

## **Section III. Proposed MTW Activities**

### **1. FY2019-1: Increasing Housing Choices**

#### **A. ACTIVITY DESCRIPTION**

*i. Describe the proposed activity.*

This activity is designed to achieve the MTW statutory objective to increase housing choices for low-income families, by creating payment standards that better reflect market conditions in different parts of San Antonio. This activity has two key elements: (1) establish local submarket payment standards and (2) increase the allowable affordability cap.

#### **(1) Local Submarket Payment Standards**

Currently, HUD publishes metropolitan fair market rents (MAFMR) annually for each metropolitan statistical area. HUD allows housing authorities to establish the payment standard amounts at any level between 90% and 110% of the published MAFMR. The payment standard amounts are used to calculate the subsidy payment for participants.

Under the new Small Area Fair Market (SAFMR) regulation, the San Antonio Housing Authority is required to implement this process using SAFMRs which are based on ZIP codes as opposed to the San Antonio-New Braunfels Metropolitan Statistical Area; however, because the Agency is designated as a Moving to Work Program, it is authorized to adopt and implement any reasonable policy to establish payment standards for tenant-based assistance that differ from the currently mandated program requirements.

The Agency is requesting this waiver so that it may:

- (1) establish custom submarket boundaries and fair market rents
- (2) set payment standards for each submarket to calculate subsidy payments for participants.

The Agency is proposing a two-phase approach to implementation (outlined in more detail E.vi.)

- Phase I: Implement 2-Tiered Payment Standard Schedule using HUD's MAFMR and completed analysis from research partner.
- Phase II: After research partner completes current market analysis and cost modelling, implement local submarket payment standards.

#### **(2) Increase Affordability Cap**

Under current regulation, participants may not pay more than 40% of their income on rent. The Agency is proposing to increase this cap to 50%. Participant's whose portion of rent exceeds 40% but remains below the new 50% cap will be approved on a case-by-case basis after the Agency has explained to the participant the negative impact it will have on their household budget. The goal is to increase housing choice while still providing a reasonable cap on the amount of rent burden a household takes on. In many cases, households are currently hitting the

40% cap with rent over the limit by \$5-\$10. Some households are able and willing to contribute the additional \$5-\$10 if it means they can lease a unit in their neighborhood of choice.

The Agency is requesting this waiver so that it may:

(1) Increase the cap on income that voucher holders can spend on rent from 40% to 50%.

*ii. Describe how the proposed activity will achieve one or more of the three statutory objectives and the specific impacts on that statutory objective(s).*

This activity is designed to increase housing choices by expanding the geographic scope of options and preserving affordability in neighborhoods experiencing market squeezes. By using local market analysis to determine payment standards that better match submarket rents, the Agency will be increasing affordability across all neighborhoods while ensuring the best use of limited financial resources. The Agency’s subsidy will now be sufficient for households to not only enter into neighborhoods previously unaffordable to them but also to stay in neighborhoods that may be experiencing rapidly rising rents. Coupling a modest increase of the current affordability cap from 40% to 50% will further expand the participant’s housing choices.

*iii. Provide the anticipated schedule for implementing the proposed activity.*

The Agency anticipates implementing this activity July 1, 2018 through a multi-phase, multi-year transition. (see section E.iv. TRANSITION PERIOD for more details)

**B. ACTIVITY METRICS INFORMATION**

**HUD Standard Metrics:** According to HUD guidance, this activity requires 3 standard HUD metrics: CE#1, CE#2, and HC#5

The Agency does not anticipate any cost savings as a result of this activity. Staff workloads related to the application of the new payment standards is expected to remain the same. There will be other cost implications which are outlined below in section c.

<b>CE #1: Agency Cost Savings</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Total cost of task in dollars (decrease).	Performance level prior to implementation \$0	Projected Outcome (long-term target) Annual Benchmarks \$0

Data Source: Fiscal year end financial reporting on staff costs.

<b>CE #2: Staff Time Savings</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Total time to complete the task in staff hours (decrease).	Performance level prior to implementation \$0	Projected Outcome (long-term target) Annual Benchmarks \$0

Data Source: Fiscal year end financial reporting on staff costs.

<b>HC #5: Increase in Resident Mobility</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Phase I: % of HCV new admissions and existing participants who moved to a new unit located in Tier 2	25% of current participants live in Tier 2	Based on the temporary cap, the Agency does not anticipate a significant increase
Phase II: HCV households living in each Tier as a percentage of total renter households (Tiers to be determined)	In 2018, Disproportional concentrations of HCV households to total renter households across all Tiers	By 2028, Proportional concentrations of HCV households to total renter households across all Tiers

Data Source: This will be tracked by integrating the Agency’s Geographic Information System with the Housing Information System to track addresses from the MTW-50058 for new admissions and participants moving to a new unit.

### **C. COST IMPLICATIONS**

*i. State whether the proposed activity will result in any cost implications (positive and/or negative) for the MTW PHA.*

Following the phased transition period outlined in E.vi., below are the anticipated cost implications.

**PHASE I: 2-Tiered payment standard schedule:** Based on prior year leasing activity, the Agency anticipates 1,700 current households to execute new HAP contracts during FY2018-2019. If all of these households executed new HAP contracts in Tier 2, this would result in an increase in HAP expenditures of \$1.2M during this first phase.

**PHASE II: Finalize local submarket payment standards:** To be determined based on research and leasing activity in Phase I.

In addition to increases in HAP expenditures, the agency will also incur costs related to the development of multiple payment standards for both phases. This expected cost is on par with other administrative costs incurred by changing normal business processes and implementing new, innovative strategies under MTW. As with other MTW activities, this cost is offset by other cost savings initiatives.

*ii. If the proposed activity does result in cost implications, provide an estimate of the amount and discuss how the MTW PHA will manage the surplus or deficit anticipated.*

The Agency faces a unique challenge in terms of balancing its MTW statutory requirement to maintain a baseline number of households served and to comply with the new SAFMR regulation without being eligible for additional administrative fees and HAP subsidy -- due to its MTW status.

The implementation of multiple payments standards will have an upfront administrative burden to the Agency and potentially long-term cost implications on HAP expenditures.

To ensure the Agency is able to meet its financial obligations, a temporary cap of up to 50 new HAP contracts executed by existing residents in Tier 2 is being proposed; resulting in an estimated \$439,800 increase in HAP expenditures. The Agency is confident it can cover this financial impact while meeting all other financial obligations and maintaining substantially the same number of households. The temporary cap may be lifted during phase II if the agency determines it is financially feasible while still serving substantially the same number of households.

Any household moving into Tier 2 after the cap has been reached, will execute their contract using the Tier 1 payment standard schedule.

#### **D. NEED/JUSTIFICATION FOR MTW FLEXIBILITY**

*i. Cite the authorization(s) detailed in Attachment C and/or D of the Standard MTW Agreement (or applicable successor section in future iterations of the MTW Agreement) that gives the MTW PHA flexibility to conduct the proposed activity.*

Attachment C, Section D.2.a: The Agency is authorized to adopt and implement any reasonable policy to establish payment standards, rents or subsidy levels for tenant-based assistance that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. The Agency is authorized to adopt and implement any reasonable policies to calculate the tenant portion of the rent that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. *This authorization waives certain provisions of Sections 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 C.F.R. 982.508, 982.503 and 982.518, as necessary to implement the Agency's Annual MTW Plan;*

*ii. Explain why the cited authorization(s) is needed to engage in the proposed activity.*

The Agency is requesting this waiver in order to increase housing choices by waiving the standard payment schedule and cap on affordability. Under the current regulations, 47% of current participants would see an average increase in their share of rent of \$46 per month. In addition, the rule establishes over 90 separate payment standards which is too administratively burdensome to implement and would be unnecessarily confusing for participants.

#### **E. RENT REFORM INFORMATION**

*HUD defines "rent reform" as any change to how rent/tenant share is calculated for a household that would not be allowable absent the MTW activity. Any MTW activity that an MTW PHA enacts that alters the rent calculation (the amount a household contributes towards their housing costs) would be considered a type of rent reform. The following information must be provided for all*

rent reform activities. In addition, any MTW activity that seeks to adopt a term limit in the public housing program must include information on items (ii)-(iv).

### **(i) IMPACT ANALYSIS**

The MTW PHA may provide an impact analysis for each component of the rent reform activity or a comprehensive impact analysis of the rent reform activity. To assess the impacts of the rent reform activity, the following steps are suggested:

*(1) A description of how the proposed MTW activity will impact household rent/tenant share.*

Alternate Payment Standard: This change will only impact households who voluntarily chose to execute a new HAP contract in Tier 2. Those households will not experience an increase to their rent/tenant share as a result of the payment standard change. The difference will be covered by an increase in HAP subsidy.

As detailed in the table in E.i.3, this activity is designed to minimize the negative impact to current client's share of rent. Three scenarios are presented::

- (1) Scenario 1: If SAHA implemented the current regulations at the lowest allowable variance of 90% of SAFMRs, the Agency would save nearly \$1M. However, many clients would see an increase in their portion of the rent. This increase could lead to households being forced to move and creating housing instability for those households and cost implications to SAHA related to administratively processing those moves.
- (2) Scenario 2: If SAHA implemented the current regulations at the lowest allowable variances of 90% of SAFMR and provided a safe harbor or hardship to those negatively impacted in scenario one, then the Agency would be negatively impacted by an estimated \$3.7M to \$6.1M in additional HAP expenditures. This increase in HAP would force the agency to serve fewer households, making it non-compliant to it's MTW baseline statutory requirement.
- (3) Scenario 3: If SAHA implemented this proposed MTW Activity, in Phase I, no clients would be negatively impacted and the Agency would be able to cover the increase in HAP expenditures while also meeting it's MTW baseline statutory requirements.

Increase in affordability cap: This change will only impact households who voluntarily chose to pay the additional rent. There is some potential that participants will make this choice and over-commit their financial resources to their housing costs. Participants will be provided information and guidance on how this decision will impact them.

*(2) A description of how the MTW PHA will implement and track the rent reform activity and how that process will enable the identification of any unintended consequences/impacts.*

Phase I of this activity was designed entirely to minimize the negative impact of the new SAFMR regulation on current clients and enable the Agency to continue to meet it MTW baseline statutory requirement.

As described below, the Agency will be able to identify and mitigate unintended consequences and impacts by taking a phased-in approach. The Agency currently does not have a way to model how many households will choose to move to higher cost neighborhoods.

By working with research partners to analyze the local market and model various cost scenarios, the Agency will be able to identify a reasonable balance between the cost implications to household's share of rent and to the Agency's HAP expenditures.

In addition, the Agency will be tracking this activity in the context of an Agency-wide policy initiative related to neighborhoods of opportunity and understanding the neighborhood trade-offs residents are making. This effort also includes exploring other strategies to strengthen landlord relationships, assess the need for down payment assistance, and partner with the City of San Antonio and VIA Metropolitan Transit on identifying other barriers to accessing neighborhoods of opportunity. The Agency is also working with its research partners to roll out a new tool that will allow participants to search for available housing within their shopping estimate based on their locational preferences and priorities such as proximity to work, school, and medical facilities.

*(3) A numerical analysis detailing the intended/possible impacts of the rent reform activity (including changes to the amount of rent/tenant share, rent burden increases/decreases, households affected, etc.)*

		<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>
		<b>Payment Standard Set at 90% of SAFMR as required by 24 CFR</b>	<b>Payment Standard Set at 90% of SAFMR as required by 24 CFR + Safe Harbor</b>	<b>FY2019-1 Proposal Phase I</b>
<b>HAP Impact</b>	Change to Annual HAP expenditures	+ \$940,000 [GAIN]	- \$3.7 to - \$6.1 M <sup>1</sup> [LOSS]	50 * \$733 *12 = \$439,800
<b>Rent Burden: Households Negatively Affected</b>	#/% of current clients who would see increase in their portion of rent	5,173 out of 11,001 (47%)	0	0
	Average annual rent increase	\$46 per month = \$552 per year	\$0	\$0
	Average annual rent Increase as % of Income	\$552/Average Adjusted Income \$552/\$11,736 = 4.7%	0%	0%

<sup>1</sup>Range: if geographic distribution stays the same to if all movers move to higher cost areas

*(4) A plan for how the MTW PHA will weigh the consequences/benefits of the rent reform activity to determine whether it should be adjusted/terminated/reduced/continued/expanded.*

The San Antonio Housing Authority envisions a future in which our community celebrates affordable housing that is well integrated into the fabric of **all** neighborhoods. To that end, as part of the Agency's new policy initiative focused on neighborhoods of opportunity, the Agency has drafted guiding principles and key policy assumptions to help guide the agency in balancing its internal performance goals, community impact goals, and financial realities.

- *SAHA recognizes that San Antonio is economically segregated:* In the last 5 years, three different studies have concluded that San Antonio is one of the most economically segregated cities in the country<sup>1</sup>.
- *SAHA recognizes that neighborhood characteristics impact life outcomes* and that physical amenities and challenges are inequitably distributed throughout San Antonio and that this inequitable distribution results in disparate resident health, employment, and education outcomes.
- *SAHA recognizes that voucher holders are concentrated in certain areas of San Antonio* and that these same areas correspond with neighborhoods experiencing inequitable distribution of physical amenities and face more challenges.<sup>2</sup>
- *SAHA commits to improve resident health, employment, and education outcomes, by increasing number and proportion of SAHA households in high opportunity neighborhoods in order to ensure all San Antonio neighborhoods are economically integrated.* This commitment encompasses the agency's place-based and mobility-based initiatives.

To this end, as part of Phase II, the Agency will be striving to strike a reasonable balance between HAP expenditures, tenant share of rent, and long-term policy goals.

#### **(ii.) HARDSHIP CASE CRITERIA**

*The MTW PHA must establish a hardship policy that clearly defines the circumstances under which households may be exempted or provided temporary relief from the activity. The MTW PHA must describe how such households could access the hardship policy and the associated process.*

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<sup>1</sup> Rise of Residential Segregation by Income (Pew Center), Distressed Communities Index (Economic Innovation Group), Ranking of income segregation (Richard Florida, CityLab)

<sup>2</sup> Forthcoming in Housing Policy Debate. Walter,R,J. The Implementation of Small Area Fair Market Rents.

Because phase I is voluntary and will not have a negative impact to residents, no hardships are expected. A full hardship criteria for phase II will be developed as part of the FY2020 plan process.

**(iii.) DESCRIPTION OF ANNUAL REEVALUATION**

*The MTW PHA must provide an overview as to how the activity will be reevaluated on an annual basis in the Annual MTW Report, mitigating negative impacts and unintended consequences.*

The Agency will conduct annual analysis of local submarket conditions, trends and projections to ensure local payment standards are reflective of the local market and subsidies are sufficient for participants. If Phase II determines that the HUD published small area fair market rents are not sufficiently accurate for the local market, the Agency may explore the procurement of a third-party to conduct this analysis on a regular basis.

In addition, the Agency will monitor overall rent burdens to ensure the cap on affordability is sufficient for households while still providing cost burden protections.

**(iv.) TRANSITION PERIOD**

*The MTW PHA must develop a plan and timeline for transitioning households into the activity. If a rent reform activity, the MTW PHA should show how the impact analysis informed this transition period.*

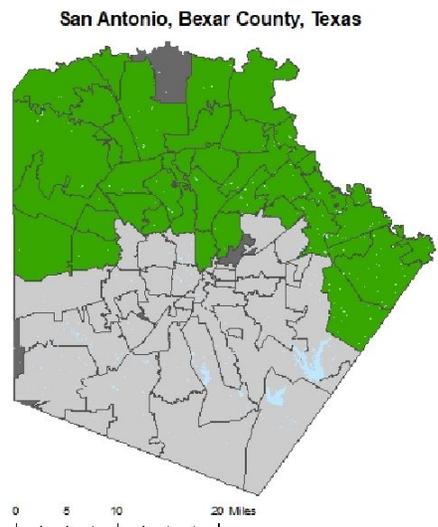
The increase on affordability cap will be implemented immediately for all households executing new contracts. In order to minimize the negative impact to residents, the Agency is proposing a 2-phase transition period for the submarket payment standard schedule.

**PHASE I: 2-Tiered payment standard schedule**

This first phase establishes a 2-Tiered payment standard schedule to be implemented July 1, 2019.

Using recent analysis from a research partner, the Agency will establish two geographic areas to correspond to the two tiers shown in green and grey on the map to the right. The green zip codes on the map represent areas that score mixed or high in opportunity and score below the county average in terms of HCV concentration; meeting the goals of the SAFMR regulation. This green area will have a payment standard set at 100% of the MAFMR. The grey area will have a payment standard set at 90% of the MAFMR.

This payment standard schedule will apply to any new HAP contract executed on or after from July 1, 2018 for existing



participants only. New admissions will have the 90% of MAFMR applied no matter which tier they move in to.

Below is the proposed new payment standard schedule for FY2019.

		<b>0 BR</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>	<b>5 BR</b>	<b>6 BR</b>	
Current	2018 Payment Standard Schedule	584	721	901	1189	1444	1661	1877	
	2018 HUD Fair Market Rents	649	801	1001	1321	1604	1845	2085	
	Percentage of FMR	90%	90%	90%	90%	90%	90%	90%	
Proposed	2018 Payment Standard Schedule	Tier 1 (Grey)	584	721	901	1189	1444	1661	1877
		Tier 2 (Green)	649	801	1001	1321	1604	1845	2085
	Percentage of FMR	Tier 1 (Grey)	90%	90%	90%	90%	90%	90%	90%
		Tier 2 (Green)	100%	100%	100%	100%	100%	100%	100%

### **PHASE II: Finalize local submarket payment standards**

This phase is currently underway and being proposed to run concurrently as Phase I. The details of this phase will be updated in the FY2020 MTW Plan. The key milestones for this phase are outlined below.

#### **Present to July 2018**

- Continue working with research partners to complete comprehensive market analysis and cost feasibility models
- Board adoption of Neighborhoods of Opportunity Policy and Agency Maps

#### **July 2018 to December 2018**

- Finalize local sub-markets and set new payment standards
  - Depending on the leasing activity of Phase I, the Agency may need to continue a temporary cap on new HAP contracts executed in the highest cost submarkets in order to meet its MTW baseline requirements which measure compliance with the MTW statutory goal to serve substantially the same number of households.
- Software modifications including a review of rent reasonableness system
- Staff Training, resident roll-out, and other communications
- Submit FY2020 MTW Plan and receive HUD approval

## **2. FY2019-2: Alternate Recertification Process (PH and HCV)**

### **A. ACTIVITY DESCRIPTION**

*i. Describe the proposed activity.*

This activity has three main components that are designed to streamline and simplify the recertification process: (1) alternate schedule, (2) alternate public housing review procedures, and (3) alternate income verification methods. It consolidates and updates three previously approved activities related to the first two elements (FY2014-4 Biennial Reexaminations, FY2014-5 Triennial Reexaminations, and FY2016-2 Biennial and Triennial Notification of Rent Type Option) and adds a new waiver for the third element.

#### **(1) Alternate Recertification Schedule (PH and HCV)**

This proposed activity establishes biennial and triennial schedules for reexaminations for the low income public housing and housing choice voucher programs. The Agency has been using alternative schedules since 2011; this new activity streamlines the schedules across both programs. The effective change will move approximately half of public housing households from biennials to triennials; the other half of public housing households will remain on the biennial schedule. The housing choice voucher program will maintain current reexamination schedules as established in FY2014 under FY2014-4/FY2014-5.

Every household will have the option of interim reexaminations if there is a change in household composition or income according to HCV and PH policy.

Beginning FY2016, SAHA created a local form with an expiration date of 39 months to replace the HUD-9886 Form with its 15 month expiration date. In the future, SAHA may create its own local forms with different expiration dates or other elements to accommodate this activity.

**Definitions:** For purposes of assigning a recertification schedule to each household, the Agency will utilize the following to apply the two schedules:

**Triennial:** A household is eligible for a triennial schedule if the household has at least one elderly or disabled household member and the household receives 100% of their income from fixed sources. SAHA defines fixed income as Social Security (SS), Supplemental Security Income (SSI), and/or pension.

**Biennial:** Households not eligible for a triennial schedule are eligible for a biennial schedule.

#### **(2) Alternate PH Review Procedures (PH only)**

Typically in the low income public housing program, PHAs are required to review community service requirements and inform public housing residents of the option of paying income-based rent or a flat rent on an annual cycle. Additionally, PHAs are obligated to conduct annual updates

of family composition for these public housing families who have chosen to pay flat rent regardless of HUD-allowed triennial recertifications for those families.

As residents move to biennial and triennial recertification schedules, it becomes more efficient to coordinate notification and update requirements in accordance with their new recertification schedules. Therefore, SAHA proposes to conduct review procedures related to community service requirements, flat rent notice and family composition updates for PH individuals at the time of reexamination.

**(3) Alternate Income Verification Methods (PH and HCV)**

Currently, SAHA accepts self-certification for assets valued below \$5,000. In order to further streamline administrative processes, SAHA will accept the family’s self-certification of the value of family assets and anticipated asset income for net assets totaling \$25,000 or less. Third-party verification of assets will still required for assets totaling a value more than \$25,000.

According to HUD’s Verification Hierarchy, SAHA must send a form to third-party sources for verification of income if the tenant-provided documents are not acceptable or are disputed. In order to increase the rate of files completed in a timely manner, SAHA will skip the third-party verification form and instead use oral third party verification when tenant-provided documents are unacceptable.

Both methods will apply to the low income public housing and housing choice voucher programs.

*ii. Describe how the proposed activity will achieve one or more of the three statutory objectives and the specific impacts on that statutory objective(s).*

This activity is designed to achieve the MTW statutory objective to reduce cost and achieve greater cost effectiveness in Federal expenditures, by providing an alternate schedule for the annual reexamination process, specific PH review procedures, and certification methods of income and assets.

*iii. Provide the anticipated schedule for implementing the proposed activity.*

The Agency anticipates implementing this activity July 1, 2018.

**B. ACTIVITY METRICS INFORMATION**

**HUD Standard Metrics:** According to HUD guidance, this activity requires 4 standard HUD metrics: CE#1, CE#2, CE#3, and CE#5.

<b>CE #1: Agency Cost Savings</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Total cost of task in dollars (decrease).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Definition: Cost of staff time	HCV: \$375,399.47 PH: \$201,964.50	HCV: \$149,253.93 PH: \$108,806.10

	Total: \$577,363.97	Total: \$258,060.03 Expected savings: \$319,303.94
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Data Sources: Average salary + benefits from fiscal year end reporting in JDE multiplied by CE#2.

<b>CE #2: Staff Time Savings</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Total time to complete the task in staff hours (decrease).	Performance level prior to implementation Annual Recertifications: Total recertifications processed under annual schedule X average time to process a recertification	Projected Outcome (long-term target) Annual Benchmarks Bi/Tri Recertification Schedule: Total recertifications processed under the new schedule X average time to process recertification
Definitions: Total time to complete recertifications during the fiscal year.	HCV: 15,914 hours PH: 8,325 hours Total: 24,239 hours	HCV: 6,327 hours PH: 4,485 hours Total: 10,812 hours Expected savings: 13,427 hours

Data Source: File processing reporting in Elite. Annual time study to determine average processing time -- currently set at 1.5 hours per recertification.

<b>CE #3: Decrease in Error Rate of Task Execution</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
.Average error rate in completing a task as a percentage (decrease).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Definitions: Average error rate	HCV: 31% PH: 45%	HCV: 25% PH: 40%

Data Source: Internal Audit Reporting

<b>CE #5: Increase in Agency Rental Revenue</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Rental revenue in dollars (increase).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Definition: Total HAP + UAP Costs plus Total Rental Revenue from public housing residents	HCV: \$2,524,901 PH: \$761,707 Total: \$3,286,608	No change expected

Data Source: Fiscal year end financial reporting in JDE.

### **C. COST IMPLICATIONS**

*i. State whether the proposed activity will result in any cost implications (positive and/or negative) for the MTW PHA.*

This activity is expected to result in cost savings to the Agency.

*ii. If the proposed activity does result in cost implications, provide an estimate of the amount and discuss how the MTW PHA will manage the surplus or deficit anticipated.*

The cost savings from the activity as anticipated in metric CE#1 will help continue to offset the reduction in federal funding for the low income public housing and housing choice voucher programs as well as the increase in administrative costs of other MTW activities -- allowing the Agency to continue to meet its statutory objective to serve substantially the same number of households as prior to the MTW designation.

#### **D. NEED/JUSTIFICATION FOR MTW FLEXIBILITY**

*i. Cite the authorization(s) detailed in Attachment C and/or D of the Standard MTW Agreement (or applicable successor section in future iterations of the MTW Agreement) that gives the MTW PHA flexibility to conduct the proposed activity.*

##### **Housing Choice Voucher**

Attachment C, Section D.1.c., Operational Policies and Procedures: The Agency is authorized to define, adopt and implement a reexamination program that differs from the reexamination program currently mandated in the 1937 Act and its implementing regulations. *This authorization waives certain provisions of Section 8(o)(5) of the 1937 Act and 24 C.F.R. 982.516 as necessary to implement the Agency's Annual MTW Plan.*

Attachment C, Section D.3.b. Eligibility of Participants: The Agency is authorized to adopt and implement any reasonable policy for verifying family income and composition and for determining resident eligibility that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. *This authorization waives certain provisions of 24 C.F.R. 982.516 and 982 Subpart E, as necessary to implement the Agency's Annual MTW Plan.*

##### **Low Income Public Housing**

Attachment C, Section C.4., Initial, Annual, and Interim Income Review Process: The Agency is authorized to restructure the initial, annual and interim review process in the public housing program in order to affect the frequency of the reviews and the methods and process used to establish the integrity of the income information provided. In addition, the Agency is expressly authorized to adopt a local system of income verification in lieu of the current HUD system. For example, the Agency may implement alternate time frames for validity of verification or adopt policies for verification of income and assets through sources other than those currently allowed under the 1937 Act. *This authorization waives certain provisions of sections 3(a)(1) and 3(a)(2) of the 1937 Act and 24 C.F.R. 966.4 and 960.257, as necessary to implement the Agency's Annual MTW Plan.*

*ii. Explain why the cited authorization(s) is needed to engage in the proposed activity.*

These waivers are needed in order to move forward the Agency's effort to streamline processes and policies across both programs -- where possible -- as well as achieve cost efficiencies in order to continue serving substantially the same number of households.

Alternate recertifications schedules have already been approved by HUD in previous plans. In addition, third-party verification of assets and income is time-consuming and costly to the Agency and adds little value to the accuracy of the verification process.

#### **E. RENT REFORM INFORMATION**

*HUD defines “rent reform” as any change to how rent/tenant share is calculated for a household that would not be allowable absent the MTW activity. Any MTW activity that an MTW PHA enacts that alters the rent calculation (the amount a household contributes towards their housing costs) would be considered a type of rent reform. The following information must be provided for all rent reform activities. In addition, any MTW activity that seeks to adopt a term limit in the public housing program must include information on items (ii)-(iv).*

Because this activity does not change rent calculation, this section is not required.

### **3. FY2019-3: Tiny Homes for Homeless/Youth Aging out of Foster Care Students**

#### **A. ACTIVITY DESCRIPTION**

*i. Describe the proposed activity.*

This activity has 3 main elements:

- (1) Accelerated access to housing through a referral from an education partner
- (2) Short-term housing assistance
- (3) Allocation of project-based vouchers for 100% of a new Tiny Home project

#### **Overview**

This activity is designed to achieve the MTW statutory objective to give incentives that promote self-sufficiency and increase housing choice, by providing college students in need of short-term housing assistance an opportunity to reside in a Tiny Home Project-Based Voucher (PBV) unit.

This activity seeks to provide targeted assistance to a subset of students that 1) homeless and/or Youth Aging out of Foster Care, 2) attending college, and 3) would benefit from a period of increased housing stability to complete their Associate degree and obtain employment.

These students will benefit from accelerated access to housing units, and, due to the time limit on the housing assistance, will transition out once Associate degree is obtained or no longer attending college through Alamo College District (ACD).

The Alamo College District is a community college system with campuses located throughout the San Antonio area. At several campuses, populations of homeless students have been identified, some sleeping in their cars in college parking lots.

SAHA owns nearly 2 acres of vacant property near one of the Alamo Colleges campuses, St. Philips College. A team of SAHA and St. Philips staff are putting together a development plan for that acreage, to include tiny houses as well as a community building.

#### **Activity Details**

This activity will provide housing assistance to homeless college students referred to SAHA by ACD. Below are preliminary details of the activity which will be finalized with the partner during FY2019 while the development plan is being implemented.

Students referred to SAHA by ACD will receive up to three years of Housing Choice Voucher assistance while enrolled. If, at the end of three years, a hardship exists, up to two additional semesters of assistance are made available if the student is enrolled in college courses. Upon starting housing assistance, participating households are required to enroll at an accredited college through ACD for at least one semester. Students rent portion will be calculated based on

the following criteria. The student will be required to submit their grades at the end of each semester in order for the monthly rent portion can be adjusted.

- GPA 3.5 - 4.0 monthly rent portion 10% of monthly income or \$100 whichever is larger
- GPA 3.0 - 3.4 monthly rent portion 20% of monthly income or \$150 whichever is larger
- GPA 2.4 - 2.9 monthly rent portion 30% of monthly income or \$200 whichever is larger

HCV policies related to the recertification process outlined in MTW Activity FY2019-3 and HCV policies related to payment standards and increasing the affordability cap outlined in FY2019-1 will apply to students participating in this activity.

The total number of students to be served under this activity is currently capped at the total number of tiny homes available up to 30. Over 300 homeless and/or youth aging out of foster care students are currently enrolled at ACD, which is approximately 2.3% of students enrolled.

In addition, students will be required to complete 64-80 of community services hours per semester and maintain GPA above 2.0 to maintain housing assistance. Must be enrolled for at least 12 hours to be eligible for assistance.

If the student enrolls in subsequent education degree program, the Agency may extend their assistance while completing their degree.

*ii. Describe how the proposed activity will achieve one or more of the three statutory objectives and the specific impacts on that statutory objective(s).*

This activity is designed to achieve the MTW statutory objective to give incentives that promote self-sufficiency and increase housing choice, by providing college students in need of short-term housing assistance an opportunity to reside in a Tiny Home Project-Based Voucher (PBV) unit.

*iii. Provide the anticipated schedule for implementing the proposed activity.*

The Agency anticipates implementing the development planning phase of this activity July 1, 2018. The Agency does not anticipate the construction of the tiny homes to be complete until after FY2019.

**B. ACTIVITY METRICS INFORMATION**

**HUD Standard Metrics:** According to HUD guidance, this activity requires CE#1, CE#2, HC#1, SS#3, SS#8

The Agency anticipates updating all metric baselines and benchmarks in the forthcoming FY2019 MTW Report following the developing planning phase of this activity.

<b>CE #1: Agency Cost Savings</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>

Total cost of task in dollars (decrease).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Definition: Per unit Cost	\$0	30 * \$589.87 = \$17,696.10

Data Source: Fiscal year end financial reporting in JDE and Leasing Activity from Voucher Management System (VMS).

<b>CE #2: Staff Time Savings</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Total time to complete the task in staff hours (decrease).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Definition: Average staff time per recertification (in hours)	0 hours	30 * 1.5 = 45 hours

Data Source: File processing reporting in Elite. Annual time study to determine average processing time -- currently set at 1.5 hour per recertification.

<b>SS #3: Increase in Positive Outcomes in Employment Status</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Report the following information separately for each category:	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
(1) Employed Full- Time	0	100% of students either obtain employment or continue on to seek additional higher education
(2) Employed Part- Time		
(3) Enrolled in an Educational Program		
(4) Enrolled in Job Training Program		
(5) Unemployed		
(6) Other		

Data Source: File processing reporting in Elite for annual incomes and Information from partners.

<b>SS #8: Households Transitioned to Self Sufficiency</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Number of households transitioned to self sufficiency (increase). The PHA may create one or more definitions for "self sufficiency" to use for this metric. Each time the PHA uses this metric, the "Outcome" number should also be provided in Section (II) Operating Information in the space provided.	Performance level prior to implementation  0	Projected Outcome (long-term target) Annual Benchmarks  30

Data Source: File processing reporting in Elite for annual incomes and Information from partners.

<b>HC #1: Additional Units of Housing Made Available</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>

Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). If units reach a specific type of household, give that type in this box.	Performance level prior to implementation  0	Projected Outcome (long-term target) Annual Benchmarks  30
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Data Source: New development reporting.

### C. COST IMPLICATIONS

*i. State whether the proposed activity will result in any cost implications (positive and/or negative) for the MTW PHA.*

The cost implications of this activity will not impact the Agency’s MTW funding. The Agency plans to seek alternative funding for the development of Tiny Homes.

*ii. If the proposed activity does result in cost implications, provide an estimate of the amount and discuss how the MTW PHA will manage the surplus or deficit anticipated.*

Not applicable.

### D. NEED/JUSTIFICATION FOR MTW FLEXIBILITY

*i. Cite the authorization(s) detailed in Attachment C and/or D of the Standard MTW Agreement (or applicable successor section in future iterations of the MTW Agreement) that gives the MTW PHA flexibility to conduct the proposed activity.*

Attachment C, Section D.1.b., Operational Policies and Procedures: The Agency is authorized to determine the length of the lease period, when vouchers expire and when vouchers will be reissued. *This authorization waives certain provisions of Sections 8(o)(7)(a), 8(o)(13)(F) and 8(o)(13)(G) of the 1937 Act and 24 C.F.R. 982.303, 982.309 and 983 Subpart F as necessary to implement the Agency’s Annual MTW Plan.*

Attachment C, Section D.1.e., Operational Policies and Procedures: The Agency is authorized to determine the percentage of housing voucher assistance that it is permitted to project-base, and criteria for expending funds for physical improvements on those units that differs from the percentage and criteria requirements currently mandated in the 1937 Act and its implementing regulations. *This authorization waives certain provisions of Section 8(o)(13) of the 1937 Act and 24 C.F.R. 983 as necessary to implement the Agency’s Annual MTW Plan.*

Attachment C, Section D.7. Establishment of an Agency MTW Section 8 Project-Based Program  
The Agency is authorized to develop and adopt a reasonable policy and process for project-basing Section 8 tenant-based leased housing assistance.

Attachment C, Section D.7.a, Establishment of an Agency MTW Section 8 Project-Based Program:  
The Agency is authorized to project-base Section 8 assistance at properties owned directly or

indirectly by the Agency that are not public housing, subject to HUD's requirements regarding subsidy layering. If the Agency chooses to project-base Section 8 assistance at such properties, the Agency recognizes and accepts that such units would no longer be eligible for operating subsidy provided under Section 9(e) of the 1937 Housing Act or for future capital funds provided under section 9(d) for those units if it chooses to use this authorization. Project-based assistance for such owned units does not need to be competitively bid, nor are the owned units subject to any required assessments for voluntary conversion. *This authorization waives certain provisions of Sections 8(o)(13)(B and D) of the 1937 Act and 24 C.F.R. 982.1, 982.102 and 24 C.F.R. Part 983 as necessary to implement the Agency's Annual MTW Plan.*

Attachment C, Section D.2.c, Rent Policies and Term Limits: The Agency is authorized to develop a local process to determine rent reasonableness that differs from the currently mandated program requirements in the 1937 Act and its implementing regulations. *This authorization waives certain provisions of Section 8(o)(10) of the 1937 Act and 24 C.F.R. 982.507 as necessary to implement the Agency's Annual MTW Plan.*

*ii. Explain why the cited authorization(s) is needed to engage in the proposed activity.*

This activity will take several fiscal years to be implemented, The waivers cited above are required in order to establish a local MTW project-based voucher program that includes: time limits, alternate rent structure, and commitment of PBV to all 30 single-family dwellings that will be owned by the Agency through a non-competitive process. In addition, because tiny homes are a new housing type for the city, the Agency is requesting a waiver from the standard rent reasonableness requirements.

## **E. RENT REFORM INFORMATION**

*HUD defines "rent reform" as any change to how rent/tenant share is calculated for a household that would not be allowable absent the MTW activity. Any MTW activity that an MTW PHA enacts that alters the rent calculation (the amount a household contributes towards their housing costs) would be considered a type of rent reform. The following information must be provided for all rent reform activities. In addition, any MTW activity that seeks to adopt a term limit in the public housing program must include information on items (ii)-(iv).*

Because FY2019 will be dedicated to development planning and working with the partner to finalize the program details, the impact analysis will be completed as part of the FY2020 MTW Plan.

### **(i) IMPACT ANALYSIS**

*The MTW PHA may provide an impact analysis for each component of the rent reform activity or a comprehensive impact analysis of the rent reform activity. To assess the impacts of the rent reform activity, the following steps are suggested:*

*(1) A description of how the proposed MTW activity will impact household rent/tenant share.*

*(2) A description of how the MTW PHA will implement and track the rent reform activity and how that process will enable the identification of any unintended consequences/impacts.*

*(3) A numerical analysis detailing the intended/possible impacts of the rent reform activity (including changes to the amount of rent/tenant share, rent burden increases/decreases, households affected, etc.)*

*(4) A plan for how the MTW PHA will weigh the consequences/benefits of the rent reform activity to determine whether it should be adjusted/terminated/reduced/continued/expanded.*

**(ii.) HARDSHIP CASE CRITERIA**

*The MTW PHA must establish a hardship policy that clearly defines the circumstances under which households may be exempted or provided temporary relief from the activity. The MTW PHA must describe how such households could access the hardship policy and the associated process.*

**(iii.) DESCRIPTION OF ANNUAL REEVALUATION**

*The MTW PHA must provide an overview as to how the activity will be reevaluated on an annual basis in the Annual MTW Report, mitigating negative impacts and unintended consequences.*

**(iv.) TRANSITION PERIOD**

*The MTW PHA must develop a plan and timeline for transitioning households into the activity. If a rent reform activity, the MTW PHA should show how the impact analysis informed this transition period.*

#### 4. FY2019-4: Third Party Agreements

##### A. ACTIVITY DESCRIPTION

*i. Describe the proposed activity.*

This activity is designed to achieve the MTW statutory objective to reduce cost and achieve greater cost effectiveness in Federal expenditures, by waiving the approval process related to third-party agreements encumbering public housing property.

PHAs are typically required to secure written approval from HUD *prior* to encumbering public housing property. Regardless of required HUD approvals, PHAs must ensure consistency with public housing requirements in compliance with the requirement inclusions in third-party agreements. To that end, SAHA's practices are already aligned with HUD guidance and all agreements include requirements for third-party agreements, as enumerated in PIH 2017-24 (HA).

The approval process, which can involve HUD Field Offices as well as the Special Applications Center (SAC), is costly and time-consuming; adding little value if any to the process in terms of addressing HUD's concerns regarding risk, transparency, and documentation.

*ii. Describe how the proposed activity will achieve one or more of the three statutory objectives and the specific impacts on that statutory objective(s).*

By eliminating the requirement to get *prior* HUD approval, the agency is achieving greater cost efficiencies in Federal expenditures.

*iii. Provide the anticipated schedule for implementing the proposed activity.*

##### B. ACTIVITY METRICS INFORMATION

###### HUD Standard Metrics:

<b>CE #1: Agency Cost Savings</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Total cost of task in dollars (decrease).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Cost of applications	\$4,000	\$0

Data Source: Estimates based on past disposition application costs.

<b>CE #5: Increase in Agency Rental Revenue</b>		
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmarks</b>
Rental revenue in dollars (increase).	Performance level prior to implementation	Projected Outcome (long-term target) Annual Benchmarks
Loss of agency rental revenue as a result of delays associated with the review process	up to \$23,000 per month of delay; current estimated delays 6 months to a year OR \$138,000 to \$276,000 per year	\$0

Data Source: Agency lease income tracking.

### **C. COST IMPLICATIONS**

*i. State whether the proposed activity will result in any cost implications (positive and/or negative) for the MTW PHA.*

This activity is expected to result in cost savings to the Agency.

*ii. If the proposed activity does result in cost implications, provide an estimate of the amount and discuss how the MTW PHA will manage the surplus or deficit anticipated.*

All net proceeds from third-party lease agreements are used to fund capital repairs/replacements at the property.

### **D. NEED/JUSTIFICATION FOR MTW FLEXIBILITY**

*i. Cite the authorization(s) detailed in Attachment C and/or D of the Standard MTW Agreement (or applicable successor section in future iterations of the MTW Agreement) that gives the MTW PHA flexibility to conduct the proposed activity.*

Attachment C, Section C. 8. Streamlined Demolition and Disposition Procedures: The Agency may choose to follow HUD's "Streamlined Processing Instructions for Disposition, Demolition, and Disposition/Demolition Applications from MTW Agencies."

Attachment C, Section C. 14. Commercial Business Venture: The Agency is authorized to enter into commercial business ventures as part of its neighborhood revitalization or affordable housing strategies or other strategies designed to serve as catalysts for revitalization of public housing or surrounding communities. Any venture must be consistent with eligible uses of funds under Sections 8 and 9 of the 1937 Act. *This authorization waives certain provisions of 24 C.F.R. 941 subpart F as necessary to implement the Agency's Annual MTW Plan.*

*ii. Explain why the cited authorization(s) is needed to engage in the proposed activity.*

In the past, the Agency has experienced long delays in getting approval for dispositions from SAC. The Agency believes this review process is hindering its ability to employ innovative approaches to achieve optimal program operations and revenue. In addition, partnerships are vital to the Agency's Moving to Work goals and experiencing these long delays in entering into lease agreements stymies those relationships.

### **E. RENT REFORM INFORMATION**

*HUD defines "rent reform" as any change to how rent/tenant share is calculated for a household that would not be allowable absent the MTW activity. Any MTW activity that an MTW PHA enacts that alters the rent calculation (the amount a household contributes towards their housing costs) would be considered a type of rent reform. The following information must be provided for all*

*rent reform activities. In addition, any MTW activity that seeks to adopt a term limit in the public housing program must include information on items (ii)-(iv).*

Not Applicable.