



## Moving to Work (MTW) Waiver Narratives

### Introduction

Homes for Good became a Moving to Work (MTW) agency in 2022. As part of its participation in the MTW program, Homes for Good must draft a document each year describing its use of MTW authority. This document, which is known as the MTW Supplement to the PHA Plan, will go through a public process prior to being submitted to HUD for approval.

### The Moving to Work Program

Congress created the MTW program in 1996. The program allows housing authorities to alter HUD program rules for the Housing Choice Voucher and Public Housing programs. The purpose of the program is to identify policy adjustments and local policy changes that can improve outcomes. MTW agencies represent a small percentage of all housing authorities, but the number is growing: HUD is in the process of adding another one hundred (100) agencies to the program. MTW agencies must ensure that their use of MTW flexibilities meets one or more of the following objectives:

- 1) Increase affordable housing choices,
- 2) Increase cost effectiveness, and/or
- 3) Promote self-sufficiency.

### MTW Waivers

Each MTW agency must tell HUD and the public which policies it plans to waive and why. This happens through the agency's annual planning process. HUD has some standard waivers that MTW agencies may choose, or MTW agencies can design their own waivers based on local needs. These are known as "agency-specific" waivers. For its first year in the MTW program, Homes for Good has selected seven (7) standard waivers and one (1) agency-specific waiver to implement. These waivers are described below.

### Homes for Good Waivers

#### Rent Reasonableness 3<sup>rd</sup> Party Requirement

Homes for Good proposes eliminating the requirement to use a third-party to determine if rents at properties owned by Homes for good are reasonable. Housing authorities determine rent reasonableness before entering into a contract with the landlord or approving a rent increase. Housing authorities are typically not allowed to perform rent reasonableness on units that the agency owns and are required to hire a third-party to do this work.

Procuring and overseeing a third-party contractor for rent reasonableness is costly and time-consuming for the agency. Instead, Homes for Good will apply its current rent reasonableness process for units it does not own or manage to units it does own or manage. This process has adequate controls in place to ensure uniformity, auditability, and transparency of the determination.

While the intention of the HUD rule is to ensure impartiality in rent reasonableness decisions, the third-party software used by Homes for Good bases its results on objective measures, reducing the risk of impartiality.



### Alternative Reexamination Schedule

Homes for Good proposes to implement a triennial reexamination schedule for certain Housing Choice Voucher (HCV) households. This policy will apply to all HCV households other than those in the Homeownership or Foster Youth Initiative (FYI) programs. Under the new policy, households in the HCV program will have a reexamination once every three (3) years unless their household income decreases. As part of this policy change, the following policy decisions were made:

1. Approved rent increases will use the most current payment standard.
2. Homes for Good will only conduct a reexamination when an adult household member is added and not when a minor household is added.
3. If a family moves into a new unit, a full reexamination will be conducted, and the household’s reexamination schedule will be reset.

This standard waiver is dependent on Homes for Good’s implementation of a new software system that can generate and submit required information to HUD. Homes for Good’s current software is unable to do this and so implementation of this activity will need to wait until a new software is in place. The move to the new software could take up to two (2) years.

Once this policy is in place, it will benefit both the client and the agency by reducing the burden of the regular review cycle. As part of the approval process, Homes for Good has conducted an impact analysis. Based on this analysis, households will only see a positive impact due to this change and Homes for Good confirmed that there is not a significant disparate impact based on demographic.

This change will, however, have a significant impact on Homes for Good annual HAP expense, which the agency estimates will increase by \$1.4 Million. This increase is based on the amount of HAP reductions the agency saw in the last three (3) years due to increases in household income.

Homes for Good will need to offset the increase to ensure that the agency can still serve the same number of households. There are other potential policy changes that the agency could make to help offset these costs. Homes for Good will review those policies over the next year to decide what makes the most sense for the agency and the community. Some examples of those policy changes are listed below, along with the estimated impact to the agency and household.

Policy Change	Impact to HAP	Average Rent Increase
Fixed rent set at 30% of the payment standard	\$2,312,244	\$67.18
Work Requirements at 15 hours per week and 12.50 per hour (work able only)	\$1,537,788	\$182.10*
Std Deduct of \$500   Tiered Rents at \$2500 tiers   Income calculated at 30%	\$979,500	\$32.00
Std Deduct of \$250   Tiered Rents at \$2500 tiers   Income calculated at 29%	\$953,604	\$31.50
Eliminate Deductions   Tiered Rents at \$2500 tiers   Income calculated at 29%	\$922,404	\$28.34



*\* Work requirements would only be applied to none-elderly / non-disabled households, which is why the average is higher than the other options.*

Below are more detailed descriptions of these options:

- Fixed rent means that rent will be the same for each bedroom-size unit, regardless of household income.
- Work requirements would only apply to non-elderly and non-disabled households. The policy would require all work able household members to work a minimum number of hours at minimum wage. If the household's earned income does not meet the qualifications, then rent will be calculated as if all household members are working the minimum number of hours.
- Standard deductions replace the current elderly/disabled and dependent deductions that households receive with a standard amount that would apply to all households.
- Eliminating deductions means that the elderly/disabled and dependent deductions will be eliminated altogether. In the example above, the percentage of income used to calculate rent is reduced from 30% to 29% to offset the impact slightly.

Homes for Good will not decide on these additional changes at this time. The information provided above is for comparative purposes only.

### **Pre-Qualifying Unit Inspections**

Homes for Good's recent landlord outreach revealed a desire among landlords to reduce the time it takes to approve units for the HCV program. Inspections for new move-ins typically happen once the unit is approved but prior to the tenant moving into the unit. Since the scheduling of the inspection and the potential for failures and re-inspections takes time, the current process can delay the move-in. By pre-qualifying unit inspections, Homes for Good will be able to perform the inspection earlier in the process. This will enable the household to move into the unit as soon as it is approved.

### **Third-Party Requirement for PBV Inspections**

Homes for Good proposes to eliminate the requirement that the agency use a third-party entity to perform inspections on units and properties it owns. Procuring and overseeing a third-party contractor for inspection services is costly and time-consuming for the agency. Instead, Homes for Good will utilize its in-house inspection team and the policies and procedures governing inspections for the HCV program. The inspection process has built-in quality control measures in place that will help to ensure all inspections performed by Homes for Good are fair and that the process is transparent and auditable.

### **Alternative Inspection Schedule**

Currently, Homes for Good inspects its HCV units every two (2) years. HFG proposes changing the policy so that it only inspects units every three (3) years. This policy change will give inspectors more time for pre-inspections, re-inspections, and responding to special inspection requests. Homes for Good expects that this will allow inspectors to complete inspections sooner. This will reduce the amount of time it takes to lease up units, process unit transfers, and reinspect units that failed inspection. In addition, Homes for Good hired a full-time Landlord Educator. This position will 1) work with tenants over concerns regarding their existing housing and, 2) work with landlords to



address concerns. Homes for Good is confident that concerns that arise between inspections will be addressed through outreach and education.

### **Eliminate PBV Selection Process for PHA-Owned Properties**

Homes for Good proposes eliminating the requirement that the agency engage in a selection process when awarding project-based vouchers to properties it owns or controls. This will allow Homes for Good to award project-based vouchers to non-Public Housing properties it owns without a selection process. This policy change will help to streamline the development of new affordable housing units in the County. This change does not impact other HUD-required selection requirements and the agency will ensure that the process to award vouchers is uniform and transparent.

### **Limit Portability for PBV**

HFG proposes waiving the requirement that it provide a tenant-based voucher to project-based voucher (PBV) households after being on a PBV for twelve (12) months. Homes for Good's Permanent Supportive Housing (PSH) projects will use a referral from an approved entity instead of offering a tenant-based voucher to everyone after twelve (12) months of occupancy. This policy change does not apply to non-PSH PBV projects.

Waiving the portability requirement will:

- Decrease the paperwork that it initiated by PSH-PBV clients who state they want to move but are not ready to move, and then withdraw their request to move.
- Approved entities will work with households who are using PSH-PBV to support them in becoming successful in the private rental market. By implementing a better system for PSH-PBV clients who express interest in moving, we aim to reduce the amount of paperwork generated when clients change their minds about moving. This can be achieved by providing support and resources to help them make informed decisions and be prepared for the private rental market. Changing this process will not only save time and resources, but also improve overall client satisfaction and engagement with the program.

### **Self-Certification of Exception Payment Standards**

Currently, Homes for Good is required to ask HUD's approval to apply an exception payment standard (EPS). An EPS is any payment standard above 110% of the Fair Market Rent (FMR). Instead, Homes for Good proposes allowing it to self-certify EPS's in the case of reasonable accommodation. This will increase the housing opportunities of HCV Program participants needing accessibility features requiring a reasonable accommodation.

The current process to approve EPS's through the field office is time consuming and burdensome for the family, the housing agency, and HUD. In some instances, the unit becomes unavailable while Homes for Good is waiting for HUD's approval. Units with accessibility features typically have significantly higher rents and, without an expedited approval of the EPS, households with accessibility needs are severely limited in their housing options.