

Move to Work Plan Public Hearing

Rockville Housing Enterprises

November 18, 2020

Move to Work (MTW) Program

- HUD Demonstration Program that provides public housing authorities (PHAs) the opportunity to design and test innovative strategies driven by the needs of the local community.
- MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds.

MTW Application Process

- RHE submitted its original MTW Application in December 2018.
- RHE was notified of preliminary selection on August 28, 2020.
- RHE held 4 resident meetings
- Posted the draft plan on the RHE website for Public review and comment on October 16, 2020.
- Holding Public Hearing November 18, 2020
- RHE Board will vote to approve the draft plan and final application for HUD submission on December 3, 2020
- Final Plan and updated application submittal due to HUD on December 4, 2020
- Program implementation estimated to be Fall of 2021.

MTW

HUD 3 Statutory Objectives

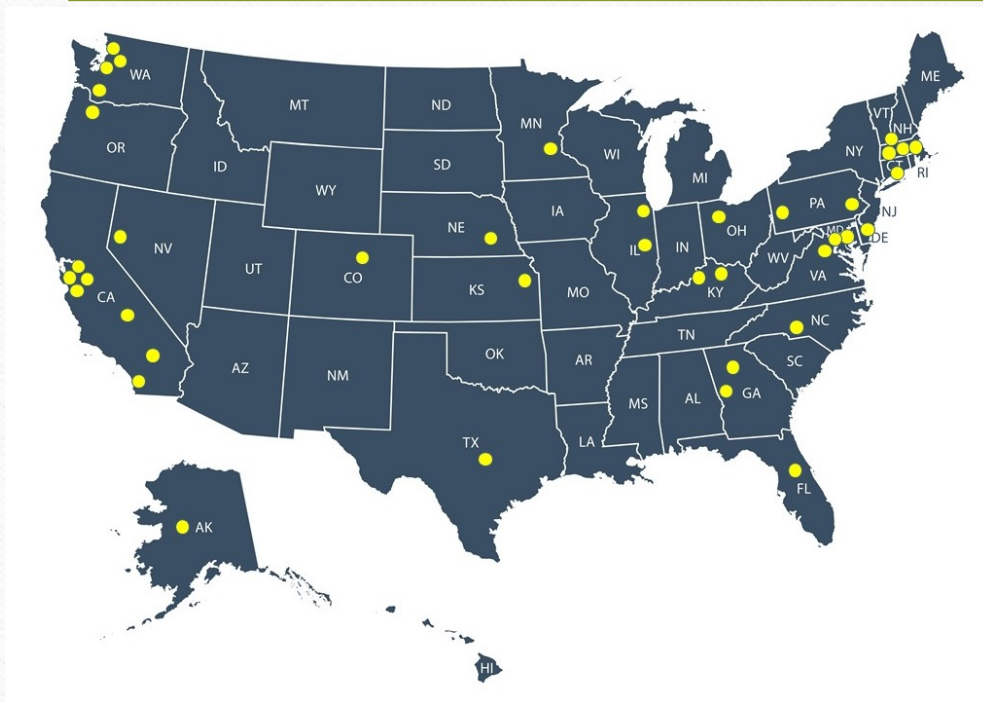
1. Reduce cost and achieve greater costs effectiveness in Federal expenditures
2. Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain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

MTW

HUD 5 Statutory Requirements

1. MTW agencies must ensure that at least 75% of the families assisted are very low-income families
2. MTW agencies must establish a reasonable rent policy that encourages employment and self-sufficiency.
3. MTW agencies must maintain a comparable mix of families
4. MTW agencies must continue to assist substantially the same total number of eligible low-income families
5. MTW agencies must ensure that housing meets HQS established by the Secretary

MTW Program Background



- The MTW Demonstration was first established under Section 204 of Title II of section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 to provide certain statutory and regulatory flexibility to participating public housing authorities.
- MTW Public Housing Authorities (PHAs) have pioneered a number of innovative policy interventions that have been proven to be successful at the local level and subsequently rolled out to the rest of the country's PHAs.
- Currently, there are 39 MTW PHAs. This new HUD MTW Initiative expands the program to include 100 more PHAs by 2022.
- There are approximately 3400 PHAs in the country

MTW Resident Outreach

- RHE held 4 separate zoom meetings to solicit output from RHE Voucher Participants and Public Housing Residents.
 - October 14, 2020 at 2:00 PM
 - October 14, 2020 at 6:00 PM
 - October 19, 2020 at 6:00 PM
 - October 20, 2020 at 2:00 PM
- Residents and Program Participants were notified via USPS post card and constant contact email blasts

Types of MTW Waivers

- Tenant Rent Policies
 - Payment Standards & Rent Reasonableness
 - Alternative Reexaminations Schedules
- Acquisition without Prior HUD Approval
 - must promote Deconcentration of Poverty in PH Policy Project-Based Voucher Program Flexibilities
- Family Self-Sufficiency Program MTW Flexibilities
- Using the Redevelopment of Public Housing as an Incentive for Economic Progress

RHE Overall Goal of MTW Program Implementation

- Increase operational efficiencies
- Make the program operation in such a way that promotes self-sufficiency instead of discouraging self-sufficiency
- Establish a quantifiable definition of self-sufficiency that can be used to establish achievable program graduation goals and end reliance on public housing assistance.

RHE MTW Plan **Proposed** Policy Change Ideas

- The following are proposed Policy Changes that will be presented to HUD
- The following represents initial ideas. Does not include the analysis needed to craft and implement the final policy.
- Upon HUD approval of the proposed change, RHE will work with HUD to establish the details on how the policy change will be implemented and evaluated through the demonstration program.
- A hardship policy will established for families that may need an exception due to special circumstances.

Establish Definition of Workable Family and Self Sufficiency

- **GOAL: Assist RHE to develop a baseline on which policies can be developed, and program participant graduation milestones can be set, based on program participant's income earning potential.**
- “**workable**” family is any household with members 18 years or older who are NOT elderly, disabled, on a fixed income, enrolled in full-time school or a job training program, or a full-time caregiver
- “**non- workable**” family is where the head of household (as well as the co-head of household, if applicable) is elderly or disabled and is on a fixed income OR all other household members 18 years or older that are elderly or disabled and on a fixed income or enrolled in full-time school or a job training program.
- “**Self-sufficiency**” *for workable families is the achievement of an after tax rent burden of 50%.*

Increase Time Period between Annual Recertifications

- **GOAL: Allow families the opportunity to enjoy the benefit of income increases without the increase being taken for rent increases immediately**
- Move from Annual Recertifications to **Biennial Recertifications** for “workable families”
- Move from Annual Recertifications to **Triennial Recertifications** for “non-workable families”
- Annual Recertifications will remain for families claiming zero income and families making less than the minimum rent income level.

Change Frequency of Interim Recertifications

- **GOAL: Allow families the opportunity to enjoy the benefit of income increases without the increase being taken for rent increases immediately**
- Interim increases will be disregarded until the next scheduled recertification
- Interim decreases will be limited to one during a calendar year and no interim decreases during the first six months after initial occupancy.
- Required interim recertifications for household composition changes or landlord rent increases will not count against the limit on voluntary interim recertifications.
- Family Self-Sufficiency program participants may be exempt from the limit on interim recertifications.

Establish Term Limits for Program Participation

Gradual Increases in Total Tenant Payment

- **GOAL – Inspire “Workable Families” to maximize their income earning potential to achieve Self-Sufficiency.**
- “Workable families” will contribute 30% of their monthly income or the minimum rent, whichever is greater, for the first year.
- Client TTP will steadily increase by 5% in each of the subsequent years.
- Client TTP will increase 5% from year one (1) to year five (5) and
- Increase 10% from year five (5) to year ten (10). Clients will have a term limit of 10 years or until self-sufficiency is reached, whichever comes first.
- RHE, in conjunction with its partners, will also offer services and referrals to these clients to position them to increase their income to be able to sustain the increases in income.
- Establish a hardship policy for special circumstances that could include an extension on the term limit.

Income Requirements to Achieve Self-Sufficiency for Workable Families

50% Rent Burden Zip Code 20850 (Highest FMR)

Zip Code 20850				
BR Size	HUD FMR	HUD FMR	RHE Payment Standard	Payment Standard % of
	Effective 10-1-2019	Effective 10-1- 2020	Effective October 1, 2020	10-1-2020 FMR
0	\$1,830	\$1,880	\$1,880	100%
1	\$1,880	\$1,920	\$1,920	100%
2	\$2,140	\$2,190	\$2,190	100%
3	\$2,780	\$2,810	\$2,810	100%
4	\$3,390	\$3,400	\$3,400	100%
5	\$3,898	\$3,910	\$3,910	100%
6	\$4,407	\$4,420	\$4,420	100%

Income Needed for 50% Rent Burden Self Sufficiency Zip Code 20850				
Bedroom Size	Max Household Size	Annual Rent Amount	Net Income Needed for 50% Rent Burden(After Tax Income needed for 50% Rent Burden) *assumes 20% tax burden	Gross Income Needed for 50% Rent Burden
0	2	\$22,560	\$45,120	\$54,144
1	2	\$23,040	\$46,080	\$55,296
2	4	\$26,280	\$52,560	\$63,072
3	6	\$33,720	\$67,440	\$80,928
4	8	\$40,800	\$81,600	\$97,920
5	10	\$46,920	\$93,840	\$112,608
6	12	\$53,040	\$106,080	\$127,296

Income Requirements to Achieve Self-Sufficiency for Workable Families 50% Rent Burden

Zip Code 20853 Lowest FMR

Zip Code 20853				
BR Size	HUD FYE	HUD FYE	RHE Payment Standard	Payment Standard % of
	10-1-2019 FMR	10-1-2020 FMR	Effective October 1, 2020	10/1/2020 FMR
0	\$1,260	\$1,350	\$1,350	100%
1	\$1,300	\$1,390	\$1,390	100%
2	\$1,480	\$1,580	\$1,580	100%
3	\$1,920	\$2,030	\$2,030	100%
4	\$2,350	\$2,450	\$2,450	100%
5	\$2,702	\$2,818	\$2,818	100%
6	\$3,055	\$3,185	\$3,185	100%

Income Needed for 50% Rent Burden Self Sufficiency Zip Code 20853				
Bedroom Size	Max Household Size	Annual Rent Amount	Net Income Needed for 50% Rent Burden (After Tax Income needed for 50% Rent Burden) *assumes 20% tax burden	Gross Income Needed for 50% Rent Burden
0	2	\$16,200	\$32,400	\$38,880
1	2	\$16,680	\$33,360	\$40,032
2	4	\$18,960	\$37,920	\$45,504
3	6	\$24,360	\$48,720	\$58,464
4	8	\$29,400	\$58,800	\$70,560
5	10	\$33,816	\$67,632	\$81,158
6	12	\$38,220	\$76,440	\$91,728

Eliminate 40% Rent Burden Rule Voucher Program

- **GOAL: Maximize resident choices in the voucher program and help residents make housing choices that will get them accustomed self sufficiency**
- Waive program rule limiting maximum tenant rent to 40% of adjusted income.
- Increases housing choice and allows for the implementation of the self-sufficiency definition.

Eliminate Flat Rent in Public Housing

- **GOAL: Remove desire to stay in public housing when income will sustain market rate housing.**
- Current HUD rules dictate families have a choice to pay Flat Rent or income based rent, even when the income based rent would be higher than the flat rent. Disincentivizes families from moving off of PH subsidy when their incomes can support market rent.
- Flat Rent is based on the Fair Market Rent less Utility allowance.
- Income based rent is 30% of Families Adjusted Income

Increase Minimum Rent PH and Voucher Programs

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- **GOAL: Incentivize Families to maintain employment and become accustomed to paying rent to prepare for .**
 - Increase the minimum rent from \$50 to \$130 initially for **“workable families”**, per HUD’s safe harbor, during the initial MTW year
 - In Proceeding years, RHE will gradually increase the minimum rent from \$130 to \$318 per month
 - **Minimum Rent Standard Based on the following formula**
 - One household member working part-time (20 hrs per week), earning the minimum wage of \$13.25. This scenario produces a reasonable annual household income of \$12,270, and 30% of that amounts to \$318 monthly in rent.
 - This increase will put clients on the path to self-sufficiency.
 - Allow RHE to increase rental income to help fund client service programs and operations.

Streamline Utility Allowances Voucher Program

- **GOAL: Increase Operational efficiencies by eliminating the time it takes to process complicated UA structures**
 - Develop a simplified utility allowance
- OR
- Eliminate the utility allowance for workable families altogether.
 - A determination will be reached once RHE has conducted a thorough analysis.

Eliminate Earned Income Disregard

- **GOAL: Increase operational efficiencies by reducing the application of cumbersome regulations**
- EID allows individuals who go from not working in the previous 12 months, to working, to gradually phase in the income counted toward their rental calculation over a period of 2 years.
- The EID was designed by HUD to be it was an opportunity for cost effectiveness; however, due to cumbersome regulations, the cost to continue offering this exclusion far outweigh the benefits.
- Increasing the time between required re-examinations has a similar effect.

Self Certification of Asset Certification Threshold

- **GOAL: Increase operational efficiencies by reducing the application of cumbersome regulations**
- Change the self certification asset threshold from \$5,000 to 50,000

Income Exclusions for Full Time Students

- **GOAL: Increase self-sufficiency opportunities by giving an allowance for money spent on direct educational expenses**
- RHE will exclude income for household members (both head of household and household members) that are full-time students
- The income exclusion will equal the amount the student pays for educational costs (books, tuition, fees etc.)

Allow Vouchers in Assisted Living Facilities

Extend Time allowed for Absence from Unit

- **GOAL: Increase self-sufficiency opportunities by giving an allowance for money spent on direct educational expenses**
- Implement waivers that allows for the use of HCVs in assisted living facilities for non-workable families
- Extend the HCV's 180-day nonuse time limit and public housing's out of unit time limit for medical reasons including drug rehabilitation to prevent clients from losing housing.

Family Self Sufficiency (FSS) Program Enhancements

- **GOAL: Modify program rules to increase self-sufficiency opportunities and provide equity in the earning of FSS escrow across income levels**
- Establish goal incentive escrow release payments
 - awards participants for reaching short-term goals such as completing education and training programs and participating in financial management workshops.
- RHE will explore a “savings match” incentive in tandem with a work requirement for workable families enrolled in the FSS program.
 - RHE will work to monetarily match the funds saved by FSS clients.

Family Self Sufficiency Program Enhancements

- **Establish a flat escrow calculation and Homeownership Incentive**
 1. Participants must be paying a set minimum rent (strike point) before they can begin to escrow
 2. Homeownership Incentive Award will be earned annually each year. The Homeownership Incentive award will only be paid out if the family purchases a home. If they family does not purchase a home the Homeownership Incentive award will be forfeited.
 3. Monthly escrow will be calculated using a tiered system based on earned income. This money will be disbursed to the participant once they have completed all of their contract goals and have successfully graduated from the program.
 4. If the participant is purchasing a home using their accrued Homeownership Incentive Award, they will receive both their escrow amount and the Homeownership Incentive Award when they are closing on their new home, as home purchase will trigger program graduation

Mental Health Support

- **GOAL: Address mental health issues as well as provide counseling to overcome cognitive barriers to success**
- Develop the “Renewing of the Mind” Mental Health Support Program
- Establish partnerships to provide mental health services to address mental health issues that may be a barrier to achieving self-sufficiency
 - Depression, Discouragement, Self-Esteem

Security Deposit Assistance

- **GOAL: Increase housing options by providing security deposit assistance**
- Provide up to \$500 for security deposits in the form of a forgivable loan to clients in need.
- As a prerequisite for the loan, clients must have first exhausted all other available resources.
- The terms and conditions of the loan are in the early stages of development and will be solidified before implementation.

Homeownership Program Modifications

- **GOAL: Institute gradual increases in Tenant Payment for Voucher Homeowners to gradually reach 100% of the mortgage payment within the 15 year time period allowed for the voucher to be used for homeownership. Decrease the chance of foreclosure once the voucher assistance is concluded**
- Develop a schedule of decelerated assistance for a specified number of years at the end of the family's applicable assistance through the MTW Homeownership Program.
 - The first year, participants will pay 30% of their monthly household income.
 - Each subsequent year the Total Tenant Payment will increase by 5% until the voucher holder is paying 100% of the mortgage.

Project Based Voucher Program Enhancements

- **GOAL: Maximize resident choices in the voucher program and give RHE additional flexibilities in transforming affordable real estate**
- Increase the percentage of units that can be used for PBVs up to 30%
- Eliminate the 25% of PBV units in one building rule, allowing all units in a building to receive PBV subsidy.

Combine PH and Voucher Grant Funds

- **GOAL: Maximize HUD Grant flexibility allowed under MTW to enhance operations, support real estate development activities and support resident services**
- Request authority to combine Public Housing Operating Fund Program and Capital Fund Program grants, HCV HAP and Administrative Fees, together into the MTW Fund to flexibly use as set forth in the Operations Notice (FR-5994-05).
- RHE will use MTW funds to transform in-house processes, create client driven services and programs, offer client incentives, and build an extensive range of housing options for its clients.
- RHE has yet to decide if it will use funds in a fungible manner across the traditional Section 8 and Section 9 programs.

Resident/ Program Participant Suggested Program Changes

- Develop programs to help mothers with special needs children
- Develop an online portal system for clients to submit recertification documents like a google apps.
- RHE Receive many questions about the Homeownership Program

Questions or Additional Suggested Program Changes

- The Public Hearing is open for questions and comments.