

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

KING COUNTY HOUSING AUTHORITY (KCHA)

October 2008

INTRODUCTION

The King County Housing Authority (KCHA) signed their Moving to Work (MTW) agreement with the Department of Housing and Urban Development (HUD) in 2003. KCHA has renamed their MTW program “Making Transition Work.” The agency has used their MTW flexibilities to help meet the broad goals of the Moving to Work demonstration program, and have focused on:

- Increased client self-sufficiency – leading to more positive transitions out of assisted housing, including homeownership;
- Increased operational efficiency and financial stability for KCHA programs;
- Increased housing choice for KCHA clients; and
- Preserving and increasing affordable housing for the region.

The King County Housing Authority supports thousands of households, which are spread out over 23 suburban cities and the unincorporated areas of the county. The county is the 12th most populous in the nation, with a population of 1.7 million and a geographic area of 2,130 square miles. It surrounds the metropolitan area of Seattle. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2005, the industries with the most employees in King County include health care and social assistance, manufacturing, and retail trade. Microsoft’s headquarters and major Boeing Corporation facilities are located in this county.

KCHA is an MTW block grant site, serving approximately 2,725 households in 48 developments in the Public Housing Program, 12 scattered site single family homes, and 9,000 households in the Housing Choice Voucher (HCV) Program. Over 2,000 of those HCV participants are “port-ins,” meaning they are using vouchers issued by other housing authorities. Not including HCV port-ins, KCHA projects to serve 10,341 households through its HUD funded programs by the end of FY 2008. This number is 234 more than the number of households KCHA was serving at the beginning of their MTW Agreement. The flexibility of the MTW demonstration has proven essential to KCHA’s ability to accomplish its mission to serve families with the greatest need while pursuing agency program objectives. They have been particularly successful in the following areas:

- Expanding their role as the safety net for homeless and special needs populations;
- Deconcentrating poverty;
- Developing and adopting transitional housing programs with supportive services in collaboration with local community based organizations and government agencies;
- Engaging in property-based management;
- Working towards environmental sustainability;
- Increasing housing choices through the implementation of a locally-designed waiting list system; and
- Encouraging homeownership.

This report reviews KCHA’s MTW program promising practices since 2003 and discusses the agency’s progress towards meeting MTW program objectives. The report is based on interviews

with housing authority staff as well as MTW coordinators. Additionally, this document draws on reports and data collected and prepared by KCHA, HUD, Optimal Solutions Group, LLC and Abt Associates Inc. over the course of the demonstration.

This document 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 KCHA programs fall under multiple goals, but will be highlighted in the most relevant section.

SELF-SUFFICIENCY

The King County Housing Authority has worked to improve the self-sufficiency of residents needing housing assistance within King County. KCHA has primarily pursued increasing self-sufficiency amongst their population by expanding their role as the safety net for homeless special needs populations. KCHA has been able to do this by working towards developing and adopting transitional housing programs with supportive services in collaboration with other organizations and agencies. These actions by the housing authority have helped them work towards one of their primary goals, which is to help deconcentrate poverty in their communities. MTW has helped KCHA in their pursuit of this objective by a) providing them with both the flexibility to expand to their program to serve other populations, and b) providing them with the means to combine their funding in order to fund services and initiatives they otherwise might not have been able to.

Transitional Housing and Supportive Services

One of the first areas of interest KCHA had upon gaining status as an MTW agency was to expand the capacity of the HCV program to serve the county's rapidly increasing population of homeless and disabled individuals. These populations – people with special needs and homeless families - often do not meet the eligibility criteria for renting under normal circumstances, and also often have a demand for supportive services that are not available at standard apartment complexes. To help meet this demand, KCHA developed a program that links a portion of their HCVs to apartment complexes, as opposed to housing assistance participants. The practice of project-basing these vouchers allow the agency to contract directly with nonprofit service providers. Following are examples of how KCHA's policies differ from HUD's project-basing rules for non-MTW agencies:

- KCHA may project-base units in KCHA controlled properties without utilizing a competitive process.
- KCHA may use competitive processes of other organizations to select non-KCHA units for project-basing.
- Units selected for project-based assistance by KCHA will not be sent to HUD for review.
- KCHA may project-base units to serve as transitional housing.
- KCHA may provide permanent housing opportunities for transitional housing project-based unit graduates.

- KCHA may project-base units for other non-typical housing types, if they are utilized for a good public purpose.
- KCHA may use MTW site and neighborhood standards to select the locations of units.
- KCHA may develop MTW project-based waiting list, household eligibility and local preference policies for these units.

Promising Practices: KCHA has utilized this MTW project-basing flexibility and their MTW HCV administrative and block grant funding flexibility to provide housing for homeless individuals as part of a greater, county-wide and nation-wide 10-year plan to end homelessness. The 10-year plan to end homelessness is partly focused on providing stable housing for homeless individuals and families. In this plan, the priority is to identify needs and then meet them by linking supportive services to a stable housing situation. The plan, utilizing tailored admissions and administrative policies authorized via MTW, also alleviates significant amounts of paperwork and process steps for the participants involved, prevents the duplication of mainstream data collection, and creates administrative ease for KCHA and the provider agencies. Following are two examples of such programs:

“The Committee to End Homelessness and many funders and providers are extremely grateful for what the King County and Seattle Housing Authorities have been able to do with their MTW status to respond to our 10-Year Plan to End Homelessness. The project-based and provider-based supportive housing programs that the Housing Authorities have funded have been the essential underpinnings of our ability to create cost-effective supportive housing for homeless individuals and families.”
 - Bill Block, *King County Committee to End Homelessness Project Director*

The Sound Families Program: The Sound Families Program is a transitional housing program supported by a large grant from the Bill & Melinda Gates Foundation. The purpose of this program is to help serve those who otherwise might not be eligible for housing assistance. Program goals for participants include gaining housing stability and achieving a better quality of life. This program demonstrates an efficient use of public funds, as many of the clients enrolled in the program had previously been served in high-cost emergency service, healthcare, and corrections systems.

In this program, families are placed in KCHA provided project-based voucher units where they receive targeted support and training. Utilizing MTW flexibilities, KCHA has adopted a policy allowing successful graduating transitional families to receive a KCHA tenant-based voucher without being on the traditional KCHA HCV waiting list. The Sound Families program operates its own waiting list, separate from the HCV program, and participant graduation is based on meeting personal self-sufficiency goals. The average stay in this program is typically about 18 months. As of November 2007, there were 177 units under contract in the Sound Families program. Participants live in scattered site or clustered housing, and a service team assists them by coming to their homes as often as three times per day. Families are helped with activities such as grocery shopping and house cleaning, medication management, transportation to appointments, and tenancy support.

The South King County Housing First Pilot: KCHA has partnered with the King County Department of Community and Human Services and the United Way to create a 25 unit pilot program that links housing to supportive services for homeless families using the “housing

first” approach. Utilizing MTW block grant funding and project-basing authority, KCHA established a Provider-Based Supportive Housing Program which funds the Sound Mental Health agency to provide services and housing subsidies on behalf of their clients. Local funding is combined with KCHA funding to place and support screened chronically homeless individuals into private multi-family housing developments. This is intended to be permanent housing. Sound Mental Health executes a master lease in these developments and recruits, screens, places and supports these homeless households. This strategy is less expensive than placing persons in a mental health facility. KCHA’s only administrative responsibility is to do a rent reasonableness assessment of these units. Sound Mental Health is responsible for all other administrative tasks. The progress of these individuals, once housed, is carefully tracked. All 25 units allocated for this program are currently in use.

Deconcentrating Poverty Through Mixed-Income Developments

KCHA has additionally used their MTW project-basing flexibility to enhance their HOPE VI redevelopment efforts to achieve poverty deconcentration. The transformation of the 92 acre distressed Park Lake Homes community into the Greenbridge HOPE VI Community, for example, is a partnership of the King County Housing Authority, Boys & Girls Clubs of King County (Southwest Branch), the Highline Community College, and the Neighborhood House. The Greenbridge Development is projected to ultimately total 1000 units. These units will fall under a blended program model including public housing, MTW project-based assistance, tax credit, market rates, and homeownership. The mixed-income community will ultimately provide many affordable housing choices for very-low to moderate income residents, along with parks, trails, shops, and services. As of November 2007, there were 110 project-based units in the Greenbridge development. It also contains a community center called the Jim Wiley Community Center, which features a gym, computer lab, homework and adult language classrooms, a kitchen for serving meals to neighborhood children, and an employment center with services for people all people in the community, not just residents. Although the number of very low-income units will be reduced at the Greenbridge, KCHA is utilizing MTW project-basing flexibilities to replace these “lost” units off-site. As of November 2007, 212 off-site units had already been produced. These efforts have further deconcentrated poverty by locating KCHA families in more affluent neighborhoods.

Continuation of Resident Support Programs

MTW block grant flexibility has allowed the KCHA to continue supporting a number of resident service programs, including self-sufficiency services and programs, which might otherwise have been terminated for lack of funding. Prior to becoming an MTW agency KCHA sponsored a number of resident service programs, funded by various grants. For example, the agency relied on the federal drug elimination program to provide services to residents to address drug related problems in its public housing developments. When funding for such grants was reduced or eliminated, the agency was able to continue supporting some of these programs using the budgeting flexibilities through their MTW block grant status. The KCHA staff evaluated, for example, that working with the Boys and Girls Club had been effective and beneficial to their residents, and thus used their MTW funding fungibility to continue these programs.

Resident Opportunities Plan

KCHA is now embarking on a 5-year plan to enhance its efforts to improve the economic independence of KCHA's households and to increase their graduation rates from assisted housing. The first phase of this effort is to assess current conditions, needs and opportunities for these families. This information will then guide KCHA decisions on future MTW work incentives, program participation mandates, resident outreach efforts, employment coordination efforts, business development programs, asset building programs, and exit strategy options.

Promising Results: The results of KCHA's efforts to improve self-sufficiency and offer sufficient resident services appear to have had some success. The agency found that in FY 2006, for example, the percentage of KCHA's Public Housing families with employment as their main source of income had risen from 36% to 46% over the course of the year. Although the contributions of KCHA's MTW strategies in achieving this progress are not yet known, these results are promising.

ADMINISTRATIVE EFFICIENCY

The King County Housing Authority has utilized MTW flexibilities to increase administrative efficiency, pursue greater energy and water usage efficiency, and cut administrative costs. The initiatives KCHA has engaged in regarding supportive transitional housing for the homeless has also led to mainstream public savings in the sense that it decreases the amount of public funding many of these individuals use taking advantage of public programs and services.

Funding Fungibility

As noted above, prior to gaining status as an MTW agency, KCHA had a number of resident services programs in place that were supported by various federal funding sources. As a result of federal funding cuts, many of those programs were jeopardized. MTW funding fungibility has allowed KCHA to utilize a portion of its Section 8 funding to carry on with the most effective of those programs for both public housing and HCV households. KCHA has also used this MTW block grant flexibility to support a number of additional priorities including the housing with supportive services efforts described previously and the energy conservation and site-based management efforts described below. .

Energy Conservation

Like a number of other housing authorities, KCHA has faced rising utility rates and insufficient budget increases necessary to deal with them. KCHA utilized its MTW authority in FY 2004 to create its own Energy Savings Company (ESCO), which has allowed the agency to creatively pursue energy and utility consumption reductions. MTW authorizes KCHA to pursue these strategies without prior HUD approval if they are completed within established parameters. KCHA's ESCO approach has allowed the agency to:

- Install new energy efficient lighting, thermostats, and heating systems, and has allowed them to tackle energy usage in their public housing developments; and
- Install low-flush toilets in partnership with the King County Department of Natural Resources.

As of November 2007, KCHA has utilized its MTW block grant flexibility to support the financing of over \$4 million to implement water and energy saving initiatives. Savings realized for this effort is being used to service the debt. As a result of this effort, the agency has seen a significant reduction of water usage at all KCHA housing complexes.

Property-Based Management

In FY 2005, KCHA utilized MTW to help convert one of its five geographic management areas from a centralized, program-based model to an asset management model. The initiative was developed as a pilot program designed to improve operational efficiencies by adapting property and asset management practices characteristic of the private sector to Public Housing sites. Built upon the success of this pilot program, KCHA has now expanded this management structure to its entire public housing portfolio. MTW block grant funding flexibility provided the extensive start-up resources required to design, support, and implement this transition. For example, approximately \$1.2 million was needed just to create new on-site property management offices at 16 KCHA developments. KCHA reports it has been able to reduce its program oversight by 40% as a result of efficiencies gained under this management model.

Administrative Policies

MTW has enabled KCHA to adopt several public housing and HCV policies designed to simplify and streamline the agency's operations. Following are examples of MTW authorized policies that have been adopted to date:

KCHA Self-Approval of Exception Payment Standards: KCHA can, without prior HUD approval, approve Exception Payment Standards. This policy streamlines the process of authorizing units for HCV participants with disabilities. Non-MTW agencies must obtain prior HUD approval.

Redefine Income from Assets: KCHA excludes income generated from assets that total less than \$50,000 from its rent determination calculations. Non-MTW agencies must count all income derived from any asset amount. This change simplifies the rent determination process and encourages resident savings.

HCV Inspection Protocols: KCHA has adopted two policy changes designed to make the HCV inspection process more efficient. As King County covers a very large area and travel time is a major factor in conducting inspections, KCHA has adopted a policy of clustering inspections geographically. During the transition to this new system, some units were not inspected within the 12-month period required of non-MTW agencies. KCHA has also adopted a policy of eliminating re-inspections of minor fail items on initial leases. Non-MTW agencies must re-inspect such items. KCHA reports that although the number of units leased has increased, the number of inspections conducted has decreased by 38% and KCHA has been able to eliminate one inspector position.

HOUSING CHOICE AND HOMEOWNERSHIP

KCHA has significantly expanded the housing choices offered to its clients by using their MTW flexibilities to create site based waiting lists, to create mixed-income and supportive housing communities, and to provide down payment assistance grants for homeownership. While housing authorities can pursue these actions without MTW authorization, access to MTW flexibilities has enabled KCHA to expand the scope of these efforts to increase their effectiveness.

“Above all, MTW has made [KCHA] employees see that we did not have to follow every rule.” –Judi Jones, *King County Housing Authority*

Site-Based Waiting Lists

KCHA has MTW authorization to adopt a site-based or geographic area waiting list system free of the procedural requirements HUD mandates for non-MTW agencies. To offer residents with a choice in where they live, which is especially important due to King County’s large size and the extensive distances between some of their developments, the agency has developed a creative site based waiting list system. KCHA gives applicants the opportunity to place their name on the waiting lists for up to two specific sites. Alternatively, families with urgent housing needs and no specific geographic preference are provided the option of applying for up to two regional lists and to receive the first available unit within the selected region(s). In addition, to assist families as they work toward self-sufficiency, KCHA has established a separate waiting list for graduates of the KCHA supported Sound Families project for homeless families. Site-based waiting lists not only increases housing choice for public housing participants, this system also serves to reduce transfer requests and the lease-up time required to re-occupy vacant units.

Mixed Income and Supportive Housing Communities

As noted previously, KCHA has utilized its MTW block grant funding flexibility and MTW project-basing policy to create new mixed-income communities, locate KCHA supported units in low poverty neighborhoods, and to work with service agencies to create new supportive housing developments for households with special needs. These efforts have expanded the variety of locations and housing options available to low-income King County residents. In addition, KCHA has also been able to take a leadership role in addressing local housing priorities by producing new transitional housing for homeless families and by partnering with service agencies to expand the regional network of service enriched housing for persons with special needs.

Homeownership

KCHA has been able to use federal Resident Opportunities and Self-Sufficiency (ROSS) grants along with their MTW block grant funding flexibility to help 36 Public Housing residents own their own homes. KCHA has provided up to \$15,000 in pre-and-post purchase assistance to eligible households. A portion of the funds for these down payment assistance grants have come from the MTW block grant.