

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

LAWRENCE-DOUGLAS COUNTY HOUSING AUTHORITY (LDCHA)

June 2008

INTRODUCTION

The Lawrence-Douglas County Housing Authority (LDCHA) became a Moving to Work (MTW) agency in 1999, signing their agreement with the U.S. Department of Housing and Urban Development (HUD) on March 30, 1999. The LDCHA MTW program has outlined five goals:

- reducing costs;
- increasing housing choice;
- increasing FSS participation;
- eliminating rules that encourage abuse, misuse, fraud, duplication, or administrative burden; and
- establishing an assisted housing program that is based upon real world norms that require and permit people to behave in conformance with social and economic convention.

LDCHA encompasses the City of Lawrence and Douglas County, Kansas. Douglas County, which is home to Kansas University, is one of the fastest growing counties in the state of Kansas; the 2006 population was estimated to be 112,123 people. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2005, the industries with the most employees in Douglas County include health care and social assistance, retail trade, and accommodation and food services.

Current issues in Lawrence-Douglas County include an extremely tight economy paired with low wages. Recently, costs associated with childcare, healthcare, and transportation have been on the rise. The county has seen the cost of living increase, while wages, for the most part, have remained stable.

LDCHA has a public housing unit inventory that is in good condition and an affordable HCV rental market. The agency operates 367 public housing units, 614 Housing Choice Vouchers (HCV) and 50 non-public housing units. The agency currently provides housing to 1,000 families. Historically, a pattern existed of families moving into LDCHA's programs and then losing or reducing their employment-based income. Often, LDCHA families who obtained jobs would move out and then run into financial and housing problems. As a result, LDCHA began to think of themselves as simply "Income Cops."

LDCHA does not function as a block grant site. This means that LDCHA does not have the ability to pool its separate funding streams and take advantage of the funding fungibility used by some other MTW agencies. LDCHA has used their MTW flexibilities to promote work and to encourage higher income residents to seek housing in the private sector. LDCHA has pursued these goals while providing a safety net and resident services. This has been accomplished by:

- creating a rent structure based on minimum and maximum rents;
- mandating a minimum work requirement;
- providing in-house resident services;
- merging the public housing and HCV programs into a General Assistance Program;
- project-basing a significant percentage of their HCVs; and

- supporting homeownership efforts.

All public housing and HCV participants receiving assistance from LDCHA are MTW households, except for elderly and disabled individuals, who are exempt, but have the choice to opt-in.

This report reviews LDCHA’s MTW program promising practices, lessons learned, and progress since becoming an MTW agency. The document is based upon interviews with staff from the LDCHA housing authority, as well as the HUD MTW coordinator for LDCHA. Additionally, this document draws on reports and data prepared by LDCHA, as well as the Optimal Solutions Group, LLC and Abt Associates, Inc.

The report is organized based on the stated 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 LDCHA programs fall under multiple goals, but will be highlighted in the most relevant section.

SELF-SUFFICIENCY

Initially, LDCHA worked in close collaboration with the local welfare agency to develop an MTW plan. Low-income families in this community, like those in other communities in the

“We wanted the program to be something for people to get back on their feet... utilize the assistance, and then be able to get off of it.” – Charlotte Knoche, *Lawrence-Douglas County Housing Authority*

1990s, were in the midst of experiencing a reduction in public financial assistance as a result of welfare reform. It was important for local support organizations to work together to outline what sort of assistance programs would best serve this population.

Promising Practice: While it was difficult to develop a joint program with the county welfare department, it was important to collaborate with that agency so that the process for providing benefits would be streamlined and coordinated. For example, LDCHA and the local welfare agency wanted to ensure that both agencies’ work requirements shared the same criteria and were not in conflict. Additionally, LDCHA found the collaboration beneficial as it reduced the possibility of a duplication of effort and promoted information sharing between agencies, which LDCHA has found to be helpful.

MTW Self-Sufficiency Strategies: The LDCHA MTW program does not provide permanent housing assistance. Instead, the program combines a minimum and maximum rent system with a mandatory work and/or training requirement and a self-sufficiency program to create a system that promotes temporary housing assistance for employable families.

Rent Structure

LDCHA has used its MTW flexibility to design a rent structure that rewards work. The agency’s structure

“We never looked at MTW as an experiment. We looked at it as an opportunity to make some broad changes.” – Charlotte Knoche, *Lawrence-Douglas County Housing Authority*

does this by permitting families to retain a significant amount of their earnings, which they would have paid for rent under the income-based rent system that non-MTW agencies must utilize. LDCHA wanted to create a rent structure that would mirror “real world” economic realities, while providing a safety net for those who are unable to achieve self-sufficiency on their own. The impetus for this rent structure was to avoid running an assistance program that set up participants to become dependent on housing assistance. Thus, the rent structure was also designed to help families turn these earnings into savings that they could eventually use to supplement the purchase of a home.

LDCHA calculates monthly rent by determining total household income, subtracting allowable deductions, multiplying the sum by 30%, and dividing the amount by 12. If the final amount is less than the minimum rent for the bedroom size occupied by the household, the annual rent is raised to the minimum. If it is higher than the maximum rent, it is lowered to the maximum. If it falls between the minimum and maximum rent amounts, it is set at the calculated amount. Families that receive tenant-based assistance may pay a rent higher than the maximum if they select a unit with a contract rent that exceeds the payment standard. Following is the 2006 MTW Rent Schedule:

Bedroom Size	Minimum Rent	Maximum Rent	Fair Market Rent
1 Bedroom	\$130	\$375	\$498
2 Bedrooms	\$160	\$430	\$640
3 Bedrooms	\$200	\$495	\$934
4 Bedrooms	\$220	\$575	\$1124

Work Requirement

LDCHA also instated a work requirement for all MTW participants. People receiving housing assistance are required to go to school or work for at least 15 hours per week, participate in the agency’s FSS program, *or* take part in an agency-approved work related activity, such as work training. LDCHA was able to adopt this work requirement upon gaining MTW status, and developed the details of the requirement in collaboration with the local welfare agency.

Resident Services

LDCHA also has used MTW to create a mandatory renter education program. In partnership with the Housing and Credit Counseling Group, they created and developed a curriculum that consists of four sessions covering the following topics: the landlord tenant act, tenant rights, tenant responsibilities, budgeting for the real world, and housing discrimination. Applicants who do not have at least three years of good rental history, are required to complete these classes. By participating in these required courses, people who would not normally be eligible to receive housing assistance are afforded the opportunity to qualify for LDCHA’s MTW public housing program. Approximately 400 people have taken these courses over a three year period.

The delivery of resident services has been quite successful for LDCHA. Housing authority staff has indicated that they believe other housing authorities would benefit from engaging in similar service activities. Providing in-house services has helped LDCHA better understand community needs. Prior to entering the MTW demonstration, LDCHA was not engaged in large number of

supportive service activities. Since entering MTW, LDCHA has become an active service provider. The supportive services which are available under the MTW program are highly valued by the residents who utilize them. Based on a recent resident survey, LDCHA reports that 92% percent of the adults responded that participation in the FSS program has helped them to become more self-sufficient.

ADMINISTRATIVE EFFICIENCY

The Merging of Program Operations

LDCHA has implemented an important MTW initiative to streamline internal operations and to achieve greater administrative savings and efficiency. LDCHA has merged the Public Housing and HCV programs into one single housing program called General Housing Assistance. Such a system can only be possible with MTW status. LDCHA's objective was to establish program consistency, eliminate duplicated functions, and save agency staff time and resources. LDCHA now operates only one waiting list for both forms of assistance provided: project-based assistance (public housing) and tenant-based assistance (HCVs). This eliminates the chance that the same household on both the public housing waiting list and the HCV waiting list might be processed twice and might be assessed differently. LDCHA now offers the family reaching the top of the waiting list the first form of housing assistance available. The applicant can reject two offers (providing the household with some degree of choice) but then must accept the third offer or be dropped to the bottom of the waiting list. This policy is more accepted by applicants because the LDCHA public housing stock is in good condition.

"MTW, in a way, has made us a lot better at what we do." – Charlotte Knoche, Lawrence-Douglas County Housing Authority

Promising Practice: LDCHA has found the merging of these programs to be very successful and cost effective. The waiting list process can now be administered by one person, instead of by the multiple people who monitored the previous two waiting list systems. Also, LDCHA's General Housing Assistance Program now is administered by one department that handles applications, intake, eligibility, determinations, and income verifications for all public housing and HCV recipients.

HOUSING CHOICE AND HOMEOWNERSHIP

Homeownership

In 2006, LDCHA implemented a new Homeownership Support Services program. This consists of the opportunity to enroll in a homeownership escrow program for residents who have an income of 50% of area median income (AMI) or higher. This escrow system requires MTW authorization.

Promising Practice: So far 62 participants have enrolled in the escrow system, and 11 have been able to purchase homes. LDCHA offers homeownership counseling to help individuals improve their credit rating. Once the household reaches the required income level, they can enroll in the Homeownership Escrow program.