

United States Department of Housing and Urban Development

Moving to Work Demonstration Program

Promising Practices Report for

Seattle Housing Authority

October 2008

INTRODUCTION

The Seattle Housing Authority (SHA) signed its Moving to Work (MTW) agreement with the Department of Housing and Urban Development (HUD) in 1999. (SHA has renamed its MTW program “Moving to New Ways” to avoid confusion with a jobs program for residents.) The mission of SHA is “to enhance the Seattle community by creating and sustaining decent, safe, and affordable living environments that foster stability and self-sufficiency for people with low incomes.” The SHA MTW program has used its MTW flexibilities to help meet the broad goals of the MTW demonstration program, and has focused on:

- promoting self-sufficiency through work – leading to increased household incomes and opportunities for homeownership;
- increasing operational efficiency and reducing program costs; and
- increasing housing choice for SHA clients.

SHA services residents in Seattle, Washington, which is located in King County, yet is a separate agency from the King County Housing Authority (KCHA) (another MTW demonstration site). The Mayor of Seattle appoints the Board of Commissioners for SHA, and the King County Executive appoints the Board of Commissioners for KCHA. The estimated 2007 population of Seattle was 594,210. According to the U.S. Census Bureau North American Industry Classification System County Business Patterns for 2005, the industries with the most employees in King County include health care, social assistance, retail trade, and manufacturing. National headquarters for Microsoft, Amazon, and Starbucks and major Boeing Corporation facilities are located in the county.

SHA is an MTW block grant site. In 2007, SHA provided housing assistance based on the MTW program to 12,077 households, or over 23,500 individuals. A large percentage of participants in SHA’s program are immigrants and refugees. The agency owns and operates about 5,200 conventional public housing units, including 36 Low-Income Public Housing (LIPH) communities and more than 700 scattered site developments. The agency also administers up to 8,300 Housing Choice Vouchers. The median household income in Seattle in 2007 was \$57,849. Among SHA’s various housing programs, 81 to 96% of the households have incomes below 30% of the area median income.

SHA has used its authority under MTW to engage in a number of innovations, including:

- Mandating self-sufficiency participation;
- Using the agency’s block grant ability to help fund new projects;
- Changing the agency’s rent structure;
- Modifying the agency’s income recertification policy;
- Project-basing vouchers; and
- Expanding home ownership assistance.

This report reviews SHA's best practices and lessons learned since its inception as an MTW agency in 1999, and discusses the agency's progress towards meeting MTW program objectives. The report is based on interviews with housing authority staff and HUD MTW coordinators. The report also draws on annual reports and plans prepared by SHA, as well as reports prepared over the course of the demonstration by Optimal Solutions Group, LLC and Abt Associates Inc.

The report is organized into the broad 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 SHA programs fall under multiple goals, each will be highlighted in the most relevant section.

SELF-SUFFICIENCY

Mandatory Self-Sufficiency Participation

SHA used its MTW flexibility to waive regulations to require mandatory participation in self-sufficiency programs for some residents at its three HOPE VI sites: New Holly, Rainier Vista, and High Point. This program criteria applies to residents who are employable, but not employed. In all of SHA's HOPE VI developments, low-income residents in subsidized units are required to abide by self-sufficiency lease provisions.

To promote self-sufficiency, SHA has established the Job Connection to provide a range of service to help chronically underemployed and unemployed public housing residents, Housing Choice Voucher participants, and income-qualified residents living near a HOPE VI community to find and keep family-wage jobs. Job Connection sites are located in the HOPE VI communities where there are mandatory self-sufficiency requirements. Services include: multilingual and multicultural case management; job placement and referrals to supportive services; linkages to community resources; career exploration and pre-employment training; referral to agencies where residents can establish Individual Development Accounts; and linkage to community partner agencies to meet needs such as English as a Second Language, home ownership counseling, and career-specific training.

Tenant Trust Accounts

Using its MTW flexibility, SHA established the Tenant Trust Account (TTA) program to enhance public housing residents' economic self-sufficiency by helping them save for homeownership, education, or to start a small business. SHA establishes a TTA on behalf of eligible households that choose to participate, depositing a portion of the household's monthly rent payment into the account. Deposits range from \$10 to \$170 per month depending on household income and rent paid, up to a lifetime maximum of \$10,000. To be eligible, households must have an earned household income of \$15,000.

In 2007, highlights of the TTA program included:

- 293 active participants.
- Average balance in TTA accounts is \$952.
- The average rent for TTA participants is \$584.
- 254 residents are eligible to participate in the TTA program but have not yet enrolled. (SHA is increasing its marketing of the program to reach these residents.)
- 77 TTA participants have moved out of public housing since April 2006.
- Six TTA participants have transferred to SHA's FSS program.
- Two TTA participants purchased homes.

Rent Policy

SHA has used the ability granted to them by their MTW status to alter their rent policy. The new rent policy is based on a number of agency goals, including:

- Removing disincentives and providing rewards for resident employment, job retention and wage progression;
- Preserving an economic safety net;
- Generating sufficient rent revenue to supplement federal subsidies;
- Reducing unnecessary administrative procedures;
- Preparing self-sufficient individuals for the conventional housing market;
- Creating revenue for self-sufficiency support services;
- Removing incentives for manipulation and fraud; and
- Implementing a policy that is equitable that staff and service providers can support in order to educate and motivate residents.

In June 2005, SHA altered its rent policy, using its MTW flexibility to disregard federal regulations requiring housing authorities to impute full TANF benefits for sanctioned families. In addition, SHA's Board approved a resolution, which set new payment standards, modified occupancy standards, required interim reviews to increase rent when income increases by \$100/month or more, and began charging families and landlords for missed inspections.

ADMINISTRATIVE EFFICIENCY

Block Grant Budget

SHA has created block grant budgets every year since it became an MTW agency. In 2007, MTW flexibility enabled SHA to provide interim or bridge financing for property acquisitions that expanded replacement housing options for the HOPE VI redevelopments; acquire properties adjacent to SHA redevelopments that were a blight in the neighborhood by virtue of condition or uses; and maintain the timing continuity of redevelopment activities while permanent funding for redevelopment was put into place. The ability to use MTW block grant resources in combination with short term credit

instruments has been pivotal to SHA's ability to achieve the most favorable long-term financing terms and to the agency's ability to take advantage of key development opportunities to maximize its strategic objective to increase the number of low income housing.

Examples of how SHA has used its block granting in previous years include the following:

- In 2002 and 2003, SHA used its block grant ability to obtain additional property and preserve the ability to have affordable housing in the newly acquired units.
- In 2004, SHA was able to use its MTW flexibility to sustain levels of participation in the Housing Choice Voucher Program despite high costs that year. SHA was able to do so by using the MTW block grant and HCV funding formula, along with the reserves that the agency had acquired.
- In 2005, SHA's block grant funds enabled the agency to engage in activities surrounding storm-water management that they were committed to by the City of Seattle. Additionally, SHA was able to meet commitments to Sound Transit for improvements to development sites Othello Station and Rainier Vista.
- In 2006, SHA used its block granting ability to provide bridge financing for one of its HOPE VI developments and other affordable housing development activities.

Modification of the Recertification Process

As another opportunity to achieve cost efficiencies, SHA has used its MTW flexibility to change its policy on the frequency of recertifications for households on fixed incomes, such as Social Security. The recertification has been reduced to once every three years as opposed to once per year. Annual recertification is required in other areas, such as the Low-Income Housing Tax Credit financing. However, after researching the rent trends, SHA found that fixed income households did not need to be recertified as frequently due to the fact that their income rarely changed. SHA monitors cost of living increases set by entitlement agencies, other changes to a household's income, and continued eligibility for fixed-income programs. SHA has saved a great deal of administrative time and costs by only recertifying these households every three years.

HOUSING CHOICE AND HOMEOWNERSHIP

SHA has expanded the housing choices offered to clients by using its MTW flexibility to use occupancy standards to open up more housing units for families, to project-base Housing Choice Vouchers, and to provide down payment assistance grants for homeownership. Non-MTW housing authorities can pursue these actions; however MTW flexibilities have allowed SHA to expand the scope of these programs to increase housing choice.

Occupancy Standards

SHA received its occupancy standards in order to open up more housing units to a greater number of families. SHA revised its standards to two persons per bedroom, eliminating exceptions for marital status, gender, and age. The public housing occupancy standards were revised as follows:

Public Housing Occupancy Standards

Unit Size	Persons in Household	
	Minimum	Maximum
Studio	1	2
1 Bedroom	1	2
2 Bedroom	2	4
3 Bedroom	3	6
4 Bedroom	4	8
5 Bedroom	5	10

Source: FY 2006 MTW Annual Report, Seattle Housing Authority

This change expanded the number of households that would be eligible for studio and one-bedroom units, which were previously less in demand.

Project-Basing Housing Choice Vouchers:

In 2000, SHA used its MTW flexibility to waive regulations to adopt a policy for project-basing Housing Choice Vouchers (HCV). This new policy allowed SHA to project-base up to 25 percent of its HCV, which exceeds the 20 percent cap mandated by federal regulations for non-MTW agencies. Twenty-five percent of SHA's HCV equals about 2,000 vouchers. In 2004, SHA extended its policy to the City of Seattle's low-income housing levy program. By the end of 2007, SHA had project-based 1,423 units, which equaled about 17 percent of the agency's authorized vouchers. Replacement units were not included in this count because they are not subject to the policy's limit on project-based vouchers, as HUD provides vouchers specifically for this purpose. Under this policy, vouchers are project-based for several purposes:

- Competitive process with housing goals defined by SHA – to date, three Requests for Proposal (RFP) rounds have resulted in 741 contracted units in 31 projects.
- SHA currently has additional commitments for project-basing vouchers in off-site HOPE VI replacement housing, transitional housing for homeless families, state service bundled funding and Seattle Housing Levy-funded projects.
- Supporting City of Seattle low-income housing initiatives – at the end of 2007, SHA had 150 project-based units under contract in three City levy-funded projects. SHA has committed up to 500 Project-based vouchers for this purpose.

- SHA has made a commitment to Sound Families of up to 400 project-based units. At the end of 2007, 216 Sound Families units were under contract in 22 properties.
- Replace demolished or sold public housing – SHA has committed to 500 units in 34 properties.

An example of SHA's project-basing initiative is the agency's participation in the Sound Families Program, supported by the Bill and Melinda Gates Foundation, and involving six regional housing authorities and several local governments. The objective of this program is to help serve families who may not be eligible for housing assistance. Program goals include gaining housing stability and achieving a better life. In this program, families are placed in SHA-provided, project-based voucher units where they receive targeted support and training. The Sound Families Program operates its own waiting list, separate from the HCV program, and participant graduation is based on meeting individual self-sufficiency goals. SHA and the King County Housing Authority were able to use their MTW flexibility to participate in this program; whereas, the other housing authorities needed HUD waivers from project-basing regulations.

Homeownership

Down Payment Assistance Program: SHA and the King County Housing Authority completed a ROSS-funded Section 8 homeownership pilot program in 2006 that funded home ownership counseling. At the outset, SHA anticipated providing 30 households with down payment assistance of up to \$15,000 and allocated \$450,000 in MTW block grant funds for this purpose. Owing to the high cost of housing in the Seattle area and the strict eligibility guidelines the ROSS grant set forth, the 30-household target was not met. Twelve (12) public housing households did receive down payment assistance.

In August 2006, SHA began using the balance of the allocated \$450,000 to provide additional households with down payment assistance. Using its MTW flexibility, SHA's down payment assistance program is governed by eligibility requirements that are less stringent than those of HUD's ROSS grant. Down payment assistance is also being offered to Housing Choice Voucher (HCV) participants in the Family Self-Sufficiency (FSS) program and HCV participants who meet eligibility criteria.

Between the ROSS-funded HCV homeownership pilot and SHA's continuation of the program, 20 residents have become homeowners as of October 2008. SHA expects that three community agencies will continue to provide home ownership counseling and support to interested residents who are eligible for the down payment assistance. Due to the high cost of homes in the Seattle area (estimated median house/condo value in Seattle in 2007 was \$478,100), SHA plans to continue the down payment assistance program into 2009 until it meets its goal of 30 households.