

**Commonwealth of Massachusetts  
Department of Housing & Community  
Development**

**Moving To Work Program  
Annual Plan for Fiscal Year 2016**

**Draft for Public Comment  
May 2015**

## Table of Contents

I. Introduction .....	3
A. Overview of Annual Goals and Objectives .....	4
II. General Housing Authority Operating Information .....	7
A. Housing Stock Information .....	7
B. Leasing Information .....	9
C. Wait List Information .....	10
III. Proposed MTW Activities .....	11
IV. Approved MTW Activities .....	17
A. Implemented Activities.....	17
A. Not Yet Implemented Activities.....	51
B. Closed out.....	52
V. Sources and Uses of Funding.....	53
A. Estimates Sources of MTW Funding for the Fiscal Year.....	53
B. Estimated Uses of MTW Funding for the Fiscal Year .....	54
C. MTW Single Fund Flexibility .....	55
D. Local Asset Management Plan .....	57
VI. Administrative .....	58
A. Resolution.....	58
B. Public Review Process.....	58
C. Evaluations .....	58
D. Annual Statement/Performance and Evaluation Report.....	58
Appendix A: Resolution Adopting Certification of Compliance .....	59
Appendix B: Listing of Regional Administering Agencies.....	60
Exhibit 1: Rent Simplification Impact Analysis .....	61

## **I. Introduction**

Pursuant to an Agreement with the US Department of Housing and Urban Development (HUD), the Massachusetts Department of Housing and Community Development (DHCD) is a participant in the Moving To Work (MTW) Demonstration Program. MTW is a program authorized by Congress through which a limited number of agencies are given the flexibility to waive certain provisions of the Housing Act of 1937 and HUD regulations in order to design and test approaches for providing housing assistance that:

- 1) Reduce cost and achieve greater cost effectiveness in Federal expenditures;
- 2) Give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and,
- 3) Increase housing choices for low-income families.

The three objectives listed above are referred to as “MTW statutory objectives”.

DHCD’s existing MTW Agreement is effective through 2018. It provides DHCD with the flexibility to test out new approaches consistent with the MTW statutory objectives. DHCD and other MTW agencies nationwide are currently engaged in discussions with HUD regarding a ten-year extension of the MTW Agreement.

MTW flexibility applies to all tenant-based Housing Choice Vouchers administered by DHCD with certain exceptions. Those exceptions are special purpose vouchers under the 2008, and all subsequent, Veterans Affairs Supportive Housing (VASH), Five-Year Mainstream, Family Unification Program (FUP), Enhanced Vouchers/Tenant Protection Vouchers and Moderate Rehab programs. MTW operating flexibility may be applied to special purpose vouchers in accordance with HUD’s published guidance; however, except for Enhanced/Tenant Protection Vouchers which are rolled into the MTW Block Grant upon renewal of funds, the other special purpose types are not eligible for MTW Block Grant fungibility. DHCD administers its MTW and other rental assistance programs through a statewide network of Regional Administering Agencies (RAA).

DHCD is required to prepare an MTW Annual Plan and Annual Report in a format defined by HUD. This Annual Plan, which is subject to HUD approval, reflects the current reporting requirements including use of standard metrics and benchmarks. For purposes of the Annual Plan, an “MTW activity” is defined as any activity that requires MTW flexibility to waive statutory or regulatory requirements.

DHCD’s FY 2016 MTW Annual Plan is for the period from July 1, 2015 through June 30, 2016. HUD provides voucher funding on a calendar year basis; thus, the Annual Plan covers parts of two distinct funding periods. As of the date of publication, DHCD has received confirmation of its federal funding levels only for calendar year 2015. The Plan assumes continuation of funding in calendar year 2016 at approximately 2015 levels adjusted for inflation. If decreases in funding

occur, DHCD may need to modify, delay or cancel the proposals herein and/or take other necessary measures, including deferring issuance of turnover vouchers.

Prior to submission to HUD, DHCD made the Annual Plan available for public review and comment including conducting public hearings. DHCD reviewed and considered written and verbal comments received during the public review period. Copies of public notices, sign-in sheets and written comments are attached.

## **A. Overview of Annual Goals and Objectives**

Highlights of planned FY 2016 MTW activities include:

- DHCD projects that rental assistance and related services will be provided to 20,043 MTW households, which represents an overall utilization rate of 98%. Eighteen (18) new Project Based Voucher (PBV) contracts are projected for FY 2016.
- DHCD plans to implement modifications to its rent simplification initiative that incorporate new streamlined income and rent calculation methodologies. The revised system, which has been designed to minimize any negative financial impacts on program participants, incorporates a tiered rent schedule, streamlined deductions and exclusions and revisions to the method for calculating prorated rents for mixed families. These changes are consistent with the statutory objective to reduce cost and achieve greater cost effectiveness in federal expenditures as well as to improve housing choice.
- Use of the MTW simplified Utility Allowance (UA) schedule and allowances, which began in April 2014, will continue. In FY 2016, DHCD plans to add a flat electricity allowance for households who are responsible for other electricity. This allowance is in addition to the allowance for households who pay for heat.
- DHCD will continue to implement MTW activities designed to enhance the Family Self Sufficiency (FSS) program and promote asset development and savings among HCV participants. In FY 2016, DHCD will work to implement an alternate escrow component to promote self-sufficiency through homeownership. It is anticipated that an additional 175 participants will join the FSS program in the coming year.
- DHCD's innovative MTW Expiring Use Preservation Initiative, which to date has preserved the long-term affordability of seven at-risk housing developments, will continue in FY 2016. (Two additional developments will be added by the end of FY 2015.) DHCD will continue to work with HUD, developers, tenant groups and other stakeholders to identify additional appropriate sites and enter into long-term project based contracts thereby preserving affordability.
- DHCD will continue to enroll participants in its Youth Transition to Success (YTTS) program in partnership with the Massachusetts Department of Children and Families (DCF). This program provides continued support for youth aging out of foster care that have participated in the Family Unification Program. Seven graduates are anticipated in

FY 2016, along with seven new referrals. DHCD provides flat rent subsidies to participants which are based on regional housing costs. The RAA's monitor participant access to escrow and support accounts while DCF staff provides case management and other supportive services.

- DHCD will continue administering the MTW Owner Incentive Fund in Berkshire County. The program provides incentives to landlords in support of DHCD and Commonwealth goals including: expanding housing opportunities in underserved areas; improving the quality of housing units under lease; and, increasing the number of units accessible to households with disabled members.
- Previously approved MTW activities related to reasonable rent, biennial recertifications and asset self-certification will continue to be implemented. These initiatives are designed to support administrative efficiency while promoting family economic self-sufficiency.
- DHCD will continue to encourage participant self-sufficiency through the Family Economic Stability Program (FESP). The Boston based program administered by Metropolitan Boston Housing Partnership (MBHP) will continue to expand in FY 2016, while the program administered in Worcester County by RCAP Solutions, Inc. (RCAP) no longer accepts new applicants. This MTW activity tests an assistance model which provides a fixed annual stipend to eligible families, regardless of future income or family composition changes. Families exercise considerable decision-making in the utilization of the funds, within some guidelines. Case management and program coordination are provided by designated MTW Advisors at each agency.

More details on these and other ongoing MTW activities are included in Chapters III through V below. Over the course of the coming year, DHCD will continue to explore new initiatives that will further the MTW statutory objectives and DHCD long-term MTW goals.

DHCD will continue to meet regularly with its network of RAA contractors to discuss ongoing, new and planned MTW initiatives. Ongoing collaborative efforts with the RAAs will continue focusing on enhancing quality control programs, upgrading the skills and qualifications of program staff, and improving customer service for applicants, program participants and property owners.

## **B. Overview of Long Term Goals**

As documented in previous Annual Reports, DHCD's participation in the MTW program has supported a wide range of positive housing and supportive service outcomes for thousands of participating low-income households including families with children, seniors and people with disabilities. The programmatic flexibility afforded by MTW continues to be an important component of the Commonwealth's overall housing strategy. As previously noted, DHCD is working with HUD to extend the current MTW Agreement for an additional ten-year period to ensure continuity of this valuable set of program tools and resources.

DHCD's long-term MTW strategy is designed to demonstrate that: 1) Housing stabilization can be the foundation for economic self-sufficiency for extremely and very low-income households; and, 2) Administrative costs savings can be redirected to provide meaningful assistance and,

potentially, subsidies to additional program participants and owners. DHCD believes that affordable housing can provide the foundation that allows extremely and very low-income households to enter the economic mainstream and access good jobs and education. Maximizing the value of limited federal program dollars to help families achieve important economic goals, enabling them to move on so that program dollars can help serve additional families is a key goal.

Additional principles that continue to guide DHCD's MTW strategy include:

- MTW activities must relate to one or more of the three statutory objectives, i.e. reducing cost and/or promoting administrative efficiency, increasing housing choice, and supporting families in achieving economic self-sufficiency.
- MTW flexibility will be utilized to promote tighter linkages and synergy between the HCV program and other related Commonwealth programs and policy goals such as preventing or reducing homelessness; supporting self-sufficiency and economic independence initiatives; supporting project-based affordable housing for extremely low income households; supporting those who have one or more disabilities; and stabilizing neighborhoods.
- By identifying and addressing administrative efficiency opportunities, MTW flexibility will be used wherever feasible to increase the number of extremely and very low-income households served and the overall quality of leased housing units.
- New MTW program initiatives will respond to differences among regional and local housing markets.

DHCD is committed to continuing to provide opportunities for broad-based input both from its RAA contractors, program participants and other stakeholders to inform the design of DHCD's MTW initiatives.

## II. General Housing Authority Operating Information

### A. Housing Stock Information

DHCD currently has 20,379 MTW vouchers on its Annual Contributions Contracts (ACC) from HUD. DHCD does not administer a federal public housing program.

#### Planned New Public Housing Units to be Added During the Fiscal Year

AMP Name and Number	Bedroom Size							Total Units	Population Type	# of UFAS Units	
										Fully Accessible**	Adaptable
	0	1	2	3	4	5	6+				
N/A	0	0	0	0	0	0	0	0	N/A	0	0
N/A	0	0	0	0	0	0	0	0	N/A	0	0
N/A	0	0	0	0	0	0	0	0	N/A	0	0
N/A	0	0	0	0	0	0	0	0	N/A	0	0
Total Public Housing Units to be Added								0			

\* Select Population type from: Elderly, disabled, General, Elderly/Disabled, Other

If other, please describe:	N/A
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#### Planned Public Housing Units to be Removed During the Fiscal Year

PIC Dev. # / AMP and PIC Dev. Name	Number of Units to be Removed	Explanation for Removal
N/A	0	N/A
N/A	0	N/A
N/A	0	N/A

Total Number of Units to be Removed: 0

#### New Housing Choice Vouchers to be Project-Based During the Fiscal Year

The table below provides a summary of new Project Based Voucher (PBV) developments for which DHCD anticipates entering into Housing Assistance Payments (HAP) Contracts during FY 2016. A total of 118 units in 18 PBV developments are expected to come under HAP contract in the Plan year. This listing is subject to change due to unanticipated changes in development schedules, project financing, newly identified preservation or development opportunities and/or other factors.

Property Name	Anticipated Number of New Vouchers to be Project-Based*	Description of Project
Flats at 22, Chelsea	5	New construction of 50 townhouse units with 5 project-based units for disabled
Pritchard & Academy Street, Fitchburg	2	Rehabilitation of two four-story buildings with 14 units; 2 of which will receive PBV subsidy
North Bellingham Veterans, Chelsea	8	Substantial rehabilitation of a legion post; 8 of 10 total units to receive a PBV subsidy with preference given to veterans in need of supportive housing
770 Independence Drive, Barnstable	6	New construction of two three story buildings with a total of 60 units for families.
86 Dummer Street, Brookline	2	New construction of family rental housing in a three story building with a total of 32 units.
Worcester Loomworks, Worcester	8	New construction of 55 units at a former mill site.
Chestnut & Hampden Street, Holyoke	8	Adaptive reuse of a former church and school for family housing
One Wampanoag Drive, Mashpee	8	Rehabilitation 51 garden style units of existing affordable housing for families
Malden Mills Phase II, Lawrence	7	Adaptive reuse of historic mill building into 62 units
East Howard Street Veterans Housing, Quincy	8	New construction of one building with 8 units with a preference for veterans in need
Haydenville Village Center, Williamsburg & Chesterfield	6	Rehabilitation of seven scattered site buildings with a total of 24 units for families
Heywood Wakefield 4, Gardner	8	Substantial rehabilitation of a historic former mill building with 55 units for families
Route 134 Community Housing, Dennis	7	New construction of 8 farmhouse style buildings with 27 units for families
Bridgeview Center, Boston	8	New construction of a mixed use single building with units reserved for disabled.
165 Winter Street, Haverhill	3	Substantial rehab of historic former school with 12 units for families
RTH Riverway – 82 Fenwood Road, Boston	8	New construction of 10 story building with units reserved for disabled.
189 Broadway Street, Revere	8	New construction of a 4 story building with an elevator with units reserved for elderly.
181 Washington Street, Somerville	8	New construction of a four story mixed use building with units for families

Anticipated Total New Vouchers to be Project-Based

118

Anticipated Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year  
 Anticipated Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year

3,156

3,038

\* Of the total 3,038 PB vouchers anticipated to be leased by the end of FY 2016, 541 are Expiring Use and 799 are RAD.

## Other Changes to the Housing Stock Anticipated During the Fiscal Year

This section is required by HUD. DHCD has no housing stock and therefore does not anticipate any changes to the housing stock during the fiscal year.

## General Description of All Planned Capital Fund Expenditures During the Plan Year

This section is required by HUD. DHCD has no housing stock and therefore will have no capital fund expenditures during the plan year.

## B. Leasing Information

### Planned Number of Households Served at the End of the Fiscal Year

As required by HUD, the table below provides information only on MTW households that DHCD plans to serve during FY 2016.

#### MTW Households to be Served Through:

Federal MTW Public Housing Units to be Leased  
 Federal MTW Voucher (HCV) Units to be Utilized  
 Number of Units to be Occupied/Leased through Local, Non-Traditional, MTW Funded, Property-Based Assistance Programs\*\*\*  
 Number of Units to be Occupied/Leased through Local, Non-Traditional, MTW Funded, Tenant-Based Assistance Programs\*\*\*

#### Total Households Projected to be Served

Planned Number of Households to be Served*	Planned Number of Unit Months Occupied/Leased**
0	0
19,933	239,201
0	0
110	1,320
20,043	240,521

\*Calculated by dividing the planned number of unit months occupied/leased by 12

\*\*Unit Months Occupied/Leased is the total number of months the PHA has leased/occupied units, according to unit category during the fiscal year.

\*\*\*In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of unit/households to be served, the PHA should estimate the number of households to be served.

### Reporting Compliance with Statutory MTW Requirements

DHCD is in compliance with its MTW statutory requirements.

### Description of any Anticipated Issues Related to Leasing of Public Housing, Housing Choice Vouchers and/or Local, Non-Traditional Units and Possible Solutions

Housing Program	Description of Anticipated Leasing Issues and Possible Solutions
FES & YTTSP	Referrals to and enrollment in the FES and YTTSP programs occur throughout the year. As such, planned leasing for the program will not include a full twelve months for each voucher.
N/A	N/A
N/A	N/A

### C. Wait List Information

#### Wait List Information Projected for the Beginning of the Fiscal Year

Housing Program(s)	Wait List Type***	Number of Households on Wait List	Wait List Open, Partially Open or Closed	Are There Plans to Open the Wait List During the Fiscal Year
All	Other	100,709	Open	N/A
Family Economic Stability Program	Other	322	Open	N/A
N/A	N/A	0	N/A	N/A

The waitlist is open to all populations
N/A
N/A

If local, Non-Traditional Housing Program, please describe:

N/A
N/A
N/A

**If Other Wait List Type, please describe:**

<p>DHCD combines site-based and centrally managed wait list features. All of DHCD’s programs (including MTW and Non-MTW vouchers) use a regional, centrally managed wait list with the exception of certain Project Based developments. There are forty-one (41) Project Based developments that have site-based wait lists that each development is responsible for managing. The remaining Project Based developments have centrally managed waitlists maintained by DHCD and each regional administering agency.</p> <p>As was described in previous Annual Plans, DHCD continues to process requests for new PB development owners to operate site-based waiting lists. The revised policy will allow project owners to maintain site-based waiting lists with DHCD approval. DHCD has begun the process of establishing site based waiting lists for its newer PBV developments. As the process continues, some or all PBV waiting lists may be closed during the transition period. DHCD will issue public notices of waiting list openings and closings.</p> <p>The Family Economic Stability Program waitlist is managed by the Metropolitan Boston Housing Partnership. Applicants must meet certain requirements such as working at least part-time or participating in a full-time job training program.</p>
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#### Organizational Structure of the Waitlist

DHCD does not anticipate any changes to the organizational structure of the waitlist or policy changes regarding the waitlist.
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### III. Proposed MTW Activities

Beginning in FY 2016, DHCD proposes to implement the new MTW activity described below. As required by HUD, the following information is provided:

- Activity description
- Activity Metrics Information
- Need/Justification for MTW Flexibility
- Additional Information (rent reform activities)

#### **Activity 2015-1: Rent Simplification(Changes to Activity 2012-2)**

**Description of MTW Activity:** In FY 2016, DHCD anticipates changes to the Rent Simplification activity that will result in fundamental changes to the nature and scope of the activity. These changes will impact program participants; and as such, DHCD is re-proposing this activity. Also in FY 2016, DHCD will move previously approved MTW asset verification and calculation activities that were part of the Biennial Recertification activity under the Rent Simplification activity. The asset policies more closely align with rent reform; and as such, will be part of DHCD's revised Rent Simplification activity.

Under the revised Rent Simplification activity DHCD proposes the following:

- **Tiered Rent:** DHCD will replace the standard rent calculation method with a model in which families TTP will be equal to 30% of the low-end of \$3000 income bands;
- **Application of Payment Standards:** DHCD will apply Payment Standards based on small area FMRs (SAFMR). Where the SAFMR exceeds the large area FMR (LAFMR), the payment standard will be equal to 100% of the SAFMR. Where the SAFMR is less than the LAFMR, the payment standard is equal to 110% of the SAFMR. DHCD may adjust these percentages to support leasing in non-impacted areas and/or in response to market conditions. DHCD will apply the Payment Standard in effect on the effective date of the recertification, regardless of any change in the Payment Standard from year to year. During an interim recertification, DHCD will apply the Payment Standard used at the last regular recertification.
- **Minimum Rent:** DHCD will retain the minimum rent at \$50. This rent will be factored into the rent tables.
- **Streamlined Deductions and Exclusions:** As part of DHCD's revisions to the standard rent calculation method, DHCD will streamline deductions and exclusions as outlined below. DHCD may review and modify deductions and exclusions from time to time based on the results of impact analyses and economic conditions.
  - **Working Family Deduction:** DHCD will apply a \$750 working family deduction to families where at least one adult is working. Only one deduction will be applied

per household. The deduction does not apply to families where the only working individual is a FT student other than the head of household, co-head or spouse.

- **Elimination of Earned Income Disregard (EID):** DHCD will phase out the MTW EID activity. Participants who currently receive the EID will be exempt from this policy for the duration of their EID term; however, no additional EIDs will be granted.
- **Exclusion of Full-Time Student Income:** DHCD will exclude all full-time student income.
- **Streamlined Childcare Expense Deduction:** DHCD will apply unreimbursed childcare expense deductions based on the tiered deduction table below. Eligibility for the childcare expense deduction is limited to households where unreimbursed childcare expenses allow a household member to work or go to attend school full time. Full time school is defined as 12 or more credit hours per semester. The childcare expense deduction may not exceed the amount earned by the household member or the amount which is determined to be reasonable to get to and from school and attend classes.

Childcare Expense	Deduction
Up to \$4,999	No Deduction
\$5,000 & Over	Full deduction *

\*Subject to eligibility for the deduction, deduction limitations & verification

- **Streamlined Medical Expense Deduction:** DHCD will apply unreimbursed medical expense deductions based on the tiered deduction table below. DHCD will allow the full medical expense deduction when unreimbursed medical expenses total \$2,000 or more (3% of gross income will NOT be deducted). Elderly/disabled households are eligible for deduction of unreimbursed medical expenses.

Medical & Disability Expense	Deduction
Up to \$1,999	No Deduction
\$2,000 & Over	Full deduction *

\*Subject to eligibility for the deduction, deduction limitations and verification

- **Dependent/Elderly/Disabled Deductions:** DHCD will retain the \$480 dependent and will increase the elderly/disabled household deduction to \$800 per family.
- **Mixed Families:** For families with mixed immigration status, DHCD will add an additional 10%, per family, to the table rent.
- **Streamlined Asset Verification and Calculation:** As part of the DHCD’s revisions to asset income calculation, DHCD will streamline the verification and calculation of assets as outlined below:

- Self-certification of asset value up to \$50,000. When the market/face value of assets is over \$50,000, regulatory HUD verification requirements will be required.
  - Exclusion of income from assets where the asset value is up to \$50,000.
  - For assets with market/face value in excess of \$50,000, calculate asset income by taking the market/face value and multiplying that value by the established passbook savings rate.
- **Application of Utility Allowances:** During an interim recertification, DHCD will apply the utility allowance used at the last regular recertification. See the MTW utility allowance activity for DHCD's policy on calculation of utility allowances.

**Statutory Objective:** This initiative will support the MTW Statutory objectives to reduce cost and achieve greater cost effectiveness in Federal expenditure and increase housing choices for low-income families.

**Anticipated Timeline:** DHCD anticipates completion of planning activities for Rent Simplification by the close of FY 2016. Implementation will take place one year after HUD approval of this MTW activity. Upon HUD approval of the revisions to the Rent Simplification activity, DHCD will prepare a detailed work plan for implementation of this rent reform activity. The work plan will include, but not be limited to, development of policies and procedures, tenant and owner notification, software modifications, forms/letters and training.

**Anticipated Impact:** DHCD completed a detailed impact analysis to determine the impact on tenant rent as a result of the changes included in this rent simplification initiative, (see Exhibit 1 Impact Analysis).

The revised policies related to payment standards, streamlined asset income verification and calculation, streamlined deductions and EID, tiered rent structure, revised mixed family rent calculation and full-time student income exclusion are all anticipated to result in a reduction in time to calculate income and rent.

**Metrics:** DHCD first proposed rent simplification in FY 2012. In the metrics section of this activity DHCD used the baseline figures initially reported prior to the FY 2012 activity. Subsequent benchmarks and outcomes will take into account the rent simplification parameters in the revised rent simplification activity proposed in this FY 2016 MTW Plan. DHCD may modify the Baselines and/or Benchmarks prior to implementation of the activity.

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	<b>Number of vouchers:</b> 20,298  <b>Time per Recertification:</b> 2.5 hours  <b>Average Hourly Staff Rate:</b> \$18.17  <b>Total Cost of Activity Prior to Implementation:</b> \$922,037	<b>Anticipated Number of Recertifications:</b> 9,966  <b>Time per Recertification:</b> 2.25 hours  <b>Average Hourly Staff Rate:</b> \$18.17  <b>Anticipated Total Cost of Activity in FY 2016:</b> \$407,435*  *Accounts for cost savings from Biennial Recertifications and Rent Simplification.		
<i>CE #2: Staff Time Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total amount of staff time dedicated to the task prior to implementation of the activity (in hours).	<b>Number of vouchers:</b> 20,298  <b>Time per Recertification:</b> 2.5 hours  <b>Total Time Spent on Activity Prior to Implementation:</b> 50,745 hours	<b>Anticipated Number of Recertifications:</b> 9,966  <b>Time per Recertification:</b> 2.25 hours  <b>Anticipated Total Time Spent on Activity in FY 2016:</b> 22,424  *Accounts for time savings from Biennial Recertifications and Rent Simplification.		

<i>HC #5: Increase in Resident Mobility</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	<b>0</b>	300*  *DHCD will reestablish this benchmark upon implementation based on the number of families who move from higher to lower poverty rate areas		

**Data Source:** DHCD will use data collected from its software systems to determine the volume of transactions completed, staff time savings, decrease in error rate and increase in rental revenue.

**Authorization: Standard:** MTW Agreement, Attachment C, Paragraph D (2)a – The Agency is authorized to implement reasonable policy to establish payment standards, rents or subsidy levels for tenant-based assistance that differ from the current mandated program requirements in the 1937 Acts and its implementing regulations. This authorization waives certain provisions of Section 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. 985.508, 982.503 and 982.518, as necessary to implement DHCD’s Annual MTW Plan.

**Additional Information for Rent Reform Activities**

**Impact Analysis:** DHCD completed an impact analysis for households who will be subjected to this rent simplification activity, (see attached impact analysis Exhibit 1). Approximately 13,700 or 77% of households subject to rent simplification will have no financial impact or a decrease in out of pocket expenses for rent. Approximately 2,800 or 16% percent of households subject to rent simplification will experience an increase in out of pocket expenses for rent of \$100 or less per month. Approximately 1,275 or 7% of households subject to rent simplification will experience an increase in out of pocket expenses for rent which greater than \$100 per month.

**Hardship Case Criteria:** DHCD will identify households whose rents will increase more than \$100/month as a result of rent simplification. For households who experience an increase in rent of more than \$100/month, as a result of rent simplification, DHCD will phase in the increase in rent over a two year period. The transition approach will minimize negative impacts on assisted households. DHCD will review hardship requests on a case by case basis to determine if unreimbursed medical expenses under \$2,000 and/or child care expenses under \$5,000 are such that a hardship will result due to the deduction limitation. For example, if the deduction limitation of unreimbursed medical and/or childcare expense results in an increase in rent of more than two

income bands, DHCD may allow a deduction so that the increase in rent will be only one income band.

**Annual Reevaluation of Rent Reform:** DHCD will conduct regular impact analyses to determine the percent of adjusted income families are paying toward rent, changes in deductions and adjusted income, as well as changes in sources of income. Upon review of the analyses, DHCD may modify the rent reform initiative to further mitigate negative impacts.

**Transition Period:** DHCD may apply rent simplification, all at once, to households who will experience a rent decrease due to rent simplification and at the next regular recertification or program move for households who would experience an increase in rent due to rent simplification. At the time of implementation, DHCD will consider transition options and make a final determination.

## IV. Approved MTW Activities

This section of the Annual Plan summarizes and provides a status update on MTW activities that have been previously approved by HUD and implemented by DHCD. As required, this section also includes summary information on MTW activities that have been not yet been implemented, closed out, or placed on hold by DHCD.

### A. Implemented Activities

#### **Activity 2000-1: Family Economic Stability Program (FES)**

**Description/Update of MTW Activity:** This MTW activity tests an assistance model which provides a fixed annual stipend to eligible families, regardless of future income or family composition changes. Within certain guidelines, participants exercise considerable decision-making in the utilization of the funds. Case management and program coordination is provided by designated MTW Advisors at each participating agency. Participants may select any housing unit which they deem affordable and appropriate for their needs and which meet the occupancy requirements of the local Board of Health and Massachusetts Lead Laws.

Eligibility for FES program is targeted to low-income working families who meet the following criteria:

- 1) Receive, or have received in the past 12 months, public assistance: TAFDC, EA, SNAP; and
- 2) Are committed to maintaining employment and agree to provide information to assess the effectiveness of the program; and
- 3) In the Boston component only, families who are working at least part-time, who are imminently employed, or who are enrolled in a full-time job training program.

FES provides participants with a “flat subsidy” that is not tied to household income. When a participant increases their earned income, as required by the program, their rent subsidy will not decrease. Conversely, if participants lose their jobs, their subsidy will not increase. FES staff and participants will work closely together to manage employment stability to avoid sudden loss of income. Participants will be supported in their housing search and selection to determine the most affordable unit based on family size and counseled to consider the challenges of a flat subsidy when selecting potential housing.

Currently, two RAAs have implemented FES programs, RCAP Solutions in Worcester, MA and Metropolitan Boston Housing Partnership in Boston, MA. The south Worcester County component of FESP no longer accepts applicants to FESP. South Worcester County will continue to serve existing FESP participants through program completion but will no longer administer the program once all existing participants have completed or exited the program.

Families participating in the south Worcester County component receive the following:

- Financial assistance package of \$5,500 per year, of which up to \$250/month can be applied toward the rent and, in some cases security/upfront costs, for the apartment (paid directly to owner), up to \$158/month is available for work-related, utility, or emergency

expenses, and \$50/month is set aside in an escrow account that is receivable upon successful program completion.

- If the contract rent for the unit is less than the shallow rent subsidy provided, the participant must pay 30% of their adjusted income toward rent. The participant can opt to pay an increased amount for rent and transfer the remaining subsidy amount to their escrow account.
- Case management support to assist the family in addressing employment, housing, or other issues.
- Financial literacy training and homebuyer preparation workshops.
- Support and resources to assist in home-buying, where desired and appropriate. In FY 2010, the homeownership matching fund program was revised to fund a one-time \$500 first-time homebuyer grant for eligible participants provided DHCD has available funds.

Families participating in the Boston program receive the following:

#### **Rent Subsidy**

- Flat subsidy
- Time limited – five (5) years, no extensions
- Flexible amount based on family's goals
- Stability Rent Escrow savings program phased in during Years 4 and 5

#### **Support Account**

- \$1800 a year to support completion of economic stability goals

#### **Escrow Savings Account**

- Each participant is eligible to accrue up to \$800 per year in escrow funds.
- Case management support to assist the family in addressing employment, housing, or other issues.
- Financial literacy training.
- Support and resources to assist in home-buying, where desired and appropriate. In FY 2010, the homeownership matching fund program was revised to fund a one-time \$500 first-time homebuyer grant for eligible participants provided DHCD has available funds.

DHCD reviews, on an ongoing basis, the amount of subsidy/stipend levels and the number of program participants. Although DHCD has not yet authorized additional RAAs to implement small scale programs using this program model, DHCD may, at its option, expand the program to other areas of the state in subsequent program years. DHCD may also consider increasing the number of participants for the FES program and targeting assistance to homeless applicants. Currently program statistics are tracked by program staff and in DHCD's housing software. DHCD continues to work with its software provider to build an individual tracking module for the FESP program.

Currently, FESP has 70 active participants and 29 new applicants anticipated to lease up before the end of FY 15. 15 participants are expected to graduate in FY 2016. DHCD will maintain enrollment with 50 households in the Boston program. The FES program currently has a waitlist of 322 households.

**Proposed Changes to Activity:** None

**Approval and Implementation:** 2000 - Implementation activities began in FY 2001.

**Metrics:**

<b><i>CE #4: Increase in Resources Leveraged</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Amount of funds leveraged in dollars (increase).	\$0.00	\$0.00  <i>*This metric has been required by HUD. DHCD does not leverage funds in connection with this activity and does not consider this metric to be applicable to this activity.</i>		
<b><i>SS #1: Increase in Household Income</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average earned income of households affected by this policy in dollars (increase).	\$18,937	\$19,377		
<b><i>SS #2: Increase in Household Savings</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average amount of <b>escrow</b> of households affected by this policy in dollars (increase).	\$0.00	\$1,653		
Average amount of <b>savings</b> of households affected by this policy in dollars (increase).	\$0.00	\$1,079		
<b><i>SS #3: Increase in Positive Outcomes in Employment Status</i></b>				

<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
(5) Unemployed	1 participant	4 participants		
	1% of participants	5 % of participants		
(6) Other - Employed	85 participants	84 participants		
	99% of participants	95% of participants		
(6) Other - Education/Job Training	0 participants	25 participants		
	0% of participants	28% of participants		
<b><i>SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving TANF assistance (decrease).	4 households in FY 2015	12 households		
<b><i>SS #5: Households Assisted by Services that Increase Self Sufficiency</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving services aimed to increase self-sufficiency (increase).	0 households	88 households		
<b><i>SS #6: Reducing Per Unit Subsidy Costs for Participating Households</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average amount of Section 8 subsidy per household affected by this policy in dollars (decrease).	\$450 in FY 2015	\$600*  <i>*Increase in subsidy due to participants in Worcester program graduating and/or terminating. Those participants will be replaced with participants in the Boston program that will receive a higher subsidy.</i>		
<b><i>SS #7: Increase in Agency Rental Revenue</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>

PHA rental revenue in dollars (increase).	\$473 in FY 2015	\$487.00* <i>*DHCD does not have any rental revenue and has been instructed by HUD to report on Average Tenant Rent to Owner</i>		
<b>SS #8: Households Transitioned to Self Sufficiency</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households transitioned to self-sufficiency (increase).	0 households	15 households		
<b>HC #5: Increase in Resident Mobility</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0 households	5 households in FY 16		
<b>HC #6: Increase in Homeownership Opportunities</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households that purchased a home as a result of the activity (increase).	0 households	0 households		

**Activity 2010-1: PBV Site Based Waiting Lists**

**Description/Update of MTW Activity:** Under this initiative, DHCD authorizes owner/managers of PBV developments to be responsible for all PBV waiting list intake and management functions for their development. Generally, DHCD intends to require PBV owners to assume and manage these functions; however, exceptions may be made at DHCD’s option. Under the new system, applicants contact the owner/manager of a specific development in order to file an application. Applicant files and the waiting list itself are maintained at the development site. Owner/managers are responsible for contacting and screening applicants who come to the top of the waiting list, collecting all needed information from the applicant, and then forwarding the applicant to the RAA for eligibility determination and processing.

All PBV developments utilizing the new waiting list management methods are required to modify their tenant selection plans and other documents as needed, and must administer the waiting list in conformance with DHCD’s Affirmative Fair Housing Marketing Plan and all other applicable HUD Fair Housing regulations and guidance. DHCD will either use existing staff or contract with a Fair Housing organization to conduct periodic reviews of the system to ensure compliance with DHCD’s approved tenant selection plan for each respective project and conformance to fair housing guidelines.

Starting in FY 2013, DHCD authorized new PBV developments to establish and manage their own site based waiting lists. DHCD has continued to authorize owners of new PBV developments to maintain their own waiting lists with a total of 20 developments in FY 2014 and 13 developments in FY 2015 implementing their own site based waiting lists. Currently, there are a total of 41 owner managed site based waiting lists. In FY 2016, DHCD anticipates all 18 additional PBV developments will have owner managed site-based waiting lists with a total of 59 across the portfolio by year end.

**Proposed Changes to Activity:** No changes are proposed.

**Approval and Implementation:** 2010 – Implementation activities began in FY 2013.

**Metrics:**

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	\$5,142	\$2,648		
<i>CE #2: Staff Time Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	283 hours	146 hours		

**Activity 2010-2: Payment Standard Exceptions**

**Description/Update of MTW Activity:** Under this MTW initiative, DHCD is authorized to approve any documented and reasonable exception to payment standards as a reasonable accommodation for HCV households with disabled household members without HUD approval. This policy is utilized without regard to the percentage increase requested over the payment standard.

In FY 2016, DHCD will continue to utilize its MTW authority to approve payment standard exceptions without prior HUD approval. DHCD anticipates approving 5 payment standard exceptions during the fiscal year.

**Proposed Changes to Activity:** Previously, this activity permitted DHCD to approve other documented and reasonable exceptions to the payment standards without seeking HUD approval if such request supported a participant’s ability to find suitable rental housing in “low poverty, high-opportunity” neighborhoods, and clearly achieves the statutory objectives of the MTW program. This provision has been included in the Opportunity Neighborhood initiative as part of a larger program to encourage participants to move to neighborhoods with high performing schools, greater job opportunities, and extensive social services.

The metric below includes only requests that were granted as a reasonable accommodation.

**Approval and Implementation:** 2010 – Implementation activities began in FY 2010.

**Metrics:**

<i>HC #5: Increase in Resident Mobility</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0 households	26 households		

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	<b>Time to process request:</b> 1.5 hours  <b>FY 2011 Requests:</b> 3  <b>Staff hourly rate:</b> \$18.17  <b>Total time cost to implementation:</b> \$82.00	<b>Time to process request:</b> .75 hours  <b>FY 2016 Requests:</b> 5  <b>Staff hourly rate:</b> \$18.17  <b>Total cost after implementation:</b> \$68.00		
<i>CE #2: Staff Time Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	<b>Time to process request:</b> 1.5 hours  <b>FY 2011 Requests:</b> 3  <b>Total time prior to implementation:</b> 4.5 hours	<b>Time to process request:</b> .75 hours  <b>FY 2016 Requests:</b> 5  <b>Total time after implementation:</b> 3.75 hours		

### **Activity 2010-3: Owner Incentive Fund**

**Description/Update of MTW Activity:** Beginning in January 2010, an Owner Incentive Fund pilot initiative was established to promote upgrades to the housing stock in areas of the state with a large percentage of older, deteriorated housing stock. DHCD's goals for this activity are: leasing higher quality units including incentivizing owners to upgrade existing housing at least one grade level, i.e. from a "C" to a "B" grade, or from a "B" to an "A" grade; increasing the number of units that are accessible to persons with disabilities; expanding the number of units leased in currently underserved neighborhoods; and encouraging new owner participation.

The program has been piloted by the Berkshire Housing Development Corporation (BHDC) since inception. Participating owners are eligible for a flat fee financial incentive (initially established at \$900 or \$1,200) payable in 4 quarterly installments over the first year of the HAP contract. At the end of the first year under HAP contract, owners are eligible for an additional one-time payment (initially established at \$500) if one or more of the following applied: the owner was not previously part of the HCV program; the unit was not previously under contract to an HCV participant; the unit was new construction or substantial rehabilitation; or, the unit was a foreclosed property prior to leasing and at least a "B" grade level. In the first year of the pilot, BHDC waived the requirement that the tenant remains in occupancy, or that the owner has agreed to lease to another HCV referral from the RAA to receive the \$500 bonus payment in order to attract a higher level of interest. In the second year of the pilot, starting January 1, 2011, this requirement was implemented due to the strong response from owners in the first year.

In order to be eligible for incentive payments, the unit must be compliant with HQS at all times during the HAP term. An agreement is signed certifying that the incentive payments are not part of the monthly rent to owner. BHDC has established caps on the overall number of units and the number of units per owner.

In the first year of the program, BHDC established an initial cap of five units per owner per year, and a total program cap of seven percent of BHDC's voucher allocation (approximately thirty-eight units). The annual cap for year two of the demonstration was increased to ten units per owner and a total of forty units. The incentive was and remains capped at \$1,700 per unit.

Detailed policies and procedures for this initiative were developed for the initial year of the program and revised for the second year of the program. No further adjustments have been made to the program.

DHCD has the flexibility to adjust the program criteria and payment amounts as needed to respond to local market conditions, particularly when planning an expansion of this program to additional RAAs. DHCD may assess the feasibility of expanding the program to other regions using the same program parameters.

**Proposed Changes to Activity:** No changes are proposed.

**Approval and Implementation:** 2010 – Implementation activities began in FY 2010.

**Metrics:**

<i>HC #5: Increase in Resident Mobility</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0 households	72 households		

**Activity 2010-4: Modifications to HUD Standard Forms**

**Description/Update of MTW Activity:** Under this initiative, required standard HCV program forms published by HUD may be modified by DHCD as needed to streamline processing, utilize “plain language”, and address local housing market features. New forms are rolled out to RAA contractors as they are completed. As required under the MTW Agreement, any changes to the HAP form will include language noting that funding for the contract is subject to the availability of appropriations.

To date, DHCD has implemented modifications to the PBV standard HAP and AHAP forms as needed to incorporate relevant MTW provisions. The revised forms have been implemented at all new expiring use projects. In FY 2016, DHCD will use MTW authority to revise the PB Tenancy Addendum to reflect DHCD MTW policies. DHCD will continue to utilize this authority as needed.

**Proposed Changes to Activity:** No changes are proposed.

**Approval and Implementation:** 2010 – Implementation activities began in FY 2013.

**Metrics:**

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	<p><b>HAP Contracts executed in FY 13:</b> 11</p> <p><b>Time to Prepare HAP contract prior to implementation:</b> 2 hours</p> <p><b>Average hourly wage:</b> \$18.17</p> <p><b>Total cost prior to implementation:</b>\$400</p>	<p><b>Expected HAP Contracts executed in FY 2016:</b> 18</p> <p><b>Time to Prepare HAP contract after implementation:</b> .25 hours</p> <p><b>Average hourly wage:</b> \$18.17</p> <p><b>Total cost after implementation:</b> \$82</p>		

*CE #2: Staff Time Savings*

<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	<p><b>HAP Contracts executed in FY 13: 11</b></p> <p><b>Time to Prepare HAP contract prior to implementation: 2 hours</b></p> <p><b>Total staff time required prior to implementation: 22 hours</b></p>	<p><b>Expected HAP Contracts executed in FY 2016: 18</b></p> <p><b>Time to Prepare HAP contract after implementation: .25 hours</b></p> <p><b>Total staff time required after implementation: 4.5 hours</b></p>		

## **Activity 2011-2: Opportunity Neighborhoods**

**Description/Update of MTW Activity:** DHCD plans to establish an “Opportunity Neighborhoods” program in one or more selected neighborhoods in different regions throughout the Commonwealth. The majority of academic research and literature indicates that where a person lives determines (to various degrees), the opportunities afforded to them.

The purpose of DHCD’s “Opportunity Neighborhood” MTW initiative is to provide significant supports and encouragement to existing voucher participants and/or new voucher holders who wish to move to areas with empirically-documented improved educational systems, job opportunities, social services and other opportunities in the expectation that over time their need for housing and other subsidies will abate or diminish. Existing participants and/or voucher holders moving into these areas will be provided with case management support both before and after the move through the participating regional administering agencies. Other incentives may be provided based on family needs and budget availability such as transportation assistance, child care referrals, training stipends, etc. Families will be encouraged or required to develop a family plan to access opportunities in their new neighborhoods with a special focus on positive outcome educational programs for children and available jobs for adults.

In prior fiscal years, DHCD worked with local graduate students to review data and develop the design of the “Opportunity Neighborhood” Program. In its current form, the program may offer revised payment standards, longer housing search periods, security deposit assistance, and more assistance to support moves to communities with high quality schools, low poverty rates and low violent crime rates.

In FY 2016 DHCD will finalize the program design for the Opportunity Neighborhoods activity including establishing criteria for eligibility as an Opportunity Neighborhood and establishing criteria for eligibility for participation in the program. DHCD will create job descriptions and a training plan for Housing Counselors to support this initiative and will establish a budget for financial supports and administrative costs. DHCD will develop and implement a marketing plan and prepare program marketing materials. During FY 2016 DHCD will identify the partner agencies that may provide services for this initiative such as housing counseling, marketing and mapping and data analysis. Upon implementation of the program, DHCD anticipates identification of 300 eligible households with 50 of those households moving to Opportunity Neighborhoods.

**Proposed Changes to Activity:** No changes are proposed.

**Approval and Implementation:** This activity was approved in 2011 and was put on hold. In FY 2016 DHCD will reactivate the program and finalize program design and implementation plans. Implementation is scheduled for the first quarter of FY 2017.

**Metrics:**

<i>HC #5: Increase in Resident Mobility</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0 households	50 households will move by the end of year one		
<i>HC #7: Households Assisted by Services that Increase Housing Choice</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving services aimed to increase housing choice (increase).	0 households	50 households will move by the end of year one		

#### **Activity 2011-4: Biennial Recertification Process**

**Description/Update of MTW Activity:** Under this initiative, the recertification process has been modified from an annual to a biennial process. DHCD initially planned to apply the biennial recertification policy to households on fixed income only; however, DHCD subsequently modified the initiative in the FY 2012 Annual Plan. The modified initiative includes the following recertification policies:

- Allow biennial recertifications for all MTW households;
- Limit the number of voluntary interim recertifications that a MTW family may complete between regular biennial recertifications to (2) two. Required interim recertifications do not count against the limit, i.e., interims required for changes in family composition or otherwise required by DHCD. A hardship policy has been adopted to allow households whose loss of income is greater than 30% and beyond the household's control to request an exemption from the limit on interims. Elderly and disabled households, as well as households who live in an Expiring Use project on the conversion date and select a PBV, are exempt from this provision and are able to complete an interim recertification at any time;
- Any household that believes they would benefit by an annual recertification may request an annual income recertification.

DHCD continues to utilize the Enterprise Income Verification (EIV) system for screening of applicants and new household members and during the regular and interim recertification process. The EIV system's existing tenant search, prior debt and adverse termination reports are run for applicants and new household members. EIV Income reports are used to verify and calculate SS, SSI benefits and Medicare insurance premiums, but are not generally used to calculate earned income and unemployment benefits. EIV income reports are used to validate income from sources such as wages and unemployment benefits. EIV income reports are also used during the regular and interim reexamination process to identify any current and/or prior discrepancies between tenant-reported income and income shown in the EIV system. EIV is also used to verify that families claiming zero income are not receiving income from any of the EIV reported sources. DHCD utilizes the EIV Identity Verification Reports on a continuous basis for ID discrepancy matching errors with respect to PIC50058-MTW as a primary compliance tool after conversion from conventional PIC50058. The EIV Deceased Tenant Report is monitored by DHCD on a weekly basis.

This initiative is fully implemented. In FY 2016, DHCD plans to continue the biennial recertification process. DHCD continues to benefit from the reduction in staff time for processing recertifications.

**Proposed Changes to Activity:** In FY 2016 DHCD is re-proposing the Rent Simplification activity. As the asset policies in this Biennial Recertification activity more closely align with Rent Simplification, DHCD will move and report on the asset portion of this activity under the Rent Simplification activity. The asset policy provisions will remain unchanged.

**Approval and Implementation:** 2011 – Implementation activities began in FY 2012.

**Metrics:**

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	<b>Number of vouchers:</b> 20,298  <b>Time per Recertification:</b> 2.5 hours  <b>Average Hourly Staff Rate:</b> \$18.17  <b>Total Cost of Activity Prior to Implementation:</b> \$922,037	<b>Anticipated Number of Recertifications:</b> 9,966  <b>Time per Recertification:</b> 2.25 hours  <b>Average Hourly Staff Rate:</b> \$18.17  <b>Anticipated Total Cost of Activity in FY 2016:</b> \$407,435*  *Accounts for cost savings from Biennial Recertifications and Rent Simplification.		
<i>CE #2: Staff Time Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	<b>Number of vouchers:</b> 20,298  <b>Time per Recertification:</b> 2.5 hours  <b>Total Time Spent on Activity Prior to Implementation:</b> 50,745 hours	<b>Anticipated Number of Recertifications:</b> 9,966  <b>Time per Recertification:</b> 2.25 hours  <b>Anticipated Total Time Spent on Activity in FY 2016:</b> 22,424 hours  *Accounts for time savings from Biennial		

		Recertifications and Rent Simplification.		
<b><i>SS #1: Increase in Household Income</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average earned income of households affected by this policy in dollars (increase).	\$19,058*  *DHCD modified this baseline in FY 2016 based on revised calculation methods applied to FY 2012 figures.	\$20,566		
<b><i>SS #3: Increase in Positive Outcomes in Employment Status</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
(6) Other - Employed	5,019 households in FY 2011	5,164households		
	54% of work-able households	51% of work-able households		
<b><i>SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving TANF assistance (decrease).	2,920 households in FY 2011	2,400 households		
<b><i>SS #8: Households Transitioned to Self Sufficiency</i></b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households transitioned to self sufficiency (increase).	0 households*  *This data was not previously tracked	92households*  *This data was not previously tracked therefore the benchmark includes all households transitioned since FY 2014		

## **Activity 2011-5: Youth Transitions to Success**

**Description/Update of MTW Activity:** DHCD has designed and implemented a time-limited pilot program to provide continued support to and build upon the successes of youth currently participating in its Family Unification Program Aging Out of Foster care program that are facing the current 18 month expiration date. Designed similarly to the current stipend program, DHCD currently administers in MBHPs region, this initiative will provide a shallow short-term and time-limited subsidy, supportive services funds for education, training and employment related expenses, an escrow account and case management. Up to 25 current participants facing the expiration date for the Family Unification Program Aging Out of Foster care program will be eligible to participate in the extension. Eligible participants for the extension must be in good standing and be making progress toward their education and employment goals.

DHCD and the Department of Children and Families (DCF) met regularly to plan the Youth Transition to Success Program (YTTSP). DHCD staff completed the administrative elements of the YTTSP Program: an Administrative Plan was written; a model lease and HAP Contract were drafted and approved by DHCD's legal department; and a Memorandum of Understanding between DHCD and DCF was drafted.

The three-year YTTSP will provide participants with:

- A flat rental subsidy that steps down annually by 15%;
- A matched savings account; and
- An annual support budget of \$500 for expenses related to sustaining employment and meeting educational goals.

YTTSP has been fully implemented for two years. As the program grows, DHCD anticipates enrolling applicants at a younger age will allow DHCD to provide valuable supportive services earlier and for a longer period for each participant. This will result in more participants successfully completing the program and reaching financial independence. As of March 2015, 9 participants remain active in the program and 6 participants have graduated. Three new applicants have been referred to YTTSP and are expected to lease up before the end of the fiscal year. During FY 2016, seven participants are expected to graduate from the program and DHCD anticipates an additional 7 new referrals. The participants who graduated or who are currently enrolled in the program have all maintained employment, enhanced their education, and increased their asset base through savings. Together, DCF and DHCD will continue to work to ensure participants transition smoothly from the 18 month voucher to the new three year YTTSP.

In FY 2016, DHCD is interested in expanding the referral pool for YTTSP, finding new partners who can offer the case management and supportive services similar to the ones provided by DCF. This may allow DHCD to potentially serve more young adults, in similar circumstances who are receiving supportive services from other agencies.

**Proposed Changes to Activity:** No changes are proposed.

**Approval and Implementation:** 2011 – Implementation activities began in FY 2013.

**Changes to metrics, baselines, and benchmarks:**

<i>CE #4: Increase in Resources Leveraged</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Amount of funds leveraged in dollars (increase).	\$0.00	\$308,000		
<i>SS #1: Increase in Household Income</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average earned income of households affected by this policy in dollars (increase).	\$9,492 for current YTTSP participants at time of enrollment	\$9,682		
<i>SS #2: Increase in Household Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average amount of savings/escrow of households affected by this policy in dollars (increase).	\$0	\$2,499		
<i>SS #3: Increase in Positive Outcomes in Employment Status</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
(2) Enrolled in an Educational Program	7 participants	12 participants		
	100% of participants	100 % of participants		
(3) Unemployed	0 participants	0 participants		
	0% of participants	0 % of participants		
(6) Other - Employed	7 participants	12 participants		
	100% of participants	100 % of participants		
<i>SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving TANF assistance (decrease).	0 households	0 Households		

<i>SS #5: Households Assisted by Services that Increase Self Sufficiency</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving services aimed to increase self sufficiency (increase).	0 households	12 households		
<i>SS #8: Households Transitioned to Self Sufficiency</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households transitioned to self sufficiency (increase). Self sufficiency is defined as graduation from the YTTS program.	0 households	6 households		

## **Activity 2012-1: MTW Utility Allowances**

**Description/Update of MTW Activity:** Under this initiative, DHCD established a simplified Utility Allowance (UA) schedule and eliminated Utility Allowance Payments under \$25.

In FY 2014, DHCD designed a UA model that eliminated all utility allowances except for heat. DHCD completed impact analyses, developed hardship criteria, prepared software modifications and provided training to staff on the simplified UA model. DHCD utilizes a utility allowance schedule, regardless of fuel type, geographical area and building type, for tenant-paid heat only. The utility allowance schedule includes the utility allowance for heat by the smaller of the unit size or bedroom size. Utility allowances for any other tenant paid utilities, other than heat, will not be provided. During an interim recertification, DHCD will apply the utility allowance used at the last regular recertification.

In developing the UA schedule for heat, in addition to basing the heat utility allowance on typical cost and consumption, DHCD used a weighted average of the two highest fuel types by bedroom size. Where applicable, DHCD will use the Department of Energy's (DOE) residential energy consumption survey data to determine the utility allowance for households with approved reasonable accommodations for electricity. DHCD will determine reasonable accommodations for other utilities on a case by case basis.

The goal of these revised schedules is twofold: in addition to simplifying the utility allowance designation and calculation process, the simplified UA schedule will also result in significant cost savings. These cost savings were needed to respond to the deep funding cuts experienced by DHCD. Additionally, the savings allow DHCD to assist the same number of families without having to terminate or recall vouchers. Implementation of the simplified utility allowance schedule began in December 2013 and was fully implemented in May 2014.

DHCD has found that clients receiving UAPs for very small amounts are less likely to deposit or cash the checks that they receive. This results in bookkeeping issues for the finance staff at the RAA and DHCD level which demand time and resources out of proportion to the relatively small amounts of money. By terminating the issuance of UAPs of \$25 or less, DHCD intends to reduce the incidence of outstanding checks, and alleviate the need for finance staff to spend time and resources reconciling these accounts. This policy was implemented in 2012 and is ongoing.

**Proposed Changes:** In FY 2016, or in connection with rent simplification, DHCD will revise the UA model to include a utility allowance for other electricity. The two largest electric utilities in Massachusetts implemented 37% and 29% rate increases in CY 2015. According to the Institute on Energy Research the monthly bill for the average household served will increase by \$28/month. DHCD may use the Department of Energy's (DOE) residential energy consumption survey data or other reliable data to determine the utility allowance. The "other electric" UA schedule will be the same across DHCD jurisdictions and will not vary by geographical area and/or building type. The utility allowance schedule will include the utility allowance for heat and other electricity by the smaller of the unit size or voucher size. Utility allowances for any other tenant paid utilities, other than heat and other electricity, will not be provided. For example, if a household is responsible for paying for electric heat, DHCD will provide a UA for heat only; however, if that

same household is responsible for paying for electric heat and other electricity, DHCD will provide a UA for heat and a UA other electricity. During the time that DHCD did not provide a UA for other electricity, households may have applied and received a reasonable accommodation utility allowance for other electricity. For these households, at their next regular reexamination, DHCD will review and adjust the utility allowance for consistency with their approved accommodations and the new electricity UA schedule. DHCD will determine reasonable accommodations for other utilities on a case by case basis. DHCD will continue to monitor the cost of all utilities and may further modify this initiative for consistency with market and economic conditions.

**Approval and Implementation:** 2012 – Implementation of the policy applicable to UAPs of \$25 or less began in FY 2012. Implementation of the simplified UA schedule began in FY 2014. Implementation of the additional other electricity UA will take place within the first quarter after HUD approval of the Plan.

**Metrics:**

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	\$31,476,912	\$19,612,116		
<i>CE #2: Staff Time Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	<b>Time required to calculate UA:</b> 8 minutes  <b>Number of UA calculated in FY 13:</b> 16,919  <b>Total staff time prior to implementation:</b> 2,256 hours	<b>Time required to calculate UA:</b> 4 minutes  <b>Anticipated number of UA in FY 16:</b> 11,465  <b>Anticipated total staff time after implementation:</b> 764 hours		
<i>CE #3: Decrease in Error Rate of Task Execution</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average error rate in completing a task as a percentage (decrease).	10%	4%		

***CE #5: Increase in Agency Rental Revenue***

<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average Tenant Rent Share (increase).	\$382 per household in FY 2014	\$388 per household <i>*DHCD does not have any rental revenue and has been instructed by HUD to report on Average Tenant Rent to Owner</i>		

### **Activity 2012-3: Project Based Voucher Discretionary Moves**

**Description/Update of MTW Activity:** Beginning in FY 2012, DHCD modified its Project Based Voucher (PBV) program guidelines to establish reasonable limits on discretionary moves. DHCD believes that this policy will promote efficiency in the operation of the PBV program, while also ensuring that tenant-based vouchers continue to be available to eligible households on the waiting list. Except as noted below, PBV participant households in good standing are able to terminate the assisted lease and receive priority for an available tenant-based voucher only after the second year of occupancy. In addition, for each RAA, DHCD established an annual target number of vouchers available to PBV households who have requested a tenant-based voucher. The annual target number is equal to the total number of turnover vouchers from the prior year for each RAA multiplied by the percentage of PBV units managed by the RAA. If demand exceeds supply over the course of the year, those additional PBV participants who wish to move will remain at the top of the waiting list until the following year.

The PBV guidelines do not apply to PBV households who meet one or more of the following criteria:

- Households which are over or under-housed;
- Households which are victims of domestic violence pursuant to the VAWA policy;
- Households which require tenant-based voucher to address an approved reasonable accommodation request;
- Non-disabled households that occupy an accessible unit and that have been requested to move to allow a disabled household to move into the accessible unit;
- Households that can document the need to move in order to obtain or maintain employment; and
- Households that can document that a household member has been accepted into a higher education institution and can document the need to move in order to attend the institution.

PBV households who meet one or more of these criteria will continue to receive a priority for an available tenant-based voucher and these vouchers will not be counted towards the annual target limit.

In FY 2014, DHCD clarified that families living in Expiring Use Preservation Initiative projects on the conversion date who select a PBV, as well as families living in units converted to PBV through the RAD program, will be permitted to request a discretionary move after the first year of assisted tenancy following conversion. Additionally, families converting TBVs to PBVs through the RAD program may request discretionary moves prior to the end of the first year of assisted tenancy following conversion. DHCD anticipates that this initiative will continue without change in FY 2016.

**Proposed Changes:** No changes are proposed

**Approval and Implementation:** 2012 – Implementation activities began in FY 2012.

**Metrics:**

<i>CE #1: Agency Cost Savings*</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	<b>Number of TBV issued:</b> 33  <b>Staff time per transfer:</b> 3 hours  <b>Staff cost per hour:</b> \$18.17  <b>Total cost before implementation:</b> \$1,799	<b>Anticipated number of TBV issued in FY 2016:</b> 66  <b>Staff time per transfer:</b> 3 hours  <b>Staff cost per hour:</b> \$18.17  <b>Total cost after implementation:</b> \$3,598		
<i>CE #2: Staff Time Savings*</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	<b>Number of TBV issued:</b> 33  <b>Staff time per transfer:</b> 3 hours  <b>Total time spent before implementation:</b> 99 hours	<b>Anticipated number of TBV issued in FY 2016:</b> 66  <b>Staff time per transfer:</b> 3 hours  <b>Total time spent after implementation:</b> 198 hours		

*\*The above metrics are required by HUD. DHCD maintains that the above metrics do not accurately represent the impact of this initiative as the number of TBV issued to PBV tenants fluctuates each year depending on request and number of all HCV's issued.*

#### **Activity 2012-4: Expiring Use Preservation Initiative**

**Description/Update of MTW Activity:** This initiative was designed to preserve the long-term affordability of expiring use properties. This affordable housing preservation tool makes use of the resources provided by HUD in the form of Enhanced and Tenant Protection Vouchers to continue the affordability of the units in these projects by converting eligible units immediately to Project-Based Units with a 15 year affordability period.

DHCD may consider the following criteria when determining eligibility of projects for conversion (except where prohibited for certain projects by PIH Notice 2012-32):

- Located in neighborhoods which offer economic and educational opportunities and relatively low concentrations of poverty;
- The cost per unit will ensure long-term viability for both DHCD and the Project;
- The cost per unit will generally fall within DHCD's then current PBV MTW voucher per unit cost;
- There is substantial community and tenant support for units to be converted to Project-Based Units as documented by the Project developers;
- The Project Developer must request from HUD that DHCD be the Administrator of the Enhanced Vouchers resulting from the conversion action;
- Prior to HUD designation of DHCD as Administrator of the Enhanced Vouchers, an initial survey of residents of each development will be conducted to gauge interest in participating in the PBV program. Results will be forwarded to HUD. Based on the results, HUD will decide whether to assign the Administrator duties to DHCD or to the Local Housing Authority; and,
- The Project Developer agrees to participate in and support MTW-related self-sufficiency activities for the tenants of the project. The type and extent of support provided will be determined by site. For example, a project may provide case management services to its MTW residents.

DHCD may modify the selection criteria listed above at its discretion, and may place limitations on the number, types and/or characteristics of units to be supported under this initiative. In addition, tenants of the development who are eligible to receive vouchers are given the option to receive an Enhanced Voucher or to have their unit converted to a Project-Based voucher. DHCD requires that tenants of impacted projects be provided with detailed information so that they can make an informed choice.

Pursuant to HUD's 2012 updated guidance on the use of special purpose vouchers, DHCD may apply MTW operating flexibilities to Enhanced Vouchers upon issuance provided that these flexibilities do not infringe on the protections applied to Enhanced Voucher households pursuant to HUD regulations and notices. Operating flexibilities that may be applied to Enhanced Vouchers include, but are not limited to, biennial recertifications, biennial inspections, rent simplification (provided that it does not infringe on EV protections), and utility allowances. Until the Enhanced Voucher household either moves from the unit or is terminated from the program, they will continue to be subject to the Enhanced Voucher minimum rent policies, including the applicable provisions related to income decreases. Enhanced Voucher income limits and payment standards

will also continue to apply to these households. DHCD does not apply term limits to any of its Housing Choice Voucher participants.

For existing tenants on the conversion date who elect to receive a Project-Based Voucher and who are considered over-housed, DHCD may waive the subsidy standard policy, provided that there must be at least one household member for each bedroom in the apartment. In addition, tenants may request a reasonable accommodation if applicable. The only Enhanced Voucher provision which applies to tenants selecting the Project-Based option is the initial income eligibility requirement. DHCD's other MTW PBV policies apply upon the conversion action, except for the following:

- Tenants who live in the development at the time of the conversion action and who select a PBV will be permitted to move after the first year of assisted tenancy following the conversion action. They will be added to the waiting list for a tenant-based voucher in accordance with the Administrative Plan;
- Tenants who live in the development at the time of the conversion action and who select a PBV will not be subject to the limit on voluntary interim rent decreases; and,
- DHCD may waive the limitation on the number of units per project generally applied to PBV developments and allow up to 100% of units in all types of developments to be Project-Based.

In FY 2014, DHCD modified the components of its project-based voucher program in order to streamline administration of the Expiring Use Preservation Initiative and maximize the number of units benefitting from these efficiencies. These changes have been implemented and have resulted in streamlined efficiency of the conversion process.

- Consistent with PIH Notice 2012-32, DHCD may apply MTW flexibilities to units converted to PBV under the Rental Assistance Demonstration to the extent that said flexibilities are not in conflict with RAD provisions specified in HUD's Notice(s).
- DHCD may revise standards for acceptable income verification documents for clients at the time of conversion. Specifically, when completing initial certifications at the time of a RAD or Expiring Use conversion, DHCD may waive the HUD requirement regarding the age of documents at the time of effective date. Authorized in Attachment C Section D of DHCD's MTW Agreement.
- Notwithstanding proposed changes to PBV regulations, DHCD will continue to define "existing housing" as "Housing units that already exist on the proposal selection date and that substantially comply with the HQS on that date." Authorized in Attachment C Section D of DHCD's MTW Agreement.
- DHCD may institute other changes, on a case by case basis, as long as such changes are consistent with the MTW authorizations granted herein.

DHCD currently has 9 expiring use contracts with a total of 541 units forecasted to be under HAP contract by the close of FY 2015. Additionally, DHCD has completed 8 Rental Assistance

Demonstration (RAD) conversion projects and currently provides a subsidy for 799 units under this program.

In FY 2015, DHCD modified the income eligibility requirements for tenants who occupy units at the time of a RAD conversion to the PBV program. For only those existing tenants, annual income must not exceed the moderate income limit for the area which is 80% of AMI, except for elderly and disabled households whose incomes may not exceed 95% of AMI.

**Proposed Changes:** None

**Approval and Implementation:** 2012 – Implementation activities began in FY 2013.

**Changes to metrics, baselines, and benchmarks:**

<i>HC #2: Units of Housing Preserved</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase).	0 housing units	1,340housing units*		

\*Previously DHCD has included only Expiring Use units when setting benchmarks and determining outcomes for this metric. This figure includes all RAD and Expiring Use units and DHCD will continue to use this methodology going forward.

## **Activity 2012-5: Family Self Sufficiency Program Enhancements**

**Description/Update of MTW Activity:** DHCD uses MTW funds to enhance the existing Family Self-Sufficiency (FSS) Program. These new features will encourage participation and successful completion of the program:

- Provide escrow funds for clients who would otherwise be ineligible for the escrow component of the FSS due to their level of earned income at the time they join the program;
- Establish a discretionary fund to assist FSS participants with short term assistance in order to enable household members to participate in employment or educational activities (i.e., funding for car insurance or child care, etc.);
- Set aside funding to reward families who choose to delay full-time employment in order to pursue education and/or training which will better prepare them to attain long-term self-sufficiency than immediate entry into the work force;
- Establish goal-specific incentive payments to be awarded when a family attains an established goal (i.e., completion of a GED, successful completion of a semester of college courses, etc.).

DHCD and RAA senior staff and FSS Coordinators met and discussed potential changes to the FSS program and the most effective strategies for implementing those changes. In November of 2013, DHCD began utilizing some of the revised strategies to strengthen the FSS program by improving the retention rate, increasing participants ability to access employment and or educational opportunities by providing “gap” funding to address financial barriers to employment, and increasing participants’ long-term economic capacity by providing incentives to encourage participants to complete education and training programs before entering the workforce.

In January 2014, DHCD implemented the revisions to the enhanced FSS program including:

- Placement of an absolute cap on the amount of escrow regardless of prior FSS participation at any of DHCD’s RAAs statewide. The cap, which may be periodically reviewed and updated at DHCD’s discretion, will be set at \$25,000 per household;
- Modification to the requirement that an FSS applicant must have an interim or annual recertification within 120 days prior to FSS enrollment;
- Modification of the extension policy to allow for six month extensions for up to two years with revised extension eligibility requirements;
- Modification of the FSS re-enrollment eligibility criteria to require that re-applicants demonstrate consistent progress since prior FSS participation ended. DHCD will provide an exception when the participant loses a job due to no fault of their own;
- Modification to the escrow calculation methodology by calculating FSS credits using the same method for all participants regardless of income level. The method used for very low income households will apply to all participants; and,
- Establishment of an incentive payment for FSS graduates that choose to withdraw from the HCV program within 2 years of completion of the FSS program and who apply and are approved for homeownership. The initial incentive payment amount, which may be periodically reviewed and updated at DHCD’s discretion, will be set at \$5,000 per household.

In FY 2016, DHCD anticipates that 175 new participants will join the FSS program.

**Proposed Changes:** To encourage the goal of homeownership for applicable households in the FSS program, DHCD is modifying its current FSS program to allow certain households to define a path to homeownership by utilizing individualized homeownership education, financial coaching and a modified savings/escrow component. To be eligible for the FSS Homeownership Track households must be current HCV participants, have a goal of obtaining homeownership and have a household income above a certain established percentage of the Area Median Income. Participating FSS households will be required to save at least \$1,000 per year in a savings account. DHCD will match the participating household’s savings in a 4:1 ratio up to \$4,000 per year for a maximum of three years. Escrow earned by these households will only be available for home purchases and/or up to \$5,000 may be used for a reserve account for future home repairs and maintenance. In concert with implementation of DHCD’s rent simplification initiative, DHCD will modify the escrow calculation to reflect use of the Tiered Rent Table (no UAs) in place of the TTP. DHCD will continue to apply the \$25,000 cap to family escrow. In response to program changes, DHCD will review and may modify the escrow calculation methodology.

**Approval and Implementation:** 2012 – Implementation activities began in FY 2013.

**Changes to metrics, baselines, and benchmarks:**

<i>SS #1: Increase in Household Income</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average earned income of households affected by this policy in dollars (increase).	\$20,554	\$21,318		
<i>SS #2: Increase in Household Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average amount of <b>escrow</b> of households affected by this policy in dollars (increase).	\$0.00	\$3,385		

<i>SS #3: Increase in Positive Outcomes in Employment Status</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
(5) Unemployed	501 participants	694 participants*		
	57% of participants	58% of participants		
(6) Other - Employed	372 participants	482 participants*		
	43% of participants	42% of participants		
<i>SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving TANF assistance (decrease).	162 households	123households		
<i>SS #5: Households Assisted by Services that Increase Self Sufficiency</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households receiving services aimed to increase self-sufficiency (increase).	0 households	1,176 households		
<i>SS #6: Reducing Per Unit Subsidy Costs for Participating Households</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average amount of Section 8 subsidy per household affected by this policy in dollars (decrease).	\$931 in FY 2014	\$905		

<i>SS #7: Increase in Agency Rental Revenue</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Average Tenant Rent Share (increase).	\$388 in FY 2014	\$405		
<i>SS #8: Households Transitioned to Self Sufficiency</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Number of households transitioned to self-sufficiency (increase).	0 households	75 households		

**Activity 2013-1: Rent Reasonableness**

**Description of MTW Activity:** In FY 2013, DHCD eliminated the requirement to re-determine the reasonable rent if there is a 5% decrease in the published Fair Market Rent (FMR) in effect 60 days before the contract anniversary date as compared to the FMR in effect 1 year before the contract anniversary.

Generally, a 5% or greater decrease in the published FMR compared to the FMR in effect one year before is not typical in Massachusetts. DHCD conducted an analysis of the year to year change in the published FMRs from 2006 to 2012 by FMR Area. Between 2006 and 2012, there was only one year where the majority of FMR areas experienced a 5% or greater decrease in FMR. Although infrequent, when this does occur, it places a significant administrative burden on RAA staff who must conduct reasonable rent determinations. Staff may also need to renegotiate rents and if negotiations are unsuccessful, tenants will be required to move, which will further increase the administrative burden on staff and place an onerous burden on tenants.

DHCD will continue to complete a reasonable rent determination when a unit is placed under HAP contract for the first time, when an owner requests a contract rent adjustment, and at any other time DHCD deems it necessary. As rent increases will continue to be allowed during the lease-prescribed time periods, DHCD assumes that owners will request a rent increase within market fluctuations as warranted. Therefore, DHCD believes that reasonable rent determinations will continue to be made with regular frequency. This initiative is fully implemented and is anticipated to continue through FY 2016.

**Proposed Changes:** No changes are proposed.

**Approval and Implementation:** 2013 – Implementation activities began in FY 2013.

**Changes to metrics, baselines, and benchmarks:**

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	\$364,345	\$0.00		
<i>CE #2: Staff Time Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	20,052 hours	0 hours		

**Activity 2013-2: PBV Rent Reasonableness**

**Description of MTW Activity:** In FY 2013, DHCD modified the requirement for conducting rent reasonableness for re-determined rents under the Project Based Voucher (PBV) program. Note that no change is proposed to the existing policy for determining initial rents, i.e. initial PBV rents will continue to be determined in conformance with the provisions of 24 CFR 983.301 through 983.305 as applicable.

Under the new policy, re-determined rents to owners of PBV units, *except for certain tax credit units as defined in 983.501(c)*, shall not exceed the lowest of the reasonable rent or the rent requested by owner. This policy change eliminates consideration of the then current Fair Market Rent (FMR) limits when re-determining PBV rents. DHCD also eliminated the requirement at 983.303(b) to re-determine the reasonable rents for PBV units whenever there is a five percent or greater decrease in the published FMR in effect sixty days before the contract anniversary as compared with the FMR in effect one year before the contract anniversary.

Affordable housing developers use the PBV commitment to secure project funding and project lenders assume rent trending when underwriting projects; therefore, this policy change will help to ensure the long-term viability and affordability of PBV developments while also promoting housing choice. This initiative is fully implemented and is anticipated to continue through FY 2016.

**Proposed Changes:** No changes are proposed.

**Approval and Implementation:** 2013 – Implementation activities began in FY 2013.

**Changes to metrics, baselines, and benchmarks:**

<i>CE #1: Agency Cost Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total cost of task in dollars (decrease).	\$34,014	\$0.00		
<i>CE #2: Staff Time Savings</i>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
Total time to complete the task in staff hours (decrease).	1,872 hours	0 hours		

## A. Not Yet Implemented Activities

### Activity 2011-1: Value Vouchers

**Description/Update of MTW Activity:** DHCD plans to implement a new “MTW value voucher” targeted to the homeless and those with disabilities. This initiative will provide a lower cost subsidy than a conventional voucher. Participants will be offered units in privately assisted housing developments where the rental costs are lower (generally by 25% or more) than current HUD published FMRs but still not affordable to very-low and extremely low-income households. These would generally be units in LIHTC, 236, and certain state funded developments, for example, where rents are generally set at or below 60% of AMI.

For value voucher units, the rent reasonableness determination process will consist of verification of the regulated rent amount, which will always be at or below the Payment Standard. The value voucher will make up the difference between the rent and 30% of the tenant’s adjusted income.

Partner agencies will include MassHousing, a quasi- public agency that promotes housing opportunities for low and moderate income households, and various management companies that have a solid track record of providing assisted units to vulnerable populations. MassHousing will make units available to clients of the Massachusetts Departments of Mental Health (DMH) and Developmental Disabilities (DDS) under their 3% set-aside program for this target population in effect since 1978. DHCD may also identify and establish partnerships with agencies that provide services to homeless individuals, regardless of disability status, and may also make units available to clients of the identified agencies.

Clients of the Massachusetts Departments of Mental Health (DMH) and Developmental Disabilities Services (DDS) will be provided with continuing services and support from these two respective agencies. DHCD’s partnership with MassHousing and certain private management companies will make it possible for the participants to live in good quality housing. DHCD will work with its partner agencies to establish realistic time limits for these vouchers within the time permitted by its MTW Agreement with HUD, currently in effect until June 2018.

**Update on Implementation:** Due to the substantial level of activity associated with development and implementation of the MTW utility allowance initiative and ongoing implementation of the biennial inspection initiative described herein, implementation of this initiative has not begun. DHCD is also considering working with a broader range of potential partners than those state agencies noted above.

**Timeline for Implementation:** See the *Update on Implementation* above. In FY 2016, DHCD may begin implementation of this activity pending the outcome of discussions among affordable housing advocates and other state agencies.

**Proposed Changes to Activity:** As a clarification, DHCD may work with a broader range of potential partners than those state agencies noted above and in the approved Value Vouchers initiative.

## **B. Closed out**

### **Activity 2011-3: Biennial Inspections**

**Description of MTW Activity:** DHCD had begun implementation of biennial inspections in FY 13.

**Reason for Closing Out Activity:** Biennial Inspections were approved by HUD as a DHCD MTW activity in FY 2011. In FY 15, DHCD closed out this activity as an MTW initiative due to the 2014 Appropriations Act which allows DHCD to transition to a biennial inspection schedule without MTW authority.

## V. Sources and Uses of Funding

DHCD's operates an MTW program that involves only Housing Choice Vouchers. The table below provides a projection of sources and uses for the MTW program for Fiscal Year 2016. Note that no state or local funds are utilized. Note also that HCV funding is allocated on a calendar year (CY) basis. As of the posting of this Plan, DHCD has not been notified of total renewal funding for CY 2016; thus, the amounts listed below may change based on actual funding levels. DHCD will provide information on actual source and use amounts as part of the MTW Annual Report.

In December 2011, HUD issued PIH Notice 2011-67, which describes new cash management requirements and procedures for the HCV program nationwide. HUD will now disburse HCV funding on a monthly basis, using adjusted Housing Assistance Payments and leasing data from the most recently completed quarter. DHCD continues to be concerned that this Notice is inconsistent with its MTW Agreement, which defines a funding formula that is not directly linked to actual costs or leasing levels. DHCD intends to work with HUD to ensure that its funding needs are fully met consistent with the MTW Agreement.

### A. Estimates Sources of MTW Funding for the Fiscal Year

Sources		
FDS Line Item	FDS Line Item Name	Dollar Amount
70500 (70300+70400)	Total Tenant Revenue	
70600	HUD PHA Operating Grants	\$254,698,621
70610	Capital Grants	
70700 (70710+70720+70730+70740+70750)	Total Fee Revenue	
71100+72000	Interest Income	2,500
71600	Gain or Loss on Sale of Capital Assets	
71200+71300+71310+71400+71500	Other Income	
<b>70000</b>	<b>Total Revenue</b>	<b>\$254,701,121</b>

**B. Estimated Uses of MTW Funding for the Fiscal Year**

<b>Uses</b>		
<b>FDS Line Item</b>	<b>FDS Line Item Name</b>	<b>Dollar Amount</b>
91000 (91100+91200+91400+91500+91600+91700+ 91800+91900)	Total Operating – Administrative	\$3,262,602
91300+91310+92000	Management Fee Expense	15,548,845
91810	Allocated Overhead	275,000
92500(92100+92200+92300+92400)	Total Tenant Services	1,414,140
93000 (93100+93600+93200+93300+93400+93800)	Total Utilities	
93500+93700	Labor	
94000 (94100+94200+94300+94500)	Total Ordinary Maintenance	
95000 (95100+95200+95300+95500)	Total Protective Services	
96100 (96110+96120+96130+96140)	Total Insurance Premiums	
96000 (96200+96210+96300+96400+96500+96600+96800)	Total Other General Expenses	
96700 (96710+96720+96730)	Total Interest Expense and Amortization Cost	
97100+97200	Total Extraordinary Maintenance	
97300+97350	Housing Assistance Payments + HAP Portability-In	234,200,534
97400	Depreciation Expense	
97500+97600+97700+97800	All Other Expenses	
<b>90000</b>	<b>Total Expenses</b>	<b>\$254,701,121</b>

### **C. MTW Single Fund Flexibility**

Under the MTW Program, DHCD is authorized to establish an MTW Block Grant budget. Activities that utilize Block Grant single fund flexibility are described below:

- **Education Partnership:** In FY 2016, DHCD plans to establish an education activity which targets elementary through high school members of DHCD voucher households. The education activity will offer afterschool programming for students that exposes participants, through hands on learning activities, to science, technology, engineering, and mathematics (STEM). The STEM program uses a curriculum that integrates engineering with science and improves student understanding of technology. The purpose of this education initiative is to provide participating students with the support needed to ensure positive education outcomes and an expanded opportunity to gain exposure to career and post-graduation education options. DHCD's Regional Administering Agencies (RAAs) will identify high quality STEM programs in place in their regions and then look to establish partnerships with these agencies. Where STEM programs do not exist in a particular RAAs jurisdiction, DHCD will address the barriers to access and may provide funding to start a STEM program initiative for HCV youth in the area.
- **Supportive Housing Initiative:** DHCD intends to use up to \$225,000 per year in MTW Block Grant fund to partially fund intensive supportive services for eligible formerly homeless households at DHCD-funded Project Based Voucher developments. Supportive service funding will be provided to eligible non-profit PBV owners, and generally shall not exceed \$1500 per household per year. DHCD will establish a competitive process to award these funds. Eligible supportive services may include case management and other services designed to help participants increase household income and improve economic self-sufficiency. No additional MTW waivers are required to implement this activity.
- **VASH Leasing:** On average, DHCD intends to operate the VASH program within the approved VASH budget and authorized unit count. However, recognizing the overriding importance of providing affordable housing to VASH-eligible veterans, DHCD may, on a limited basis, utilize MTW Block Grant funds to temporarily support higher leasing and/or HAP expenditure levels. DHCD projects that approximately \$225,000 in MTW funds will be utilized in FY 2016 for this purpose. No additional MTW waivers are required.

The table below summarizes the activities that utilize Block Grant single fund flexibility

<b>Program</b>	<b>Program Description</b>	<b>Target Population</b>	<b>Funding Source</b>	<b>Number of Residents</b>
<b>Education Partnership - STEM</b>	On-site after-school enrichment program to enhance knowledge and understanding of science, technology, engineering and math. Also includes a financial incentive for a college saving account contribution upon program completion	Youth 6-18	MTW	300
<b>Supportive Housing Initiative</b>	Partial funding intensive supportive services for eligible formerly homeless households at DHCD-funded Project Based Voucher developments.	Formerly Homeless Individuals	MTW	150
<b>VASH Leasing</b>	On a limited basis, utilization of MTW Block Grant funds to temporarily support higher leasing and/or HAP expenditure levels	VASH Voucher Holders	MTW	TBD

**D. Local Asset Management Plan**

DHCD does not operate a Federal Public Housing Program; therefore, the asset management regulations do not apply. HUD requires DHCD include the following table in the Plan:

Is the PHA allocating costs within statute?

Yes

Is the PHA implementing a local asset management plan (LAMP)?

No

Has the PHA provided a LAMP in the appendix?

No

## **VI. Administrative**

### **A. Resolution**

The required signed MTW Annual Plan Certifications of Compliance with Regulations is attached in Appendix A.

### **B. Public Review Process**

DHCD provided public notice of the draft Annual Plan. The public comment period extended from May \_\_, 2015 through June \_\_, 2015. Open public hearings were conducted on May \_\_, 2015 and May \_\_, 2015 (\_\_ in attendance). Copies of public notices, sign-in sheets and written comments are attached.

### **C. Evaluations**

DHCD, in collaboration with its network of Regional Administering Agencies, utilizes internal resources to track and monitor performance of proposed and ongoing MTW activities. At the present time, no third party evaluation is planned. DHCD has previously submitted information on an evaluation of the small-scale 183 unit pilot program completed by a graduate student as a thesis project. This information was also presented at HUD's April 2009 MTW conference. In 2012 graduate students from Harvard's Kennedy School completed research and program design on "Promoting Housing Choice in High Opportunity Neighborhoods." DHCD reviewed the outcomes of the research and will utilize many elements of the program design to launch its Opportunity Neighborhoods initiative.

### **D. Annual Statement/Performance and Evaluation Report**

DHCD does not operate a Federal Public Housing Program; therefore, the Performance and Evaluation Report are not applicable.

## **Appendix A: Resolution Adopting Certification of Compliance**

Submitted under a separate cover

## **Appendix B: Listing of Regional Administering Agencies**

*Berkshire Housing Development Corp.*

One Fenn Street  
Pittsfield, MA 01201  
413.499.4887

*Community Teamwork, Inc*

155 Merrimack Street  
Lowell, MA 01852  
978.459.0551

*Housing Assistance Corp*

460 West Main Street  
Hyannis, MA 02601  
508.771.5400

*HAP Inc.*

322 Main Street  
Springfield, MA 01105  
413.233.1500

*Lynn Housing Authority & Neighborhood Development*

10 Church Street  
Lynn, MA 01902  
781.592.1966

*Metropolitan Boston Housing Partnership*

125 Lincoln Street  
Boston, MA 02111  
617.859.0400

*RCAP Solutions*

12 E. Worcester Street  
Worcester, MA 01604  
978.630.6600

*South Middlesex Opportunity Council*

7 Bishop Street  
Framingham, MA 01702  
508.620.2336

*South Shore Housing Development Corp.*

169 Summer Street  
Kingston, MA 02364  
781.422.4200

### Exhibit 1: Rent Simplification Impact Analysis

	ALL	Tenant Based	Project Based	Enhanced Vouchers	Non-Elderly/ Non-Disabled	Elderly/ Disabled	HH with Medical Expense	HH with Childcare Expense	Working Households *	Non-Working Households *	Working & Elderly/ Disabled	Non-Working & Elderly/ Disabled	Over-housed	FSS
<b># of Households</b>	17,801	15,808	1,723	270	7,614	10,187	1,647	668	5,569	12,232	1,182	9,005	3,883	857
<b>Households with No Tenant Impact</b>	225	150	32	43	162	63	24	11	81	144	14	49	48	12
<b>% with No Tenant Impact</b>	1%	1%	2%	16%	2%	1%	1%	2%	1%	1%	1%	1%	1%	1%
<b>Households with Decrease in Out of Pocket Expense</b>	13,489	11,609	1,660	220	5,764	7,725	1,243	438	4,333	9,156	933	6,792	2,279	649
<b>% of Households</b>	76%	73%	96%	81%	76%	76%	75%	66%	78%	75%	79%	75%	59%	76%
<b>Average Impact</b>	(\$60)	(\$61)	(\$59)	(\$45)	(\$63)	(\$59)	(\$57)	(\$55)	(\$72)	(\$55)	(\$78)	(\$56)	(\$57)	(\$63)
<b>Decrease of \$1 to \$5</b>	250	228	19	3	116	134	31	19	75	175	11	123	74	12
<b>Decrease of \$6 to \$10</b>	292	278	10	4	132	160	43	24	78	214	13	147	86	15
<b>Decrease of \$11 to \$25</b>	1,580	1,293	222	65	632	948	159	58	239	1,341	41	907	299	75
<b>Decrease of \$26 to \$50</b>	3,584	3,106	411	67	1,345	2,239	333	120	706	2,878	116	2,123	644	141
<b>Decrease of \$51 to \$75</b>	3,319	2,795	480	44	1,492	1,827	294	96	1,198	2,121	242	1,585	483	165
<b>Decrease of \$76 to \$100</b>	3,005	2,586	391	28	1,289	1,716	277	71	1,131	1,874	290	1,426	465	148
<b>Decrease of \$101 to \$200</b>	1,411	1,275	127	9	740	671	103	48	891	520	217	454	213	93
<b>Decrease of \$201 to \$300</b>	38	38	0	0	14	24	2	2	12	26	2	22	12	0
<b>Decrease of \$301 to \$400</b>	8	8	0	0	4	4	1	0	3	5	1	3	3	0
<b>Decrease greater than \$400</b>	2	2	0	0	0	2	0	0	0	2	0	2	0	0
<b>Households with Increase in Out of Pocket Expense</b>	4,087	4,049	31	7	1,688	2,399	380	219	1,155	2,932	235	2,164	1,556	196
<b>% of Households</b>	23%	26%	2%	3%	22%	24%	23%	33%	21%	24%	20%	24%	40%	23%
<b>Average Impact</b>	\$88	\$88	\$34	\$30	\$95	\$83	\$88	\$78	\$93	\$86	\$101	\$81	\$93	\$96
<b>Increase of \$1 to \$5</b>	226	218	6	2	91	135	23	15	65	161	9	126	89	7
<b>Increase of \$6 to \$10</b>	211	206	4	1	74	137	23	11	48	163	10	127	81	15
<b>Increase of \$11 to \$25</b>	589	578	10	1	223	366	49	36	156	433	26	340	214	24
<b>Increase of \$26 to \$50</b>	754	746	6	2	310	444	61	47	210	544	42	402	268	38
<b>Increase of \$51 to \$75</b>	590	588	2	0	234	356	60	34	169	421	36	320	220	27
<b>Increase of \$76 to \$100</b>	441	439	1	1	198	243	45	25	131	310	29	214	164	17
<b>Increase of \$101 to \$200</b>	874	873	1	0	353	521	83	34	243	631	53	468	319	42
<b>Increase of \$201 to \$300</b>	272	271	1	0	134	138	26	11	89	183	16	122	152	18
<b>Increase of \$301 to \$400</b>	79	79	0	0	41	38	6	2	26	53	10	28	34	4
<b>Increase greater than \$400</b>	51	51	0	0	30	21	4	4	18	33	4	17	15	4

\* Includes non-elderly, non-disabled, elderly and disabled households