

Summary of Moving to Work Proposal

Moving to Work (MTW) was established in 1996 to test innovative ways of administering rental housing programs that would permit localities to better address the needs of their communities by promoting flexibility. The program has been a demonstration program since that time.

The proposal is designed to incorporate the fundamental framework of MTW that rewards and encourages innovation by public housing agencies while ensuring that residents are not unduly rent burdened. The proposal would provide clear eligibility and admission criteria for housing agencies along with solid tools to permit the important evaluation of performance and results.

New Approach

Like the provisions of the current AHSSIA discussion draft, the Moving to Work program would be made permanent under this proposal. Current MTW agencies would continue to operate their programs as provided by their existing contracts for the remaining term of their contracts but could convert to the “new” MTW program on request.

The “new” MTW would have two components: 1) a basic MTW program that provides housing agencies with the flexibility to combine voucher, capital and operating funds as well as implement rent simplification and other administrative streamlining measures and 2) an “enhanced” MTW program would include the elements of the basic MTW program but would also permit a limited number of agencies to undertake major rent reform initiatives, work requirements and time limits with a focus on rigorously evaluating the impacts of these activities.

To encourage a broad range of PHAs to apply, the number of housing authorities that are accepted into the basic MTW program would not be limited, but the number of units generally would be capped at 500,000 units; however, if any of the three largest housing agencies or any existing MTW PHAs join the program, their units would not affect the cap. Housing authorities applying for the “enhanced” MTW designations would be capped at 25 agencies; existing MTW PHAs could join this program as well without counting towards the cap.

Protecting Both Residents and Federal Funds

The proposal provides that only high capacity PHAs will be admitted to the MTW programs and prevents the waiver of key provisions of the U.S. Housing Act. The proposal is designed to ensure that the participating housing agencies continue to serve substantially the same number of families being served prior to being accepted into the MTW program, but with flexibility to allow PHAs to temporarily use funds for major capital improvements, services and other initiatives. Further, the housing agency seeking to apply for MTW must hold at least two public meetings to solicit community and resident input. Technical assistance funds will be available for resident groups to participate in the process.

Evaluation and Enforcement

An advisory group of interested stakeholders will be formed to work with HUD to establish methodologies for evaluation of both the basic and enhanced MTW program as well as analyze findings and make recommendations. Interim reports from HUD will be required.

HUD will be directed to design and implement enforcement mechanisms (including termination) for material noncompliance.

MTW Expansion Principles and Proposals

| Issue ¹ | Principles | Proposals |
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| Existing MTW Agencies | MTW PHAs will not be required to change the terms of their agreements in light of new MTW legislation. | <ul style="list-style-type: none"> Existing MTW agreements will remain closed, and none of the requirements governing basic or enhanced MTW in this legislation will apply during the period of the agreement. Existing agencies may opt into either the basic or enhanced MTW program without going through the regular admissions process and without counting against the caps so long as they comply with the requirements of the respective programs. |
| Flexibility in Use of Funds | MTW PHAs will have full funding fungibility. | <ul style="list-style-type: none"> PHAs in both basic and enhanced MTW will be permitted to combine voucher, capital and operating funds. |
| Impact on Program Funding | Funding will not be impacted by virtue of participation in MTW. | <ul style="list-style-type: none"> Funding for a PHA will neither increase nor decrease by virtue of its participation in basic or enhanced MTW. |
| Policy Flexibility: Basic MTW | Basic MTW PHAs will have funding and administrative flexibility, but will not have flexibility related to time limits, work requirements or major rent reform. | <ul style="list-style-type: none"> The Secretary may approve requests by an agency to waive provisions of the US Housing Act (but not including the retained provisions; see attached) if the Secretary determines that such a waiver would further the goals and objectives of the demonstration. This can include waiver requests not identified in the initial application. Basic MTW PHAs may undertake rent simplification, but in undertaking these reforms may not increase rents to the point that they are not affordable for assisted tenants (see definition of assisted family, below). Basic MTW PHAs may not implement time limits or work requirements. |
| Policy Flexibility: Enhanced MTW | Only enhanced MTW PHAs will be permitted to test time limits, work requirements, and major rent reform as part of a rigorous evaluation. | <ul style="list-style-type: none"> Enhanced MTW PHAs will be distinguished from basic MTW PHAs by their ability to implement substantial rent reform, work requirements and time limits. Enhanced MTW PHAs will be subject to additional reporting requirements for the above activities, and HUD will conduct a rigorous, controlled evaluation of these interventions using random assignment of participants into treatment and control groups. |

¹ The principles and proposals apply to both basic and enhanced MTW unless otherwise indicated.

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| | | <ul style="list-style-type: none"> • PHAs will only be admitted into enhanced MTW insofar as they are willing and able to participate in this evaluation, contingent upon both PHA resources and HUD resources. HUD will clarify prior to admission the expectations and requirements of enhanced MTW by virtue of their participation in the evaluation. |
| Evaluation | <p>MTW will be rigorously evaluated, with a focus on the activities only available to enhanced MTW and in consultation with an advisory group. Basic MTW PHAs will participate in a separate assessment with more streamlined reporting requirements.</p> | <ul style="list-style-type: none"> • A rigorous evaluation will be an integral component of enhanced MTW, particularly for the activities that distinguish enhanced MTW from basic MTW (i.e. rent reform, time limits and work requirements). • An advisory group (with the types of participants to be specified) will assist HUD in establishing methodologies for evaluation of the basic and enhanced programs, analyzing findings and making recommendations. • In consultation with HUD, the evaluation advisory committee and their local communities, PHAs will develop a plan for the type(s) of activities to test and the evaluation strategy. • HUD will provide interim reports to Congress at specified intervals: at three years in order to report on progress in establishing the new program and initiating evaluation, at six years in order to report on interim results and at nine years in order to provide final conclusions and recommendations. Based on interim findings, HUD and the evaluation advisory committee may identify and recommend for modification or termination activities that are shown to have harmful consequences, or they may recommend for further testing any promising interventions. PHAs may voluntarily terminate any activities. • Basic MTW PHAs will report on activity outcomes, and HUD will monitor and report on the outcomes of the program. Basic MTW PHAs will have generally streamlined reporting requirements and HUD will investigate and include in an evaluation any innovative activities undertaken by basic MTW PHAs. • Authorization for funding for the evaluation[s] should be included in the legislation, and HUD shall to the extent possible use these funds to defray the costs of evaluation for participating PHAs. |
| Numbers and Timing | <p>Basic MTW will be expanded to up to 500,000 units, with up to 25 PHAs</p> | <ul style="list-style-type: none"> • HUD will admit PHAs into the basic and enhanced MTW programs with a combined public housing and voucher total of approximately (but no more |

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| | <p>from this group participating in the enhanced MTW program. Neither existing MTW PHAs nor the largest non-MTW PHAs will count towards the unit cap in basic MTW, and existing MTW PHAs will not count towards the PHA count in enhanced MTW.</p> | <p>than) 500,000 units, with HUD admitting as many PHAs under this cap as is reasonably possible.</p> <ul style="list-style-type: none"> • Up to 25 of the PHAs admitted into basic MTW may participate in the enhanced MTW demonstration in order to have a sufficient number of families participating in an evaluation. A portion of the 25 slots may be designated for small PHAs. • Existing MTW PHAs will be eligible to participate in either basic or enhanced MTW. • If any of the PHAs with more than 50,000 units is admitted into basic MTW, their units would not be counted towards the overall unit cap. However, if they were admitted into enhanced MTW, they would count towards the PHA cap. • If any existing MTW PHAs are admitted into basic or enhanced MTW, their units would not be counted towards the overall unit cap in basic MTW, nor would they count towards the agency cap in enhanced MTW. • Consortia or other arrangements of PHAs that involving formalized partnerships (e.g. MOUs) may be admitted to the demonstration. All of the units administered by the participating PHAs will count towards the unit cap in basic MTW, but a consortium will occupy only one available PHA slot in enhanced MTW. The consortia or partnerships do not need to be formalized in advance of submitting an application. • Voucher-only and public housing-only agencies may be admitted to the demonstration. |
| Retained Provisions of U.S. Housing Act | <p>Several provisions of the U.S. Housing Act will continue to apply to MTW PHAs, including a requirement for deep income targeting.</p> | <ul style="list-style-type: none"> • HUD may not waive specified retained provisions of the US Housing Act (same provisions as in H.R. 1209 (with some edits; see attached) on behalf of participating basic or enhanced MTW PHAs. • As part of adhering to the retained provisions, basic and enhanced MTW PHAs will be required to maintain the same admissions targeting rate on a portfolio-wide basis that would be required under QHWRA based on the blended proportion of public housing and vouchers in their portfolio. |
| Definition of Assisted Family | <p>Only families receiving certain housing assistance will count as assisted.</p> | <ul style="list-style-type: none"> • In order to be counted as an assisted family, a family receiving rental assistance from the PHA may fall into any of the following categories: <ul style="list-style-type: none"> • Any family that counts as assisted within the existing regulations for |

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| | | <p>public housing and vouchers (taking into account the potential for changes to these laws in the future), or</p> <ul style="list-style-type: none"> • Any eligible family paying less than or equal to 28% of gross, as well as any additional payment required by virtue of living in a unit that costs more than the payment standard (for tenant-based vouchers), or • Any eligible family that is one of a set of households whose average rent burden does not exceed the average rent burden of families assisted by the PHA in the year prior to program admission or the average rent burden at non-MTW PHAs in the MSA or one or more surrounding counties closest to where the PHA is located, or • For enhanced MTW PHAs only, any eligible family who pays a higher rent burden as part of an approved rent reform activity. <p>• Any eligible family living in an affordable unit (as defined in the above bullets) containing a significant use of MTW funds (not necessarily rental assistance) may also be counted as assisted.</p> |
| Baseline Number of Families Served | The baseline number of families served will be the number of utilized vouchers and occupied public housing units prior to admission, adjusted over time for changes to the portfolio. | <ul style="list-style-type: none"> • The baseline for the voucher program in the initial year is the number of vouchers utilized in the calendar year prior to entry. • For public housing, the baseline in the initial year is the average of occupied units in the calendar year prior to entry. • The baseline will be adjusted on an annual basis to account for new units, units coming offline for modernization, units returning to the portfolio after undergoing modernization, HCV transfers, demolition/ disposition, incremental vouchers awarded and other increases or decreases to the portfolio that impact funding. A three-year average of utilization or occupancy may be used when appropriate to account for extenuating circumstances. |
| Serving Substantially the Same Number of Families | MTW PHAs will be required to serve substantially the same number of families over time, though HUD may approve temporary exceptions for certain approved activities. | <ul style="list-style-type: none"> • PHAs will be required to assist 98% of their baseline number of families (on a portfolio-wide basis). Any use of funds that still allows them to serve at least 98% of the baseline number of families is not subject to additional approval from HUD. • HUD may temporarily approve reductions in the number of families a PHA is required to serve below the 98% threshold for two categories of activities. In combination, any approved reductions cannot exceed the household |

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| | | <p>equivalent of 15% of the voucher baseline in any year.</p> <ul style="list-style-type: none"> ○ With HUD approval, PHAs may reduce the number of families they are required to serve by up to the household equivalent of 10% of the voucher baseline in order to make funding available for housing choice, mobility and homelessness initiatives, as well as services designed to improve outcomes for assisted residents. ○ With HUD approval, PHAs may reduce the number of families they are required to serve by up to the household equivalent of 15% of the voucher baseline (inclusive of any other approved reductions) in order to make funding available for capital development, repositioning and preservation for units that will eventually house eligible families that pay affordable rents, as defined above. Incentives to leverage other sources of funds will be retained. <ul style="list-style-type: none"> ● At the end of the period approved by HUD for reduction in the number of families served to make funding available for housing choice, mobility or homelessness initiatives or to improve other outcomes for assisted residents, agencies must submit a final report on the impacts of the initiative, including the benefits and costs. A PHA that wishes to continue such an initiative accompanied by a reduction from the requirement to assist 98% or more of the baseline number of families must go through a public and resident comment process, which may be part of the regular PHA plan process. HUD may disapprove extension of permission to reduce the number of families "assisted" if the reported data do not show positive outcomes or the PHA has not demonstrated the need for the requested reduction to support the added costs of the interventions, including evidence that the PHA has made reasonable efforts to obtain other funding for the interventions. ● After policies permitted only under the "enhanced" component of the program are evaluated, "enhanced" PHAs that wish to continue the policies must share the evaluation results and their reasons for proposing to continue the policy as part of a public and resident comment process. This may be done as part of the regular PHA plan process. HUD may disapprove continuation of such policies if the evaluation does not show benefits such as significant |
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| | | <p>improvements in family incomes, other indicia of increased economic security, or other benefits to assisted families or families on the waiting list that outweigh evidence of increased hardships and any increased cost per household. In making its decision, HUD should consult with the evaluation advisory group. HUD must make its decisions and rationale public.</p> <ul style="list-style-type: none"> • HUD review and approval requirements for the above activities will be commensurate with the proposed level of reduction in the number of families served and the potential impact of the activity. • HUD may use an alternate standard for approving reductions in the number of families that must be served (other than the household equivalent of a percent reduction in the voucher baseline) for PHAs whose public housing portfolio is larger than the voucher portfolio. • HUD will make public information related to each PHA’s compliance with the requirement to serve substantially the same number of families, including approved reductions to the level that each PHA must maintain, on an annual basis. • Determination of default and sanctions for failure to serve substantially the same number of families will take into account funding shortfalls or other unforeseeable and unavoidable extenuating circumstances. • Enhanced MTW PHAs will be subject to the same policy as basic MTW PHAs regarding serving substantially the same number of families. |
| Admissions Criteria | Only high capacity PHAs will be admitted. | <ul style="list-style-type: none"> • Only “high capacity” agencies with at least 95% voucher utilization and 95% public housing occupancy (as an average of the previous calendar year), as well as other factors deemed appropriate, will be admitted. <ul style="list-style-type: none"> • Basic criteria for “high capacity” (in addition to 95% utilization and occupancy) will be outlined in statute, and HUD will propose a definition through notice that would be published for public comment before becoming effective. • A draft notice will be made available for public comment relating to admissions criteria and preferences in the initial year and prior to any changes. • Criteria to define high capacity may include: <ul style="list-style-type: none"> ○ Designated high performer in PHAS and SEMAP (though not as |

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| | | <p>threshold criteria)</p> <ul style="list-style-type: none"> ○ Demonstrated experience with innovative activities and programs (e.g. participating in HOPE VI or Choice Neighborhoods, using tax credits, participating in FSS, having an EPC, creating affordable housing, partnering with other organizations to provide services) ○ Staff capacity and experience ○ Evidence of resident and community involvement ○ Evidence of community support for the MTW application (consistent with H.R. 1209; see next row) ○ Compliance with specified reporting requirements ○ In good standing with the Department, including no unresolved Fair Housing or other findings ○ Good stewards of existing grants ○ Creating internal administrative efficiencies or engaging in program efforts that result in savings (e.g. energy) or increased revenue (e.g. rent revenue above the national average) for the PHA ○ Managing projects or engaging in activities using non-HUD funding sources, such as developing housing using tax credits or entering into agreements with others for services or other resident support actions <ul style="list-style-type: none"> ● A diverse range of PHAs (in terms of size, geography, etc.) will be selected. For enhanced MTW, this may include a different set of features that better informs the evaluation, such as local markets and unemployment rates. ● HUD may specify admissions preferences for PHAs that have certain features or that are willing to test policies of interest, subject to public comment. |
| Public Process | PHAs must consult with local stakeholders prior to submitting an application. | <ul style="list-style-type: none"> ● A PHA submitting a proposal must hold at least two public meetings to receive comments on the proposal, including the implications of changes and the possible impact on residents. The PHA must provide notice to residents and the local community no later than 30 days before the first of the two public meetings. |
| Resident Technical | Funding for resident technical assistance and | <ul style="list-style-type: none"> ● Funding will be provided for resident technical assistance and capacity building, consistent with the language in H.R. 1209 with revisions to address |

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| Assistance/ Capacity Building | capacity building will be offered, subject to appropriations. | <p>the following issues in the section regarding criteria for awards of funds:</p> <ul style="list-style-type: none"> ○ Partnerships of multiple tenant organizations will be eligible to receive grants. ○ Expand the definition of “have a demonstrated capacity to manage similar grants” to include: have a demonstrated capacity to manage similar grants or partner with another organization with such experience, who can be a fiduciary partner/who may have the “similar” experience. <ul style="list-style-type: none"> ● In addition to any authorized funds, all of the \$25 per unit for resident TA/capacity building will be directed towards a TA pool if there is no resident organization receiving those funds at the PHA. |
| Enforcement: Sanctions, Termination and Default | HUD will enforce the requirement to serve substantially the same number of families. | <ul style="list-style-type: none"> ● HUD shall develop and apply enforcement standards (subject to public comment) regarding violation of the requirement to assist substantially the same number of families. ● An agency can terminate its participation at any time on its own prerogative. |