program using MTW funds as well.

Qualifications for the program include at least one year in the HCV program in good standing with both the owners and SDHC. Participants must be a first time homebuyer, demonstrate employment and an ability to pay a minimum $3,000 down payment, and attend homebuyer education courses. Once a family has applied and has been deemed eligible, the family is considered "mortgage ready" and is provided with an estimate of the amount of HAP available to the family to meet its monthly homeownership expenses, which is used to determine income and debt ratios in the loan application process. Securing financing for the purchase is the family's responsibility. However, SDHC program staff assists eligible households with guidance on a variety of homeownership issues including down payment assistance programs, mortgage interest rates, and avoiding predatory lending. SDHC pays the homeownership payments to the lender, to the voucher holder or to a trust.

SDHC has found that in the recent period, fewer foreclosed properties are available for purchase by first-time homebuyers under the program, thus SDHC has not been able to achieve the established benchmarks in that area. SDHC has made additional changes to the benchmarks to make the program operative more effectively.

Increased the Number of Households Provided with Affordable Housing

New Public Housing Transition, Development of Public Housing Units and Use of Project-Based Vouchers

SDHC has employed a variety of methods to acquire and rehabilitate units and to preserve or support the affordability of units in order to increase the availability of housing for low-income families.

In FY 2013, SDHC proposed the transition of a 113-unit state-aided development to public housing. The agency was authorized to convert the state-aided units in two phases and is using a combination of funds such as ARRA, RHF and MTW block grant, for both acquisition and rehabilitation of the units. All 112 public housing units are expected to be added to SDHC's portfolio in FY 2015. In FY 2013, SDHC acquired the vacant "Hotel Churchill," a historically designated 94-unit SRO property in the downtown area. The agency's housing development subsidiary non-profit, Housing Development Partners, maintains ownership of the units and is overseeing the rehabilitation of the building to construct 72 units and to preserve the historic façade. The cost of the project is funded through various sources, including the MTW block grant (as well as HOME funds, Mental Health Services and others). Once completed, the development will house formerly homeless people or those at risk of homelessness and needing mental health services. Exhibit 11-5 provides a list of the project-based vouchers authorized in recent development, and the population those vouchers serve.

Exhibit 11-5: San Diego Housing Commission Project-Based Vouchers

PBV Units				
Effective Date	**Development Name**	**Total No. of Units in Development**	**Total No. Project Based Units Authorized in Development**	**Population Served**
2/1/2002	Becky's House	9	2	Homeless
7/1/2002	Take Wing	33	8	Homeless
12/23/2002	Hollywood Palms	94	23	Low-Income
7/1/2005	Leah Residence	24	14	Homeless
9/1/2009	Townspeople	24	9	Homeless
1/1/2010	Stepping Stone	8	6	Homeless
2/1/2010	Potiker	200	36	Low-Income
4/28/2010	Alabama Manor	67	15	Low-Income
4/28/2010	Meade (SDHC-Owned)	30	14	Low-Income
5/1/2010	Santa Margarita (SDHC-Owned)	32	19	Low-Income
10/15/2010	Courtyard (SDHC-Owned)	37	7	Low-Income
11/1/2010	Hotel Sanford (SDHC-Owned)	130	39	Low-Income
1/31/2013	Connections Housing	223	73	Homeless
5/14/2013	Mason Hotel (SDHC-Owned)	17	16	Homeless
11/1/2013	Parker-Kier (SDHC-Owned)	33	22	Homeless/Elderly
TBD	9th & Broadway	250	88	Homeless
TBD	Atmosphere	205	51	Homeless
TBD	Alpha Square	201	76	Homeless
TBD	Hotel Churchill (SDHC-Owned)	72	72	Homeless
Total		**1689**	**590**	

Administrative Efficiencies enabled by MTW

SDHC has established a number of administrative efficiencies, or streamlined efforts, through its MTW program. Similar to those implemented by other MTW agencies, SDHC implemented these activities in order to conduct operations in a more effective manner, save agency resources, and apply private-sector approaches to operations. Because the HCV program is the agency's largest program, many of these administrative changes have taken place in this program.

In the area of streamlining regulatory requirements and refining internal procedures, the agency applied new ways of conducting the Earned Income Verification report (EIV) process (using it only for full reexaminations of income and household composition and not for interim re-certifications), revised the asset calculation, and established both a biennial and triennial (for two different types of residents) local interim certification process. SDHC also revised the inspection protocol to build in both flexibility and streamlining, and standardized utility allowances by unit size.

The triennial income recertification policy was initially instituted for those elderly residents who have a fixed income and for whom little changes from year to year in the recertification process. The policy was later extended to families meeting the definition of Elderly/Disabled per the Path to Success initiative. The local interim recertification was developed primarily for non-elderly residents in order to reduce and limit the number of interim re-certifications conducted by agency staff for reductions in income. Under the new policy, interim re-certifications are only granted once between regularly scheduled full re-certifications, the loss of income must be through no fault of the family, and the change in rent portion must be greater than 20 percent.

SDHC also standardized utility allowances by unit size in fiscal year 2010. This policy was implemented to simplify the process of assigning utility allowances. Prior to adoption of the initiative, the agency conducted two separate impact analyses in order to determine how the policy would affect residents. In the area of unit inspections, SDHC proposed to reduce the number of required inspections and allow owners to self-certify HQS for minor fail items. Under this policy, well maintained units are placed on a biennial inspection cycle, and the agency conducts periodic quality control inspections to ensure HQS standards are consistently observed and applied.

Overall, agency staff indicate that administrative changes have resulted in cost savings either through reduced staff labor time, elimination of unnecessary procedures, or by enabling staff to “work smarter.” Staff state that the savings incurred through these changes allowed the agency to weather the reductions in funds experienced through sequestration. Savings have also been applied to hiring of additional staff in other program areas.

Changes in PHA Culture

SDHC management staff is clear that applying a private-sector approach to how the entire agency operates is a primary element of its MTW designation. Although SDHC has long had a Real Estate Division that engages in real estate development in partnership with private partners, the private market approach represented a cultural shift. The agency’s landmark agreement with HUD in 2007 and the finance plan to leverage the equity of the agency’s public housing stock were also forged in an entrepreneurial spirit. However, the MTW designation seems to have offered a degree of freedom and “out of the box” thinking that allows SDHC management staff to develop new solutions to old issues. Recent strategic planning within the agency included focus on a goal to “foster a culture of excellence and innovation” throughout the agency.

Many of the agency’s newer management-level hires, as well as those within other levels, have been from outside of the public housing industry, from other non-profit or other entities, rather than promotion from within the agency. While these new staff may lack background in the regulations of housing programs, SDHC made these strategic hires because the agency wanted to bring in innovative thinkers and problem solvers with the ability to think beyond the regulatory requirements and to be adaptable and flexible within the MTW environment. Recent hires have included the current Director of the Workforce and Economic Development unit within the Rental Assistance Division, who came into the agency without direct experience administering a housing choice voucher program. Rather, her experience included management of a financial literacy program at an area nonprofit organization. The Senior Vice President of the Real Estate Division came from a private real estate development position. The Vice President for Communications previously worked for news organizations.

As for relations with residents, staff report that their efforts to educate and inform residents about the new rent structure and encouragement towards work resulted in general acceptance of the new policy. The agency began the education effort two full years prior to implementation, and while not universally embraced, staff has found that most residents understand the policy and comply with the new requirements. Rather than mandating work, SDHC has opted to put in place particular requirements around minimum rents and to encourage residents to access the resources available through the Achievement Academy. Landlords have also reacted positively to SDHC's rent reform and have proposed other ideas that the agency has considered, such as an on-line portal for landlords to list properties and conduct business with the agency.

An area in which SDHC excels is communication. The agency's Communications Department effectively conveys the agency's mission, activities and areas of investment in a variety of ways – through hard copy reports, website posts and short information pieces. The agency's communications (beyond the annual MTW Plans and Reports) are high quality (the agency has received several awards for its communications products), informative, and involve a variety of media (embedded videos, links to related reports). As these efforts are not typically an area of investment for a housing authority, the result is that the organization's mission, strategic objectives and specific activities are presented in a clear and transparent way to a variety of stakeholders and partners.

Conclusion

SDHC's current enrollment in MTW has been characterized by a creative approach to project financing and the delivery of assistance that takes full advantage of the flexibilities afforded by MTW. Through MTW, SDHC is able to set high expectations for work able assisted households *and* provide the support those households need to meet those expectations. This creativity extends to SDHC's selections for leadership positions, where the promise of innovation and entrepreneurship made possible by MTW have attracted fresh perspectives to the agency.

Chapter 12. Implications for the Development of Performance Measures

We undertook this review of MTW innovations as a first step in the process of developing recommendations for a system of performance indicators to track outcomes of the housing programs administered by MTW agencies. In order to ensure the proposed performance indicators fully capture the outcomes of MTW activities, it was important to start by clarifying the different types of changes to program rules and practices that MTW agencies have pursued and the purposes for which they have used them. This report accomplishes that goal while also providing a snapshot of MTW activity among participating PHAs.

The following points summarize the principal implications of this review for the development of a performance measurement system and highlight the cross-cutting conclusions that emerged from our review of MTW plans and performance reports, interviews with PHA staff, and five comprehensive case studies:

Wide range of innovative practices

One overall conclusion that emerges from the sheer breadth of the policies covered by this innovations report is that MTW agencies have adopted a wide range of innovative practices to meet the statutory purposes of MTW (reducing costs, promoting economic self-sufficiency, and promoting housing choice) and to achieve other key goals such as reducing homelessness and meeting the needs of people with disabilities and other targeted populations. This suggests that MTW has succeeded in its goal of providing a vehicle for local agencies to experiment with new approaches.

At the same time, the diversity of different approaches employed by MTW agencies poses a challenge for monitoring MTW activities. Simply cataloguing what activities are being undertaken in a way that facilitates comparisons and learning across sites is no small task. More broadly, any measurement system set up to track outcomes of MTW programs will need to be flexible enough to accommodate a broad range of activities undertaken by different PHAs, posing challenges for developing indicators that are comparable across sites.

Replication of innovative practices

We observed a number of cases in which innovations were adopted initially by one or two PHAs and then replicated or adapted by others. Examples include: less frequent recertifications of income (i.e., moving from annual to biennial or triennial recertifications), changes to HQS inspection procedures to reduce costs (i.e., clustering of inspections or eliminating the re-inspection of units with only minor HQS violations), the use of income bands to set rents whereby rents change only when an assisted household's income moves from one band to the next, and the expanded use of project-based vouchers. This suggests a significant amount of cross-fertilization across MTW agencies.

While some of the ideas that have been shared likely have outcomes that can be identified reasonably easily, other ideas seem to have spread based on the sharing of initial or anecdotal experiences, rather than rigorously-documented evidence about effectiveness. This raises the question of whether systems might be put into place for the sharing of rigorously documented outcomes so that MTW agencies might learn more systematically from each other's experiences.

Multiple innovations potentially affecting the same outcome

In many cases, a single MTW agency has adopted multiple policy changes that all have the potential for impacting a similar outcome. For example, an agency interested in promoting economic self-sufficiency may have simultaneously made changes to the agency's FSS program, moved to biennial recertification of income (which acts as an income disregard in between recertifications), and shifted the roles of certain PHA staff from processing income certifications to providing service coordination or other services. The overlapping nature of MTW agency innovations poses problems for measurement and evaluation, as it will be difficult to isolate the effects of any one policy change on an outcome of interest. This suggests that it may be more fruitful for performance indicators to look at broader, agency-wide outcomes, rather than try to isolate the outcomes of individual policies.

Adoption of MTW innovations by non-MTW PHAs

A small number of innovations piloted by MTW agencies have become available to all PHAs. One example is permission to conduct biennial HQS inspections, which was adopted by Congress in the FY 2014 appropriations act and implemented through a June 10, 2014 Federal Register notice.[98] Some of the changes to the project-based voucher program enacted through the Housing and Economic Recovery Act of 2008 and codified in HUD regulations on June 25, 2014, such as extending the time limit for project-based contracts to 15 years and allowing PHAs to rely on other competitive processes to allocate project-based vouchers, also may have originated with experimentation by MTW agencies.

For the most part, however, there does not appear to be a system in place for "harvesting" learning from the MTW program for purposes of adjusting policies for non-MTW agencies. Such a system would be desirable. While a performance measurement system can play a role in this process, it cannot be the sole mechanism for identifying promising approaches for a range of reasons including challenges associated with isolating the impact of particular policies and the lack of a "comparison group" not served by the PHA against which to benchmark results. However, a performance measurement system can help identify PHAs where outcomes appear to be particularly robust, laying the groundwork for the application of other program evaluation strategies (both qualitative and quantitative) to better understand the PHAs' programs and measure their impacts.

Changes in agency culture

Our case studies revealed that, at least for the agencies we visited, MTW appears to have led to changes in the culture of the PHAs, encouraging them to be more proactive, more creative, and more empowered. These cultural changes appear to be the result of having a meaningful degree of freedom to vary from the rules and were evident regardless of the specific MTW changes adopted by each agency.

It is possible that, over time, this shift in agency culture will lead to better outcomes for residents and communities. At the same time, it would likely be a mistake to rely on a cross-site performance measurement system as the primary mechanism for tracking the effects of this cultural shift. Among other outcomes, a shift toward a more proactive and creative culture may lead to greater specialization as agencies adapt their programs to meet specific local challenges and opportunities, which will be difficult to track in a performance measurement system developed for comparing outcomes across agencies. Similarly, this cultural shift may lead to a greater willingness to experiment with new ideas

[98] 79 FR 35940 (June 10, 2014).

through pilot initiatives which are a useful way to test new ideas but seldom produce discernible impacts at the agency level during the pilot phase. To the extent an improved understanding of this cultural shift is desired, other program evaluation strategies will likely be needed.

Agency accountability

Some of the changes that we observed – such as the ability of PHAs to conduct their own HQS inspections or to set the rent levels of project-based vouchers in units owned by the housing authority – have the potential to raise questions of fair-dealing that require one to have a fairly high level of trust in the good intentions of the PHA. The ability to move money from one program to another may also pose challenges for ensuring accountability of funds, likewise underscoring the importance of being able to trust the PHAs that are exercising the authority. Needless to say, a performance measurement system will not be nearly as effective in detecting and deterring negative outcomes of this nature as periodic audits and effective screening procedures at the time of determining initial eligibility for participation in MTW.

Multifaceted effects on the population of assisted households

While many of the innovations adopted by MTW agencies have the potential to contribute to the well-being of households and communities – for example, by enabling more households to be housed and by more effectively integrating housing assistance with other supports those households may need – some policies also have the potential to lead to consequences that may be problematic or controversial. One key area of focus, for example, is the extent to which a PHA's policies have led to changes in the incomes of households admitted to public housing and the housing choice voucher program that reduce the availability of housing affordable to the lowest-income households. Another is whether policy changes have led to increases in the cost burdens of participating households and/or to a lessened ability to access neighborhoods of opportunity. By shedding light on whether and to what extent these and other consequences are evident at each participating PHA, a performance measurement system can help alert PHAs to unintended consequences, allay the fears of advocates and residents, and otherwise foster a productive conversation about how to meet programmatic goals.

Existing program evaluations

While the PHAs we observed through our case studies were fairly sophisticated and often relied on internal metrics to track performance and determine when adjustments were needed, they only occasionally utilized formal program evaluations to assess progress and make recommendations for strengthening programs.[99] Together with the paucity of evaluation at the national level, this poses challenges for developing rigorous conclusions about which policies have been most effective and under what circumstances.

Lack of metrics for comparison between MTW and non-MTW agencies

At present, it is difficult to compare the activities of MTW agencies to those of non-MTW agencies as there are few common metrics that can be used to make this comparison. While a performance measurement system for MTW will undoubtedly need to include a number of indicators specific to MTW – notably, to measure the number of households served by programs that are not public housing or

[99] To similar effect, HUD's MTW web page on agency-led program evaluations only includes two items. See http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/mtw/accomp

housing choice vouchers – it would be desirable if the system also included a base set of indicators that facilitated a comparison of MTW agencies with non-MTW agencies.

Next Steps

After completing the Innovations Report, Abt will develop a report proposing a set of performance indicators that can be used to measure the performance of the housing programs administered by MTW programs across a series of categories that fit the innovations we have identified through our scan. The current categories we are considering for the performance indicators report are as follows:

- Cost Effectiveness
- Economic Self-Sufficiency
- Quantity and Quality of Affordable Housing
- Promoting Residential Stability for Targeted Households
- Expanding Geographical Choices of Assisted Households
- Other Key Metrics

Once the indicators are determined we will work with the MTW agencies to collect data to populate the indicators that allow us to test how accessible the data needed for the performance indicators are and how well they work in practice to describe the activities and outcomes of the PHAs' programs. Finally, we plan to reach out to HUD to request data that will allow us to apply a subset of the performance indicators to compare outcomes of MTW and non-MTW agencies.

Our final product will be a performance evaluation report that synthesizes the results of the entire study, including the typology of innovations, the case studies on particular innovations, the recommended performance indicators, and the results of implementing those performance indicators at MTW PHAs and comparing them with non-MTW PHAs.

Appendix A: Innovations Identified in Survey by Category

Housing Authority	Increasing Cost Effectiveness	Increasing the Quantity and Quality of Affordable Housing	Increasing Economic Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding Geographical Choices of Assisted Households
Atlanta Housing Authority		Real Estate Model	Family Self-Sufficiency and Independent Living		Poverty Deconcentration Program
Housing Authority of Baltimore City		Long-Term Affordable Units for the Disabled Gilmor Homes Rent Reform		The Front Door Program for the homeless	
Boulder Housing Partners	Rent based on 26.5% of gross income for elderly and disabled households Triennial recertification of elderly and disabled households Asset limit of $50,000		Flat-tiered rent for Section 8 work-abled families		
Cambridge Housing Authority	Rent Simplification MTW Transfers Mixed Family Rent Calculation	Sponsor-based vouchers Expiring Use Preservation Local Project-Based Voucher Program	FSS+ Pathways to Permanent Housing		
Housing Authority of Champaign County		Local Project-Based Voucher Program	Local Self-Sufficiency Program Tiered Flat Rents		
Housing Authority of the City of Charlotte	Modify PBV Inspection on newly constructed units	Adopt Investment Policy	Rent Reform and Work Requirement		
Chicago Housing Authority			CHA Support Service for Families		

Housing Authority	Increasing Cost Effectiveness	Increasing the Quantity and Quality of Affordable Housing	Increasing Economic Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding Geographical Choices of Assisted Households
Delaware State Housing Authority	Elimination of Utility Reimbursement		Time Limited Participation Mandatory Participation in Case Management Stepped Escrow Accounts and Strikes for Non-Compliance		
District of Columbia Housing Authority	Simplified Certification and Multi-year Income Recertification Creation of Local Authorization and Release of Information Form with Extended Expiration to Support Biennial Recertification Process		Workforce Development		
Keene Housing			Resident Self-Reliance Program Stepped Rent Subsidies	Transitional Housing Assistance Subsidy Program	
King County Housing Authority	Modified HQS Inspection Protocols	Sponsor-based Housing Program Local Project-Based Section 8 Program			Payment Standard Changes
Lawrence-Douglas County Housing Authority	Merging of Program Operations		Rent Reform - Work Requirement and Resident Services		
Lexington-Fayette Urban County Housing Authority			Increase Minimum Rent at one public housing development from $50 to $150		

Housing Authority	Increasing Cost Effectiveness	Increasing the Quantity and Quality of Affordable Housing	Increasing Economic Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding Geographical Choices of Assisted Households
Lincoln Housing Authority	Average Utility Allowances Rent Calculations		Minimum Earned Income		Responsible Portability
Louisville Metro Housing Authority	Biennial re-certifications for families with fixed incomes (PH/HCV) Standard medical deduction (PH/HCV) Allow for deduction of child-care expenses in determination of eligibility (HCV only)			Public Housing sublease agreements to serve targeted populations	
MA Department of Housing and Community Development	Administrative Efficiencies	Project-based voucher program	Self-Sufficiency Pilot		Owner Incentive Fund
Oakland Housing Authority		Project-Based Voucher program	Education Initiatives	Homeless Prevention Initiatives Reentry Programs Police Services	
Housing Authority of City of New Haven	Rent Simplification	Local TDCs	Term limit, escrow, and self- sufficiency initiative		
Philadelphia Housing Authority	Rent Simplification Alternative Utility Allowance Policy	6 in 5 Initiative (create, preserve, or acquire 6000 units within 5 years)	Self-Sufficiency Services		
Housing Authority of the City of Pittsburgh	Funding Flexibility		Modified Rent Policy Homeownership Program with Soft Second Mortgage		

Housing Authority	Increasing Cost Effectiveness	Increasing the Quantity and Quality of Affordable Housing	Increasing Economic Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding Geographical Choices of Assisted Households
Portage Metropolitan Housing Authority	Rent Simplification		Deduction for wage income	Operation of group homes as public housing	
Home Forward (Portland, OR)		Local Project-Based Voucher Program	Rent Reform Program-Based Assistance FSS program		
San Antonio Housing Authority	Biennial and Triennial Recertifications				
Housing Authority of the County of San Bernardino			Five Year Lease Assistance Program Pilot Work Requirement		Local Payment Standards
San Diego Housing Commission			Path to Success Achievement Academy	Programs Focusing on Housing the Homeless	Choice Communities
Housing Authorities of the County of Santa Clara/City of San Jose	Reduced frequency of Reexaminations and Inspections Payment Standard Changes between Reexaminations		Increased Tenant Contributions to 35% of Gross Income		
Housing Authority of the County of San Mateo			Tiered Subsidy Table Self-Sufficiency Programs	Provider-Based Assistance Programs	
Seattle Housing Authority	Resource Conservation	Project-Based Program Single-Fund Flexibility		Medical Respite	
Tacoma Housing Authority			Housing Opportunity Program (HOP) Rent Reform for all PH	THA Rapid Re-housing Program for Homeless Families with Children and Homeless Youth	

Housing Authority	Increasing Cost Effectiveness	Increasing the Quantity and Quality of Affordable Housing	Increasing Economic Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding Geographical Choices of Assisted Households
			and Voucher Participants THA's Education Project	without Families	
Housing Authority of the County of Tulare			Fixed rents and subsidies and five-year time limits for non-elderly and non-disabled participants Counts all non-statutorily excluded income in determining income		
Vancouver Housing Authority	Alternative schedules for reexaminations and HQS Elimination of medical expense deduction No verification of assets less than $5000		Minimum income for work-able family members		

Appendix B: MTW Innovations Identified in Document Review

Exhibit 1: Innovations to Increase Cost Effectiveness

Innovations to Increase Cost Effectiveness				
PHA Name	Innovation Name	Date Implemented	Description of Innovation	Report Year
Alaska Housing Finance Corporation	Administrative simplification	2013	The nonpayment of rent period was shortened to seven days to match the Alaska Landlord-Tenant Act.	2012 Report; 2015 Plan (draft)
	Biennial recertification for elderly/disabled households	2011	Biennial recertification for elderly and disabled households.	2012 Report; 2015 Plan (draft)
	Rent calculation and income verification simplification	2009-2010	Allows self-certification of assets up to $10,000 and excludes income from assets up to $10,000. Eliminates the earned income disallowance.	2012 Report; 2015 Plan (draft)
	Simplification of inspection procedures	2011	Biennial inspection. AHFC inspection of AHFC-owned units and determination of rent reasonableness.	2012 Report; 2015 Plan (draft)
	Simplification of utility allowance	2011	Create a single utility allowance table in Anchorage, Mat-Su, and Valdez.	2012 Report; 2015 Plan (draft)
Atlanta Housing Authority	Administrative Automation/ Streamlining	Unclear	Simplified or automated many administrative processes including recertifications, reminder calls, screenings and approval, and mailing systems function using AHA databases and automatic notifications.	2012 Report
Housing Authority of the City of Baltimore	Two year recertifications	2007/2010	Biennial recertifications. An expedited review will be done that adjusts rents based on annual adjustments in Social Security and SSI payments.	20112011; 2015 Plan (draft)
Boulder Housing Partners	Asset limit of $50,000	2014 (planned)	Limits the amount of assets a household can have upon admission to the PH or HCV program. Excludes income from assets less than $50,000. Households can self-certify to assets if total is less than $50,000.	2014 Plan
	Flat utility allowance for the HCV program	22014 (planned)	Flat amount for utility allowances in the HCV program.	2014 Plan
	Rent simplification for elderly and disabled households	2014 (planned)	Simplified rent calculation for elderly households and persons with disabilities who are living on a fixed income: 1) rent based on 26.5% of gross income; 2) triennial recertifications; 3) income disregard and 4) a limit on interim decreases.	2014 Plan
	Rent simplification for assisted family households	2014 (planned)	Eliminating interim increases and earned income disregard. Future rent simplification plans calls for a flat-tiered rent (submitted for approval October 2013).	2014 Plan
	Rent Reasonableness	2014 (planned)	Conducts own rent reasonableness determinations for PBV communities where market studies have been conducted.	2014 Plan
Cambridge Housing Authority	Housing Preservation Fund	2012	Increase operating income of properties by injecting direct subsidies to ensure their long-term viability and attractiveness to investors. Relies on CHA’s ability to convert public housing assets to a project-based subsidy model.	2012 Report; 2014 Report
	Simplified inspections	2008-2012	Biennial inspections schedule based on a randomly selected sample of the current participant units.	2012 Report; 2014 Report
	Simplified recertification process	2012	Biennial recertification for elderly and disabled households.	2012 Report; 2014 Report

Innovations to Increase Cost Effectiveness				
PHA Name	**Innovation Name**	**Date Implemented**	**Description of Innovation**	**Report Year**
	Simplify income calculation and verification	2009	Simplified mixed family rent formula in place at federal PH developments.	2012 Report; 2014 Report
	Rent reasonableness	2014	Establish rents based on biennial market analysis conducted by an independent consultant.	2014 Report
Housing Authority of Champaign County	Biennial recertification	2011	Biennial recertifications for households with fixed income in both the PH and HCV programs.	2012 Report
	Investment policy	2011	Diversified holdings with awarded funds prior to expenditure.	2012 Report
Charlotte Housing Authority	Investment policy	2009	Diversified holdings with awarded funds prior to expenditure.	2013 Report; 2015 Plan
	Modify PBV inspection rules	2009	Use of a local building standards inspection and the issuance of a Certificate of Occupancy.	2009 Report; 2015 Plan
	Rent based on income bands	2010	Changes rent calculation to a system based on income bands of $2,500.	2013 Report; 2015 Plan
	Site Based waiting lists	2009	CHA manages wait lists for all public housing and project based voucher projects on a site by site basis rather than through a central system that assigns the first available unit. Closed out effective FY 2013.	2013 Report; 2015 Plan
Chicago Housing Authority	Biennial recertification for HCV participants	2004	Biennial recertification for HCV participants. HCV participants participating in the FSS program are recertified annually.	2012 Report; 2014 Plan
	Elimination of assets in income calculation	2011	Excludes income earned from assets as part of the HCV rent calculation after verification of initial income eligibility for HCV.	2012 Report; 2014 Plan
Delaware State Housing Authority	Elimination of utility reimbursement	2014	Eliminates utility reimbursement payments if allotment is greater than their rent. There are hardship exemptions for cases where assisted households lose other sources of income.	2013 Report; 2015 Plan (draft)
District of Columbia Housing Authority	DCHA subsidiary to act as Energy Services Company	2007	Private financing of comprehensive energy management program (ESCo).	2012 Report
	HQS simplification	2011	Self-certification for correction of minor HQS violations. Charges landlords a fee for a third inspection.	2012 Report
	Rent reasonableness	2004	DCHA calculates a resident's income-based rent, compares it to the market-based rent from a periodically updated rent schedule and charges the resident the lower of the two rent options.	2012 Report
	Revisions to calculation of TTP	2010	DCHA modified rent reasonableness determinations and established a new method for reviewing rent increase requests and payment standards. Limited moves so that the new lease can only start on the first of a month.	2012 Report
	Simplified certification and multiyear recertification	2007	Biennial recertifications for HCV. Extended the length of time to 180 days that the verified application data is deemed valid.	2012 Report
	Site-based waiting lists	2004	Implementation of site-based waiting lists in public housing.	2012 Report
Home Forward (Portland, OR)	Inspection simplification	2008/2012	Allows alternate inspection requirements for units with rent assistance that are contracted to community partners. Biennial inspections for qualifying HCV households.	2012 Report; 2015 Plan
	Rent reasonableness	2012	Conducts own rent reasonableness determinations for PHA-owned units.	2015 Plan

Innovations to Increase Cost Effectiveness				
PHA Name	**Innovation Name**	**Date Implemented**	**Description of Innovation**	**Report Year**
Keene Housing	HQS inspections	1999	Allows landlords to self-certify Housing Quality Standards inspections.	2012 Report; 2014 Plan
	Rent reasonableness	1999	Residents determine if rent is reasonable. PHA trains residents on factors to consider.	2012 Report; 2014 Plan
	Restrictions on HCV portability	1999	KHA restricts portability, unless requested by reasonable accommodation or documented domestic violence.	2012 Report; 2014 Plan
	Standard deductions	2010	Alternative standard deduction was provided for all elderly and disabled assisted households. This deduction includes any qualifying medical, disability assistance expenses, childcare expenses and HUD's standard elderly household deduction.	2012 Report; 2014 Plan
King County Housing Authority	Combined program management	2008	Mixed-finance housing management practices were modified to mirror PH program rules in order to limit the impact of the change in subsidy programs upon existing tenants.	2012 Report; 2015 Plan (draft)
	EASY rent policy for elderly and disabled households	2008	EASY rent policy includes PH, HCV and PBS8 program and policy changes for elderly and disabled households living on fixed incomes. Eliminates standard deductions and rents are set at 28 percent of adjusted gross income with capped deductions. Triennial recertifications, with annual adjustments to fixed income based on COLA.	2012 Report; 2015 Plan (draft)
	WIN rent policy for non-elderly and non-disabled assisted households	2008	WIN rent policy eliminates income disregards and deductions and sets flat rents with income bands. Rent is set at 28 percent of adjusted gross income of the low end of the income band. Biennial recertifications and limits to interim recertifications.	2012 Report; 2015 Plan (draft)
	Modified HQS inspection protocols	2004-2007	Streamline the HQS inspection process by permitting the release of HAP payments when a unit fails an HQS inspection due to minor deficiencies, Clustering inspections by neighborhood or building, and PHA inspections of PHA-owned units.	2012 Report
	Rent reasonableness modifications	2004	Completes rent reasonableness determinations only when the landlord requests a rent increase rather than annually. Performs rent reasonableness inspections at its own properties.	2012 Report
Lawrence-Douglas County Housing Authority	Biennial recertification of elderly and disabled assisted households and certain MTW participants	2010-2012	Biennial recertifications to all HCV and PH elderly and disabled households. Biennial certifications for work-able participants at maximum rent or 50% AMI.	2012 Report; 2015 Plan (draft)
	Merging of program operations	1999	Merged the PH and Section 8 programs into one single housing program called General Housing Assistance and operates one waiting list.	2012 Report; 2015 Plan (draft)
	Simplification of countable income	2009	Exclude earned income of adult children between the ages of 18 and 21 and eliminates the earned income disregard.	2012 Report; 2015 Plan (draft)
	Using single-fund flexibility for energy conservation improvements	2010	Contracted to carry out comprehensive energy improvements financed through an agency reserve loan. Closed out. Completed in 2011, and year reporting is provided to HUD field office to very utility savings.	2012 Report; 2015 Plan (draft)

Innovations to Increase Cost Effectiveness				
PHA Name	**Innovation Name**	**Date Implemented**	**Description of Innovation**	**Report Year**
Lexington-Fayette Urban County Housing Authority	Streamlined HQS inspections	2012	Conducts PH housekeeping inspections for assisted households that maintain an excellent rating for at least two years.	2012 Report; 2015 Plan (draft)
	Triennial recertification for residents of elderly development	2012	Triennial recertifications for elderly and disabled households.	2012 Report; 2015 Plan (draft)
Lincoln Housing Authority	Biennial recertifications	2009	Biennial recertifications for elderly and disabled households. All assisted households continue to have interim recertifications.	2012 Report; 2015 Plan
	HQS inspections waiver	2009	Biennial inspection if unit meets 100% HQS upon first inspection at initial or annual inspection.	2012 Report; 2015 Plan
	Rent reasonableness	2011	Conducts own rent reasonableness for PHA-owned units.	2012 Report; 2015 Plan
	Standard utility allowance	1999	LHA uses one standard utility allowance per bedroom size and will not issue utility reimbursement checks or payments.	2012 Report; 2015 Plan
Louisville Metropolitan Housing Authority	Biennial recertifications for fixed income families	2008	Biennial recertification process for PH and households on a fixed income. Inspections continue to be performed annually. In an off year, each HCV household completes a RFTA and lease/HAP contract by mail.	2012 Report
	Deduction for childcare expenses	2011	Deduction of verified ongoing childcare expenses from a working household’s gross income when determining income eligibility.	2012 Report
	Flexibility for HCV Homeownership Program	2008/2009	Made income verification valid for 8 months (rather than 4 months), to allow buyers sufficient time to finalize purchases. Adjusted payment standards for the HCV Homeownership program to 120% of FMR.	2012 Report
	Standard medical deduction	2008	Standard medical deduction instead of providing documentation of individual expenses in PH and HCV.	2012 Report
Massachusetts Department of Housing and Community Development	Biennial recertification		Biennial recertification for all assisted households; limits interim recertifications to two voluntary interim recertifications between regular recertifications.	2012 Report; 2015 Plan (draft)
	Biennial inspections	2013	Biennial inspections.	2012 Report; 2015 Plan (draft)
	Rent reasonableness	2013	Eliminated requirement to re-determine rent reasonableness within 60 days of contract anniversary date or when HUD reduces FMR by 5 percent or more.	2015 Plan (draft)
	Rent simplification	2012	Uses the Payment Standard and utility allowance in effect at the effective date of the regular recertification and at interim recertifications; eliminated EID and replaced it with simpler calculation; household self-certification of assets valued up to $50,000.	2012 Report; 2015 Plan (draft)
Minneapolis Public Housing Authority	Biennial inspections	2012	Biennial inspections.	2012 Report; 2015 Plan (draft)
	Rent simplification	2012	Rent simplification including earned income disregard, disability exemptions, and minimum rent, and biennial inspection.	2012 Report; 2015 Plan (draft)
	Rent reasonableness	2014	Eliminated requirement to re-determine rent reasonableness within 60 days of contract anniversary date or when HUD reduces FMR by 5 percent or more.	2012 Report; 2015 Plan (draft)

Innovations to Increase Cost Effectiveness				
PHA Name	**Innovation Name**	**Date Implemented**	**Description of Innovation**	**Report Year**
Housing Authority of the City of New Haven	Rent simplification	2008	Triennial recertification for elderly and disabled households and 2-year recertification for work-able households. Rent tiers based $1,000 income bands starting at $2,500.	2013 Report; 2015 Plan (draft)
	Biennial inspections	2011	Biennial inspections for property owners with a history of successful inspections.	2013 Report; 2015 Plan (draft)
Oakland Housing Authority	Alternative HQS system	2011	Properties that are HQS compliant and pass their first inspection are only inspected every two years. Properties that fail on the first inspection remain on the annual inspection schedule. Properties that fail to pass HQS after two inspections will be inspected more frequently.	2012 Report; 2015 Plan (draft)
	Rent reasonableness	2010	Use of a comparability analysis certified by an independent agency to determine the reasonableness of the initial PBV rent.	2014 Plan
	Site based waiting lists	2006	Established site-based waiting lists at all Public Housing sites, HOPE VI sites, and developments with PBV allocations.	2012 Report; 2015 Plan (draft)
Philadelphia Housing Authority	Alternative utility allowance	2012	Requires participation in area public utility company offers the Customer Responsibility Program (CRP) for eligible low-income families. Gas payments for participating households are capped at 8-10% of household income, regardless of consumption.	2013 Report
	Rent reasonableness	2006	Eliminated requirement to re-determine rent reasonableness within 60 days of contract anniversary date or when HUD reduces FMR by 5 percent or more.	2013 Report
	Rent simplification	2004	Rent simplification strategies including biennial recertifications; rent calculated at 26-28% of adjusted income based on family size; elimination of standard deductions and substitution of a $500 working family deduction and a medical premium deduction; and exclusion of first $500 of asset income and asset self-certification.	2013 Report
Housing Authority of the City of Pittsburgh	Energy Performance Contracts	2008	HACP entered into a new Energy Performance Contract to install energy and water savings improvements.	2012 Report
	Biennial recertifications	2008	Biennial recertifications. Changes in income must still be reporter and standard income disregards still apply.	2011 Report
Portage Metropolitan Housing Authority	Biennial recertifications for elderly and disabled assisted households	1999	Biennial recertifications for elderly and disabled households who have 90% or more of their income from Social Security, SSI or other disability payments, and pensions.	2012 Report
	Cap on dependent child deduction	2000	Caps deductions at $960 for residents who are disabled, minors, and full-time students age 18 and older.	2012 Report
	Exclusion of overtime, bonuses, income from bank assets	2000	Excludes income from bonuses and overtime, and interest income from bank assets.	2012 Report
	Utility payments used to pay debts to PHA	2010	Withholds utility allowance checks for assisted households who owe PMHA money, to be used to repay those debts.	2012 Report

Innovations to Increase Cost Effectiveness				
PHA Name	**Innovation Name**	**Date Implemented**	**Description of Innovation**	**Report Year**
San Antonio Housing Authority	Biennial recertification for elderly/disabled assisted households	2011/2012	Biennial recertification for all families on 100% fixed income in PH and HCV.	2012 Report
	Rent reasonableness	2013	Conducts own rent reasonableness determinations for PHA-owned units.	2013 Plan
	Streamlined income and asset verification	2012	For HCV participants, SAHA uses participant-provided documents to verify income and assets and no longer requires third-party verification of income.	2012 Report
Housing Authority of the County of San Bernardino	Restricted move policy	2009	Allow voluntary program moves by HCV recipients once every two years, as long as tenant is in good standing.	2012 Report; 2015 Plan (draft)
	Rent simplification	2009	HACSB has established a suite of rent reform/simplification policies, including: five year term limit, including benefits income, minimum rent, and eliminated earned income disallowance and asset income.	2012 Report; 2015 Plan (draft)
	Strategic investment	2009	Diversified holdings with awarded funds prior to expenditure.	2015 Plan (draft)
Housing Authorities of the County of Santa Clara/ City of San Jose Housing Authorities of the County of Santa Clara/ City of San Jose	Combined waiting List for the County of Santa Clara and the City of San Jose	2009	Operates one combined waiting list for both housing authorities and for the HCV and PBV program.	2012 Report; 2015 Plan (draft)
	LIHTC Tenant Income Certification (TIC) for income and asset verification	2010	Allows HACSC to use the Tenant Income Certification (TIC) form required under the LIHTC Program as verification of the family's income and assets, avoiding duplication.	2012 Report; 2015 Plan (draft)
	Payment standard changes between reexaminations	2010	Allows HACSC to update a family's voucher size and use the most current Payment Standard at an interim reexamination, between regular reexaminations.	2012 Report; 2015 Plan (draft)
	Biennial inspections	2009	Biennial inspections. Owners and properties that do not comply on a consistent basis with HQS retain the more frequent, traditional, inspection schedule.	2012 Report; 2015 Plan (draft)
	Rent reasonableness	2014	Eliminated requirement to re-determine rent reasonableness within 60 days of contract anniversary date or when HUD reduces FMR by 5 percent or more.	2014 Plan
	Biennial recertifications	2009	Biennial recertifications for assisted households on 100% fixed income.	2012 Report; 2015 Plan (draft)
	Simplified and increased tenant contributions to 35% of gross income	2013	Eliminates all allowances (including utility allowances) and expenses and increases the tenant contribution towards the rent to a set percentage (from 30% to 35% for the present) of the household's gross income as their rent contribution, or a minimum rent of $50.	2014 Report; 2015 Plan (draft)
San Diego Housing Commission	PHA-conducted inspections and rent reasonableness determinations	2009	Conducts inspections and determine rent reasonableness for SDHC-owned units.	2011 Report; 2015 Plan (draft)
	Revised inspection protocol	2009-2010	Waives mandatory annual inspections and allows property owners and tenants to self-certify the repair of minor fail items.	2011 Report; 2015 Plan (draft)
	Standardize utility allowances by unit size	2010	Streamlined utility allowance calculation.	2011 Report; 2015 Plan (draft)
	Streamline income and asset	2009-2010	Excludes household assets with value less than $10,000 and retirement	2011 Report;

Innovations to Increase Cost Effectiveness				
PHA Name	**Innovation Name**	**Date Implemented**	**Description of Innovation**	**Report Year**
	verification process		accounts.	2015 Plan (draft)
Housing Authority of the County of San Mateo	Biennial recertifications for elderly/disabled assisted households	2010	Biennial recertifications for elderly/disabled households.	2012 Report; 2015 Plan (draft)
	Rent simplification	2009-2011	Simplified rent by eliminating asset calculations, asset income, EID, 100% excluded income, increasing asset threshold for 3rd party verification, and streamlining medical deduction verification.	2012 Report; 2015 Plan (draft)
	Simplified inspection procedures	2009-2011	Biennial inspection schedule for all HCV units, with exceptions such as those abated in the previous 12 months; owner self-certification for certain fail items; and PHA inspection of PHA-owned properties.	2012 Report; 2015 Plan (draft)
Seattle Housing Authority	Investment flexibility	2000	Uses outside firm to invest MTW funds prior to expenditure.	2012 Report
	Resource conservation	FY 2005	Created Sustainability and Resource Conservation group to look for specific properties where conservation initiatives could be performed.	2012 Report
Tacoma Housing Authority	Allow transfers between PH and HCV	2012	Allows households to transfer between public housing and housing voucher programs.	2012 Report; 2015 Plan (draft)
	Income and Asset Self-Verification	2011	Allows tenants to self-certify assets with a value of less than $25,000 and eliminates EID.	2012 Report; 2015 Plan (draft)
	Limit port outs	2012	Allows port outs only to those working, going to school or porting or for Reasonable Accommodation or Domestic Violence.	2012 Report; 2015 Plan (draft)
	Multi-year review cycles	2013	Assisted households with a fixed income are recertified every three years. Other assisted households are recertified every two years.	2013 Report; 2015 Plan (draft)
	Simplified utility allowance	2011	Simplified utility allowance process and calculation.	2012 Report; 2015 Plan (draft)
Tulare County Housing Authority	Changing definition of income to include all non-statutorily excluded income	1999	Includes all non-statutorily excluded income.	2012 Report
Vancouver Housing Authority	Alternate schedules for reexaminations and HQS inspections	2010	Triennial recertifications for elderly and disabled families on fixed incomes. On other years, VHA revises rent and housing assistance by applying current payment standards and utility allowances.	2012 Report
	Elimination of verification of assets less than $5000	2009	Will not obtain third-party verification when a tenant's declared assets are valued at less than $5,000.	2012 Report
	PHA staff to conduct inspections of PHA-owned units	2011	Conducts inspections and rent reasonableness determinations on HCV units located in VHA owned or primarily controlled units.	2012 Report
	Replacement of medical expense deduction	2009	Eliminated deduction for medical expenses.	2012 Report
	Simplified utility procedures	2009	Changed utility allowance schedule to single schedule based on number of bedrooms and limited utility allowance reimbursement payments.	2012 Report

Exhibit 2: Innovations to Increase the Quality and Quantity of Affordable Housing

Innovations to Increase the Quality and Quantity of Afordable Housing				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Alaska Housing Finance Corporation	Project-based voucher program	2012	Owner management of site-based waiting lists for PBVs; used PBVs as transitional housing for homeless populations. Waived requirement to provide tenant-based voucher upon termination of project-based vouchers. Removed 25% building cap.	2012 Report; 2015 Plan (draft)
Atlanta Housing Authority	Real Estate Model	Unclear	Using multiple financing/ownership approaches to create mixed-income communities, increased use of owner-AHA agreements for flexibility, and reformulating assisted units to PBRA vouchers.	2013 Report
Housing Authority of the City of Baltimore	Project-based voucher unit limits	2010	Removed cap on PBV allocation.	2011 Report 2015 Plan (draft)
Cambridge Housing Authority	Expand Supply of Permanently Affordable Housing	2000	CHA pursues ways to expand the City's affordable housing stock through the Agency's affiliate non-profits.	2012 Report; 2014 Report
	Massachusetts Rental Voucher preservation	2001	Supplement a state subsidy and expand the number of rental vouchers.	2012 Report; 2014 Report
	Project-based conversion of Expiring Use Properties	2011	Secure long-term affordable rental options in Cambridge through issuing project-based vouchers of federal public housing units and other affordable housing.	2012 Report; 2014 Report
Housing Authority of Champaign County	Acquisition Without Prior HUD Approval	2012	Allows HACC to acquire sites without HUD approval, self-certifying that HUD site selection requirements are met.	2012 Report
	Local Project-Based Voucher Program	2011	The MTW PBV program is restricted to new construction and has no limit of the percent of units that can receive project based assistance. PBV rents are established based on a third-party market study and are not limited to the fair market rents.	2012 Report
Chicago Housing Authority	Revitalization of 25,000 Housing Units	2000	CHA has committed to redevelop or rehabilitate 25,000 housing units by the end of the MTW Plan, including public housing units and project-based voucher units.	2012 Report; 2014 Plan
District of Columbia Housing Authority	Project-based voucher program modifications	2010	Allows longer HAP contract term, removed PBV building cap, modify rules to accept unsolicited proposals for PBVs and allow owners to maintain their own waiting list.	2012 Report
Keene Housing	Project-based coupons	2008	Modified policy to select owners, removed cap on allocation.	2012 Report; 2014 Plan
King County Housing Authority	Local Project-based HCV program	2004	Eliminate caps on PBV allocations, prioritize vouchers in high opportunity areas, and allocate subsidies non-competitively.	2012 Report
Louisville Metropolitan Housing Authority	Simplification of the public housing development submittal	2009	Simplified development proposals. Appraisals are done for each property but environmental testing is done as necessary.	2012 Report
Massachusetts Department of Housing and Community Development	PBV Expiring Use Preservation	2012	Utilizes Enhance and Tenant Protection Vouchers to convert eligible units to project-based units with a 15-year affordability period.	2012 Report; 2015 Plan (draft)

Innovations to Increase the Quality and Quantity of Afordable Housing				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Minneapolis Public Housing Authority	Targeted Project-Based Initiative	2012	Dedicated to allocating vouchers based on at least a 3 to 1 ratio of affordable non-PBV units to PBVs awarded.	2013 Report; 2015 Plan (draft)
Housing Authority of the City of New Haven	Development of Mixed Use Facility with Support for Elderly Residents	2009	Developed one acre mixed-use site financed through HFA tax credits, private mortgages and investor equity.	2013 Report; 2015 Plan (draft)
Oakland Housing Authority	Allocation of PBV units	2006	Allocates PBV units to developments owned directly or indirectly by OHA without using a competitive process. Allocate PBV units to qualifying developments using a NOFA, Request for Proposals or other existing competitive process.	2012 Report; 2015 Plan (draft)
	Fund affordable housing development activities	2008	Utilizes Single Fund Flexibility to rehab units and preserve affordable housing resources.	FY15 Plan (draft)
Philadelphia Housing Authority	Neighborhood Development (6 in 5 Initiative)	Prior to 2010	Uses mixed-finance development, total development cost changes, and site/neighborhood standards alternatives to create or preserve 6000 units over 5 years.	2013 Report
Housing Authority of the City of Pittsburgh	Use of block grant funding to support development and redevelopment	2001	Exercise single fund block grant authority for capital developments in properties to be redeveloped or maintained.	2012 Report
Home Forward (Portland OR)	Local blended subsidy	2012	Created a Local blended subsidy (LBS) program to improve the financial viability of adding "banked" public housing units back into the portfolio. The LBS program uses a blend of MTW HCV and public housing for new construction, rehabilitated, or existing housing.	2014 Report; 2015 Plan
	Modified contract rent determinations for PBV	2011	Modified contract rent determinations and payment standard adjustments.	2012 Report; 2015 Plan
San Antonio Housing Authority	Preservation and Expansion of Affordable Housing	2011	Developed policies to preserve and expand the high quality, sustainable, and affordable housing in San Antonio through multiple financing sources, capital improvements and expansions in key areas.	2012 Report
San Diego Housing Commission	Expand PBV program	2009	Expanding the Project-Based Voucher Program allowed SDHC to allocate an additional 400 vouchers to provide housing to homeless and low-income families.	2011 Report; 2015 Plan (draft)
Housing Authority of the County of San Mateo	Leveraging affordable housing in San Mateo County	2012	Reassigned funds to leverage additional investments funds for site acquisition, substantial rehabilitation of existing stock and development of new units.	2012 Report; 2015 Plan (draft)
	Simplify and expand PBV program	2011	Convert PH units to PBVs through non-competitive process. Removed cap on PBVs, waived the 12-month stay requirement of former PH residents, and established a flat rent policy for over-income PH residents.	2012 Report; 2015 Plan (draft)
Housing Authorities of the County of Santa Clara/ City of San Jose	30-Day Referral Process for Project-Based Vacancies	2010	Allows owners to refer applicants after 30 days of unsuccessful attempts to fill the unit using the waiting list.	2012 Report; 2015 Plan (draft)

Innovations to Increase the Quality and Quantity of Afordable Housing				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Seattle Housing Authority	Development Simplification	2005	Altered rules for more rapid acquisition, finance and removal of PH properties. Developed standing negotiated protocol, increase total development cost limits and removed preapproval for acquisitions and mixed-finance closing.	2012 Report
	PBV Program	2001	Removed cap on PBV allocation, allows providers to maintain their own waiting list and provides a PBV subsidy without an exit voucher. Allocates vouchers based on 10 year plan to end homelessness.	2013 Report
Tulare County Housing Authority	Alternative PBV program	2010	Used non-competitive process to develop building and utilize PBVs for the first time.	2012 Report

Exhibit 3: Innovations to Increase Self-Sufficiency

Innovations to Increase Self-Sufficiency				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Atlanta Housing Authority	Increase minimum rent; Resident Services, Work Requirements	Unclear	AHA promotes an array of self-sufficiency strategies by requiring one household member to work a minimum of 30 hours per week, intensive family counseling, and a rent minimum of $125.	2013 Report
Housing Authority of the City of Baltimore	Gilmor Homes Demonstration	2010	Demonstration program at development Gilmor Homes which includes employment services, admissions preferences for employment income, and a modified rent policy that replaces their earned income disregard program with a combination of rent caps, incentives and savings contributions.	2011 Report; 2015 Plan (draft)
	Homeownership program	2011	Modified homeownership program to remove cap on percentage of adjusted income that is considered affordable, extend recapture period to 10 years using declining scale, and revise scattered site unit eligibility.	2011 Report; 2015 Plan (draft)
Cambridge Housing Authority	FSS+ (Financial Stability and Savings)	2013	In partnership with Compass Working Capital, voluntary five-year program available to participants in CHA's MTW HCV program. FSS+ provides financial education and coaching in five areas: income and employment; credit and debt; savings; utilization of quality financial products; and asset development. Participants and CHA both contribute to an escrow savings account.	2014 Report
	Minimum and ceiling rent policy	2009	Public Housing - minimum rent of $50 for 12 months then rent based on income tier. HCV - $50 minimum rent but with no time limits. HCV households claiming $0 income can pay $0 for rent for up to three months, after which they are required to certify they have zero rent, complete a budget form, and pay $50 in rent.	2012 Report; 2014 Report
	Rent simplification	2006	Tiered rent structure in public housing with a biennial recertification process. Residents pay an amount based on where their income falls within $2,500 income bands set in accordance with their unit size. RSP also streamlined deductions in PH and HCV by establishing two set amounts, $2,500 and $5,000 for either child care or medical expenses.	2012 Report; 2014 Report
Housing Authority of Champaign County	Mandatory Local Self-Sufficiency Program/Employment Requirement	2012	Participation in a self-sufficiency program is a new condition of eligibility for new admissions and a condition of continued occupancy for existing residents and participants. Assisted households complete the program when all members age 18-54 are employed 20 hours per week for a minimum of one year.	2012 Report
	Minimum rent by bedroom size/ Tiered flat rents	2012	Tiered flat rents to simplify rent calculation through elimination of assets, asset income, allowances and deductions. Annual gross rent is used to determine tenant rent. A rent schedule based on increments of 5% of area median income (AMI) establishes flat rents. Different flat rent schedules are applied to different public housing properties and HCV has two schedules.	2012 Report

Innovations to Increase Self-Sufficiency				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Charlotte Housing Authority	Work requirement	2010	In conjunction with rent based income bands, establishes a requirement that all non-elderly non-disabled participants should work at least 30 hours per week or be engaged in some kind of education or job training program.	2013 Report; 2015 Plan
Chicago Housing Authority	Comprehensive Low-Income Home Ownership Program	2012	Expanded its HCV Choose to Own (CTO) Homeownership Program to current PH residents. Participants receive a subsidy toward monthly mortgage. Required pre- and post-homeownership education.	2012 Report; 2014 Plan
	Minimum rent ($75)	2009	Increased minimum rent from $75.	2012 Report; 2014 Plan
	Public housing Work Requirement	2009	PH residents age 18 to 54 are required to be engaged in employment or employment-related activities for at least 20 hours per week. CHA provides case management services and workforce development programs.	2012 Report; 2014 Plan
Delaware State Housing Authority	Homeownership Program	2004	DSHA has a dedicated program where eligible residents can apply their HCV to a mortgage payment. Eligible residents receive the subsidy for 7 years.	2012 Report; 2015 Plan (draft)
	Mandatory case management and strikes	2000	Upon admittance, participants are required to participate in case management. There are strikes whereby residents lose their subsidy if they have 3 non-compliance issues such as failure to meet with a case manager, and failure to be employed the required number of hours.	2013 Report; 2015 Plan (draft)
	Stepped Escrow Accounts	2011	Caps rent at 35% for both PH and HCV and places a portion of the rent in escrow. Upon completion residents can use the savings on housing expenses (60% of total) and for discretionary purposes (40% of total).	2013 Report; 2015 Plan (draft)
	Two-Tiered Work Requirements	2012	DSHA residents are classified as either Tier 1 (within first 5 years) or Tier 2 (received a hardship exemption, years 6-7) and maintains separate work requirements for each. Tier 1 residents must be employed 20 hours per week or be enrolled in a training/educational program during years 1 and 2, work 25 hours year 3, and work 30 hours years 4 and 5. Tier 2 residents must work 30 or more hours, and rent will increase based on income.	2013 Report; 2015 Plan (draft)
District of Columbia Housing Authority	Enhance neighborhood services within public housing communities	2012	Converted PH dwelling units into non-dwelling units to create space for providers of services that help DCHA residents/participants achieve self-sufficiency.	2012 Report
	Modifications to HCV Homeownership Program	2010	Modified homeownership program to remove portability, add a termination clause, add an employment requirement and recapture requirement.	2012 Report

Innovations to Increase Self-Sufficiency				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
	Rent reform	2007	Work incentives for all participants (any increase in earned income in the amount of $10,000 or less will not result in an increase in rent until the family's next scheduled biennial recertification). Self-certification of Assets less than $15,000, including an increase in the threshold for reporting. DCHA conducts third-party verifications every 36 months.	2012 Report
	Single-fund flexibility - Workforce Development		Use of single fund flexibility to create and operate workforce training site for Public Housing residents - identified in survey (partially completed) but no descriptions in plans or reports	2012 Report
Keene Housing	Housing Assistance Coupons (HAC) stepped subsidy	1999	HCV assistance is paid on behalf or directly to the assisted household in the form of a Housing Assistance Coupon which can be used to rent housing in the private market. KHA calculates subsidy based on one of two methods: (1) Step subsidy method that provides a flat rate subsidy and is gradually reduced over a five year term with a minimum rent of $150; or (2) Income-based subsidy method. Elderly and disabled households are allowed to choose either method. Step subsidy participants are required to participate in the Resident Self-Reliance Program, a version of FSS.	2012 Report; 2014 Plan
	MTW Homeownership Program	1999	The Heading for Home Program offers eligible participants the option of buying a home with mortgage payment assistance through the HCV Housing Assistance Coupon (HAC). Required homeownership counseling and financial management.	2012 Report; 2014 Plan
King County Housing Authority	WIN rent policy for working and work-able households	2008-2012	Under revised WIN Rent rules, deductions (other than childcare for eligible households), flat rents and income disregards are eliminated. Employment income of household members under age 21 is excluded from the rent calculation. Household rent is based upon a series of income bands and tenant paid rents do not change until household income increases to the next band level. Annual Recertification of WIN Rent households is replaced with Recertification every two years.	2012 Report
Lawrence-Douglas County Housing Authority	Expanded resident services	2009-2011	Instituted various new self-sufficiency programs including financial assistance for vehicle repair, partnering with Douglas County Housing, Inc. to create youth programs, employment services, mandatory orientation for all new residents, and expanded case management for assisted households below 40% AMI.	2012 Report; 2015 Plan (draft)
	Homeownership matching grant	2009	The agency revised its Homeownership Program in 2009 to create equity between the public housing and Section 8 households by eliminating the escrow requirement and replacing it with a matching grant of up to $3000 for down payment assistance.	2012 Report; 2015 Plan (draft)

Innovations to Increase Self-Sufficiency				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
	Rent Reform for MTW participants	2012	Alternative rent structure that sets an annual rent that rewards work by permitting assisted households to retain a significant amount of the earnings which they would have paid in rent under the income-based rent system. Set a maximum rent for each size house or apartment and established a system of income deductions that increase as hours of work increase. Elderly and disabled households are exempt.	2012 Report; 2015 Plan (draft)
	Work requirement	1999	Non-elderly non-disabled adults over 18 in households receiving housing assistance are required to attend school or work for at least 15 hours per week or participate in work-related education or activity.	2012 Report; 2015 Plan (draft)
Lexington-Fayette Urban County Housing Authority	Increase minimum rent at PH property to $150	2012	Raised minimum rent from $50 to $150 for public housing residents. Hardship policy exists and elderly and/or disabled households are exempt.	2012 Report; 2015 Plan (draft)
Lincoln Housing Authority	Minimum earned income	1999	Bases rent on a minimum amount of earned income (based on 25 hours a week of work at the federal minimum wage) when calculating annual income whether or not a family is working.	2012 Report; 2015 Plan (draft)
	Rent calculations	2008	Total tenant payment is determined on 27% gross income with no allowable deductions. Minimum rent of $25. This requirement is waived if the head of HH is disabled and has a current SS application pending.	2012 Report; 2015 Plan
Louisville Metropolitan Housing Authority	Flexibility for HCV Homeowner-ship Program	2008/2009	LMHA has made a set of adjustments to its HCV homeownership program to allow third-party verifications valid for 8 months rather than 4 and increased the exception payment standards for up to 120% of FMR in Homeownership Exception Payment areas.	2012 Report
	Time Limits/Work Requirements/Case Management for New Scatter Site	2007/2010	LMHA is piloting five-year term limits, employment or education requirements, and mandatory case management for residents at its new scattered sites. Elderly and disabled residents are exempt.	2012 Report
Massachusetts Department of Housing and Community Development	Family Economic Stability Program	2000	Fixed annual stipend to homeless/at-risk population. Case management and program coordination is provided by designated MTW Advisors at each agency. Families may select any housing unit which they deem affordable. There are no inspections or rent-reasonableness tests.	2012 Report; 2015 Plan (draft)
Minneapolis Public Housing Authority	Rent Simplification	2012	Disregards earned income, provides disability exemptions, developed minimum rent standard, does inspections biennially.	2012 Report; 2015 Plan (draft)

Innovations to Increase Self-Sufficiency				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
	Rent-to-Own Initiative	2012	Participants have an opportunity to initially rent and subsequently purchase townhome units purchased by MPHA through an ARRA formula grant. MPHA's target audience for this initiative is qualified public housing residents, HCV participants, families on both waiting lists as well as, MPHA and City of Minneapolis employees who qualify for public housing.	2012 Report; 2015 Plan (draft)
	Working Family Initiative	2011	The rent calculation includes an automatic 15% deduction from the gross annual earned income of the family.	2013 Report; 2015 Plan (draft)
Housing Authority of the City of New Haven	CARES Self-Sufficiency Program Pilot	2013	CARES (Caring About Resident Economic Self-Sufficiency) is a pilot program for residents of a redeveloped HANH development which includes a 6-year term-limit on assistance and a required 24-month extensive case management program. Participants receive a monthly subsidy payment and a lump sum deposited in escrow account in the final year. At the end of 6 years, rent is adjusted to a Flat (public housing) or market (PBV) rent.	2013 Report; 2015 Plan (draft)
	Enhanced Family Self-Sufficiency Program	2007	HANH revised its FSS program to include additional services to assist residents in addressing barriers to self-sufficiency and employment, including counseling and case management services, self-sufficiency classes, specialized training, and computer/learning labs with services.	2013 Report; 2015 Plan (draft)
Oakland Housing Authority	Program extension for households receiving zero HAP	2010	Allow HCV participants receiving zero subsidy to remain in the program for up to 24 months before being terminated.	2012 Report; 2015 Plan (draft)
Philadelphia Housing Authority	Self-sufficiency programming	Newest form 2013	PHA offers GED opportunities, financial literacy classes, and various specialized trainings including pre-apprentice programs in building trades.	2013 Report
	Service0Enriched Housing	Pre FY 2007	PHA partners with the state to run a range of programs targeted at seniors and persons with disabilities. These include Adult Day Care services, dedicated nursing home transition units, and accessible unit retrofitting.	2008 Report
Housing Authority of the City of Pittsburgh	Homeownerships Program	2007	Homeownership program for HCV and PH residents that provides a subsidy based on the amount of HAP assistance that would be received over a ten year period based on current income, and provides that amount in a forgivable soft second mortgage that is forgivable at 10% per year over 10 years. Combined with homeowner education and credit counseling.	2012 Report
	Minimum Rent	2008	Established a minimum rent of $150 for public housing or HCV, unless heads of households and workable members are elderly, disabled, working at least 15 hours per week, participating in HACP's FSS program, or another recognized self-sufficiency program.	2012 Report
	Using Block Grant Funding to Support Enhanced FSS Program	2004	Enhanced Family Self-Sufficiency Program - Realizing Economic Attainment for Life (REAL) operated in conjunction with conditional increases in minimum rent where work-able residents do not work or participate in an FSS program and provides additional services.	2012 Report

Innovations to Increase Self-Sufficiency				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Portage Metropolitan Housing Authority	Deductions for wage income	2000	PH residents with wage income receive a deduction from annual gross income of an amount equal to 4% of annual earned income.	2012 Report
	Processing changes in income	2008	Increases in employment income of less than $1000 do not require an interim recertification. Interims for decreases expected to be 30 days or longer will be processed.	2012 Report
Home Forward (Portland, OR)	Opportunity Housing Initiative	2010	Home Forward operates OHI self-sufficiency programs site-based at Fairview Oaks, Humboldt Gardens and New Columbia, and through a collaborative program with the Oregon Department of Human Services.	2012 Report; 2015 Plan (draft)
	Rent Reform	2011	Simplified method of rent calculation distinguishes between the populations of seniors / people with disabilities and "work-focused" assisted households.	2012 Report; 2015 Plan
San Antonio Housing Authority	Holistic Case Management Model	2011	Holistic case management model includes case management under the FSS Program, the Elderly/Disabled Services (EDS) Program, and the Jobs-Plus program, with the goal of addressing barriers to employment. Services include transportation, financial counseling, and educational scholarships.	2012 Report
Housing Authority of the County of San Bernardino	Escrow balance policy	2012	Households participating in the HACSB family self-sufficiency programs can access funds held in escrow savings accounts during their contract term. Families can only spend these funds for self-sufficiency purposes.	2012 Report; 2015 Plan (draft)
	Pilot work requirement	2010	Pilot work requirement that all household members ages 18-61 participate in work or work-related activities for at least 15 hours a week. Work related activities can encompass removing barriers to employment To support these efforts the county utilizes a dedicated workforce development specialist whose services are available to clients.	2013 Report; 2015 Plan (draft)
San Diego Housing Commission	Path to Success	2013	Work-Able population is incentivized to increase annual income amounts in order to pay progressive minimum rents.	2015 Plan (draft)
Housing Authority of the County of San Mateo	MTW Self-Sufficiency Program	2000	All MTW Self-Sufficiency participants are required to participate in FSS and are time-limited to their voucher for 5 years, escrow, and were subject to MTW flexibilities such as biennial inspections and rent reform. HACSM also simplified the method by which escrow is calculated for the FSS program and added financial incentives for achieving self-sufficiency goals.	2012 Report; 2012 Plan (draft)
	Tiered Subsidy Initiative	2009	Tiered Subsidy Initiative is a schedule of income bands. HACSM is able to inform a family at voucher issuance, the maximum subsidy that HACSM will contribute to their housing costs. The maximum subsidy amounts are fixed amounts determined by the family's annual adjusted income and voucher size.	2012 Report; 2012 Plan (draft)

Innovations to Increase Self-Sufficiency				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Seattle Housing Authority	Rent simplification	2000	SHA has instituted a number of changes to the rent calculation process. These include: minimum rent standard, earned income disregard, set asset income threshold.	2012 Report
	Resident self-sufficiency Services	2006	SHA utilizes a broad range of family self-sufficiency strategies to improve outcomes for clients. These include: Jobs Connection services preference, escrow savings accounts (Tenant Trust Accounts), and tenant specific self-sufficiency planning and contract arrangements.	2012 Report
Tacoma Housing Authority	Housing Opportunities Program (HOP)	2013	HOP applies to new admissions to THA rental assistance programs and includes fixed subsidies at 50% of THA payment standard for unit size and five-year time limits. Elderly and disabled participants are exempt. If household income increases over 80% of AMI, the household leaves the program (with 3-month notice). Employment assistance provided.	2015 Plan (draft)
	Rent reform for all PH and voucher participants	2013	Rents based on band system that allows assisted households to increase earned income within bands without paying higher rent, and eliminates most deductions. Minimum rent of $75 per month for work-able households and $25 for households with a fixed income.	2013 Report; 2015 Plan (draft)
Tulare County Housing Authority	Fixed rents for non-elderly and non-disabled participants	1999	Fixed rents are established for public housing and fixed subsidies for HCV. Rents are not affected by income increases is to not discourage participants from seeking and obtaining higher income jobs.	2012 Report
Vancouver Housing Authority	Community involvement and education initiatives	2010	The Community Involvement and Education Program requires that HCV participants meeting program requirements be actively involved in their community through volunteer and/or educational activities for 8 hours per month.	2012 Report
	Renter education required for applicants	2009	Applicants are required to complete a six week course in tenant education prior to being housed in the Public Housing or HCV programs.	2012 Report
	Skyline Crest Campus of Learners	2012	The Skyline Crest Campus of Learners is a partnership between the VHA and the residents of Skyline Crest public housing to provide homework help and tutoring, enrichment classes, clubs and activities, recreation, mentoring, and early childhood parent/child activities.	2012 Report

Exhibit 4: Innovations to Increase the Geographic Scope of Assisted Housing

Innovations to Increase the Geographic Scope of Assisted Housing				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Alaska Housing Finance Corporation	Eliminate 40% maximum in HCV	2011	Increase maximum limit for initial rent to 50% adjusted monthly income.	2012 Report; 2015 Plan (draft)
Atlanta Housing Authority	Submarket Payment Standards	Unclear	Payment standards are based on regional submarkets.	2012 Report
Boulder Housing Partners	Eliminate the 40% income cap in HCV program	2012	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income.	2012 Report
Cambridge Housing Authority	Eliminate 40% max income toward rent	2000	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income.	2012 Report; 2014 Report
	Exception payment standards and rents	2002	Pay rent increases based on local market estimates. Pays 120% FMR, allows larger increases for disabled households.	2012 Report; 2014 Report
Charlotte Housing Authority	Participant & Landlord Tracking	2008	Conducts outreach to landlords in low-poverty areas.	2013 Report; 2015 Plan
Chicago Housing Authority	Exception Payment Standards	2011	Allows self-certify exceptions to payment standard up to 300% (reduced to 150% in 2015 Plan, with 3-year phase-out of payment standards above this threshold). Exceptions allowed in designated opportunity areas.	2012 Report; 2014 Plan
	HCV Owner Excellence Program	2011	Developed Owner Excellence Program, which gives owners special privileges such as longer expiration for initial HQS inspection, vacancy payments, and biennial inspections.	2012 Report 2014 Plan
Keene Housing Authority	Eliminate 40% cap in HCV	1999	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income.	2012 Report; 2014 Plan
	Rent reasonableness	1999	Training for participants on how to select units and negotiate with landlords. Removed rent reasonableness requirement.	2012 Report; 2014 Plan
King County Housing Authority	Payment standard changes	2005	Payment standards based on regional submarkets.	2012 Report
Lincoln Housing Authority	Rent burden cap	2008	Removed the limit that HCV households cannot pay more than 40% of their income in rent. Families can pay no more than 50% of income in rent at initial lease up.	2012 Report; 2015 Plan
Massachusetts Department of Housing	Owner Incentive Fund	2010	Created incentive plan for owners to stay with Section 8 housing.	2012 Report; 2015 Plan (draft)

Innovations to Increase the Geographic Scope of Assisted Housing				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
and Community Development	Payment standard exemption	2010	Allows exception to payment standards for disabled households, possibly for other issues.	2012 Report; FY15 Plan (draft)
Housing Authority of the City of New Haven	Exception Rents for Poverty Deconcentration and Additional Needs	2008	Allows exception to rents for exceptional units, units in low poverty areas and mixed-income housing. Budget-based rent increases for landlords who make capital improvements.	2013 Report; 2015 Plan (draft)
Housing Authority of the City of Pittsburgh	Modified Policy on Maximum Allowable Tennant Payment	2001	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income.	2012 Report
Portage Metropolitan Housing Authority	Rent burden cap	2000	Increase maximum limit for initial rent to 50% adjusted monthly income.	2012 Report
Home Forward (Portland, OR)	Improving successful lease up rates	2010	Developed a landlord guarantee fund to insure reimbursement for damages, provided vacancy loss payment.	2012 Report; 2015 Plan
Housing Authority of the County of San Bernardino	Five Year Lease Assistance Program	2011	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income. Payment standards based on unit characteristics and regional submarkets.	2013 Report; 2015 Plan (draft)
	Local Payment Standards	2009	Payment standards based on regional submarkets. Limit number of voluntary moves per resident.	2013 Report; 2015 Plan (draft)
San Diego Housing Commission	Choice Communities	2010	Created security deposit loan program for moving to low poverty areas. Waive regulations limiting families to 40% AMI rent. Increased payment standards for low poverty areas. Provided resources for families looking to move to low poverty areas.	2011 Report; 2015 Plan (draft)
Housing Authority of the County of San Mateo	Eliminate 40% cap in HCV	2009	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income. Eliminate the requirement to complete a new HAP contract with utility responsibility changes. Change automatic termination of HAP contract from 180 to 90 days.	2012 Report; 2015 Plan Draft
	HAP contract simplification	2009	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income. Eliminate the requirement to complete a new HAP contract with utility responsibility changes. Change automatic termination of HAP contract from 180 to 90 days.	2012 Report; 2015 Plan (draft)
Tulare County Housing Authority	Increased Housing Choices beyond 40% of income	2009	Waive regulations that limit a family from paying no more than 40% of their adjusted monthly income.	2012 Report

Exhibit 5: Innovations to Increase Assisted Housing for Targeted Populations

Innovations to Increase Assisted Housing for Targeted Populations				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
Alaska Housing Finance Corporation	Housing for persons with disabilities	2010	Set aside of 96 MTW vouchers for housing assistance for persons with disabilities. A statewide waiting list is used for 20 vouchers for Qualified Medicaid Waiver clients.	2013 Report; 2015 plan (draft)
	Prisoner re-entry program	2010	Tenant-based assistance program targeting civilian re-entry of individuals released from the prison system. HAP payments are made with HOME Investment Partnership funds. Operational and staff costs are supported with MTW funds. AHFC has a fee-for-service for each housing unit month.	2012 Report; 2015 plan (draft)
Atlanta Housing Authority	Aging in Place	Unclear	AHA promotes an array of innovations designed to support aging in place and independent living. These include: a 4-1 elderly ratio in some AHA-owned communities and an employment income disregard.	2013 Report
	Supportive Housing Focus	Unclear	AHA has partnered with its regional commission on homelessness and contributed PBRA funding to agencies providing supportive housing to formerly homeless individuals, persons with disabilities, and other high needs populations. AHA has committed 10% of its HCV allocation to supportive housing.	2012 Report
Cambridge Housing Authority	Change elderly definition	2011	Applicants who are between 58 and 59 years old are now eligible to be housed at elderly/disabled designated housing.	2012 Report; 2014 Report
	MTW transfers between PH and HCV	2008	All PH and voucher holders to transfer between programs for households in crisis or in need of a reasonable accommodation.	2012 Report; 2014 Report
	Sponsor-based vouchers	2008	Provide hard-to-house households housing assistance while exposing them to intensive supportive services. CHA allocated 60 subsidies to assist hard-to-house households through nine local service providers to rent units in and around Cambridge and provide case management to participating households.	2012 Report; 2014 Report
Housing Authority of Champaign County	Modified Definition of Elderly	2011	HACC adopted a modified definition of elderly to include households in which all household members were age 55 or older.	2012 Report
Charlotte Housing Authority	Community-Based Rental Assistance	2009	CHA uses a combination of PBVs, Supportive Housing Vouchers, and HCVs for its Community Based Rental Assistance. CHA dedicates (on a case by case basis clusters of CBRA units intentionally within 'stable' communities, neighborhoods with active revitalization plans, and neighborhoods along new transportation lines.	2013 Report; 2015 Plan
	Supportive Housing Commitment	2009	CHA dedicates 50 PBVs to homeless households through partnerships with local organizations. The PBVs are used to fund supportive housing with intensive wraparound services for residents with high barriers to housing success.	2013 Report; 2015 Plan
District of Columbia Housing Authority	Elderly-only designation	2004	DCHA established a local review, comment and approval process designating properties as Elderly-Only.	2012 Report
King County Housing Authority	Sponsor-based housing program	2007	Using MTW block grant proceeds, KCHA provides housing funds directly to contracted service provider partners who use these funds to secure private market rentals that are then sub-leased	2012 Report

Innovations to Increase Assisted Housing for Targeted Populations				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
			to program participants. Tenant selection and eligibility screening are completed by the service provider using streamlined protocols.	
Lexington-Fayette Urban County Housing Authority	HCV special partner programs	2012	LHA has agreements with 11 social service agencies in the Lexington area to provide tenant-based vouchers to low-income families while they participate in programming provided by the partner agency. Once a participant leaves the program they are required to relinquish their tenant-based voucher.	2012 Report; 2015 Plan (draft)
Lincoln Housing Authority	Elderly resident services Program	2011	Resident services program at Crossroads House Apartments operated by the Lincoln Area Agency on Aging (LAAA) to provide outreach, case management, service coordination, and supportive services to tenants who are frail elderly or disabled.	2012 Report; 2015 Plan
Louisville Metropolitan Housing Authority	Locally-defined definition of elderly	2008	Redefined an elderly household to be any household in which the head, spouse or sole member is 55 years of age or older.	2012 Report
	Special Referrals for Housing Choice Vouchers	2005	LMHA has implemented several MTW programs that allow for referrals from specific local nonprofit organizations whose eligible clients may receive an HCV voucher paired with services from the nonprofit.	2012 Report
Massachusetts Department of Housing and Community Development	Youth Transition to Success	2012	This initiative provides a shallow short-term and time-limited subsidy for youth participating in the Family Unification Program. Funds education, training and employment related expenses, an escrow account and case management.	2012 Report; 2015 Plan (draft)
Minneapolis Public Housing Authority	Homeless Set Aside & Respite Programs	2013	MPHA set aside 20 5-year time limited vouchers for homeless or formerly homeless families. MPHA also converted 8 units of PH to a medical respite program to serve homeless individuals transitioning out of hospital stays and other medical settings.	2013 Report; 2015 Plan (draft)
Oakland Housing Authority	Local housing assistance program for homeless and ex-offenders	2010	Local Housing Assistance Program in partnership with the City of Oakland for the purpose of housing traditionally hard-to-house individuals. Provides housing subsidy assistance for up to 90 individuals who are either homeless or living in encampments or ex-offenders reentering the community upon release from prison or jail.	2012 Report; 2015 Plan (draft)
	Maximizing Opportunities for Mothers to Succeed program	2010-2011	PBV sub-program to allow for transitional housing programs at developments serving low-income special needs households who otherwise might not qualify for or be successful in the PH or HCV Programs. Includes 11 units for formerly incarcerated mothers leaving the county jail system and includes case management and group counseling.	2012 Report; 2015 Plan (draft)
Housing Authority of the City of New Haven	HCV set-asides and services	2009/2011	HANH allocated 25 tenant-based and 25 project-based vouchers for a Foreclosure Protection Program for tenants at risk of eviction due to owners experiencing foreclosure or redevelopment following foreclosure. In 2011, some of the vouchers were reallocated as supportive housing.	2013 Report; 2015 Plan (draft)

Innovations to Increase Assisted Housing for Targeted Populations				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
	Prison/Community Re-entry Initiative	2010	The City of New Haven refers individuals released from prison. HANH interviews to assess their needs, strengths, and challenges. Accepted participants sign a one-year lease for public housing while they work toward their re-entry goals.	2013 Report; 2015 Plan (draft)
Philadelphia Housing Authority	Service Enriched Housing	Prior to 2007	PHA partners with the state to run a range of programs targeted at seniors and persons with disabilities. These include: Adult Day Care services, dedicated nursing home transition units, and accessible unit retrofitting funds.	2008 Report
	Homeless Population Voucher Commitment	Pre FY 2006	PHA partners with the City and local ten year plan to end homelessness to select non-profit partners to operate permanent supportive housing projects for formerly homeless households. PHA contributes PBVs for tenants that have successfully treated a transitional housing program and PH units for formerly homeless households.	2012 Report
	Unit-Based Subsidy RFP	Prior to 2007	Uses competitive process to select non-profit partners to receive voucher allocations and construction/repair contracts.	2012 Report
Portage Metropolitan Housing Authority	Operate a group home as public housing		The PMHA operates two group homes. One for 12 severely mentally ill residents with on-site services to promote independent living. A second group house provides professional on-site services to former addicts.	2012 Report
Home Forward (Portland, OR)	Local PBV program	2012	Portion of units are administered via partnerships with local groups that often offer preference for homeless households or Permanent Supportive Housing households that need intensive services. New PBVs are awarded via a local competitive process.	2012 Report; 2015 Plan
	Program-based assistance	2012	Provides short term rent assistance for families who would likely be unsuccessful in the HCV program, cannot risk the delay associated with the waitlist, or need only short term subsidy while they are receiving support to find other permanent housing.	2012 Report, 2015 Plan
San Antonio Housing Authority	HCV Set-Asides for Families Referred and Served by Non-Profit Partners	2012	SAHA has allocated 200 set-asides of tenant-based vouchers for households referred by non-profit sponsors who commit to provide supportive services. The set-asides are intended for households with specific priority needs, such as those who are homeless.	2012 Report
San Diego Housing Commission	Sponsor-Based Subsidy and Transitional PBV Programs for the Homeless	2011	The Sponsor-Based Subsidy Program for the Homeless provides permanent housing combined with comprehensive supportive services. The Transitional Project-Based Subsidies for the Homeless offers rapid re-housing, using flat project-based subsidy paired with supportive services, offered by a selected provider agency.	2011 Report; 2015 Plan (draft)
Housing Authorities of the County of Santa Clara/City of San Jose	Explore New Housing Opportunities for the Chronically Homeless	2011	The Chronically Homeless Direct Referral program is a voucher referral program which serves the chronically homeless population in Santa Clara County in partnership with. the Collaborative on Housing and Homeless Issues. Families are connected to services.	2012 Report; 2015 Plan (draft)
Housing Authority of the County of San Mateo	Housing Readiness Program	2009	HACSM partnered with the County's Center on Homelessness and other providers of homeless services to serve homeless individuals and families. Program participants may receive rent subsidy for up to three years.	2012 Report; 2015 Plan (draft)
	Provider-based Programs	2011	The Provider-Based Assistance program was designed with the intention to reach populations in	2012 Report;

Innovations to Increase Assisted Housing for Targeted Populations				
PHA Name	**Innovation Name**	**Date Implemented**	**Brief Description of Innovation**	**Report Year**
			San Mateo County who were under-served or not served by voucher program or other special-funded programs. HACSM awarded PBA contracts to create subsidies for survivors of domestic violence and low-level offenders recently released from prison.	2015 Plan (draft)
Seattle Housing Authority	Medical Respite	2011	Under a partnership with Harborview Medical Center, SHA converted 21 traditional public housing units into a 34 bed medical respite program for recuperating homeless individuals. The space holds two exam rooms for on-site health care, common areas, and 17 patient rooms. The program relies on partnerships with local affordable housing nonprofit groups and service providers.	2013 Report
	Project-Based Program	2001	SHA sets as project-based a higher percent of its HCV funding; allows providers to maintain their own waiting lists; and to provide project-based subsidy without granting exit vouchers. SHA allocates many of these vouchers to a broader, regionally coordinated effort the Ten Year Plan to End Homelessness in King County.	2013 Report
Tacoma Housing Authority	McCarver Elementary School Housing Program	2011	This innovation sets aside rental assistance for 50 families with a child enrolled in kindergarten, first or second grade at McCarver Elementary School (including 85 children, approximately 20% of McCarver's student population).	2012 Report; 2015 Plan (draft)
Vancouver Housing Authority	No waiting list for Assisted Living Facility	2011	The VHA operates a 60 unit assisted living facility that was previously a Public Housing Project. When the property converted to PBV on August 1, 2011, it was decided to modify this MTW activity and operate with no waiting list.	2012 Report
	PBV units tied to service	2008	Waives the bidding process for VHA-owned units and offers the rental units plus subsidy to partnering agencies. Allows PBV units to change within a project to meeting needs of tenants.	2012 Report
	Waiting list preference for applicants without subsidized housing	2010	This initiative provides a local preference on the Public Housing and HCV waiting lists for applicants without subsidized housing. This assures that available units and vouchers go first to those most vulnerable and/or rent burdened.	2012 Report

Appendix C: Surveys Conducted with MTW Agencies by Innovation Type

MTW Agency	Innovation Type				
	Increasing Cost Effectiveness	**Increasing the Quality and Quantity of Assisted Housing**	**Increasing Self-Sufficiency**	**Promoting Residential Stability for Targeted Households**	**Expanding the Geographic Scope of Assisted Housing**
Atlanta Housing Authority		Development model - Real Estate Model		Targeted population/elderly - aging in place program	
Cambridge Housing Authority		Development model- project-basing public housing, preserving and expanding affordable housing		Provider-based assistance for targeted populations	
Charlotte Housing Authority	Inspection - local building codes				Poverty deconcentration - Community-based rental assistance
Chicago Housing Authority			Rent Reform - work requirements/ resident services		Exception payment standards
Delaware State Housing Authority			Rent Reform - work requirements/time limits/mandatory resident services		
District of Columbia Housing Authority	Simplified administrative procedures				
Keene Housing			Rent Reform- Housing coupon, stepped rents; Homeownership Program		

MTW Agency	Innovation Type				
	Increasing Cost Effectiveness	Increasing the Quality and Quantity of Assisted Housing	Increasing Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding the Geographic Scope of Assisted Housing
King County Housing Authority	Simplified rent reasonableness	Provider-based assistance for targeted populations			Local payment standards
Lawrence-Douglas County Housing Authority			Rent Reform - work requirements		
Lincoln Housing Authority			High minimum rent/rent based on minimum income		
Massachusetts Department of Housing and Community Development	Simplified rent calculation/ recertification	Targeted populations/foster families		Targeted populations - homeless	Owner incentives
Minneapolis Public Housing Authority		PBV - Using project-based vouchers to leverage additional units of affordable housing	Rent Reform - Working Family Initiative (earned income disregard)		
Housing Authority of the City of New Haven		Targeted populations/prisoner re-entry	Self-sufficiency - CARES pilot program and time limits		
Housing Authority of the City of Pittsburgh		Development model - rehabilitate public housing	High minimum rent; Homeownership Program		
Home Forward (Portland, OR)		Provider-based assistance for targeted populations	Self-sufficiency - Resident services program with Oregon DHS		Owner incentives - loss guarantees
Housing Authority of the County of San Bernardino			Rent Reform - - flat subsidy and time limits; work requirements		Local payment standards

MTW Agency	Innovation Type				
	Increasing Cost Effectiveness	Increasing the Quality and Quantity of Assisted Housing	Increasing Self-Sufficiency	Promoting Residential Stability for Targeted Households	Expanding the Geographic Scope of Assisted Housing
San Antonio Housing Authority		Development model-preservation and expansion of affordable housing	Self-Sufficiency - Holistic Case Model (resident services coordinators)		
San Diego Housing Commission		Development model - project basing all public housing			Poverty deconcentration - Choice Communities
Housing Authority of the County of San Mateo	Simplified rent calculation		Self-sufficiency programs - FSS Plus and time limits	Provider-based assistance for targeted populations (prisoner re-entry, victims of domestic abuse)	
Seattle Housing Authority	Resource conservation			Medical Respite Program	
Tacoma Housing Authority			Rent Reform - Housing Opportunities Program	McArthur School	
Vancouver Housing Authority	Simplified utility allowance; Simplified Recertification			Provider-based assistance for targeted populations	