

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO (HACSM)

June 2008

INTRODUCTION

The Housing Authority of the County of San Mateo (HACSM) began full implementation of its Moving to Work (MTW) Demonstration Program with the U. S. Department of Housing and Urban Development (HUD) in July 2001. The HACSM MTW program, originally developed to respond to welfare reform, was fashioned to focus almost exclusively on improving resident self-sufficiency to prepare participants for the expensive San Mateo housing market.

HACSM serves residents in an area of very high wealth. According to 2000 Census data, the County of San Mateo is ranked as having the 14th highest per capita income in the country. The two-bedroom payment standard in San Mateo County is \$1,689 per month; significantly higher than it is in most other locations. As of 2005, the County's population totaled 712,462. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2005, the industries with the most employees in San Mateo County include health care and social assistance, retail trade, and professional, scientific, and technical services.

HACSM differs from most other MTW agencies in that it is a part of the San Mateo County government and the county's Human Services Agency. The agency is also a non-block grant MTW site, meaning that HACSM does not have the ability to pool its separate funding streams and take advantage of the funding fungibility used by some other MTW agencies.

HACSM has designated a maximum of 300 of its Housing Choice Vouchers (HCVs) to its MTW program. Participants receiving these vouchers are limited to a maximum of six years. During this period, these households are provided with self-sufficiency services. At the time of this review, HACSM had 155 families participating in their MTW program.

In addition to the MTW statutory goal of encouraging economic independence and self-sufficiency, HACSM has also established the goal of promoting family reunification through their demonstration program. HACSM is pursuing these goals by doing the following:

- using the HCVs set aside for MTW and attaching time limits to those vouchers;
- implementing an MTW plan that complements the goals of the (now defunct) San Mateo County welfare reform model, SUCCESS (which is no longer operating). The MTW program continues to focus on low-income, working families, as the SUCCESS program did; and
- implementing both structural rent changes and income disregards for absent adults that re-joined a MTW household in order to promote family reunification.

HACSM faces a number of unique obstacles in trying to achieve these goals. Firstly, San Mateo County's housing market is expensive. Secondly, HACSM saw local needs change drastically between the time the agency developed its MTW plan, and the time it began executing it. This change, and how HACSM modified its program in light of it, is discussed in the following report.

This report reviews HACSM’s MTW promising practices and discusses the agency’s progress towards meeting MTW program objectives. The report is based on interviews with housing authority staff and HUD’s MTW coordinators. The report also draws on annual reports and plans provided by HACSM and on annual MTW site visit reports prepared for HUD by Optimal Solutions Group, LLC and Abt Associates Inc. over the course of the demonstration.

This report is organized according to the following three statutory 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. Because many of the HACSM MTW strategies fall under multiple goals, each will be highlighted in the most relevant section.

ECOURAGING SELF-SUFFICIENCY

The Housing Authority of San Mateo County developed its MTW program as a response to welfare reform, and in doing so it decided to test a system of HCV time limits for employable households. HACSM joined with a number of service agencies to develop its MTW program. The objective of providing vouchers, establishing time limits, and pairing the HCV MTW participants with focused services was to prepare those households to be economically self-sufficient in the very expensive San Mateo housing market.

While forming its MTW program, HACSM collaborated with the Shared Undertaking to Change the Community to Enable Self- Sufficiency (SUCCESS) program. This program was created in the mid-1990s by the San Mateo County Human Services Agency to ensure that the welfare system promoted self-sufficiency, while still providing financial assistance to low-income families. Individuals who received cash benefits from the county were also required to participate in the SUCCESS program. The SUCCESS program helped to promote self-sufficiency by providing child care and other services that helped people on welfare work towards success. While the program has since evolved and SUCCESS no longer exists, the Human Services Agency still plays an important role connecting HCV MTW participants with the services that help them work towards self-sufficiency. Besides providing links to these services, HACSM has instituted time limits, a modified rent structure, and mandatory case management in order to help residents move towards self-sufficiency.

Time Limited Voucher Program Assistance

HACSM’s policy of attaching time limits to MTW HCVs consists of the following features:

- HACSM assigns a portion of its vouchers to be used under MTW.
- These vouchers are targeted to employable households that either are or have recently been on TANF.
- There is a six year time limit on these vouchers.
- Families must be sponsored by non-HACSM service organizations that provide these families with self-sufficiency (FSS) services.

“You can’t think about time limits without thinking about providing services to these families too.” – Cindy Chan, Housing Authority of the County of San Mateo

- Families enroll in the MTW program through their sponsoring service agency, not from the HACSM waiting list.
- Each household participates in an escrow program.

In the HCV program, the payment standard determines the amount of subsidy that a household can receive, as well as the cost of housing that a family can afford.

Lessons Learned: HACSM found itself in a unique situation after designing its MTW program. HACSM set aside 300 vouchers to be used in the MTW program, and participants were to come from the county's welfare program. After the program was designed this way, the San Mateo area experienced the "dot com boom," leaving few families on welfare, and thus, no families were initially allocated MTW vouchers. This difficulty in identifying qualifying families resulted in a one year delay in enrolling families in the HACSM MTW program. This initial delay complicated the funding stream dedicated to the program and eventually resulted in financial difficulties related to keeping non-MTW voucher funding separate from MTW voucher funding. HACSM has subsequently developed a strategy with HUD to address this situation and is continuing to operate its MTW program, but with fewer participants than initially envisioned. HACSM anticipates expanding the program back to its original authorized size in the near future. It is therefore critical for a non-block grant MTW agency, that operates both a MTW and a non-MTW voucher program with separately dedicated budgets, to ensure that these programs are administered as financially separate entities.

Rent Policy

HACSM has restructured its rent policy to include income disregards. Income disregards are designed to ease the rent burden on tenants who become employed, thus encouraging residents to seek employment leading to their economic self-sufficiency. HACSM's MTW rent policy, based on income, consists of the following components:

- When calculating rent, 25 percent of any increase in employment income is excluded for working individuals.
- Seventy-five percent of any income earned by a member of an HCV MTW household who was not a household member at the time of initial qualification of housing assistance, or during the 1-year period preceding qualification, will be excluded from the household's rent calculation. These income exclusions aim to motivate family reunification and to ease the household's rent burden to promote self-sufficiency. This benefit is limited to one time per family.

Mandatory Case Management Requirement

MTW participants in San Mateo are required to participate in the FSS program, which includes the use of escrow accounts to encourage savings. According to HACSM staff, a number of people have graduated from the program early as a result of their progress in the FSS program. The FSS program consists of signing a Contract of Participation with the family, which is then updated once per year with the help of case managers. The Contract of Participation outlines goal

plans and individual training plans for assistance participants. Two FSS case managers split the MTW caseload for HACSM. Case managers handle recertifications, conduct inspections, and provide case management services. Over the past year, one of HACSM's nonprofit partners, the Human Investment Project, began providing case management for approximately 15 to 20 families at no charge to the agency. The Human Investment Project was willing to assume this responsibility and cost because its clients were benefiting from receiving a voucher.

Case managers interact with various county services to refer participants to services such as workforce training, credit cleanup guidance, and General Educational Development (GED) classes. HACSM plans on partnering with additional agencies for case management and intends to improve the quality and documentation of individual successes with these new organizations.

Lesson Learned: HACSM staff indicated that while case management is beneficial for participants, it is costlier than the agency initially believed it would be, and cautioned other housing authorities to assess the cost of providing continuing case management services to a large number of participants. Transferring case management responsibilities and costs to partner agencies in exchange for providing housing assistance to their clients is a creative method of addressing this situation.

HOUSING CHOICE AND HOMEOWNERSHIP

Housing Choice

Lesson Learned: While enrolled in or upon graduating from HACSM's MTW program, many participants find themselves with limited housing choices within the County of San Mateo due to the high price of renting a unit. High rents and the shortage of available rental units have made it difficult for assisted families to find and lease units in the area. Therefore, most graduates have to look outside San Mateo in order to have significant choice in housing. While HACSM's MTW policies have helped participants improve their financial situation, this improvement is often insufficient to find affordable private sector apartments in the expensive local housing market.

Homeownership Program

Lessons Learned: The mandatory escrow accounts for MTW participants have helped households to purchase homes upon termination from assistance. However, thus far few MTW participants have been able to purchase homes in San Mateo County due to extraordinary housing prices. Most families have had to move to another location in order to purchase a home. HACSM has attempted to create partnerships with community organizations, such as Habitat for Humanity, that focus on low-income homeownership. However, the MTW policies adopted by HACSM have not significantly helped its MTW participants to purchase homes in San Mateo County.