

**United States Department of Housing and Urban Development**

**Moving to Work Demonstration Program**

**Promising Practices Report for**

**MASSACHUSETTS DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT (MDHCD)**

**December 2008**

## INTRODUCTION

The Massachusetts Department of Housing and Community Development (MDHCD) negotiated their Moving to Work (MTW) agreement with the Department of Housing and Urban Development (HUD) in 1999. The MDCHD is a state agency that operates the statewide Housing Choice Voucher (HCV) program through eight regional nonprofit housing agencies and one local housing authority. MDHCD's MTW program was created to operate in two different areas of Massachusetts: Worcester County (in south central Massachusetts) and Boston. The program was designed to promote self-sufficiency in two small groups of HCVs offered to households located in each area.

The MDHCD manages a large housing assistance program, operating over 18,000 HCVs statewide. These vouchers are in addition to the vouchers that may be available through any local housing agency. The MTW portion of the program, however, is small and is designed to truly be a "demonstration program." The MTW program, operating in Worcester County and in Boston, targets drastically different populations in significantly different locations. In Worcester County, there are 122 MTW participants. In Boston, which has a tight housing market and significant homeless population, there are 61 participants. The MTW program is designed differently in each region to meet local needs.

In Worcester County, the population was estimated to be 781,352 people in 2007 by the U.S. Census Bureau. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2006, the industries with the most employees in Worcester County include manufacturing, retail trade, and health care and social assistance. The housing market in Worcester County is generally soft, and almost 100% of the people living in the County's public housing have a source of income. In Boston, on the other hand, the tight housing market has resulted in a larger homeless population, which creates a different type of housing assistance need. The industries with the most employees in Boston include finance and insurance, health care and social assistance, and professional, scientific, and technical services.

MDHCD serves a specific number of MTW participants in Boston and Worcester each year with the goal of helping those households gain self-sufficiency. Their MTW activities have focused on the provision of:

- A stipend that helps with monthly rental payments;
- A flexible supports budget along with individual escrow accounts;
- Strong case management services; and
- A time limit to motivate individuals to move towards self-sufficiency.

A key obstacle for MDHCD has been the development of two MTW programs carved out of their regular HCV program that would meet local needs. MDHCD has found that similar models can exist in very different locales, and can work to serve the needs of very different populations.

This report reviews MDHCD's MTW program's promising practices, and discusses the agency's progress in meeting MTW program objectives. The report is based on interviews with housing agency staff as well as HUD MTW coordinators. Additionally, the report also draws on site visit reports and data collected by MDHCD, HUD, Abt Associates Inc., and Optimal Solutions Group, LLC over the course of the demonstration.

The report discusses MDHCD's activities in relation to the broad goals of the Moving to Work Demonstration Program; providing incentives to encourage resident self-sufficiency, and increasing housing choice. MDHCD created their program with an almost exclusive focus of improving participant self-sufficiency, thus most of their activities are highlighted in the first section of this report.

## **SELF-SUFFICIENCY**

Both the Worcester County and Boston MTW programs are designed to provide a shallow rental subsidy to participants for a limited period of time. This subsidy is supplemented by a supports budget and escrow account, along with some case management services. Together, MDCHD believes that this formula allows residents to work towards self-sufficiency and, for some, homeownership.

### **Worcester County**

In Worcester County, the MTW program is coordinated by Resources for Communities and People Solutions Inc. (RCAP). Participants in the MTW HCV program were typically employed for three months prior to enrollment in the program. Disabled individuals who cannot work are not eligible because of the work requirement. Additionally, participants in the Worcester County program typically were already renting their own unit. According to the 2006 MDHCD site visit report, families admitted to the program were generally paying between 50% and 60% of their income toward rent. Upon admission to the program, the following occurred:

- First, each family was assigned to work with one of two MTW advisors. Once they established contact with the case manager, families were required to attend training sessions, including three budgeting sessions and four homebuyer sessions.
- Second, families received an annual stipend of \$5,500, of which they could use up to \$250 per month to supplement their rental payments. If families used the full \$250 per month, they spent \$3,000 of their \$5,500 stipend, leaving them with \$2,500 left over. Of this \$2,500, families were required to deposit a minimum \$50 per month into an escrow fund.<sup>1</sup> This resulted in at least \$600 in the escrow fund for the year, or \$1,800 dollars over the three year time period that families were on this assistance plan.
- Third, families had a "supports budget" that was comprised of the funds not used for rent or deposited into escrow. The supports budget was meant help families

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<sup>1</sup> MDHCD automatically removed this amount from the household's stipend and deposited it into an escrow account for them.

spend on goods and services that would help them work towards self-sufficiency, such as transportation, car repairs, or daycare. The agency, as opposed to the individual, was responsible for paying the third party, such as the day care provider or the car repair shop.

This rental subsidy purposefully was designed to be flexible. Families could spend up to \$250 per month on rental assistance, but were not required to spend that amount. Additionally, while families were required to deposit \$50 per month into escrow, they were allowed to deposit more than that amount. This gave participants a significant amount of flexibility over how much to spend on rent, how much to save, and how much to spend on activities necessary to allow them to remain employed and self-sufficient.

This design has been very successful in Worcester County. Generally, during the first year in the program, households used the full \$250 per month for rental assistance. Then, as the assistance helped them achieve greater stability, they gradually decreased that amount over the next two years in the program and were able to put more towards escrow and their supports budget.

### **Metropolitan Boston Housing Partnership**

The other arm of the MDHCD MTW program is operated by the Metropolitan Boston Housing Partnership (MBHP). This program was developed to meet an entirely different local need: battling rising homelessness in the urban center. The program was designed with the intention of enrolling homeless families who are moving through welfare to work, and are in need of permanent housing while doing so. This program was developed in conjunction with a well-developed workforce program that already existed in Boston. An agency called Project Hope, as well as a number of homeless shelters, worked in collaboration with eligible families. It was these families - those who were already receiving some form of counseling and supportive services - that became the participants enrolled in the Boston MTW program.

The Boston program has many of the same components allowed for by MTW as the Worcester program, including the escrow account with a \$50 minimum deposit per month, case management services, and a flexible supports budget to help participants become more self-sufficient. However, since the local housing market was significantly different in Boston than in Worcester County, the subsidy given to participants was different. The 61 participants in the Boston program receive an annual stipend of \$10,000 per year for three years, and were allowed to spend up to \$700 per month from that fund on rental assistance. The rest went toward either escrow or the supports budget.

"When PHA's have and can offer families flexibility in structuring and using rental assistance resources, then families can best achieve employment and housing goals. It makes for a better partnership between the PHA and the community at large." - *Leslie Gleason, Massachusetts Department of Housing and Community Development*

The Boston MTW program has been highly successful. As of 2007, 57 households have graduated from the program, and 34 of these graduates moved on to rent units at market rent with no additional subsidy. Five graduates either bought a home or were in the process of buying a home. The average income of those entering the program was \$11,460, which increased an average of 156% by the time these participants left the program after three years.

***Lesson Learned:*** In Boston MBHP initially ran into a problem of getting participants into the MTW program. They had underleased their regular HCVs because they had been awarded a large number of new vouchers under the Welfare to Work program, which they were busy processing, leaving approximately 1,500 of their regular HCVs available. Many of the participants who were eligible to join the MTW program opted not to because a regular housing voucher or Welfare to Work voucher did not have an assistance time limit. This problem was mitigated as available vouchers were utilized, housing costs remained high, and eventually, MTW was the only voucher available to people in Boston. The stipend was also raised to be more in line with rising housing costs.

### **Time Limits**

In both the Worcester and Boston MTW programs, there is a three-year time limit to the provided subsidy. In Worcester, program participants worked closely with their case managers and were made very aware that they had only 36 months of assistance before they were expected to become self-sufficient. For the most part, people left the program successfully, as Boston has only had to enact their hardship policy once, and Worcester County never has enacted the policy. Additionally, because Worcester required participants to leave the program upon earning 80 percent of the area median income (AMI), a small number of participants graduated from the program before reaching the three-year time limit. As of 2007, there have been 108 graduates of the Worcester program.

***Lessons Learned:*** Each participating household had a three-year time limit; and as stated above, families could also exit the program prior to this if their income reached 80% AMI. RCAP staff indicated that they believe the program would be more successful with a five-year time limit, as three years is not long enough for participants to obtain the training and stability required to truly be self-sufficient. Staff have noted that it takes many families two years just to get themselves out of debt, and a longer period of assistance would be more desirable.

### **Case Management**

One of the core aspects of the MDHCD MTW program was the provision of case management services for every resident involved. At the beginning of participants' three-year time period, they met with a case worker. In Boston, there was one case worker for 61 participants, and in Worcester County there were two case workers for 122 participants. The staff at MDHCD have expressed that this ratio of participants to case workers was more than sufficient, and that all participants received adequate attention.

MBHP, in particular, noted that the success of their participants was grounded in working with the families to set goals. Case managers worked with the families to identify overarching goals, and then participants established objectives around achieving the larger goals. The participant to case manager ratio was much smaller in the MTW program than in the regular HCV program, where there were over 400 families per case worker. The smaller ratio for MTW participants allowed counselors to work more closely with families in developing their goals and monitoring their accomplishments.

## **HOUSING CHOICE**

Because MDHCD is a Section 8-only public housing authority, and other agencies offer some public housing, participants have a significant amount of housing choice. In Worcester County, residents experienced more housing choice with their rental subsidy than participants in Boston, where households were more restricted by the tight housing market.

***Lesson Learned:*** To improve housing choice in Boston, MDHCD was forced to make improvements to its original plan. Housing costs in Boston soared from the time MDHCD first participated in the MTW program, although recently costs have decreased somewhat. When the program began in 1999, the Fair Market Rent (FMR) for a two-bedroom unit was \$900, while the most recent FMR (2009) was \$1,345. The agency had to make some changes in order to ensure that the MTW program was a desirable option. Otherwise, because of the time limit, they would be left with few participants.

The agency originally provided a \$6,500 subsidy to participants in Boston, and allowed them to spend up to \$400 of that amount per month on subsidizing their rental payments. They found that this amount was not sufficient to provide residents with enough decent options of where to live, and thus in October 1, 2002, the agency changed that amount. Today, participants receive a \$10,000 subsidy each year for three years, and the cap on the amount going toward rental payments is \$700 as opposed to \$400. MDHCD found that this shift provided residents with greater housing choice, and they were able to fund this subsidy increase with the money from the unleased unit months from the MTW vouchers.