May 3, 2016

Office of Public and Indian Housing
Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410-0001


To Whom It May Concern:

On behalf of the National Association of Housing and Redevelopment Officials (NAHRO), I am pleased to offer the following comments in response to HUD’s Request for Specific Policy Proposals and Methods of Research and Evaluation for MTW Program Expansion [Docket No. FR–5932–N–01] published in the Federal Register on April 4, 2016. Formed in 1933, NAHRO represents over 20,000 individual and agency members. Collectively, our membership manages over 970,000 public housing units, or approximately 83 percent of the entire public housing inventory, as well as 1.7 million Housing Choice Vouchers. NAHRO also represents numerous Public Housing Agencies (PHAs) participating in the Moving to Work (MTW) Demonstration Program. Many of NAHRO’s members are also involved in the administration of federal funding through Community Planning and Development programs. NAHRO works to support policies that promote regulatory relief and provide local discretion and flexibility to housing authorities so that they may best meet the need of their communities.

NAHRO was extremely pleased that the 2016 Consolidated Appropriations Act (the Act) authorized HUD to expand the MTW demonstration program by an additional 100 high performing Public Housing Agencies (PHAs) over a period of seven years. NAHRO has long called for meaningful expansion of the MTW demonstration and is deeply supportive of Congress’s efforts and HUD’s quick actions to move the expansion forward. PHAs that participate in the MTW demonstration enjoy broad funding flexibility and may experiment with alternative program structures to better serve their communities.

The Act requires the Secretary to establish a research advisory committee that includes program and research experts from HUD agencies with an MTW designation and independent subject matter experts in housing policy research. The research advisory committee is responsible for advising the Secretary on specific policy proposals and methods of research and evaluation for MTW. The Secretary will direct one specific policy change for each new cohort of agencies receiving MTW

Stephen W. Merritt, PHM, President; Carl S. Richie, Jr., NCC, NAHRO Fellow, Senior Vice President; Julie Brewen, Vice President-International Research and Global Exchange; Donna Brown-Rego, Vice President-Member Services; Donovan Duncan, Vice President-Community Revitalization and Development; Duane Hopkins, Vice President-Professional Development; Richard Leco, PHM, Vice President-Commissioners; Regina Mitchell, SPHM, PHM, Vice President-Housing; John F. Bohm, Acting Director.

e-mail: nahro@nahro.org   web site: www.nahro.org
designation, and the impact of this policy change will be evaluated through rigorous research. Newly designated MTW agencies will provide information requested by HUD to support oversight and evaluation, including targeted policy changes. Research and evaluation will be coordinated under the Secretary in consultation with the advisory committee to determine successful policy changes that can be applied more broadly to all public housing agencies and to propose any necessary statutory changes.

NAHRO supports Congress and HUD’s efforts to determine successful policies utilized by MTW agencies that could be applied more broadly, however NAHRO cautions that the research and evaluation component of the MTW expansion must minimize additional burdensome reporting requirements on MTW agencies. Although NAHRO understands HUD’s need to provide oversight and evaluation, one of the most critical components of the MTW demonstration is the flexibility that PHAs can utilize to meet the needs of their communities. Time-consuming and overly burdensome reporting requirements may prevent PHAs from being able to use their MTW designation in the most practical and cost-efficient manner.

Although NAHRO understands the importance of directing one specific policy to each MTW cohort over the 7 years of program expansion for the purpose of evaluation, we caution against any policy proposals that limit PHA flexibility and fungibility, as these components are what make the MTW demonstration so successful for currently participating agencies. Although NAHRO supports this MTW expansion, we want to ensure that any proposed policy changes do not divert the local discretion built into the MTW demonstration that allows PHAs to meet the core goals of the program: cost effectiveness, self-sufficiency, and housing choice.

NAHRO also recommends that HUD not only evaluate new data provided by MTW agencies, but also pre-existing data already provided by current MTW agencies that demonstrate the impacts of the policy changes they have implemented. Cataloging and communicating current MTW activities would provide HUD with insights into the impacts these policy changes have had on PHA operations, affordable housing preservation, cost-efficient streamlined operations, and any tenant impacts. Although by design the MTW demonstration is not a one-size-fits-all approach, many MTW agencies have implemented similar policies to achieve similar goals. Utilizing the data submitted by current MTW agencies would help ensure new evaluation processes are no more onerous or burdensome than current MTW reporting.

HUD seeks specific policy proposal recommendations related to the three MTW demonstration statutory objectives of cost effectiveness, self-sufficiency, and housing choice. HUD also requested recommendations specifically on using administrative flexibilities to reduce costs and improve operations, governance, and financial management. Although our comment letter does not include that topic as a stand-alone item, most of our recommendations lend themselves to increasing PHA flexibility to minimize administrative burden. Please find NAHRO’s recommendations on specific policy proposals below:

*Increasing moves of low-income families to high-opportunity neighborhoods*

**Mobility Counseling**

- Both pre- and post-move mobility counselling can help increase moves of low-income families to high-opportunity neighborhoods.
• Pre-move counseling should include explaining the benefits of moving to high-opportunity areas to tenants, housing search assistance (especially in neighborhoods that tenants may be less familiar with), help improving credit scores, and assistance saving for security deposits.

• Post-move counseling should provide assistance once the family moves and is adjusting to the new neighborhood. Offering counseling post-move increases the likelihood that the family will remain and not move back to a lower-opportunity neighborhood.

Security Deposit Grants
• Providing grants to tenants to be used for security deposits can help tenants move into units in higher-opportunity neighborhoods that may have higher security deposit requirements. Often, costs associated with moving into units in higher-opportunity neighborhoods are greater, and it can take low-income families significant time to save the money needed for a deposit.

• This will also help the family if they opt to move to a market unit rental, as they can transfer the security deposit to the new unit. This incentivizes the family to maintain proper upkeep of their unit so that they are able to keep the deposit money. Providing the deposit as a grant, as opposed to a loan, ensures that families do not fall into debt if, for whatever reason, they are unable to pay the security deposit back to the PHA.

Increased Search Times
• Finding rental units in higher-opportunity neighborhoods can be challenging for tenants unfamiliar with those neighborhoods. Furthermore, landlords in higher-opportunity neighborhoods may be less familiar with the Section 8 program and, as a result, may be less inclined to rent to a voucher holder if other renters are available. Providing tenants with increased search times would help tenants find and secure rental units in higher-opportunity neighborhoods where they may face more challenges finding a rental unit than in lower-opportunity neighborhoods.

Location Based Strategies
• Current MTW agencies in high cost locations have been able to purchase properties in higher-opportunity neighborhoods for project-based vouchers through the Low-Income Housing Tax Credit (LIHTC) and other funding sources.

• This allows PHAs to keep rents lower in higher-opportunity neighborhoods, as private landlords would increase rents along with the market. By purchasing these properties, PHAs can ensure affordable options exist in high-opportunity areas.

• Lifting the cap on the number of vouchers that PHAs are allowed to project-base in high-opportunity neighborhoods could help PHAs purchase more properties to provide affordable housing in neighborhoods experiencing increasing rental costs.

Flexible Payment Standards
• Allowing PHAs to decouple their payment standards from FMRs to create payment standards that work locally and utilize local data and knowledge on costs of living within higher-opportunity areas can increase the ease of moving tenants to these neighborhoods.

• Although HUD is currently promoting small FMRs, many PHAs feel as though these include out-of-date data that do not represent true rental costs in higher-opportunity neighborhoods. PHAs also note that small FMRs are overly burdensome and administratively time consuming.
Providing PHAs the flexibility to determine their own local payment standards internally, or through partnerships with their cities or other local organizations, could help move more low-income families to higher-opportunity neighborhoods. Furthermore, this would allow PHAs to more easily tie rent ratios to high-opportunity areas, allowing PHAs to provide greater subsidies for more costly neighborhoods.

**Improving education outcomes through housing partnerships**

**Shared Data between PHAs and Local School Districts**
- Sharing demographic and attendance information about students can help improve attendance, academic achievement and parental involvement. This can also help PHAs better understand where absenteeism is an issue and where students are falling behind.
- PHAs could also act as an intermediary for schools to relay important information such as school registration dates, holidays and professional development days, and remind families when the school year begins.

**Grade-Level Reading for Young Learners**
- Ensuring students can read proficiently by the end of third grade is a key predictor of high school graduation rates. Promoting grade-level reading as a goal of a supportive service program can help PHAs put young residents on the path to success. By funding reading programs through supportive service programs, PHAs can help provide books, tutors, or other activities that can help young learners increase their reading skills.

**Space and Programming for After-School Activities**
- PHAs could partner with local organizations and provide space for early learning, after-school programs, and summer programs. Partner organizations can also help parents improve their abilities to help their children build vocabularies and develop early reading skills as a supportive service program.
- Partnering with organizations that provide summer food programs ensure that children are eating even when school is out. Summer food programs also provide an opportunity for older residents to volunteer and undergo food safety trainings that can help them find employment and create a stronger connection to the community in which they live.

**Comprehensive Education Models**
- New models should take a holistic approach to improve educational outcomes. This includes stable housing, early intervention, pre-school education, academic support, high expectations, student mentorship, parent engagement, strong community foundations, and post-secondary funding. PHAs could create partnerships with youth and educational organizations to help ensure students maintain access to stable housing.

**Structuring alternative rent-setting methods**

**Establish Relationships between Unit Size and Rent**
- Rent reform should allow for a relationship between rent and unit size. Like the private market, tenants would have to pay additional rent for units larger than those for which they are eligible. In other words, a family that qualifies for a three-bedroom unit would receive the same subsidy for a three-bedroom unit as they would if they rented something larger. The
family has the option to put more income toward rent if they chose to rent a larger unit. If a family rents a smaller unit, the subsidy then declines to match the subsidy that would be given to a family that qualifies for a two- or one-bedroom unit. This encourages families to rent appropriate-sized homes for their households.

Eliminate Mandatory and Nonmandatory Exemptions
- Eliminating mandatory and non-mandatory exemptions, including utility reimbursements, allows for streamlined rent structures that greatly decrease administrative burden on PHAs. Hardship exemptions, or some sort of financial safety net program, would need to be provided in extenuating circumstances for families that are disproportionately impacted.

Tiered Rent Structures
- Tiered rent structures based on subsidies inform residents of the subsidy amount they will receive before they begin searching for a unit. This is especially beneficial in tight markets with limited rental vacancies. This system allows residents to act quickly when they find a suitable unit and allows the resident to know up front what their contribution for the unit would be since the subsidy is already known. If a resident finds a unit below the subsidy value, the PHA can charge a minimum rent to the tenant.

Rent Stability
- Promoting rent stability may benefit residents as it more closely mirrors the actual rental market. This helps tenants once they move from assisted housing and into market rentals, as they already understand and are accustomed to the rental market system.
- Increased rent stability can be achieved through bi- or triennial recertifications and removing interim recertifications. Like the rental and housing market, if residents experience an increase in their income, they are able to save this amount as opposed to putting it toward rent. This way promotions and wage increases do not affect what you pay month-to-month and incentivize employment and economic improvement. A stable rent also helps tenants budget as they are able to forecast their upcoming expenses. Recertifications should be staggered so that PHAs are not overwhelmed. No interim recertifications should occur except for extenuating circumstances that significantly impact a tenant's ability to pay rent.
- Using VPS data to determine subsidy eligibility can also help create a tiered rent structure that promotes rent stability as opposed to basing the rent off tenant income.
- Removing the forty percent cap of income for rent at move-in also decreases the likelihood that landlords will raise the rent later on. This allows tenants to forecast their budgets as they have increased rent stability.

Streamlining admissions and/or occupancy policies (i.e., work requirements, time limits, waitlist preference alterations)

Work Requirements
- If PHAs opt to include work requirements, they should be set at no less than 15 hours a week to match welfare requirements. Work requirements should include education and job training programs. Resident services need to be plentiful and robust to ensure residents have access to job placement programs, job training, and other outreach services. The inclusion of work requirements should not be thought of as a means to “de-house” residents, but rather help them achieve increased self-sufficiency.
Site-Based Public Housing Waiting Lists

- Allow PHAs to create site-based waiting lists. This would allow applicants to make more informed choices when selecting developments to reside. It would also reduce administrative burden of managing multiple unit offers and decrease the amount of time it would take to lease-up units.

Developing strategies to better utilize project-based vouchers

Lifting the Cap on Project-Based Voucher Units

- Lifting the cap on the number of project-based vouchers PHAs can use could help PHAs better utilize project-based vouchers. This would allow PHAs to either target project-based vouchers to specific populations (like elderly and disabled residents) or allow PHAs to target project-based vouchers to neighborhoods (especially those that are higher-opportunity).

Improving the health and wellbeing of elderly and disabled residents

Increased Project-Based Vouchers for Elderly and Disabled Residents

- Lifting the cap on project-based vouchers for elderly and disabled residents specifically could help PHAs provide stable homes for elderly and disabled residents. Moreover, it could ensure that accessible properties are available to those with mobility concerns.
- It is important to understand that seniors and disabled individuals can be very different populations. Grouping these populations together in the same project-based development may not make sense, as a 30-year old disabled individual may do poorly at a housing development oriented toward senior citizens. Allowing PHAs to separate these groups if desired could help improve their health and wellbeing.

Supportive Services

- Providing resident services to individuals with mobility impairments would help ensure elderly and disabled residents receive the treatment and care they deserve. This could be achieved through mobile health and care services that are provided throughout the week. Establishing partnerships with local public health organizations could assist in this endeavor.
- Ensuring that training, especially surrounding computer literacy, and volunteering opportunities are available to households that are not workable would help provide a sense a purpose to elderly and disabled residents, as opposed to excluding them from such activities.
- Providing weekly transportation to grocery stores, pharmacies, doctor's offices, and other necessary errands can help seniors and disabled individuals access needed care and complete daily tasks.

Connecting Elderly and Disabled Residents with Younger Residents

- Connecting elderly and disabled residents to younger residents can help increase a sense of community and provide mutually beneficial educational opportunities.

Achieving the goal of ending homelessness for families, veterans, youth, and the chronically homeless
Housing Locator Services
- HAP funds can be used for “Housing Locator Services” that act as an interface between landlords and PHAs. These individuals help vulnerable families find housing and help remove the perceived red-tape that prevents many landlords from participating in the Section 8 program. The Housing Locator should be trained in HQS to be able to perform on-the-spot inspections to sign potential tenants up as quickly as possible. The Housing Locators also help more vulnerable families navigate sometimes challenging rental markets. This is especially true in areas with low rental vacancies and high rental demand.

Cultivating supportive or sponsor based housing policies

Master-Leasing Units
- Allow for PHAs to master-lease units coupled with case management services. This could allow landlords to lease to individuals whom they otherwise may not serve due to perceived risks.
- Master-leasing also removes the tenant responsibility of locating appropriate housing and negotiating with the landlord regarding housing quality inspections and program participation, which can be challenging for residents who may need supportive services.
- Master-leasing can help lead to greater self-sufficiency as it provides residents with an opportunity to develop a relationship with a landlord and become responsible tenants. This could eventually lead to the resident assuming the lease under their own name.

Sponsor Based Vouchers
- PHAs could designate a certain percentage of sponsor based vouchers. Sponsor based vouchers are vouchers that are provided to nonprofits or service providers that then lease a unit for a tenant. The landlord or nonprofit would be responsible for providing tenants with supportive services. Landlords may perceive less risk if they are leasing to an organization as opposed to an individual tenant. PHAs would need to create strong partnerships with service providers to ensure that residents are receiving needed supports.
- Sponsor based voucher units would be required to pass similar inspections as all tenant based voucher units.

Rent Supplements for Project Based Vouchers
- PHAs could also create rent supplement programs with project-based vouchers. The rent supplement would be provided to the owner, not the building, so that they could be swapped between eligible units and would be used specifically for supportive services.
- The rent supplement would help pay for needed supportive services that would be provided to the tenants by the owner.

Research Methods

NAHRO recommends that HUD use data to evaluate program and policy changes that PHAs regularly collect or could collect without much additional effort. Currently, PHAs provide HUD with a significant amount of data. Utilizing the data that PHAs are already required to provide ensures that the MTW demonstration remains cost effective. It also helps ensure that data are calculated consistently across agencies and can be compared to non-MTW agencies. HUD should also emphasize collecting baseline data from new MTW agencies. One of the challenges existing MTW
agencies have regarding evaluation is that baseline data is not readily available, making it more
difficult to see outcomes over time. Having these baselines clear and established at the beginning of
the process will strengthen policy evaluations. HUD should focus on outcomes as opposed to inputs
to truly determine the impact of the proposed policy changes. Any evaluation of MTW should also
include non-traditional housing assistance that PHAs are able to provide through the flexibility found
in the MTW demonstration, otherwise the overall impact of the program may be understated. Data
quality checks should be built into reporting systems, and PHAs should also be able to review and
verify data to ensure accuracy.

As always, NAHRO is appreciative of the opportunity to comment on this important notice. NAHRO
has long called for meaningful expansion of the MTW demonstration and is deeply supportive of the
Congress’s efforts and HUD’s quick actions to move the expansion forward. We look forward to
continuing our work together throughout HUD’s evaluation of MTW policies. Please do not hesitate
to contact us if we can provide additional information or clarification.

Sincerely,

Eric Oberdorfer
Policy Advisor, Public and Affordable Housing