

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

VANCOUVER HOUSING AUTHORITY (VHA)

December 2008

INTRODUCTION

The Vancouver Housing Authority (VHA) signed their Moving to Work (MTW) agreement with the United States Department of Housing and Urban Development (HUD) in April 1999. This agreement granted VHA regulatory relief and gave the agency block grant funding flexibility. VHA's mission is to "provide opportunities to people who experience barriers to housing because of income, disability, or special needs in an environment which preserves personal dignity, and in a manner which maintains the public trust."

VHA, located in Clark County, Washington, was established during WWII to help meet housing needs for shipyard workers, and it has since evolved to meet the additional needs of the surrounding community. Since becoming a MTW agency, VHA has tried to implement housing policy changes to meet the MTW goals of increasing administrative efficiency, helping residents work towards self-sufficiency, and increasing housing choice and homeownership options for MTW participants.

According to the U.S. Census Bureau, in 2007 Clark County had a population of approximately 418,070 people. The Census Bureau's North American Industry Classification System County Business Patterns for 2005, cited the industries with the most employees in Clark County as health care and social assistance, retail trade, and manufacturing.

As of the agency's 2009 Annual MTW Plan, VHA currently is serving 489 households with public housing assistance and 1,963 households with Housing Choice Vouchers (HCV). The goals of VHA's MTW program have been to promote resident self-sufficiency among public housing and HCV participants, provide more direct and beneficial services to low-income families, and to create administrative efficiencies and cost savings. The agency has used its MTW authority to work towards these goals by engaging in a number of activities, including:

- Redirecting agency resources to provide more direct and beneficial services to low-income families;
- Altering the agency's rent policies; and
- Experimenting with time limits as a means to reach a greater number of families with housing assistance.

This report reviews VHA's promising practices, lessons learned, and progress since becoming a MTW Demonstration participant. The document is based on interviews with housing authority staff, HUD field staff, and HUD MTW Coordinators. The document also draws on Annual MTW Plans and Reports submitted by VHA, as well reports prepared by Optimal Solutions Group, LLC and Abt Associates Inc. over the course of the demonstration.

SELF-SUFFICIENCY

VHA has experimented with various housing policies in the attempts to move housing assistance recipients towards greater self-sufficiency. When first designing their MTW program, VHA chose to create a model combining ceiling rents and deductions, escrow accounts, and time-limited assistance paired with mandatory participation in a self-sufficiency program.

Rent Deductions

VHA used ceiling rents and deductions in order to ease the rent burden on participants and promote greater self-sufficiency. The agency instituted the following policies using their MTW waiver abilities:

- An additional deduction of \$480/year per child was allowed for child support payments made outside the home;
- FICA, Workers Comp, and Medicare deductions were removed from gross earned income prior to the computation of rent;
- Ceiling rents were established for public housing units;
- Section 8 certificates were converted to Section 8 vouchers; and
- Rent contributions made by voucher participants were increased to not exceed 45% of gross monthly income.¹

Time Limits and Escrow Accounts

Lesson Learned: Upon being granted MTW flexibilities, the VHA staff decided to create a self-sufficiency program modeled on the Family Self-Sufficiency Program (FSS) they were already operating. The agency wanted to use MTW to mandate full participation in this self-sufficiency program, and thus decided that all residents – both in the public housing and HCV programs – would comply with MTW rules and regulations. The reasoning behind this was to demonstrate that mandatory participation in a self-sufficiency program, coupled with time limits on housing assistance made possible by MTW waivers, would result in a greater percentage of public housing tenants and voucher holders achieving self-sufficiency. Elderly and disabled tenants and voucher holders were not required to participate in the MTW program, but instead were given the choice of whether or not they wanted to participate.

Central to this participation was the requirement that all households submit a set of specific goals, and in creating those goals meet with an MTW case manager. The receipt of housing assistance for residents became conditional upon the formation of these goals, many of which were related to the pursuit of self-sufficiency.

Coupled with this mandatory self-sufficiency participation and the use of escrow accounts was the establishment of time limits on vouchers and housing assistance, which the staff believed would supplement their other activities. Clients thus signed a five-year

¹ In 2009, VHA will discontinue the practice of allowing tenants to pay rents in excess of 40% of adjusted monthly income. This change is explained further in the Housing and Homeownership section of this report.

contract, during which they were expected to build escrow and work towards achieving their personal goals.² VHA included a provision granting a two-year extension on the time limits for the participants who needed it.

VHA pursued a housing policy including time limits because they wanted to test it as a way to respond to the exceedingly long waiting list they had for housing assistance. VHA is a small program relative to the size of the community, and by implementing a time limit on housing assistance they agency believed they could help a greater number of people with subsidies and vouchers, while encouraging others to gain self-sufficiency.

Results

By September 2004, five years after signing their MTW agreement, VHA saw approximately 510 families move off of subsidized housing, with an average of about \$3,200 in escrow savings. Approximately 150 of those families used those escrow funds to help them purchase their own homes. Despite these successes, however, time limits proved not to be a promising practice for the Vancouver Housing Authority.

Time limits were a powerful motivation for many residents, providing them with the incentive necessary to become more self-sufficient. And, for some tenants, the expectation that they would be self-sufficient after five years was all that they needed to motivate themselves to increase their incomes, or retain more steady employment.

However, while the act of setting time goals and making plans with case managers proved to be a great impetus for some, it was not true of all participants. A number of participants did not make progress towards self-sufficiency over the five year period, and upon their termination from assistance, were far from being able to afford their own housing. The realization of this reality, coupled with uncertainty about their future status as an MTW agency, led VHA to suspend its time-limited assistance policy.

Currently, the housing authority is not operating with time limits. While some residents are still “graduating” from the program and moving towards homeownership, VHA is currently running as an FSS program with no time limits, and looking ahead, focusing on reforming working with community stakeholders and residents to further refine their rent policies. The FSS program is no longer mandatory, and upon termination of that requirement, participants were given the option of cancelling their personal contracts and opting out of the self-sufficiency program. This resulted in a large number of escrow forfeitures, bringing almost \$700,000 to the agency.

ADMINISTRATIVE EFFICIENCY

Block Grant Funding Fungibility

VHA’s MTW program uses block grant funding flexibility, or the ability to merge funding from a variety of funding streams into a single-fund budget, to allow the agency

² VHA enacted time limits of five years because their MTW contract with HUD was initially set for five years.

to spend its funds on uses directly correlated to the unique needs and priorities of the housing authority and the residents it serves.

Promising Practice: The Vancouver Housing Authority has been able to use this flexibility to help support the agency's community center, which is a center focused on child care provision and youth activities. The Rise and Stars Community Center provides young residents of subsidized housing experiences and opportunities helpful in the path towards success. Housing assistance is far too often a multi-generational need, so the efforts of places such as the Rise and Stars Community Center are important in providing children with the tools and encouragement they need to succeed both in and out of school. MTW flexibilities have helped to support an on-site Resource Specialist, who has, in the past, assisted residents with achieving their Moving to Work goals. The Resource Specialist makes referrals, assists residents dealing with other agencies, and provides workshops and training designed to meet resident needs.

The Center has a dedicated staff and a number of volunteers providing programs and resources to residents. These include:

- Youth academic and recreation programs;
- Computer lab facilities;
- Family activities;
- Job search resources; and
- Licensed day care services.

While the Rise and Stars Community Center is funded from a variety of sources, at times VHA has been able to keep the center's doors open due to funding that is only available as a result of the agency's ability to block grant funds. A key example of this is VHA's use of block grant funds to pay for deficits that the center has accrued on occasion.

HOUSING AND HOMEOWNERSHIP

Housing Choice

VHA has long been committed to promoting housing choice among housing assistance participants. VHA used its MTW flexibility to allow for greater housing choice through adjustments to the rent policy. Specifically, in the agency's first Annual MTW Plan, VHA used its MTW authority to allow voucher holders to rent more expensive units than they otherwise could under traditional HCV program rules. VHA was able to do this by waving payment standards, and allowing tenants the ability to choose units they otherwise might not have been able to afford. While this practice has proven useful for some tenants, VHA will discontinue the practice in 2009, as part of an effort to reduce the rent burden incurred by its residents. VHA plans to closely monitor voucher turnback rates to see if the lesser rent burden causes residents to have difficulty obtaining an adequate unit.

Homeownership Support through Escrow Accounts

As noted earlier in this report, VHA did operate mandatory escrow accounts for a number of years for their MTW participants. While this policy is not currently being enforced, it did help move some graduates to homeownership. VHA estimates that over 160 families moved from the MTW program into homeownership, due in significant part to the funds available via their mandatory escrow accounts.

In 2009, VHA will continue its efforts to develop a small homeownership voucher (HOV) program, utilizing a maximum of 50 tenant-based vouchers. Results of the HOV program will be detailed in future iterations of this report as results become available.