

INNOVATIONS IN THE **MOVING TO WORK** DEMONSTRATION



Contents

- Introduction **pg.1**
- Increasing Cost-Effectiveness **pg.2**
- Increasing the Quality and Quantity of Affordable Housing **pg.2**
- Increasing Self-Sufficiency **pg.3**
- Expanding the Geographic Scope of Assisted Housing **pg.3**
- Promoting Residential Stability for Targeted Households **pg.4**
- Case Studies of Five MTW Agencies **pg.4**

Authored by

Jill Khadduri, Melissa Vandawalker, Rebecca Cohen, Jeffrey Lubell
Larry Buron, Lesley Freiman, Eliza Kean, **Abt Associates**



BOLD
THINKERS
DRIVING
REAL-WORLD
IMPACT

Moving to Work Demonstration

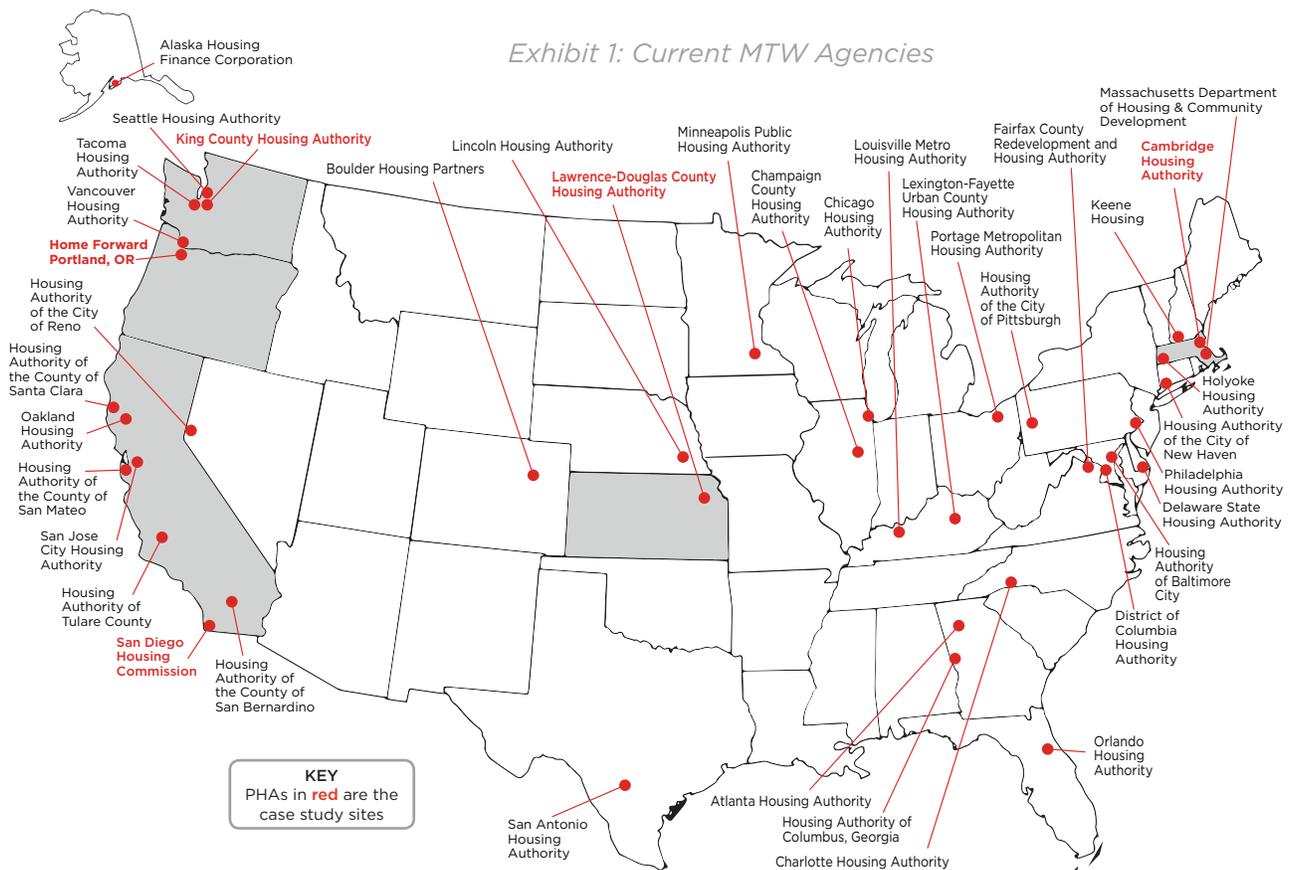
Moving to Work is a demonstration program, enacted by Congress in 1996, under which a limited number of public housing authorities test ways to increase the cost effectiveness of federal housing programs, to increase housing choices for low-income families, and to encourage greater economic self-sufficiency of assisted housing residents. To advance these goals, the legislation authorizes MTW agencies to obtain exemptions from many of the regulations and statutory provisions that apply to the public housing and Housing Choice Voucher (HCV) programs and to combine the federal funding streams for these programs.

More than fifteen years have passed since Congress first authorized the MTW Demonstration. In this time period, the participating public housing agencies (PHAs) have adopted a wide range of modifications to the public housing and HCV programs to advance the statutory goals of the demonstration and other local goals. While annual reports are available from each participating PHA, no compilation exists to describe in one place the breadth and depth of the innovations these agencies have adopted. To remedy this gap, Housing Authority Insurance, Inc. commissioned Abt Associates to prepare a report describing the innovations adopted by 34 participating PHAs.

Innovations in the Moving to Work Demonstration highlights practices adopted by MTW agencies that represent interesting and potentially impactful changes that could help achieve the demonstration's goals. The report also includes in-depth case studies of five MTW PHAs (identified in **Exhibit 1** below) that have been particularly comprehensive in their use of MTW authority. 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 potential significance, and explain how they make use of the flexibility afforded by MTW. The next phase of Abt's research will focus on collecting and analyzing performance data for MTW agencies based on a common set of indicators.

The Report Sorts MTW Innovations into Five Categories:

-  Increasing Cost-Effectiveness
-  Increasing the Quality and Quantity of Affordable Housing
-  Increasing Self-Sufficiency
-  Expanding the Geographic Scope of Assisted Housing
-  Promoting Residential Stability for Targeted Households



This executive summary provides a high-level overview of the innovations adopted by participating PHAs and summaries of the five in-depth case studies. One overall conclusion that emerges from the sheer breadth of the policies covered by this 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.

Increasing Cost-Effectiveness

The most common way MTW agencies have used MTW flexibility to increase the cost-effectiveness of assisted housing programs is by streamlining administrative procedures. Through these changes, participating PHAs seek to reduce the number of staff hours needed to perform common functions; in many cases, these practices also reduce reporting burden on assisted households.

To further streamline the administration of the public housing and HCV programs, many MTW agencies have also simplified the procedures for calculating income and rent; examples include changes in how agencies treat assets in calculating income and the modification or elimination of deductions from income. Many MTW agencies have also changed the protocols for inspecting HCV units to reduce the frequency and cost of these inspections.

Exhibit 2: Most Common MTW Innovations to Increase Cost Effectiveness (34 PHAs)



As shown in **Exhibit 2**, 32 of the 34 MTW agencies have changed the timing of certifications of income from annually to once every two or three years for elderly and disabled households in the HCV and public housing programs, and 14 agencies have shifted to less frequent recertifications for all households. Twenty-five MTW agencies have adopted changes to income deductions and exemptions including 15 that have simplified the process for calculating the adjusted income on which rent is based, and nine that have eliminated the complicated “earned income disregard” that applies to some earnings of some households in public housing.

Another common change that 27 MTW agencies have adopted to generate administrative savings is simplifying the inspection process for the HCV program, including inspecting units every other year instead of annually, conducting inspections based on risk or previous inspection results, or permitting landlords to self-certify the correction of minor violations of Housing Quality Standards.

With a few exceptions, changes to the policies for determining income and calculating rent contributions are designed to be budget-neutral from the standpoint of voucher housing assistance (HAP) payments or operating revenue for public housing, neither substantially increasing nor decreasing the average rent payment by the households. Although a few PHAs have reduced their staffing levels as a result of MTW innovations, 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

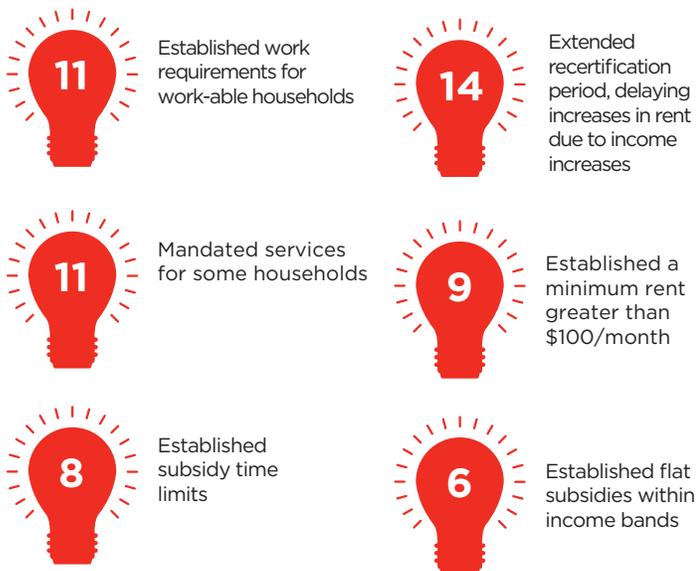
The authorizing statute requires MTW agencies to continue to assist “substantially the same number of low-income families” and to assure that assisted housing meet housing quality standards. Many MTW housing authorities have striven to go beyond these minimum requirements, however, using their MTW flexibility to serve more households and make sizable investments to improve the quality of their public housing stock. MTW agencies have adopted a wide range of strategies to increase the number of households served. These include changes to rent policy (such as substantial increases in minimum rents) that reduce the costs of serving assisted households and changes to voucher payment standards that lead to lower housing assistance payments to owners. Some PHAs have also used their flexibility to fund alternative approaches to provide housing assistance, such as short-term rental subsidies, which carry lower per-unit costs.

MTW agencies have also used MTW funding flexibility to invest in the modernization of older public housing developments and to preserve the affordability of privately-owned subsidized properties that are at risk of being lost because of decisions by owners to pre-pay their subsidized mortgages or to elect not to renew their rental assistance contracts. Many MTW agencies have also liberalized the rules related to project-based vouchers to make it easier to use this tool to advance such goals as access to low-poverty areas or areas close to transit, or the linking of housing and intensive services for people in need of supportive housing.

Increasing Self-Sufficiency

The very name of the Moving to Work demonstration suggests that increasing economic self-sufficiency through employment is a major reason for permitting PHAs to operate outside of the regular rules of housing assistance programs. MTW agencies have adopted a range of different approaches for advancing this goal. **Exhibit 3** lists a number of common ways MTW agencies are encouraging more assisted households to increase their income and move toward economic self-sufficiency.

Exhibit 3: Summary of MTW Innovations to Increase Self-Sufficiency (34 PHAs)



As shown in **Exhibit 3**, 11 MTW agencies require some level of employment for their work-able assisted households as a condition of receiving assistance, typically at least 20 hours per week, and 11 MTW agencies require some level of participation in employment-related services like case management to address barriers to employment and job placement (7 PHAs both require work and provide support services). Explicit time limits for certain households, ranging between five and seven years, are another approach to promoting self-sufficiency that have been implemented by eight MTW PHAs.

Many PHAs have sought to promote work through changes in their rent policies. Fourteen PHAs have delayed rent increases due to increased income by extending the period between required recertifications of income for all households. Nine PHAs have adopted minimum rents greater than \$100 a month, which function as an incentive for households with no earnings to seek work. Six PHAs have established flat rent levels within “income bands” that keep families’ rent the same even if their income increases modestly, until their income reaches the next band; three other PHAs have adopted flat rents that are entirely disconnected from families’ incomes.

Most housing authorities that require work, change the rent rules in ways intended to encourage work, or create time limits for assistance have hardship policies that are applied case by case to assisted household members who claim that special circumstances prevent them from complying with the policy.

Expanding the Geographic Scope of Assisted Housing

Increasing housing choices is one of the statutory goals of the MTW program and is usually 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 in such neighborhoods.

As shown in **Exhibit 4**, MTW agencies have taken a variety of approaches to expand the geographic scope of assisted housing. In order to make it possible for voucher holders to afford units in opportunity areas, 10 PHAs have raised or removed the 40 percent cap on the percentage of income a household may pay when first using a voucher. Ten PHAs have made changes to their payment standards to advance this goal: six agencies have created voucher payment standards that authorize higher or lower subsidy levels than permitted under the standard voucher program in order to better reflect the value of housing in different parts of their jurisdiction, and four allow for exceptions to the normal payment standards in certain specific geographic areas. In addition, four MTW agencies have used MTW funding flexibility to create landlord recruitment and retention incentives.

Exhibit 4: Common MTW Innovations to Expand the Geographic Scope of Assisted Housing (34 PHAs)



Promoting Residential Stability for Targeted Households

In addition to promoting the statutory goals, MTW flexibility has allowed PHAs to provide housing to specific high-needs populations identified by communities as not well served through traditional public housing and HCV programs. These small programs are often designed to fill perceived gaps in the community's existing housing programs—for example, aiding the unsheltered homeless, victims of domestic violence, young adults transitioning out of foster care, or ex-offenders reentering society. To meet the needs of these households, MTW agencies typically partner with service-provider organizations that identify the people to be served and may carry out some administrative functions, such as determining household eligibility or inspecting units.

As shown in **Exhibit 5**, MTW agencies are serving more than 8,000 households through special initiatives aimed at high-needs populations. The study team identified 11 PHAs that set aside allotments of vouchers or public housing units for this purpose; four of these agencies pair the subsidy with mandatory services and seven apply time limits to the subsidy. Additionally, seven MTW agencies partner with nonprofit sponsors who identify and serve qualifying households, five PHAs use project-based vouchers to serve targeted populations, and five PHAs use alternative forms of housing subsidy such as short-term rental assistance.

Exhibit 5: Summary of Innovative Uses of Housing Subsidies for Targeted Households (34 PHAs)

MTW Innovation	# of PHAs	# of Program Slots	# of Programs with Mandatory Services	# of Programs with Time Limits
Set-asides of vouchers or public housing	11	1,869+	4	7
Sponsor-based assistance	7	1,053	6	5
Project-based vouchers	5	4,060+	4	2
Alternative forms of subsidy	5	1,157	5	5

Case Studies of Five MTW Agencies

The *Innovations in the Moving to Work Demonstration* report includes case studies that take a close look at the way in which five PHAs have used MTW authority. The case studies examine in depth the innovations the five PHAs have undertaken and explore whether being part of the MTW demonstration appears to have changed the way in which these PHAs operate as organizations and relate to their communities. These five agencies were selected because they have taken a comprehensive approach to MTW, adopting a broad range of MTW innovations while also tailoring their MTW program to meet the specific housing needs of their local communities. These agencies were not selected to be representative of the MTW demonstration as a whole. An overview of the MTW programs of each profiled agency is provided in the next section.



Cambridge Housing Authority (MA)

The Cambridge Housing Authority is one of the original Moving to Work agencies, and 2014 marks its 15th year in the demonstration. CHA has used MTW flexibility to adopt 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 and to create additional units of affordable housing in the city.

Community and Housing Inventory

CHA's jurisdiction is the City of Cambridge, Massachusetts, which has a cost of living that is 47.4 percent greater than the national average and significant demand for affordable housing.

As shown in **Exhibit 6**, the overall number of affordable hard units and vouchers administered by CHA has increased from its adjusted 1999 baseline of 6,005 to 6,342 in 2014, and now includes 2,467 public housing units, 2,398 Housing Choice Vouchers, 1,460 non-MTW assisted housing units and vouchers, and 17 unassisted housing units. As of the end of the 2014 fiscal year, CHA was serving a total of 5,609 households, not counting vacant units or unused subsidies. As of July 2014, the average income for CHA public housing residents was \$17,418 and the average income for all CHA voucher-assisted households was \$17,377.

Goals and Evolution of MTW

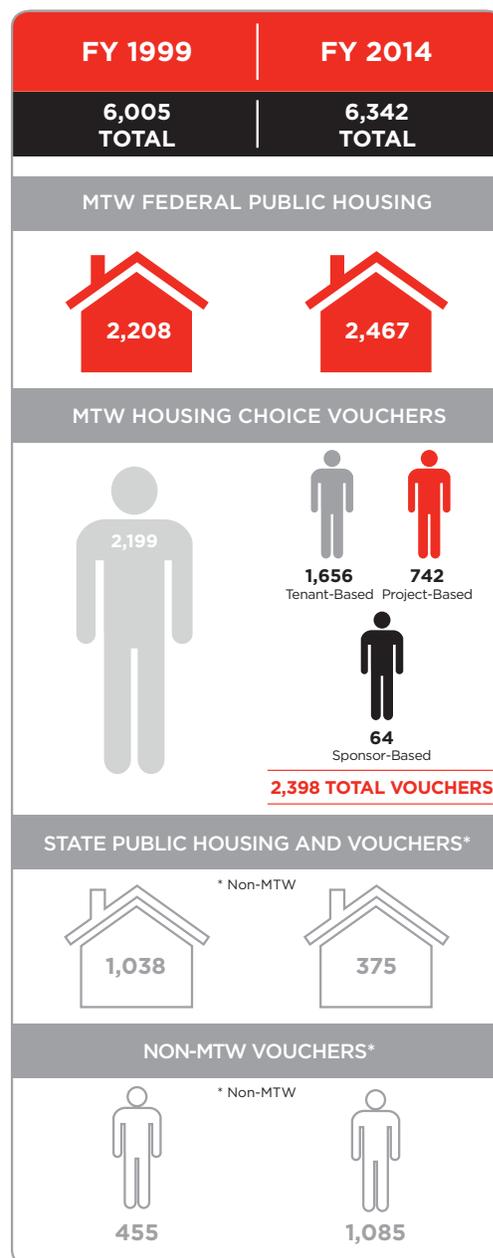
CHA's central goal for the MTW demonstration has been to develop an affordable housing program that targets local needs while addressing the realities of the Cambridge housing market. CHA has also sought to make the most out of limited financial resources. The MTW initiatives adopted by CHA in the early years of the program largely focused on the preservation and expansion of affordable housing, while in later years CHA aimed at increasing cost effectiveness, including through rent simplification and a shift to biennial inspections. In its 2011 MTW Annual Plan, CHA laid out a long-term vision that focused on accessing capital funding for modernization needs, simplifying procedures to reduce administrative burdens and increase efficiency, and leveraging partnerships with local service providers.

Focus on Residents

The goal of moving residents toward self-sufficiency has remained a focus throughout CHA's tenure as an MTW agency. While relying heavily on local partners to provide many direct services, CHA uses MTW block grant funding to support its resident services initiatives such as adult education and *The Work Force*, an award-winning program to help address high school dropout rates.

CHA also has implemented a new model of the Family Self-Sufficiency Program called FSS+ (*Financial Stability and Savings Program*) in the HCV program. FSS+ is a voluntary five-year program that provides financial education and coaching through a nonprofit partner, Compass Working Capital, and an escrow savings account in which contributions are automatically made into the account based on a share of increases in tenants' portion of rent payments.

Exhibit 6: CHA Inventory, MTW and Non-MTW Units & Vouchers



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, which allows it to scale the program to serve more residents.

Culture of Innovation

While CHA has long had a culture of innovation, staff report that MTW has allowed them to think more freely about what changes need to be made to advance the agency's goals. 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. The leadership at CHA (CHA has had only two Executive Directors in the last 40 years) has profoundly shaped CHA's culture of creativity and innovation, using MTW 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 house college- and graduate-level research projects to improve CHA procedures and programs and to contribute to the national discussion on affordable housing.



Jackson Gardens, CHA family public housing development

MTW Innovations

Since 1999, CHA has used MTW block grant funding for the development and acquisition of affordable housing units, capital improvement projects at its public housing developments, resident services, and special programs. The majority of the MTW funding for these initiatives comes from unspent Housing Assistance Payments in the HCV Program achieved through cost savings from CHA vouchers used in other, less expensive communities and through a slightly lower HCV utilization rate.

Increasing Affordable Housing in Cambridge

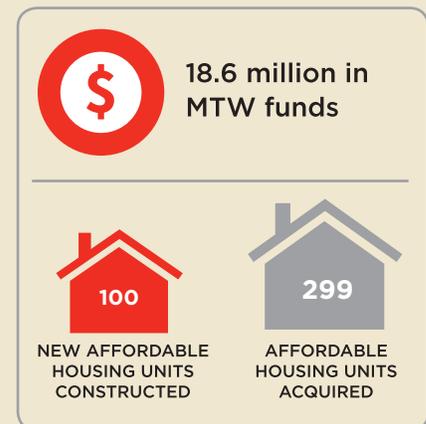
Since 1999 CHA, through its nonprofit affiliate, has invested \$18.6 million in MTW block grant funding toward the construction of 100 new affordable housing units and the acquisition of 299 units of affordable housing (see [Exhibit 7](#)). In its 2015 fiscal year, CHA plans to add 40 more units of affordable housing in Cambridge.

To preserve vitally needed affordable rental units in privately owned subsidized developments with expiring use restrictions, CHA also works with the owners to convert enhanced tenant protection vouchers to project-based vouchers to ensure that the property can remain affordable for at least forty years. To date, CHA has preserved 468 expiring-use units in the city.

Preservation of Public Housing Stock

CHA has used MTW funds to maintain and rehabilitate its state and federal public housing developments. Between 1999 and 2005, CHA spent \$9 million in MTW block grant funding for modernization and extraordinary maintenance in public housing. CHA attributes its success in obtaining \$36 million in American Recovery and Reinvestment Act (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. Under RAD, CHA will convert all 2,130 units of its federal public housing stock to project-based voucher funding.

Exhibit 7: CHA Use of MTW Block Grant Funding to Increase Affordable Housing, 1999-2014



Home Forward (Portland,OR)

Throughout its participation in the Moving to Work demonstration, Home Forward 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. Home Forward also used the flexibility of the MTW program to implement a rent reform policy for its public housing and voucher programs which includes a minimum rent that increases over time for work-able households.

Community and Housing Portfolio

Home Forward's jurisdiction covers all of Multnomah County, Oregon, including the Cities of Portland, Gresham, Fairview and the balance of the county. As of 2013, Multnomah County was home to 766,135 people. Portland has a fairly robust economy; however, Portland has also long had a high rate of homelessness. As shown in **Exhibit 8**, as of May 2014, Home Forward served 15,220 households, including 6,108 using tenant-based vouchers, 1,924 using project-based vouchers, 1,950 residing in public housing units, and 5,189 served with non-MTW funding sources.

Goals and Evolution of MTW

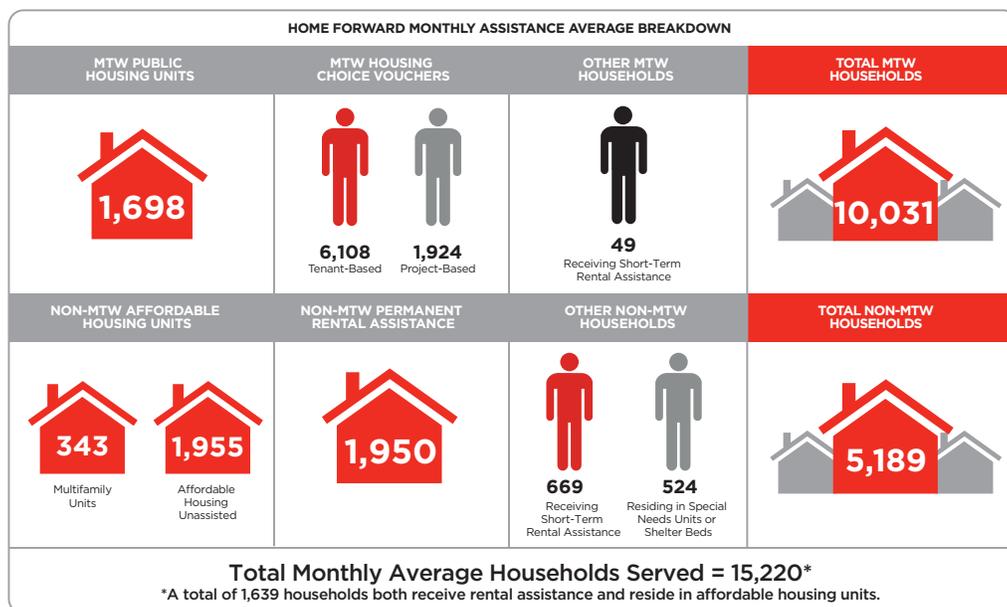
Home Forward was one of the original Moving to Work PHAs and signed its first MTW contract with HUD in 1999. The agency made modest use of MTW exemptions from standard program rules during the early years. Aggressive use of MTW authority to make more substantial changes to program rules and the way the agency does business started around 2008, after HUD had agreed to a contract that would extend MTW authority until 2018. Some of the initiatives—in particular, rent reform—went through long development periods.

Culture and Systems Changes

As a direct or indirect result of participating in MTW, the agency has fundamentally changed its culture and systems in many ways. In 2012, the agency underwent a reorganization designed to make it operate more like a large non-profit housing provider rather than a HUD-centric housing authority focused solely on following the rules of federal programs. A name change—from the Housing Authority of Portland to Home Forward—reflects this broadening of its mission.

The agency now has a development department that competes successfully for state and local resources and has been selected as the developer of new city and county projects and a property Management Department that competes successfully with private real estate management companies.

Exhibit 8: Home Forward Inventory of Assisted and Affordable Housing



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

Focus on Residents

MTW has also enabled Home Forward to partner with its residents in new ways. Home Forward is attempting to establish a new relationship with residents based on mutual responsibility and respect by creating incentives for work-focused households. Resident services are now integrated into the operating departments, and services staff focus on housing retention issues and identifying problems that show the need to link residents to services provided by other systems. PHA staff emphasize problem solving rather than punitive enforcement of rules.



Playground at Stevens Creek Crossing, Home Forward's affordable housing development

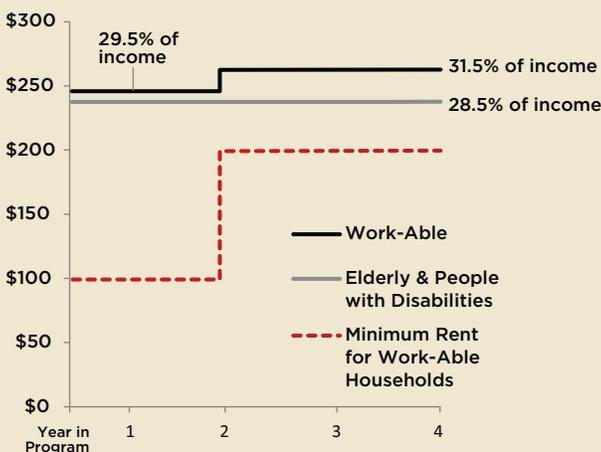
MTW Innovations

Home Forward's original motivation for applying for the MTW application was the ability to combine its federal public housing and HCV funds. Later, Home Forward focused on aligning rental assistance with other systems and services to address Portland's homeless population and on rent reform initiatives to increase resident self-sufficiency.

Rent Reform

Home Forward has used MTW flexibility to implement a rent reform policy for its public housing and voucher programs to both simplify rent calculation and encourage employment. Rents for all residents are based on a straight percentage of income with no deductions, and incomes are recertified every three years rather than annually. Workable households pay 29.5 percent of their income toward rent with a minimum rent of \$100 their first two years in the program and 31.5 percent of income with a minimum rent of \$200 thereafter. Households headed by residents age 55 and older or people with disabilities pay 28.5 percent of their income toward rent. See Exhibit 9 for an illustration of rent reform based on \$10,000 gross income.

Exhibit 9: Monthly MTW Rent, Based on \$10,000 Gross Annual Income



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, each participating household's escrow account receives an amount equivalent to any rent paid over \$350--the "strike point"--each month. Home Forward believes this approach is more equitable than the standard FSS calculation since families who are working when entering the program receive the same benefit as those who are unemployed at the outset; this change also allows Portland to scale the program to serve more families. Escrow payments are provided to FSS participants when they achieve their goals and graduate from the program. Participation in GOALS was made mandatory for workable households in three public housing developments.

Housing Subsidies Aligned with Other Systems

Home Forward has long been part of Portland's efforts to address the needs of its significant homeless population. 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. MTW flexibility has permitted Home Forward to allocate project-based vouchers in collaboration with the City and County.

King County Housing Authority (WA)

Launched in 2003, the King County Housing Authority (KCHA)'s MTW program has evolved over time to cover an ever-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 and uses the MTW program to achieve KCHA's broader policy goals, which include reducing homelessness and improving residents' educational opportunities.

Community and Housing Inventory

KCHA operates in a suburban county adjacent to Seattle, Washington. As of the end of fiscal year 2012, KCHA was serving 13,803 subsidized households through 11,347 vouchers (including 2,393 port-ins from other housing authorities), 1,937 public housing units, 386 units of other forms of housing assistance, and 133 households receiving sponsor-based assistance. The vast majority of households – 86 percent of HCV households and 90 percent of public housing households – have incomes at or below 30 percent of Area Median Income.

As shown in **Exhibit 10**, KCHA's assisted housing portfolio has shifted through its participation in MTW. The number of public housing subsidies administered by KCHA has declined by about 40 percent through conversion of public housing to project-based vouchers and changes in the unit mix of HOPE VI developments. At the same time, KCHA's overall assisted inventory has increased by about 1,138 units. Slightly more than half are new non-MTW federal vouchers like VASH, with the balance representing additional households the agency says it is able to house due to the flexibility of MTW.



Pacific Court Community Center

KCHA also maintains 5,370 "workforce" units through its bond-financed and LIHTC portfolios. Some of these units have project-based vouchers or residents who have HCVs; the balance of the units do not have ongoing federal rental assistance.

Culture and Systems Changes

MTW has empowered the agency to think creatively about how to maximize the utility of its resources and focus on long-term outcomes rather than short-term outputs. Over time, KCHA leadership has moved away from an approach that reacts to HUD's existing regulations to a more proactive approach.

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 common goals.

Exhibit 10: KCHA's Inventory of Rental Subsidies, 2003 and 2012

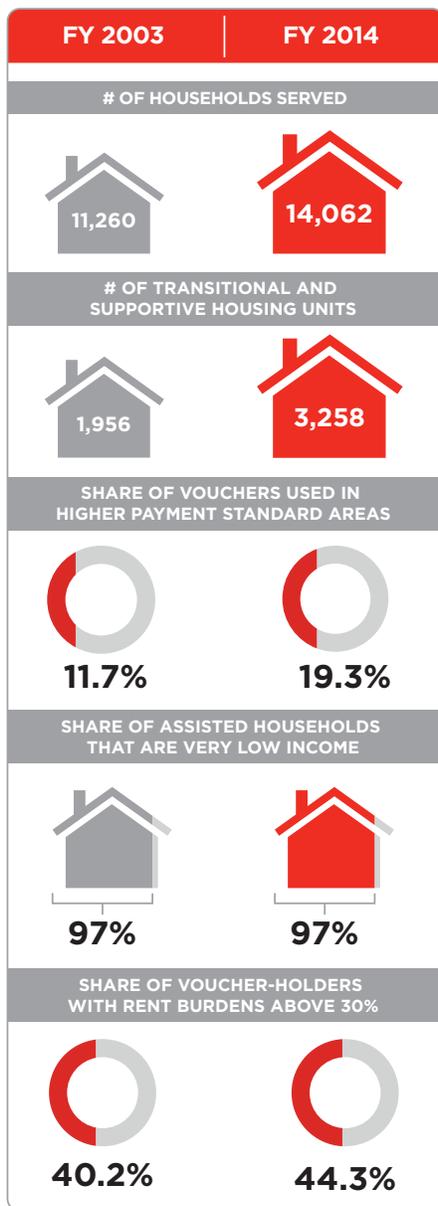
	MTW PUBLIC HOUSING	MTW VOUCHERS	NON MTW VOUCHERS	OTHER NON MTW SUBSIDIES	TOTAL
FY 2003	 3,292	 6,024	 350	 748	10,414
FY 2012	 1,966	 7,536	 1,522	 386	11,552 Including 142 units of sponsor-based assistance

Staff also report that they now invest more energy in solving problems that they previously may have assumed were unsolvable. 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.”

Performance Measurement

KCHA values data and uses it to improve its understanding of its programs. KCHA has a number of mechanisms in place to track outcomes of its MTW program including analyses of resident characteristics, resident surveys, and data-sharing agreements with other agencies. While KCHA is still refining its performance measurement approach, current mechanisms include a dashboard focused on key outcomes relative to the FY 2003 pre-MTW baseline. As shown in Exhibit 11, KCHA reports improvement in several key outcomes.

Exhibit 11: KCHA Key Dashboard Outcomes



MTW Innovations

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 achieve the agency’s goals of improving the quality and quantity of affordable housing in King County and helping high-needs households to access housing and critical services.

Improving the Quality and Quantity of Affordable Housing in King County

KCHA has used MTW single-fund flexibility to increase funding for public housing operation and renovation and to increase the number of households served with housing vouchers. KCHA attributes this to programmatic changes that have reduced its per-unit costs, including reducing the payment standard in lower rent submarkets while increasing it in higher rent submarkets, changes in policies for assigning voucher unit sizes, and improved administrative efficiency.

Targeting Hard-to-House Populations

Consistent with its goal to provide stable housing and services to people who would otherwise be homeless, KCHA has created a division to address homelessness and 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. Under KCHA’s sponsor-based housing initiative, partner agencies master lease rental units and then sublease them to individuals who are being discharged from the mental health system, prison, or foster care and would otherwise be homeless or residentially unstable. Partners provide mental health, chemical dependency, and other services to promote residential stability.

Integration of Assisted and Non-Assisted Housing

A number of the administrative changes included in early KCHA MTW plans were designed to facilitate the integration of KCHA’s public housing and voucher portfolio, funded by HUD, and KCHA’s workforce housing portfolio funded through Low Income Housing Tax Credits and tax-exempt bonds. For example, KCHA adopted policies allowing it to inspect and conduct rent reasonableness determinations 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 – flexibility that KCHA has used to project-base vouchers in KCHA-owned units located in “opportunity areas” that have lower poverty rates, better schools and other amenities.

Lawrence-Douglas County Housing Authority (KS)

The Lawrence-Douglas County Housing Authority (LDCHA) is one of the original MTW grantees, joining the demonstration in 1999. Using its MTW flexibility, LDCHA realized cost efficiencies by combining its public housing and HCV programs into a single program called General Housing and encouraged self-sufficiency of its residents by instituting a work requirement for work-able adults and changing how the agency calculates tenant rent.

Community and Housing Inventory

LDCHA's jurisdiction is Douglas County in northeastern Kansas. Almost 80 percent of the Douglas County population of 112,864 lives in the college town of Lawrence. As shown in **Exhibit 12**, as of April 2014, LDCHA administered 1,229 units of affordable housing, including 759 tenant based vouchers, 5 set-aside vouchers, 363 public housing units, and 102 other affordable housing units funded outside of MTW. Nearly all households have incomes below 50 percent of AMI, and 57 percent have incomes below 30 percent of AMI. About three-fifths of assisted households are headed by a person who is either elderly or disabled.

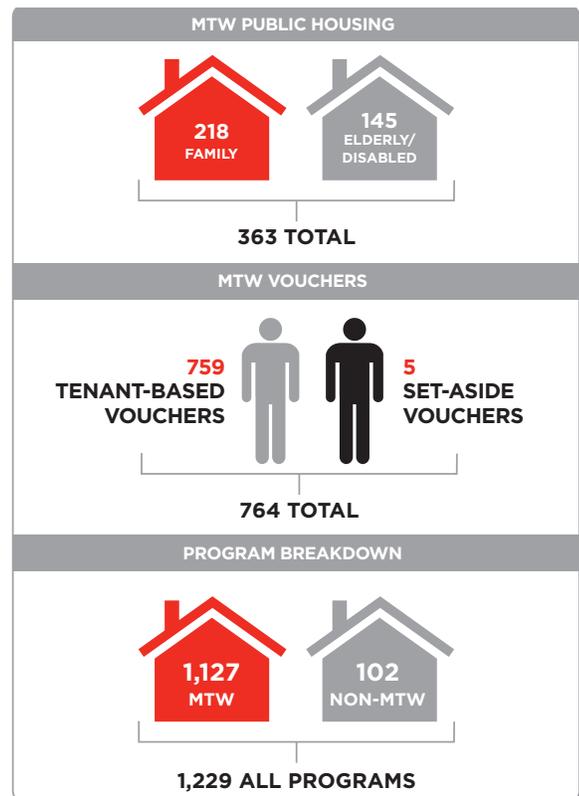
Goal and Evolution of MTW

As part of its initial MTW planning process, the then Executive Director Barbara Huppee and senior staff members starting meeting on her porch after work hours to discuss how they could make best use of the MTW program. These meetings came to be known as “Barbara’s Porch Meetings” and identified two issues they thought were most important: the disincentives to work inherent in housing assistance programs, and the redundancies created by separate public housing and voucher programs. LDCHA took on these problems in its first year as an MTW agency by instituting a mandatory work requirement, changing the calculation of rent, and combining its two largest housing programs. In later years, LDCHA implemented many activities to support work by expanding employment services and providing financial support to help families work.

Changes in PHA Culture

LDCHA staff report that MTW enables the agency to “pivot away from what isn’t working and pivot toward what is working.” As part of an MTW PHA, LDCHA staff report that they feel they have the power to make a change to fix a problem rather than feeling it is beyond the agency’s control. According to the Director of Housing Assistance, who was part of the porch meetings, MTW has caused a complete 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.”

Exhibit 12: LDCHA Inventory



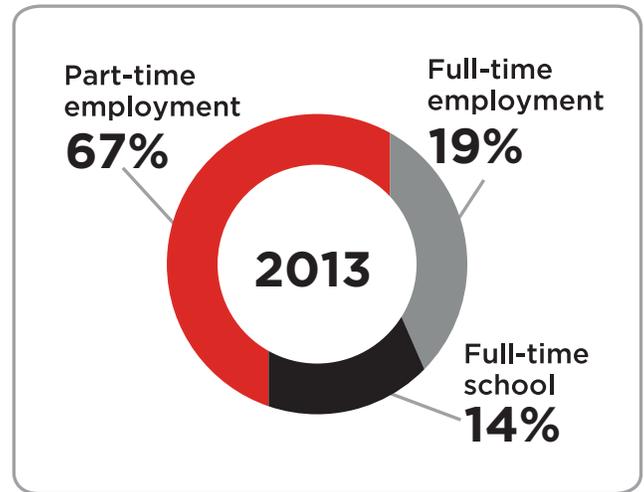
Previous LDCHA resident used the FSS program to become a Registered Nurse and move to market-rate housing

Performance Measurement and Evaluation

To gauge its progress, LDCHA focuses on two main indicators that match the mission of the LDCHA: if the agency is serving more households and serving them stably, and if resident income and education are rising. LDCHA reports that its voucher utilization rate has ranged from 100 to 105 percent during its MTW participation and its public housing occupancy rate was 98 percent as of its 2012 MTW Annual Report.

LDCHA reported that 100 percent of non-elderly, non-disabled adults were meeting the work requirement in 2013, compared to 70 percent who were working in 1999, prior to MTW. As shown in **Exhibit 13**, two-thirds of the targeted adults were meeting this requirement through working a part-time job, 19 percent were meeting it through full-time work, and 14 percent were meeting it through full-time enrollment in school. Only four households were evicted for non-payment of rent in 2013, a fact that LDCHA cites as evidence the new rent structure is not causing undue burden.

Exhibit 13: 100% of Work-Able Adults Met the Work Requirement in 2013



MTW Innovations

LDCHA's MTW program has focused on activities to help families become self-sufficient and increase the cost effectiveness of the program.

Integration of Assisted Housing Programs

LDCHA combined the public housing and the HCV Program into single program, called General Housing, with a single organizational structure, one waiting list, and a single administrative plan. LDCHA maintains a single application and applies the same eligibility requirements to applicants of both programs. The program merger also provided a single point of contact for applicants, participants, and partners. As a result of the merger, LDCHA realized cost efficiencies by organizing staff by function rather than program type and was able to increase the number of vouchers administered from 502 in 1999 to 752 in 2013 without increasing the number of staff other than those working in resident services.

Work Requirements

LDCHA created an alternative rent structure that incentivizes and rewards work. All work-able adults between ages 18 and 50 must work or be in an education or work training program for at least 15 hours a week, or a combined 35 hours for a two-adult household with children. Elderly and disabled households are subject to HUD's standard income and rent rules.

Failure to meet the work requirement is a major program violation; rental assistance is suspended and, if not corrected within 30 days, terminated. LDCHA considers its robust supportive services as essential to helping residents meet the work requirement and provides case management services (funded through its FSS program) and financial assistance to help residents overcome barriers to employment, help people in crisis, and refer people to community services.

Alternate Rent Structure

LDHCA created an alternate rent structure that provides incentives for households with no earned income to start working because of a high minimum rent and encourages households with earned income to work more because there is a maximum rent above which earnings do not increase rent. The monthly rent is 30 percent of income after subtracting allowable income deductions that support working households, bounded by the high minimum rent and maximum rent. In FY 2012, the two-bedroom minimum rent was \$215 and the maximum rent was \$475. The rent amount is fixed for the year, unless the assisted household permanently loses income through certain circumstances. LDHCA allows one temporary hardship exemption per household per year for up to three months.

San Diego Housing Commission (CA)

In a period of five years, the San Diego Housing Commission (SDHC) has 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.

Community and Housing Inventory

SDHC is dedicated to preserving and increasing affordable housing within the City of San Diego. San Diego is the second most expensive real estate market among metropolitan areas in the nation (behind San Francisco), and median rent in the city represents 41.4 percent of median income. Homelessness is also a large challenge in San Diego, which has the 4th highest number of homeless people among major US cities.

SDHC has three primary functional areas: rental assistance, homelessness assistance, and real estate development. As shown in Exhibit 14, the Housing Choice Voucher program is SDHC's largest program and serves over 17,000 low-income households. The agency also administers a small number of public housing units (153) and is in the process of converting 35 units of state developments to public housing. There are approximately 60,000 households on the agency's waiting lists.

Goals and Evolution of MTW

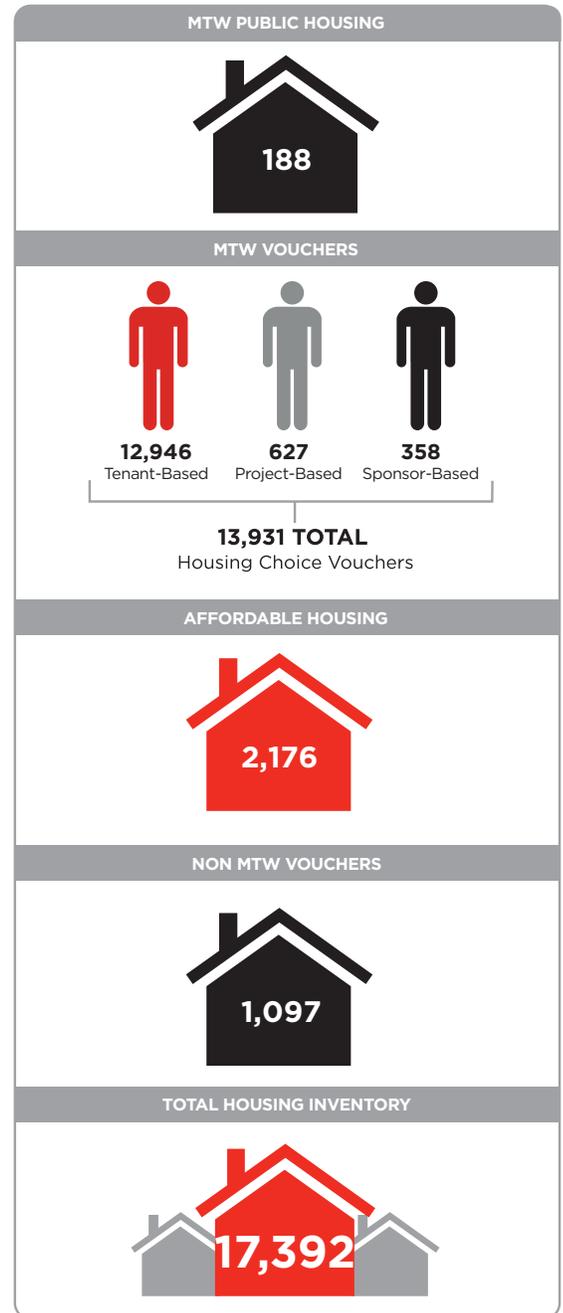
SDHC is a relatively recent entrant into the MTW demonstration, having given up its original 1998 designation in the early 2000s and then reinstating it through negotiations with HUD in 2009. Beginning on a somewhat small scale upon re-entry into the demonstration in 2010, the agency proposed more far-reaching activities and waiver requests between 2012 and 2014.

Culture of Innovation

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 of the units and convert the funding to project-based vouchers. In exchange for this arrangement, the agency was required to develop at least 350 additional units of affordable housing. 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 present at the agency as a backdrop for its re-assignment as an MTW agency.

In the five years after the agreement, SDHC was able to take advantage of the financial crisis and the resulting foreclosed properties in the area to develop 810 additional affordable housing units through public-private partnerships, significantly surpassing the number promised in the agreement with HUD.

Exhibit 14: SDHC Portfolio



MTW Innovations

The centerpiece of SDHC's MTW efforts is the *Path to Success* program, a comprehensive effort toward resident self-sufficiency. SDHC has also used MTW to address homelessness and to streamline various processes and policies within the Rental Assistance department, and to increase the number of households living in low-poverty areas.

Path to Success and Achievement Academy

SDHC has implemented an agency-wide rent reform strategy called *Path to Success* to incentivize work and encourage program participants to move toward self-sufficiency. Fully implemented in 2013, Path to Success establishes a tiered rent for work-able households that is set at 30 percent of the lower end of \$2,500 income bands. Work-able households must also pay a high minimum rent based on the California minimum hourly wage which increases after two years in the program (see Exhibit 15).

Exhibit 15: Minimum Rent for Path to Success Participants



These new rent requirements are coupled with resources and services available through the agency's *Achievement Academy* to help residents obtain and maintain employment. 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 and stay employed.

Addressing Homelessness

SDHC has been a key participant in the city-wide effort to address homelessness in the city of San Diego for many years. Using its MTW authority, SDHC has been able to expand its efforts to create new housing solutions for homeless people in the city. Under MTW, SDHC has created a *Sponsor-Based Subsidy Program for the Homeless* in partnership with nonprofit organizations that provide comprehensive social services while SDHC provides permanent housing resources. Initially SDHC committed to providing 100 vouchers for this program, but has requested HUD approval to increase this number to 1,000 in its FY 2013 Annual MTW Plan.

Sponsors administer the admissions, eligibility, and income recertification procedures for the participants, while SDHC conducts annual inspections of the housing units.

SDHC has also created a *Transitional Project-Based Subsidies for the Homeless* program that provides short-term rental assistance for homeless persons in partnership with selected service providers. SDHC pays a flat, monthly subsidy for each unit that is occupied and participants can access an array of services with the goal of segueing into more permanent housing.

Mobility Efforts: Choice Communities

SDHC has developed a mobility program, Choice Communities, to encourage voucher holders to move to areas of low poverty. This program uses MTW authority to implement higher payment standards in these areas, to allow households to pay more than 40 percent of their income on rent at the time of initial lease up, and to provide mobility counseling and security deposit funds. Since 2010, SDHC has assisted 244 households to move into areas of lower poverty, connected 730 participants to a mobility counselor, and provided 141 tenants with security deposit loans.



Achievement Academy computer training, January 2014

About this Report

This report is sponsored by Housing Authority Insurance, Inc. (HAI, Inc.). HAI, Inc. is a nonprofit association incorporated in 1987, and a member of HAI Group, a family of companies dedicated to serving the public and affordable housing industry. Sponsorship of the study supports HAI Group's vision to provide services that facilitate greater effectiveness and independence for its public housing authority stakeholders.

The study was conducted by Abt Associates, a mission-driven, global leader in research and program implementation. The authors appreciate the helpful input and guidance provided by the Public and Affordable Housing Research Corporation (PAHRC), a HAI Group company, in collaboration with the Council of Large Public Housing Authorities (CLPHA), National Association of Housing and Redevelopment Officials (NAHRO), the Public Housing Authorities Directors Association (PHADA), and the MTW Steering Committee.

The Innovations in the Moving to Work Demonstration report and this executive summary focus on the activities of 34 MTW agencies that received MTW authorization prior to 2013. In developing this report, the study team reviewed the Annual MTW Reports and Plans and fielded a web survey of the 34 current MTW agencies. The team also conducted telephone interviews with agency staff on 48 separate MTW initiatives and conducted site visits to the five case study agencies. The next phase of Abt's research will focus on collecting and analyzing performance data for MTW agencies based on a common set of indicators.

The full report may be found at <http://www.pahrc.org/studies/InnovationsInTheMovingToWorkDemonstration.pdf>.

