

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

**Moving to Work Demonstration Program**

**Promising Practices Report for**

**CAMBRIDGE HOUSING AUTHORITY (CHA)**

**December 2008**

## INTRODUCTION

The Cambridge Housing Authority (CHA) joined the U.S. Department of Housing and Urban Development's (HUD) national Moving to Work (MTW) Demonstration Program in April 1999. The CHA MTW program focuses on streamlining administrative processes to improve resident customer service and increasing housing choice to address local housing needs.

CHA is located in Cambridge, Massachusetts, with a population of 101,388 as estimated by the U.S. Census Bureau in 2007. As of April 2008, CHA owned 1,856 public housing units and managed 1,843 Housing Choice Vouchers (HCV). Utilizing MTW flexibilities, CHA has been able to develop innovation in housing policy by:

- Implementing *tenant income recertification policy changes* in both the public housing and HCV programs to increase administrative efficiency;
- Commissioning a *rent simplification benchmarking study* to measure the impact of the Rent Simplification Initiative in increasing administrative efficiency;
- Devising *rent policy changes* in both the public housing and HCV programs to encourage resident self-sufficiency;
- Negotiating *above-Fair Market Rent (FMR) payment standards* in the HCV program to increase housing opportunities;
- Developing affordable housing units through the use of *project-based vouchers* to increase housing opportunities; and
- Collaborating with landlords to *maintain rental units* and increase housing opportunities.

This report reviews CHA's MTW program's promising practices since its inception and discusses the agency's progress towards meeting MTW program objectives. This report is based on interviews with housing authority staff and the HUD MTW coordinators. The report also draws on reports and data on MTW participants collected by CHA, HUD, Abt Associates Inc., and Optimal Solutions Group, LLC over the course of the demonstration.

The report is organized according to the broad goals of the Moving to Work Demonstration Program: (1) implementing administrative simplicity and program cost reduction (2) providing work incentives to encourage resident self-sufficiency (3) increasing housing choice and homeownership. Many of the CHA programs fall under multiple goals, but each will be highlighted in the most relevant section.

## INITIATIVES TO INCREASE ADMINISTRATIVE EFFICIENCY

CHA has utilized MTW flexibilities to engage in a comprehensive rent simplification program. At the end of FY 2005, CHA began implementation of the Rent Simplification Initiative in both the public housing and HCV programs. CHA also contracted with Quadel Consulting Corporation to strategically monitor the administrative savings associated with the rent policy changes.

### Rent Simplification

CHA staff working on income recertifications expressed that the methods, steps, and verification processes for rent calculation had become too complicated and cumbersome. In addition, CHA also realized that the initial system made reporting to Rental Integrity Monitoring (RIM) challenging.

In an effort to implement an efficient and accurate administrative system, CHA used its MTW authorities to create a new set of rent simplification guidelines, which were successfully implemented in both public housing and the HCV programs by FY 2007 (roughly a year after initial implementation of the Rent Simplification Initiative). Some notable changes pertaining to administrative efficiency are highlighted in **Figure A**. More changes under the Rent Simplification Initiative are highlighted in **Figure E** in the next section as measures of increasing resident self-sufficiency.

**Figure A: Summary of CHA Rent Simplification Policy (Effective January 31, 2006)**

Federal Public Housing Program	Housing Choice Voucher Program
Household assets below \$50,000 are not considered in income calculations	Household assets below \$50,000 are not considered in income calculations
Tenant recertifications required every two years. Only two interims for income change permitted between recertifications. If an interim for income loss is conducted, a tenant must subsequently report any increase in income within 30 days. The loss of income must be expected to last more than 60 days. (These provisions do not apply to seniors and the disabled or to interims for unit change or household composition change.)	Tenant recertifications continue to be required annually, but interims for income change are limited to one per year. If an interim for income loss is conducted, a tenant must subsequently report any increase in income within 30 days. The loss of income must be expected to last more than 60 days. (These provisions do not apply to seniors and the disabled or to interims for transfer to new units or changes in household composition.)
Deductions for medical and childcare costs are not provided unless total expenses are \$2,500 or more. Deductions are based on tiered deduction schedules.	

CHA found that asset calculations required a verification process that could be very lengthy and burdensome for both the housing authority and the assisted-housing clients. Furthermore, the elongated process usually resulted in the discovery of minor household assets and minor deductions for families. Therefore, CHA implemented a policy to disregard household assets below \$50,000 in income calculations.

Interim income adjustment calculations were also labor-intensive and costly for the housing authority to administer. However, interim income changes were very important to tenants because it gave them the opportunity to report income loss between the annual recertification periods. Understanding the impact of altering interim income verification policies, CHA wanted to decrease administrative workload while still accounting for significant income decreases that tenants expected to last for more than 60 days. Therefore, CHA implemented a policy that limited interim income changes to one per year for HCV program tenants and two per year for public housing tenants. Tenant recertifications are still conducted annually in the HCV program and every two years in the public housing program.

**Best Practice:** The rent simplification policies at CHA were implemented after a comprehensive hearing process that allowed community advocates, key stakeholders, and tenants to weigh in on the changes. It was ultimately decided that the changes in rent policy would allow CHA staff to dedicate more time to managing properties and working with residents on programmatic issues. Furthermore, as noted in the following section, the rent simplification changes also included measures to increase resident self-sufficiency.

Rent Simplification Benchmarking Study

CHA has been actively utilizing MTW flexibilities to implement a number of important housing authority policy changes. It was important for the agency to measure the impacts of these policy changes in order to adequately adjust these policy initiatives. For that purpose, CHA contracted with Quadel Consulting Corporation to undertake an extensive study of the effects of the rent simplification policy in the HCV and public housing programs. Although not an explicit use of MTW flexibilities other than using block grant funding to contract with Quadel, this endeavor is still considered a promising practice because it provided an example of effective measurement of MTW-related policy changes.

The following data was drawn from the *Performance Benchmarking of the Rent Simplification Initiative in the Cambridge Housing Authority’s Moving to Work Program* submitted by Quadel to CHA in May 2007. **Figure B** shows that the average time to complete all measured activities for tenant recertification decreased by approximately 41 percent.

**Figure B: Staff Time to Complete Selected Elements of Recertification (All Programs)**

	Standard Rule	Rent Simplification Rules	Difference
Asset and Deductions Total Time	14.70 minutes	3.27 minutes	11.43 minutes
All Measured Activities	25.64 minutes	20.19 minutes	5.45 minutes
Asset Time in Interview	2.73 minutes	1.31 minutes	1.42 minutes

Source: CHA MTW Annual Report FY 2007

Lower transaction times and lower number of transactions in the tenant income recertification process are a result of the Rent Simplification Initiative. In public housing, administrative

savings amounted to approximately 30,906 minutes per year (**Figure C**), and in the HCV program, administrative savings amounted to approximately 10,330 minutes (**Figure D**).

**Figure C: Administrative Savings from Change in Recertification Process (Federal and State Public Housing Programs)**

Pre-Rent Simplification	Post-Rent Simplification	Administrative Savings
1,699 recertifications x 25.64 minutes per recert. = 43,562 minutes	850 recertifications x 14.89 minutes per recert. = 12,656 minutes	30,906 minutes

Source: CHA MTW Annual Report FY 2007

**Figure D: Administrative Savings from Change in Recertification Process (Housing Choice Voucher Program)**

Pre- Rent Simplification	Post- Rent Simplification	Administrative Savings
2,120 recertifications x 25.64 minutes per recert. = 54,357 minutes	2,218 recertifications x 19.85 minutes per recert. = 44,027 minutes	10,330 minutes

Source: CHA MTW Annual Report FY 2007

**Best Practice:** Many housing authorities have implemented rent simplification initiatives, but few have been able to capture the administrative savings from implementing these changes. CHA realized the importance of measuring outcomes in assessing future policy changes in their MTW program. Calculating the average time changes in the certification process is a simple method of measuring the effectiveness of rent simplification programs.

## SELF SUFFICIENCY INITIATIVES

The Rent Simplification Initiative at CHA also focuses on utilizing MTW flexibilities to create policies that encourage resident self-sufficiency. CHA has long served its clients by forming partnerships to generate opportunities for education, vocational training, and employment counseling to increase self-sufficiency. CHA has used MTW to further encourage its residents to seek out the available resources and move towards self-sufficiency by including minimal mandates in rent policy.

### Rent Policy Changes

Prior to the Rent Simplification Initiative, the rent policies in both the public housing and HCV programs did not contain requirements for residents to actively seek out supportive services. This often resulted in inefficient use of housing authority resources and stagnant income levels for assisted-housing clients. CHA targeted this issue in the design and implementation of its Rent Simplification Initiative.

Under the Rent Simplification Initiative, CHA implemented a \$50 minimum rent per month in both the public housing and HCV programs that was conditional on tenants actively seeking

social services for jobs or benefit counseling. To enforce this policy, CHA set a 90-day time limit on assistance to zero-income households, which further encouraged residents to be proactive in reaching their self-sufficiency goals.

In developing the rent policy changes, CHA also took into consideration the fact that the housing and employment markets in Cambridge can be very challenging and the skill level of residents may need to be improved in order to seek long-term employment. In response to this concern, CHA implemented a hardship review system that allowed tenants in the public housing program to be reimbursed for essentials such as medical or child care expenses. In the HCV program, CHA implemented policies to assist clients with utility payments for 90 days following recertification and provided utility assistance to families with monthly utility expenditures that exceeded 50 percent of their monthly income.

**Figure E: Summary of CHA Rent Simplification Policy (Effective January 31, 2006)**

Federal Public Housing Program	Housing Choice Voucher Program
Minimum rent increased to \$50 per month. All households paying only the minimum rent are referred to Social Services for job or benefit counseling.	Minimum rent set at \$50 per month. All households paying only the minimum rent are referred to Social Services for job or benefit counseling.
Zero-income status is limited to 90 days. After 90 days, CHA applies the minimum rent.	Zero-income status is limited to 90 days. After 90 days, the minimum rent is applied. The tenant must pay the minimum rent to the landlord and pay for all tenant-paid utilities. CHA makes utility allowance payments to zero-income households for only 90 days following recertification.
Rents are based on a tiered rent schedule (in \$2,500 income bands, with ceiling rents also applied). * <i>Appendix 1</i>	
All income of full-time students (except heads of household) is excluded from income.	
A hardship review system allows tenants to ask CHA for special consideration if total unreimbursed medical or child care expenses exceed \$7,500 or if the total burden of rent, utilities, and unreimbursed medical or childcare costs is excessive (over 50% of monthly income). The review committee can act to reduce family's rent burden.	A hardship review system allows tenants to ask CHA for special consideration if the total burden of rent and utilities is excessive (over 50% of monthly income). The review committee can act to reduce family's rent burden.

**Promising Practice:** It is often difficult to strike a balance between encouraging assisted-housing families to be proactive in reaching self-sufficiency goals and burdening struggling households with punitive measures. Through careful consideration of community and client input, CHA has successfully implemented rent policy changes that encourage self-sufficiency. In addition, CHA carefully monitors client progress through direct contact with residents as well as comprehensive benchmarking studies.

## HOUSING CHOICE AND HOMEOWNERSHIP INITIATIVES

Housing prices in Cambridge are staggeringly high, making it challenging for CHA to continually increase housing choice and homeownership opportunities for its clients. Options available to other housing authorities are simply not viable at CHA given the local housing market. For example, assisting families with down payments towards purchasing homes is neither fiscally nor politically feasible because of the large sum of money that would be needed to even assist one family to purchase a home in Cambridge. In past years, MTW block grant authority has been integral in enabling CHA to renovate and redevelop its housing stock. CHA has utilized its block grant authority to fund costly capital improvement projects and modernize its public housing properties. The MTW authority to project-base HCVs has also aided CHA in expanding the supply of affordable housing for low-income clients.

"It would be impossible for us to improve our housing stock at the level we have without MTW."

– Greg Russ, *Executive Director*

### Housing Choice Voucher Payment Standard Changes

The exorbitantly high rental prices in certain Cambridge neighborhoods have prevented HCV recipients from living in those areas. The Fair Market Rent established by HUD did not allow CHA to provide voucher subsidies to compensate for the high prices of rental units in Cambridge.

Utilizing MTW authority, CHA has been able to negotiate HCV payment standards above Fair Market Rent in order to increase subsidies provided to HCV clients. This has enabled CHA to dramatically increase housing choice for its HCV clients.

### Project Based Vouchers

CHA was restricted by both funding and statutory limitations, which made redevelopment projects difficult. Utilizing MTW flexibilities, CHA has been able to increase the percentage of project-based units above the federal limit of 20 percent. This allows CHA to support the physical development of additional affordable housing units through the long-term guarantee of rental subsidy. In FY 2007, CHA project-based approximately 24 percent of its MTW HCVs.

### Maintaining Rental Units in the Housing Choice Voucher Program

Because of the competitive rental market in Cambridge, CHA established policies that provided incentives to landlords to rent to HCV recipients. By providing these incentives to attract and retain owners to the HCV program, CHA has been able to ensure that HCV recipients have housing choice in the Cambridge rental market. Utilizing MTW block grant authority, CHA implemented the following policies: (1) damage payments to owners who agree to continue renting to HCV holders after a prior HCV renter caused verifiable damages that exceeded the security deposit; (2) vacancy payments to owners who agree to rent to a HCV holder after an existing HCV participant moves out of the unit; and (3) payments to owners for the period of time a unit remains vacant while the inspection and leasing process is completed.

**Promising Practice:** Monetarily, implementing these practices had very little impact on the program's budget, but made a big difference on participating households' ability to locate and lease units in Cambridge. CHA used its MTW flexibility to make participating in the HCV program attractive to landlords and help HCV participants compete on an equal playing field with other, non-subsidized apartment seekers.

## Appendix 1: Tiered Rent Structure

Rent schedules are effective as of February 1, 2009.

### Rent Schedule - Elderly Public Housing

Utilities already subtracted

Income Range		Bedroom size		
		0	1	2
\$0	\$2,499	<b>\$50 for 12 months</b>		
\$2,500	\$4,999			
\$5,000	\$7,499	\$125	\$125	\$125
\$7,500	\$9,999	\$188	\$188	\$188
\$10,000	\$12,499	\$250	\$250	\$250
\$12,500	\$14,999	\$313	\$313	\$313
\$15,000	\$17,499	\$375	\$375	\$375
\$17,500	\$19,999	\$438	\$438	\$438
\$20,000	\$22,499	\$500	\$500	\$500
\$22,500	\$24,999	\$563	\$563	\$563
\$25,000	\$27,499	\$625	\$625	\$625
\$27,500	\$29,999	\$688	\$688	\$688
\$30,000	\$32,499	\$750	\$750	\$750
\$32,500	\$34,999	\$813	\$813	\$813
\$35,000	\$37,499	\$875	\$875	\$875
\$37,500	\$39,999	\$982	\$938	\$938
\$40,000	\$42,499	\$982	\$1,047	\$1,000
\$42,500	\$44,999	\$982	\$1,047	\$1,113
\$45,000	\$47,499	\$982	\$1,047	\$1,113
\$47,500	\$49,999	\$982	\$1,047	\$1,113
\$50,000	\$52,499	\$982	\$1,047	\$1,113
\$52,500	\$54,999	\$982	\$1,047	\$1,113
\$55,000	\$57,499	\$982	\$1,047	\$1,113

### Rent Schedule - Family Public Housing

Utilities already subtracted - Washington Elms

Utility Allowances		NA	(\$51)	(\$60)	(\$69)	(\$81)	(\$82)	NA	
Income Range		Bedroom size							
		0	1	2	3	4	5	6	
\$0	\$2,499	-	<b>\$50 for 12 months</b>						
\$2,500	\$4,999	-							
\$5,000	\$7,499	-	\$74	\$65	\$56	\$50	\$50	-	
\$7,500	\$9,999	-	\$137	\$128	\$119	\$107	\$106	-	
\$10,000	\$12,499	-	\$199	\$190	\$181	\$169	\$168	-	
\$12,500	\$14,999	-	\$262	\$253	\$244	\$232	\$231	-	
\$15,000	\$17,499	-	\$324	\$315	\$306	\$294	\$293	-	
\$17,500	\$19,999	-	\$387	\$378	\$369	\$357	\$356	-	
\$20,000	\$22,499	-	\$449	\$440	\$431	\$419	\$418	-	
\$22,500	\$24,999	-	\$512	\$503	\$494	\$482	\$481	-	
\$25,000	\$27,499	-	\$574	\$565	\$556	\$544	\$543	-	
\$27,500	\$29,999	-	\$637	\$628	\$619	\$607	\$606	-	
\$30,000	\$32,499	-	\$699	\$690	\$681	\$669	\$668	-	
\$32,500	\$34,999	-	\$762	\$753	\$744	\$732	\$731	-	
\$35,000	\$37,499	-	\$834	\$815	\$806	\$794	\$793	-	
\$37,500	\$39,999	-	\$834	\$878	\$869	\$857	\$856	-	
\$40,000	\$42,499	-	\$834	\$940	\$931	\$919	\$918	-	
\$42,500	\$44,999	-	\$834	\$993	\$994	\$982	\$981	-	
\$45,000	\$47,499	-	\$834	\$993	\$1,056	\$1,044	\$1,043	-	
\$47,500	\$49,999	-	\$834	\$993	\$1,156	\$1,107	\$1,106	-	
\$50,000	\$52,499	-	\$834	\$993	\$1,156	\$1,219	\$1,168	-	
\$52,500	\$54,999	-	\$834	\$993	\$1,156	\$1,219	\$1,231	-	
\$55,000	\$57,499	-	\$834	\$993	\$1,156	\$1,219	\$1,349	-	

### Rent Schedule - Family Public Housing

Utilities already subtracted - NOT Washington Elms

Utility Allowances		\$0	(\$42)	(\$49)	(\$57)	(\$67)	(\$67)	(\$67)
Income Range		Bedroom size						
		0	1	2	3	4	5	6
\$0	\$2,499	<b>\$50 for 12 months</b>						
\$2,500	\$4,999							
\$5,000	\$7,499	\$125	\$83	\$76	\$68	\$58	\$58	\$58
\$7,500	\$9,999	\$188	\$146	\$139	\$131	\$121	\$121	\$121
\$10,000	\$12,499	\$250	\$208	\$201	\$193	\$183	\$183	\$183
\$12,500	\$14,999	\$313	\$271	\$264	\$256	\$246	\$246	\$246
\$15,000	\$17,499	\$375	\$333	\$326	\$318	\$308	\$308	\$308
\$17,500	\$19,999	\$438	\$396	\$389	\$381	\$371	\$371	\$371
\$20,000	\$22,499	\$500	\$458	\$451	\$443	\$433	\$433	\$433
\$22,500	\$24,999	\$563	\$521	\$514	\$506	\$496	\$496	\$496
\$25,000	\$27,499	\$625	\$583	\$576	\$568	\$558	\$558	\$558
\$27,500	\$29,999	\$688	\$646	\$639	\$631	\$621	\$621	\$621
\$30,000	\$32,499	\$750	\$708	\$701	\$693	\$683	\$683	\$683
\$32,500	\$34,999	\$813	\$771	\$764	\$756	\$746	\$746	\$746
\$35,000	\$37,499	\$875	\$844	\$826	\$818	\$808	\$808	\$808
\$37,500	\$39,999	\$982	\$844	\$889	\$881	\$871	\$871	\$871
\$40,000	\$42,499	\$982	\$844	\$951	\$943	\$933	\$933	\$933
\$42,500	\$44,999	\$982	\$844	\$1,004	\$1,006	\$996	\$996	\$996
\$45,000	\$47,499	\$982	\$844	\$1,004	\$1,068	\$1,058	\$1,058	\$1,058
\$47,500	\$49,999	\$982	\$844	\$1,004	\$1,168	\$1,121	\$1,121	\$1,121
\$50,000	\$52,499	\$982	\$844	\$1,004	\$1,168	\$1,233	\$1,183	\$1,183
\$52,500	\$54,999	\$982	\$844	\$1,004	\$1,168	\$1,233	\$1,246	\$1,246
\$55,000	\$57,499	\$982	\$844	\$1,004	\$1,168	\$1,233	\$1,364	\$1,308