

**United States Department of Housing and Urban Development**

**Moving to Work Demonstration Program**

**Promising Practices Report for**

**HOUSING AUTHORITY OF PORTLAND (HAP)**

**October 2008**

## INTRODUCTION

The Housing Authority of Portland (HAP) joined the U.S. Department of Housing and Urban Development's (HUD) national Moving to Work (MTW) Demonstration Program in April 1999. HAP's MTW program has focused on increasing administrative efficiencies through implementation of family self-sufficiency programs.

HAP is located in Portland, Oregon, with a population of 513,627, as estimated by the U.S. Census Bureau in 2005. The major industries providing employment opportunities include wholesale trade and health care and social assistance sectors.

As of March 2008, HAP managed 2,507 public housing units and administered 7,476 housing choice vouchers (HCVs). Utilizing MTW flexibilities, HAP has been able to develop innovation in housing policy by:

- Responding in a timely manner to a projected HCV funding shortfall by implementing an interim rent policy that temporarily increased tenant payments above 30% of income;
- Scheduling annual HCV and public housing inspections to maximize efficiency and maintenance staff capacity;
- Adopting a policy allowing residents to provide hand-carried third party income verifications;
- Adopting a policy eliminating income from assets of less than \$25,000 from a household's rent calculation;
- Adopting a bi-annual income re-certification schedule for households on fixed incomes;
- Utilizing MTW funding flexibility to supplement HAP's family self sufficiency efforts beyond typical funding levels;
- Utilizing "banked units" (public housing ACC units that were not in active use) to expand the number of units serving very low-income households;
- Expanding a project-based HCV program to house populations with special needs;
- Leveraging public housing funds in mixed finance transactions; and
- Utilizing fungibility to assist in the development of affordable housing opportunities.

This report reviews HAP's MTW program's promising practices and discusses the agency's progress towards meeting MTW program objectives. The report is based on interviews with housing authority staff and Department of Housing and Urban Development (HUD) MTW coordinators. The report also draws on reports and data on MTW participants collected by HAP, HUD, Abt Associates Inc. and Optimal Solutions Group, LLC over the course of the demonstration.

The report is organized into the broad goals of the Moving to Work Demonstration Program: (1) providing work incentives to encourage resident self-sufficiency (2) implementing administrative simplicity and program cost reduction (3) increasing housing choice and homeownership. Many of the HAP programs fall under multiple goals, but will be highlighted in the most relevant section.

## SELF SUFFICIENCY INITIATIVES

The Housing Authority of Portland (HAP) has renamed its family self-sufficiency program the Greater Opportunities to Advance, Learn, and Succeed (GOALS) Program. This program has been designed to expand the number of families being assisted to achieve economic independence and to identify partners and policies that will help achieve program objectives. As of April 2008, 537 families were enrolled in the program. The goal of this program is to successfully help households leave housing assistance. HAP has focused on establishing working relationships with key public and private organizations, such as the Oregon Department of Human Services (DHS) and the Construct Apprenticeship Workforce Solutions (CAWS), to share responsibilities and skills in assisting HAP clients to succeed. Although federal ROSS grants have provided a basic level of support, MTW fungibility has allowed HAP to deploy additional funds to supplement this program. Using MTW authorizations, HAP has also fine tuned its rent policy and asset building (escrow) strategies to enhance these efforts.

**Promising Practices:** As a component of GOALS, HAP is effectively utilizing the MTW “demonstration” opportunity to test various family self-sufficiency strategies. HAP has developed three Opportunity Housing Initiative (OHI) pilot programs to explore different approaches to assisting families achieve economic independence. These five-year pilot programs have just recently been launched, so outcomes are not yet available, but this approach should provide very useful information and guidance for the design of an effective, expanded and permanent program in the future. Following is a brief description of each of these three pilots:

- **Fairview OHI Pilot:** HAP has selected 40 families at the Fairview development to participate in this OHI pilot. Fairview was recently converted from a non-public housing complex to a public housing development. The unique feature of this pilot is that once a family’s portion of their rent reaches \$350/month, every dollar received by HAP over \$350 is placed in a savings account for the family. To date, 26 of these families are contributing to a savings account, and 20 families are contributing more than \$100/month. Access to these savings will only be possible once the family graduates from the OHI program.
- **Humboldt Gardens OHI Pilot:** HAP intends to require all working-able public housing families returning to this HOPE VI redevelopment mixed-income community to enroll in the OHI pilot. Families began returning to Humboldt Gardens in June 2008. Each family will establish economic self-sufficiency goals and will have access to self-sufficiency services. After five years, participating families must either have achieved their self-sufficiency goals, or they will be required to relocate to another (non-revitalized) public housing site or remain at Humboldt Gardens in a non-public housing subsidized unit.
- **DHS-HAP Partnership OHI Pilot:** HAP has entered into an agreement with DHS to test a service enriched HCV approach to self-sufficiency. This pilot program was started in the summer of 2008. DHS is selecting 25 TANF families to receive a HCV. DHS staff will provide the first two years of family self-sufficiency case management to these families, and HAP staff will provide the final three years of support. Upon completion of the third year, HAP will assess the overall effectiveness of this approach. If the program is successful, these 25 HCVs will be recycled to serve new DHS TANF clients once the initial participants graduate or leave the program. A smaller scale version of this

## INITIATIVES TO INCREASE ADMINISTRATIVE EFFICIENCY AND COST SAVINGS

The Housing Authority of Portland (HAP) has implemented a series of steps intended to increase administrative efficiency and control costs. One of the most significant uses of HAP's MTW flexibility occurred during a period of significant federal cuts to the HCV program. After extensive community discussions leading to a clear policy consensus, HAP's Board of Commissioners implemented a change in rent policy for HCV participants. Rather than rents based upon the typical 30% of adjusted income, HCV participants were charged 35% of their adjusted income. This resulted in all participants "sharing the burden", rather than other options which would have meant a reduction in the number of vouchers offered by HAP. Once HAP was able to confirm that HCV funding was exceeding HCV expenses, HAP not only returned to the 30% of adjusted income policy, HAP also provided rent reimbursements to households.

HAP has utilized its MTW status to carefully assess the impacts of different MTW flexibilities on decreasing administrative costs. HAP has already implemented several successful changes and is continuously exploring additional opportunities to further streamline operations. Below are samples of three different initiatives that have proven successful. **Appendix A** provides additional information on how MTW authorizations will allow HAP to increase administrative efficiency even more. HAP's assessment of these options includes a calculation of the staff time savings projected for each initiative. In addition, HAP not only assess new strategies, but also assesses the effectiveness of adopted initiatives. In several instances, HAP has discontinued MTW policies that did not perform as expected.

"There were some administrative policies that did not make sense, MTW allowed us to fix them."  
– Shelly Marchesi, Director of Policy and Public Affairs

### Housing Inspections

**HCV Program Inspections:** Annual HQS inspections conducted by HAP were initially based on the annual anniversary date for each tenant lease. HAP inspectors would visit different housing sites to conduct inspections for one unit at a time. HAP found this system to be inefficient and time consuming. Using MTW flexibilities, HAP moved to a system of annual inspections for an entire property regardless of the recertification dates of the families living in the complex. Inspectors now visit housing sites on an annual basis and complete inspections of all of the HCV units within a few days. This "whole building" inspection is typically used for sites with ten or more units that have a history of positive inspections. In addition to this strategy, in July 2007, HAP adopted a policy of conducting biennial inspections for residents with good tenant history and with a record of good landlord maintenance. HAP reports that 1,500 participants currently qualify for biennial inspections.

**Promising Practice:** In the HCV Program, the use of MTW flexibilities to change the method of conducting HQS inspections appears to be successful. Although there are no formal calculations

of the reduction in time spent on conducting annual HQS inspections, staff has reported significant time savings, which can now be redirected to supporting residents and improving client services. HAP staff indicates that this policy can be easily implemented at other housing authorities using MTW flexibilities.

**Public Housing Program Inspections:** Prior to site-based management, HAP’s UPCS (Uniform Physical Condition Standard) inspectors would schedule an entire property at one time, once a year. This made the inspection process efficient but resulted in an overwhelming amount of work orders and follow-up inspections being created all at once. This surge of inspection related work orders resulted in a maintenance overload and pushed back routine work orders that were not inspection related. To address this situation, as of June 2007, site staff adopted a dual approach site-based inspection system. In high-rise buildings, units are now inspected a floor at a time. For other units, inspections are based on monthly annual reviews. This strategy has now led to a more distributed workflow for maintenance mechanics and has also allowed these mechanics to develop a team approach for larger maintenance projects.

Hand-Carried Third Party Income Verification (Public Housing and HCV Programs)

The income verification system for Public Housing programs can be a very lengthy and cumbersome process. Families are required to submit detailed financial information on household income, and the housing authority staff is required to dedicate significant of its time to independently verify this information. In efforts to decrease the amount of paperwork and human resources dedicated to these income verifications, HAP has utilized MTW flexibilities to adopt a new policy regarding third party income verifications. HAP now allows households to hand-carry third party verifications of assets, income, and deductions. This policy was implemented for the HCV and public housing programs in April and June 2007, respectively.

**Promising Practice:** The policy of now allowing hand-carried third party income verifications has made it quicker and easier for HAP to complete the resident’s income recertification process. In addition to the projected time savings outlined in *Figure A*, HAP reports that this policy has also decreased tension and the level of frustration between housing authority staff, residents and the persons and organizations providing income verifications. HAP staff indicates that this policy can be easily implemented at other housing authorities using MTW flexibilities.

**Figure A:  
Projected Savings from Hand-Carried Third Party Income Verifications**

Public Housing Calculation Details	Public Housing Administrative Savings	Section 8 Calculation Details	Section 8 Administrative Savings
2037 annuals + 397 move ins + 450 interims = 2884 x 5 minutes	240 hours	5000 reviews x 5 minutes per verification	416 hours

The source data from the above table was based on reviews and estimates performed during calendar year 2006.

Although HAP has confirmed that staff time has been saved as a result of the adoption of this initiative, it is not yet clear if this income verification process produces an accurate confirmation of a household's income.

Elimination of Asset Income from Rent Calculations

Based on years of performing income verifications, HAP staff observed that verification of client assets has oftentimes been a cumbersome process, which yields very little benefit. Few of HAP's clients on housing assistance have assets that significantly affect their rent calculations, and almost no household has assets amounting to more than \$25,000 in value. Therefore, utilizing MTW flexibilities, HAP has eliminated the income received from assets under \$25,000 from the household's rent calculation. This policy not only reduces staff time, but for the few residents that receive modest income from assets, their rent obligation will be reduced allowing them to invest in savings. This policy was implemented for the HCV and public housing programs in April and June 2007; respectively.

**Promising Practice:** As outlined in **Figure B** this policy is projected to generate significant staff time reductions by eliminating the requirement to determine and verify income from assets of less than \$25,000 and to then incorporate this income into the rent calculation process. HAP believes that this policy can be implemented by other housing authorities, provided that a careful assessment is made to identify the appropriate asset value cut-off level based on each housing authority's client base.

**Figure B:  
Projected Savings from Eliminating Asset Income from Rent Calculations**

Public Housing Calculation Details	Public Housing Administrative Savings	Section 8 Calculation Details	Section 8 Administrative Savings
2037 annuals + 97 move-ins + 450 interims = 2884 x 5 minutes	240 hours	600 reviews x 5 minutes	500 hours

Bi-Annual Income Recertifications for Households

MTW flexibilities have enabled HAP to move from an annual to bi-annual income recertification schedule for public housing and HCV senior and disabled households on fixed incomes. In addition to reducing staff time, this policy allows seniors and disabled households to keep any increased income they received during the year in which no income verification is performed and to avoid the inconvenience of providing personal information to a HAP staff person every year. This policy was implemented for the HCV and public housing programs in April and June 2007; respectively.

**Promising Practices:** The implementation of this administrative efficiency measure has dramatically decreased the income recertification workload as had been projected in **Figure C**. Currently, 426 public housing and 2,600 HCV households qualify for this alternative recertification schedule. HAP believes that this policy can be replicated in other housing

authorities because elderly and disabled populations typically do not have significant fluctuations in income.

**Figure C:  
Projected Savings from Bi-Annual Income Recertifications**

Public Housing Calculation Details	Public Housing Administrative Savings	Section 8 Calculation Details	Section 8 Administrative Savings
1344 with fixed incomes; 1344/2= 672 hours @ 1 hour per review	672 hours	2400 annual fixed income recertifications; 2400/2= 1200 @ 1 hour per review	12000 hours

### **HOUSING CHOICE AND HOMEOWNERSHIP INITIATIVES**

The Housing Authority of Portland (HAP) has utilized its MTW flexibilities to preserve its public housing stock and to sponsor programs that have increased homeownership opportunities for low-income families. HAP has established the following three “public housing preservation” objectives:

- Replace non-viable public housing units with more efficient public housing stock;
- Address unmet and unfunded capital needs across the public housing portfolio; and
- Increase the current public housing supply by utilizing unused (but authorized) public housing unit subsidy. HAP refers to this potential resource as “banked units”.

#### Financing and Procurement Flexibilities

Federal funds are essential to the operation of Public Housing. In recent years, investment has been on the decline, making it hard for housing authorities to properly run and maintain quality housing. HAP has successfully utilized MTW flexibilities to reactivate unused public housing subsidies (“banked units”) to increase the public housing supply. In addition, HAP plans to sell up to 50 scattered site units each year and use the proceeds received to make necessary investments in the modernization of the public housing stock and replacing Public Housing units.

The first example of this practice occurred in April 2007 with HAP’s “Fairview Conversion Project”. At this property owned by HAP (an affordable housing development without previous federal subsidy for tenants), 40 units of public housing subsidy (i.e. 40 “banked units”) were activated in order to increase housing choice for very low-income residents in this community. Using MTW flexibility, HAP utilized long-term operating subsidy assumptions to build a cash flow model to determine the number of public housing units the project could carry (while still allowing adequate funds for building operations and capital improvements.)

**Promising Practices:** Using MTW public housing funding flexibilities, proceeds from the sale of scattered site public housing units will be utilized to make necessary capital improvements to

HAP's remaining public housing portfolio. HAP believes that many housing authorities with a significant number of disposable scattered site units could benefit from this strategy, especially housing authorities that need additional funding for rehabilitation, redevelopment and/or development efforts.

#### HCV Project-Based Housing

HAP has utilized MTW flexibilities to develop a project-based HCV program designed to meet local needs. Currently, approximately 14% of HAP's 7,476 HCVs are project-based. The majority of these vouchers are located in facilities with services attached for special population groups. In 2007, HAP committed to provide 150 additional project-based vouchers to Permanent Supportive Housing (PSH) at a rate of 50 each year to serve chronically homeless single adults and families. HAP was able to provide all 50 vouchers to PSH in 2008. One unique feature that is important to local community agencies is a provision that residents who move into a unit with project-based assistance, and desire to move out after only one year, are required to apply through HAP's tenant-based HCV waiting list. Since this list is only open to new applicants every few years, this requirement serves as an incentive for households to remain in their project-based unit thus providing greater stability at these project-based sites.

#### Utilizing Block Grant Flexibility to Increase Housing Choices, Such as Special Needs Housing

Early in HAP's participation in MTW, the HAP Board approved the creation of a "Development and Acquisition Fund" to target investments in real estate. MTW fungibility and HAP's prudent investment of these funds assisted in the growth of HAP's affordable housing portfolio (including the development of housing for people with special needs). In addition, HAP's program and funding flexibility has enable the agency to respond quickly to housing opportunities and challenges that arise in the jurisdictions HAP serves. HAP continues to work closely with representatives from each jurisdiction collaboratively to implement programs and activities that increase opportunities for housing choice, increase cost-effectiveness between programs, and help participants become more self-sufficient. In particular, HAP continues to seek ways to support the City of Portland and Multnomah County's Ten Year Plan to End Homelessness.

## APPENDIX A: Projected Time Savings Once Rent Simplification Steps Are Implemented

Procedure	Resident Impact	Public Housing Calculation Details	Public Housing Administrative Savings	Section 8 Calculation Details	Section 8 Administrative Savings
1. Move from annual to bi-annual income recertifications for senior and disabled households on fixed incomes such as SSI and SSD (disability).	+ Potential rent increase only every-other-year	1344 with fixed incomes; $1344/2 = 672$ hours @ 1 hour per review	672 hours	2400 annual fixed income recertifications $2400/2 = 1200$ @1hr per review	1200 hours
2. For households not on a fixed income, review increases in income only at annual recertification. (Exception: households moving up from zero income)	+ Delays rent increases until scheduled recertification	693 households not on a fixed income; assume 1/4 may experience increase $693/4 = 173$ $173 @ 1$ hour per review	173 hours	Already implemented	N/A
3. For all households, interim reviews for decreases in income will be conducted only for decreases that are effective for more than 30 days.	- Residents with brief reductions in income will not be given rent relief	450 interims; assume 225 decreases; assume 1/3 will not be effective for more than 30 days $225/3 = 75$ $75 @ .5$ hours per review	38 hours	Already implemented	N/A
4. Allow households to hand carry third party verifications of assets, income and deductions.	+ Quicker and easier for residents to provide information	2037 annuals + 397 move ins +450 interims = $2884 \times 5$ minutes	240 hours	5000 reviews x 5 minutes per verification	416 hours
5. Eliminate assets under \$25,000 from verification requirements and do not include them in income calculations.	+ Reduces rent obligation and promotes savings by residents	2037 annuals+ 97 move ins + 450 interims= $2884 \times 5$ minutes	240 hours	6000 reviews x 5 minutes	500 hours
6. Simplify the Mandatory Earned Income Disallowance (MEID) to retain first year benefits and eliminate the complex multi-year approach.	- Reduces time frame for 48 to 24 months - No rolling clock start/stop benefit - No phase-down of disallowed rent + Keeps residents responsible for paying rent	67 individual residents currently on MEID (61 households)  2 hours tracking per resident	134 hours	17 households currently on MEID  2 hrs per tracking per household	34 hours
7. For new participants, eliminate the Mandatory Earned Income Disallowance (MEID) for GOALS Family Self-Sufficiency program.	- Immediate increase to rent obligation for newly employed + Allows for quicker growth of escrow	If current PH participants in GOALS qualify for MEID, they would be included above	Included in numbers above	If current Section 8 participants in GOALS qualify for MEID, they would be included above	Included in numbers above