

Summary of MTW Cohort #3 Work Requirements

Ed Gramlich, NLIHC, January 15, 2021

HUD's Office of Public and Indian Housing (PIH) posted Notices soliciting public housing agencies (PHAs) to apply for two Moving to Work (MTW) Demonstration cohorts, [Notice PIH 2021-02](#) pertains to Cohort #3 – Work Requirements and [Notice PIH 2021-03](#) pertains to Cohort #4 – Landlord Incentives. PHAs that want to be considered for either cohort must submit an MTW Plan and application package by August 8, 2021.

Brief Background on MTW Expansion

The “Consolidated Appropriations Act of 2016” authorized HUD to expand the MTW demonstration to an additional 100 high performing PHAs over a seven-year period to end in 2022. PHAs will be added to the MTW demonstration in groups (cohorts), each of which will be overseen by a research advisory committee to ensure the demonstrations are evaluated with rigorous research protocols, quantitative analysis, and comparisons to control groups. Each cohort of MTW sites will be directed by HUD to test one specific policy change.

The MTW statutory objectives are to reduce costs, give households incentives to achieve economic self-sufficiency, and to increase housing choice. The statute requires MTW agencies to: 1) serve the same number of low-income families as they would without MTW funding flexibility; 2) serve a mix of families by size comparable to the mix they would have served if they were not in MTW; 3) ensure that 75% of the families they assist have income at or below 50% of area median income; 4) ensure that assisted units meet housing quality standards; and 5) establish a reasonable rent policy.

There are now five cohorts.

- Cohort 1 will evaluate the overall impact of MTW flexibilities on PHAs with fewer than 1,000 units.
- Cohort 2, rent reform, will evaluate the impacts of different rent structures.
- Cohort 3 will evaluate the impacts of work requirements.
- Cohort 4 will evaluate incentives to landlords to participate in the Housing Choice Voucher (HCV) program.
- Cohort 5 will evaluate the overall impact of MTW flexibility on PHAs with fewer than 27,000 units.

PIH posted the final “[Operations Notice for the Expansion of the Moving to Work \(MTW\) Demonstration Program](#)” in the *Federal Register* on August 28 (see *Memo*, [8/31/20](#)). This version of the Operations Notice establishes requirements for implementing the MTW demonstration for PHAs applying for one of 100 new MTW slots. The original Operations Notice was published on January 23, 2017 (see *Memo*, [1/23/17](#), [5/8/17](#)). The final notice was effective immediately.

PIH issued Notices soliciting PHAs to apply to participate in Cohort #1 (see *Memo*, [10/22/18](#)) and Cohort #2 (see *Memo*, [3/18/19](#)). PIH [announced](#) on January 14, 2021 it has selected 30 small PHAs for Cohort #1 (MTW flexibilities) and indicated that it anticipated announcing PHAs to undertake Cohort #2 (rent reform) in the spring. The [list of the 30 small PHAs](#) selected to

participate in Cohort #1 does not reveal specific MTW flexibilities those PHAs will use; the brief descriptions merely present platitudes and generalities.

Notice PIH 2021-02: Cohort #3 – Work Requirements

This Notice lays out the process by which 10 PHAs will be selected for the third cohort of the MTW Demonstration Expansion, which will test the impact of implementing a work requirement policy on a PHA and the residents it serves, in particular whether work requirements will increase resident self-sufficiency. PHAs may choose to implement a work requirement policy in the public housing program, the HCV program, or both programs. Applicant PHAs will fully develop a work requirement policy as detailed in the [MTW Operations Notice](#) (see *Memo, 8/31/20*) and vet that policy through required resident engagement and public comment and review process.

PHAs seeking MTW designation in the third cohort may (but are not required to) request an eligibility determination by April 16, 2021. An MTW Plan and application package, however, is due by August 8, 2021. HUD will conduct a lottery to select 10 PHAs to be awarded MTW designation under Cohort #3.

Evaluation of the third cohort of the MTW Expansion will be conducted by an independent research team that will assess whether households subject to a work requirement earn more income than assisted households that are not subject to a work requirement policy. In addition to measuring changes in earned income and other key outcomes for households, the evaluation will document how PHAs design and implement a work requirement policy.

Work Requirement Policy

For the purpose of the third cohort, a work requirement policy is defined as one that requires at least 10 hours of work activity per week per eligible individual (or at least 15 hours per week per eligible household). Work activity can include any combination of paid employment, education/training, and/or work-related activities as defined by the PHA.

A PHA must use the work requirement waiver (Waiver 12) along with associated Safe Harbor provisions listed in Appendix I of the MTW Operations Notice to develop a work requirement policy. The work requirement policy must be included in the [MTW Supplement to the PHA Plan](#) (currently in draft form) and may seek a Safe Harbor Waiver (defined in the MTW Operations Notice) if necessary.

According to Waiver 12, a PHA may require a specific segment of residents who are at least 18 years of age to work or engage in an acceptable substitute in order to receive housing assistance. People who are elderly or have a disability are exempt from the work requirement. A PHA must adhere to the Safe Harbor requirements unless it submits a Safe Harbor Waiver request; however, a Safe Harbor marked with an asterisk in the Operations Notice Appendix I cannot be waived.

The Safe Harbor provisions for work requirements are: (see next page)

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- The work requirement can apply to individuals or households.*
- If the requirement applies to **individual** residents, then the maximum number of hours per week is 15.
- If the requirement applies to **households**, then the maximum number of hours per week is 30.
- All residents must be given notice about the penalty for non-compliance six months before starting the work requirement.
- People exempt from the Community Service Requirement are exempt from the work requirement.*
- People who are the primary caregiver for a child under six or who are pregnant are exempt.
- Supportive services must be provided to assist households find employment or an acceptable substitute. The service can be provided by another organization.
- Work requirements cannot exclude admission into housing or participation in supportive services by elderly or disabled people, or by households that include elderly or disabled people.*
- A PHA must have an annual impact analysis (see Operations Notice).*
- A PHA must have a hardship policy, including a policy to address residents seeking disability status.*
- The hardship policy must apply to households actively trying to comply, but who are having difficulty finding work or an acceptable substitute.*
- The Administration Plan and Admissions and Continued Occupancy (ACOP) policy must describe the consequences of failing to comply.*

Work Requirement MTW PHAs Cannot Use Some Other MTW Waivers

In order to evaluate the impact of a work requirement policy, a third cohort PHA cannot apply for some MTW waivers for five years (the “evaluation period”). The excluded MTW waivers are:

- Waiver 1 on Tenant Rent Policies, Activities a-l, o-s, and v-w
- Waiver 3 on Income Reexaminations, Activities a-b
- Waiver 6 on Short-Term Assistance, Activities a-b
- Waiver 7 of Term-Limited Assistance, Activities a-b
- Waiver 8 on Increase Elderly Age, Activity 8

The Notice also lists other MTW waivers that must be approved by the evaluation research team in order for HUD to allow a PHA to use any of them. The Notice states that it will not consider any Safe Harbor Waivers or Agency-Specific Waivers (see Operations Notice) pertaining to mandatory self-sufficiency programs, time limits, alternative rents/reexaminations, or separate work requirements.

Evaluation of the Work Requirement Cohort

In addition to measuring changes in residents' earned income, the evaluation will measure any decreases in housing tenure and the occurrence of material hardship. Evaluators will also assess the financial costs and benefits to PHAs in implementing a work requirement, as well as document how PHAs design and implement a work requirement policy. PHAs will have to randomly assign roughly half of their households to a "treatment group" (households subject to the work requirement) and half to a "control group" (households not subject to the work requirement).

Resident and Public Engagement

The third cohort MTW Plan and application package must undergo a resident and public engagement process that must include all of the following:

- The PHA must notify public housing residents and/or HCV households of its intention to participate in the MTW Demonstration. This notification must be in advance of developing the MTW Plan.
- The PHA must hold at least two resident/HCV household meetings (separate from, and before, the required public hearing).
- After the two resident/HCV household meetings, the PHA must publish a notice that a hearing will be held on the full MTW Plan and application package.
- The draft MTW Plan and Work Requirement Policy Information must be available for public inspection for at least 30 days before the MTW Plan and application package are submitted to HUD.
- The PHA must conduct a public hearing to discuss the MTW Plan and Work Requirement Policy Information and invite public comment.
- The PHA's Board of Commissioners (or equivalent governing body) must approve the MTW Plan and application package by resolution no less than 15 days after that public hearing.

The MTW Plan (see next page) must discuss how the PHA plans to continue to engage assisted households in its housing programs, as well as engage the broader community and stakeholders, in implementing not only the work requirement but also any other MTW waivers and related activities. The MTW Plan must describe any planned engagement efforts with the local community, including any outreach to racial and ethnic minorities, persons with limited English proficiency, persons with disabilities, families with children and groups representing such persons.

A PHA must provide documentation of the elements of the required resident and public process.

The MTW Plan

Among other elements, the MTW Plan must describe the types of initiatives the PHA seeks to implement in its MTW program and explain why it wants to undertake those initiatives.

The PHA must request authority to use public housing and HCV funds flexibly and list or describe the PHA's proposed uses of MTW Funds, including describing whether/how the PHA plans to use funds in a flexible manner across the traditional Section 8 (HCV) and Section 9 (public housing) programs.

The PHA must discuss any significant partnerships between the PHA and other public agencies, city/state/local governments, private nonprofits and/or for-profit entities (particularly local welfare offices and local providers of job training and related services). The PHA should clearly explain how such partnerships will help to achieve its vision for the local MTW program. The PHA must discuss how it intends to leverage funding and/or other in-kind resources to implement its local MTW program.

The Work Requirement

A PHA must provide a narrative description of its proposed work requirement policy, including an explanation of how its MTW hardship policy will help assisted households if compliance with the work requirement policy creates a significant hardship. The PHA must address all of the questions in Attachment I "Local Work Requirement Policy Questionnaire" of Notice PIH 2021-02. Key questions include:

- Who will be subject to the work requirement?
- How many hours of work per week will be required?
- What activities "count" as work?
- How will non-compliance with the work requirement be addressed?
- Will any MTW waivers other than Waiver 12 be required to implement the work requirement?
- What services to support compliance will be offered to individuals/households, or will the PHA seek a Safe Harbor Waiver?
- How will compliance with the work requirement policy be monitored?
- Who will be responsible for implementing the work requirement policy, including: monitoring compliance, connecting individuals/households to services to support compliance, and administering/enforcing sanctions for households who are not compliant?
- What hardship policy(ies) will be adopted by the PHA for households who are facing excessive financial or other hardships?
- What is the number of existing households that the PHA expects to participate in the work requirement?
- Does the PHA expect to apply the work requirement to households who are admitted *after* the effective date? If so, approximately how many eligible new admissions might be expected over the five-year evaluation period?

Notice PIH 2021-02 (Cohort #3) is at: <https://bit.ly/2KgEVm4>

Main MTW website is at: <https://www.hud.gov/mtw>

MTW Expansion webpage is at: <https://bit.ly/39PEXdF>

The *Federal Register* version of the Operations Notice is at: <https://bit.ly/2ECV569>

An easier to read version of the Operations Notice is at: <https://bit.ly/3hCrqZf>

More about MTW is on [page 4-57](#) of NLIHC's *2020 Advocates' Guide*.

More information about public housing is on [page 4-30](#) of NLIHC's *2020 Advocates' Guide*.

More information about Housing Choice Vouchers is on [page 4-1](#) of NLIHC's *2020 Advocates' Guide*.

More information about the Annual PHA Plan is on [page 7-61](#) of NLIHC's *2020 Advocates' Guide*.