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TO: Boards of Commissioners
Fresno Housing Authority

FROM: Preston Prince
CEO/Executive Director

SUBJECT: Consideration of Letter of Interest Submission for Moving to
Work Program – U.S. Department of Housing and Urban Development

DATE: May 20, 2019

BOARD MEETING: May 28, 2019

AGENDA ITEM: 8c

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Executive Summary

The purpose of this memo is to request approval from the Boards of Commissioners to submit a Letter of Interest (LOI) package to the U.S. Department of Housing and Urban Development (HUD) expressing interest in admission to the Moving to Work (MTW) Program – Cohort #2 for both the Housing Authority of the City of Fresno and the Housing Authority of Fresno County. This LOI would provide the agency with the opportunity to review and analyze the potential benefits of the program to the agency and develop potential rent reform strategies that staff would bring back to the boards for a possible formal application when it becomes due in the Fall of 2019. The LOI would be non-binding and any application would be revocable until a final agreement for MTW status would be offered by HUD sometime in 2020.

The MTW Program was established in 1996 for the purpose of providing housing authorities the opportunity to design and test locally-designed strategies that use Federal dollars efficiently, help residents become self-sufficient, and increase housing choices for low-income families. The MTW Program has traditionally provided PHAs with regulatory flexibility and funding flexibility to test these local strategies.

Studies have been conducted examining the effectiveness of the MTW Program and have generally concluded that it provided numerous benefits to MTW PHAs and the residents, most notably the ability to increase housing options for residents and increase in self-sufficiency of residents, and in numerous cases, the agencies also had increases in cost effectiveness of their operations. While Congress has allowed a minor expansion of MTW since its inception in 1996, there are currently only 39 MTW agencies and this is the only significant expansion of the MTW Program.

On March 14, 2019, HUD issued PIH Notice 2019-04, which offers eligible PHA's the opportunity to express interest in admission to the MTW program under Cohort #2, which will test rent reform policies and their impacts on families. In this first step, interested PHA's that meet the eligibility criteria will need to

submit a Letter of Interest package to HUD by June 12, 2019. The Letter of Interest package includes:

1. A Letter of Interest from the PHA stating the desire to obtain MTW designation under the second cohort of the MTW Expansion.
2. A resolution signed by the Board of Commissioners approving the PHA's desire to obtain MTW designation under the second cohort of the MTW Expansion.

The submission of a Letter of Interest package does not constitute formal entry or agreement to enter into the MTW demonstration. HUD will use the packages to conduct an eligibility review of interested PHA's and will notify PHAs of their eligibility status in the summer of 2019. Those PHAs that meet the eligibility requirements, as determined by HUD, will be invited to submit a full application for Cohort #2.

HUD's intention for Cohort #2 is to test a variety of rent models in order to understand how various rent models can incentivize higher earnings, minimize hardship to residents, and reduce administrative burden. Staff would analyze the impact of the proposed rent models on residents and the agency operations and develop recommendations to bring back to the Boards for discussion before the final application would be due in the Fall of 2019, should the agency be invited to make a full application.

Recommendation

It is recommended that the Boards of Commissioners consider and approve the attached resolutions stating the Housing Authority of the City of Fresno's and the Housing Authority of Fresno County's desire to obtain MTW designation under the second cohort of the MTW Expansion and stating the intention to comply with the MTW objectives and statutory requirements and the Operations Notice (which is not yet final). Both agencies would be willing to evaluate Test Rent #1, Test Rent #2, Test Rent #3 and Test Rent #4 and propose modifications as allowed and submit a letter of interest describing the proposed modifications.

Fiscal Impact

There is no fiscal impact for submitting a Letter of Interest package. Staff will come back to the Boards with more information on the financial impact of submitting a full application for Cohort #2, at the discretion of the Boards.

Background Information

The Moving to Work Demonstration Program began in 1996 and there are currently 39 MTW housing authorities nationwide. In 2016, an MTW Expansion Statute was passed, which requires HUD to increase the MTW Demonstration Program by 100 PHAs over seven years. PHAs must be selected from High Performers in either SEMAP or PHAS, represent geographic diversity across the country, and administer HCV's only, public housing only or both HCV's and public housing. PHA's must also fall within the following categories:

- No less than 50 PHAs shall administer 1,000 or fewer aggregate authorized public housing and HCV units;
- No less than 47 PHAs shall administer 1,001-6,000 aggregate authorized public housing and HCV units;
- No more than 3 PHAs shall administer 6,001-27,000 aggregate authorized public housing and HCV units; (City HA = 7,665, County HA = 6,259)
- No PHA shall be granted the designation if it administers in excess of 27,000 aggregate authorized public housing and HCV units; and

- Five of the PHAs selected shall be agencies with portfolio awards under the Rental Assistance Demonstration (RAD).

Policies to be tested under the MTW Expansion, in no particular order except for the first and second cohorts, include:

- Overall Impact of MTW Flexibility: In the first cohort, the overall effects of MTW flexibility on a PHA and the residents it serves will be evaluated.
- Rent Reform: In the second cohort, different rent reform models that may or may not be income based will be evaluated. Below are the four rent policies that PHAs will have the option to test under Cohort #2.
- Future Cohort - Work Requirements: In this cohort, work requirements for residents/participants who are at least 18 years old, non-elderly and non-disabled will be evaluated.
- Future Cohort - Landlord Incentives: This cohort will evaluate how to improve landlord participation in the HCV program through incentives such as participation payments, vacancy payments, alternate inspection schedules and other methods.