

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

DELAWARE STATE HOUSING AUTHORITY (DSHA)

October 2008

INTRODUCTION

Delaware State Housing Authority (DSHA) joined the U.S. Department of Housing and Urban Development's (HUD) national Moving to Work (MTW) Demonstration Program in May 1999. The DSHA MTW program focuses on the goals of promoting self-sufficiency through work, increasing housing choice, and reducing program cost.

The Delaware State Housing Authority encompasses two of the three counties in Delaware; Kent County and Sussex County. According to 2007 U.S. Census Bureau estimates, the combined population in Kent and Sussex is approximately 336,546, roughly 39% of the state's population. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2006, the industries with the most employees in Kent County and Sussex County include health care and social assistance, accommodation and food services, retail trade, manufacturing, and construction.

The Delaware State Housing Authority is a MTW block grant site that serves approximately 1,400 households through its public housing and Housing Choice Voucher programs as of March 2008. Utilizing MTW flexibilities, DSHA was able to develop innovative housing policy through:

- limiting *housing assistance to five years* for non-disabled and non-elderly recipients to increase resident self-sufficiency
- implementing a *savings account for public housing and Housing Choice Voucher recipients* to promote resident savings
- combining the public housing *and Housing Choice Voucher waiting lists* to increase administrative efficiency
- working *with local nonprofits* to deliver case management and supportive services
- developing a *Homeownership Program*

This report reviews DSHA's MTW program best practices since its inception 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 DSHA, HUD, and Optimal Solutions Group over the course of the demonstration.

The following 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; and (3) increasing housing choice and homeownership. Many of DSHA's programs fall under multiple goals, but will be highlighted in the most relevant section.

SELF-SUFFICIENCY INITIATIVES

Delaware State Housing Authority has made great strides in helping residents successfully enter the private market through the implementation of time limited assistance, rent contribution caps,

and resident savings accounts. These three complimentary program components help residents achieve self-sufficiency by providing them with incentives to seek long-term employment while generating a money-saving culture. Within the five year period of housing assistance, residents are allowed to save the additional income made above and beyond the initial rent contribution. Upon meeting all the conditions of their contract after five years of participation in the MTW program, residents are allowed to keep their savings and graduate to either the private rental market or homeownership.

Time Limited Assistance

MTW tenants at DSHA have shown significant progress in achieving self-sufficiency in the private market. As of the end FY 2008, 510 families had successfully completed the MTW program since 1999. Of these families, 172 purchased a home, and 338 either began paying the full rent at their current unit or are paying fair market rent at a new unit.

Lessons Learned: DSHA initially proposed a three year time limit to housing assistance for MTW tenants. However, it was later determined that three years was not a realistic time frame for program participants to utilize DSHA resources and maintain self-sufficiency in the long run. Since implementing the five year time limit to assistance, DSHA has noticed a decrease in the number of tenants returning to the HCV program and public housing.

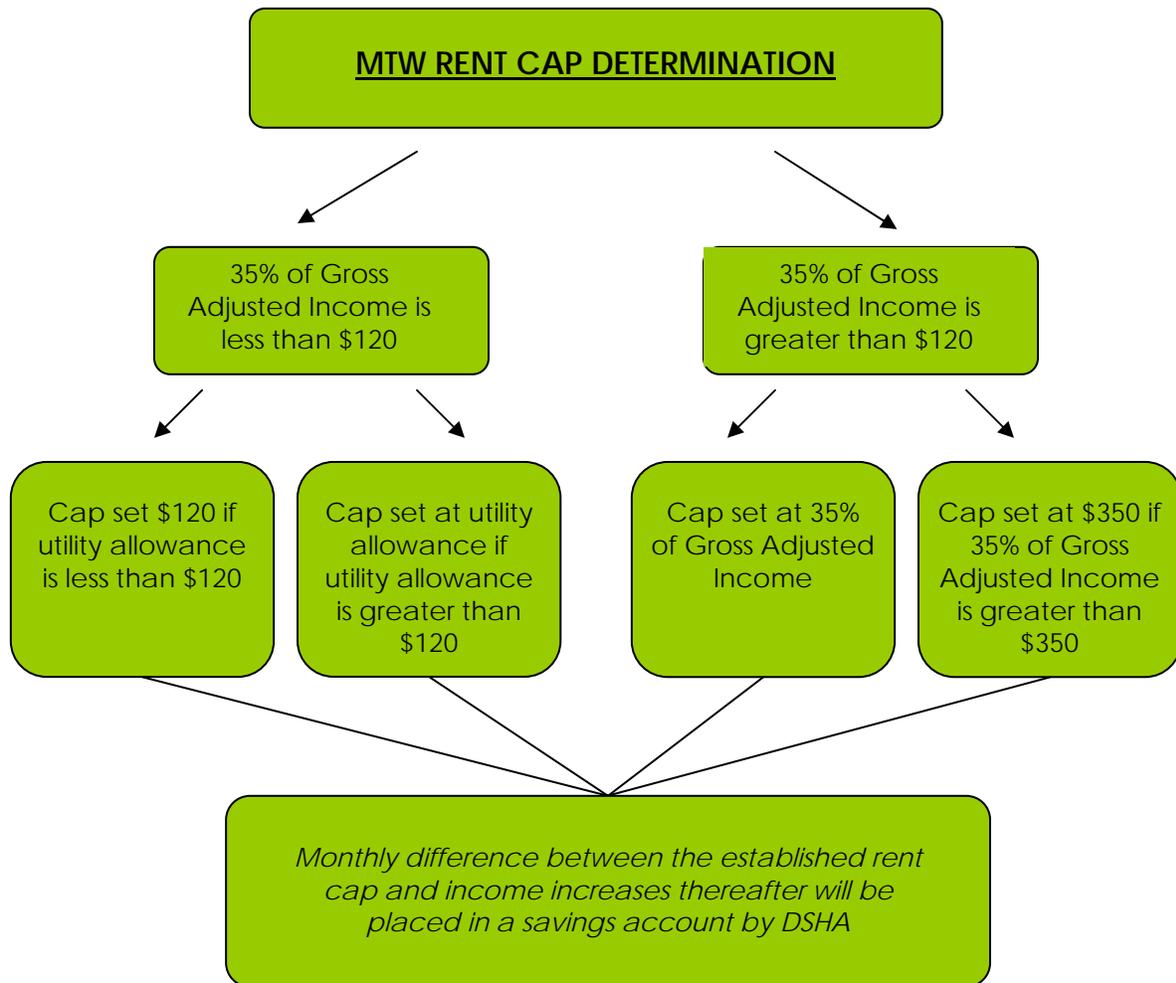
Rent Cap

The rent cap for each family starting the MTW program will be determined according to the following guidelines as outlined in DSHA's FY 2009 Annual Plan:

- The total tenant payment (TTP) is based on 35% of the family's adjusted gross income.
- If a family enters MTW and their TTP is below \$120, a rent cap will be established and will be set at the higher of \$120 or their utility allowance and will increase only if the utility allowance increases. When income increases in the future to a point where TTP is higher than the rent cap, the difference between the rent cap and 35% of monthly adjusted income will be placed in a savings account by DSHA for the family. The family will still be required to pay the full amount of their tenant rent.
- If a family enters MTW and their TTP exceeds the higher of \$120 or their utility allowance, the family's rent cap will be set at that amount, not to exceed \$350 and will not increase. When the family's income increases thereafter, the difference between the established rent cap and TTP will be placed in a savings account by DSHA for the participant. The family will still be required to pay the full amount of their tenant rent.

Figure A shows that through this incentive-based plan families are encouraged to seek out additional work and full-time employment because they will be able to save their increased earning.

Figure A: Moving to Work Rent Cap Structure



MTW Savings Account

The MTW Savings Account is a mandatory component of the MTW program for both public housing and Housing Choice Voucher Recipients. Families are required to contribute 35% of their income to their landlord towards rent as a participant of the MTW program. The difference between the total tenant payment (TTP) and the rent cap is placed into the MTW savings account. **Figure B** shows the amount of savings that tenants have accrued in the MTW savings account program as of June 2008.

Money from this savings account cannot be accessed until the family has successfully phased out of the program at the end of the 5-year time limited period unless otherwise approved by DSHA. **Figure C** summarizes the number of families that have successfully fulfilled the requirements of the MTW program as of June 2008. As of June 2008, there have been a total of 172 families that have graduated from the MTW program and used their MTW savings to purchase homes. Additionally, 338 families have moved on to unsubsidized housing in the private market.

Figure B: Moving to Work Savings

Program	Current Participants	Total MTW Savings Accounts	Average MTW Savings Balance	Average Monthly Contribution
Public housing	222	199	\$2277.84	\$153.00
Housing Choice Vouchers	171	141	\$2651.03	\$187.00
TOTAL:	<i>393</i>	<i>340</i>	<i>\$2432.60</i>	<i>\$167.00</i>

(Source: MTW FY2008 Annual Report)

Figure C: Moving to Work Successful Move-outs

Program	Homeownership	Unsubsidized Rental
Public housing	91	144
Housing Choice Vouchers	81	194
TOTAL:	<i>172</i>	<i>338</i>

(Source: MTW FY2008 Annual Report)

Lesson Learned: Families made their own savings deposits when the program started in 1999. However, the change was made in 2001 to require both Housing Choice Voucher and public housing recipients to pay the full amount of the rent and savings to the landlord.

The MTW savings account can be used as an emergency fund for tenants. During the course of the five years in the homeownership program, DSHA has formalized a system for tenants to request limited emergency withdrawals from their mandatory savings account.

The system in place for the approval of limited withdrawals starts with the filing of a petition to the Senior Administrator of Social Services. Applications are then reviewed and assessed based on history of compliance with the Resident Action Plan (RAP). Successful applicants typically request funds for emergency uses having to do with transportation or expenses related to the educational development of family members. Requests for withdrawals for paying bills or debt are usually not approved.

“Delaware is a very rural area and we do not have many of the public transit systems...a lot of times transportation is your job.” –Chris Whaley, *Housing Management Program Administrator*

In the past, roughly one of five tenants has requested this type of assistance, indicative of both the need for such a program component and also the discretion necessary for approving emergency withdrawals.

INITIATIVES TO INCREASE ADMINISTRATIVE EFFICIENCY

The Delaware State Housing Authority has utilized MTW flexibilities to increase administrative efficiency, facilitate inter-agency collaboration, and cut administrative costs.

Administrative Efficiency

To reduce costs and achieve greater administrative effectiveness in both the public housing and Housing Choice Voucher programs, DSHA combined its waiting lists for the public housing and Housing Choice Voucher programs with preferences consistent between two programs under the single wait list. These two changes increased the agency's efficiency in processing housing applications and reduced the duplication of applications associated with maintaining two separate waiting lists.

Case Management and Supportive Services

Upon entrance into the MTW program, all tenants are provided with an initial counseling session. A Resident Action Plan (RAP), detailing work and supportive services participation requirements, is developed. These requirements include participation in select workshops, quarterly case management meetings, minimum employment hours, and child school attendance. The RAP is a holistic approach that allows program participants to move towards self-sufficiency as a family unit.

"We want to make sure we are taking care of the entire family. MTW flexibilities help us achieve that goal." –Chris Whaley, *Housing Management Program Administrator*

DSHA takes great care to make sure that each of the program participants are utilizing the full benefits of the program by mandating that they comply with RAP requirements as MTW participants. Three time violation of RAP will lead DSHA to take residents off assistance. However, there is an appeal process to which residents are entitled. Based on past record, very few tenants have been taken off assistance due to this rule.

Best Practice: DSHA staff and management believe that without MTW flexibilities, it is harder to facilitate inter-agency cooperation to provide comprehensive supportive services. Utilizing MTW block grant flexibilities, the DSHA has been able to form mutually beneficial partnerships

"Since they [community partners] are not housing authority staff it was hard to coordinate our efforts, but after 7 years we are on the same page."

– Rebecca Kauffman, *Senior Administrator of Social Services*

with state social service agencies and local nonprofit agencies by providing limited funding to the community agencies. Forming these partnerships is a very effective way to cut staff costs, although it requires diligent coordination and cooperation, but being able to provide funding gives DSHA more leverage for negotiating supportive services.

HOUSING CHOICE AND HOMEOWNERSHIP INITIATIVES

Housing choice at the Delaware State Housing Authority has been significantly improved in a multitude of ways using MTW flexibilities. DSHA adopted multi-pronged approach to increasing housing choice including capital improvement projects, homeownership programs,

and housing vouchers. This program is effective in that it addresses the diverse economic and social circumstances of its clients.

Capital Improvements

Many public housing sites in Delaware State were built without air conditioning in the 1970s and 1980s. Through MTW block grant flexibilities, DSHA has been able to use Section 8 Funds for capital improvements at housing sites. In addition, MTW block grant flexibility has also allowed DSHA to bridge operating fund changes between the Housing Choice Voucher and public housing program funds to ensure both programs are adequately serving the DSHA clients.

Safety Net Program

If residents do not earn 40% of their fair market rent unit after participating in the MTW program for five years, they are given the option to participate in the Safety Net Program. This program allows tenants to revert to pre-MTW status and continue receiving housing vouchers under the condition of maintaining employment and 30% of their income to rent. Through this program, tenants continue to receive housing assistance and work toward the path of self-sufficiency. DSHA expects that about 85% of their MTW families will be eligible for the Safety Net program.

"Sometimes we have to look for success in small increments. Many Safety Net participants continue to increase their earnings potential through educational programs and training, and eventually achieve self-sufficiency." –Chris Whaley, *Housing Management Program Administrator*

Resident Homeownership Program (RHP)

The Resident Homeownership Program (RHP) began accepting applications in 2004 and now has six families enrolled in the program. As of June 2008, 172 families have successfully completed the MTW program and are now homeowners.