# PUBLIC NOTICE:

Home Forward
BOARD OF COMMISSIONERS
will meet on
Wednesday, November 18, 2026
At 6:00 pm – In Person
Gresham Public Safety Building
1333 NW Eastman Parkway
City Council Chambers – 3rd Floor

homeforward

hope. access. potential.

**MEMORANDUM**

| | | | |
|---|---|---|---|
| To: | Community Partners | Date: | November 10, 2026 |
| From: | Michael Buonocore, Interim Executive Director | Subject: | Home Forward Board of Commissioners November Meeting |

The Board of Commissioners of Home Forward will meet on Wednesday, November 18 at Gresham Public Safety Building, 1333 NW Eastman Parkway, in the Council Chambers on the 3rd floor, at 6:00 P.M. The commission meeting is open to the public.

The meeting site is accessible, and persons with disabilities or language access needs may call 503.802.8423 or 503.802.8554 (TTY) for assistance (e.g. assisted listening devices, sign language, and/or oral interpreter) by 12:00 P.M. (noon), Friday, November 13, 2026.

# AGENDA

BOARD OF COMMISSIONERS MEETING

WEDNESDAY, NOVEMBER 18, 2026 – 6:00 PM

GRESHAM CITY COUNCIL CHAMBERS
PUBLIC SAFETY BUILDING – 3rd FLOOR
1333 EASTMAN PARKWAY

# AGENDA

## INTRODUCTION AND WELCOME

## PUBLIC COMMENT

General comments not pertaining to specific resolutions. Any public comment regarding a specific resolution will be heard when the resolution is considered.

## EXECUTIVE DIRECTOR REPORT

## MEETING MINUTES

| Topic |
|---|
| Minutes of October 8, 2026 Board of Commissioners Work Session<br>Minutes of October 27, 2026 Board of Commissioners Virtual Meeting |

## MISSION MOMENT

| Topic | Presenter |
|---|---|
| Rak Soon Park | Jonathan Trutt |

## REPORTS AND RESOLUTIONS

| Following Reports and Resolutions: | | | |
|---|---|---|---|
| 26-11 | Topic | Presenter/POC | Phone # |
| 01 | Authorize Resolution to Approve the Transition from Operating as a Legacy Moving to Work (MTW) Agency Operating Under the MTW Agreement to a MTW Expansion Agency Operating Under the MTW Operations Notice and MTW Amendment to the Annual Contributions Contract and Authorize the Interim Executive Officer to Take All Actions Necessary to Affect this Transition for Fiscal Year 2027 | Christina Dirks | 503.802.8494 |

## EXECUTIVE SESSION

The Board of Commissioners of Home Forward may meet in Executive Session pursuant to ORS 192.660(2). Only representatives of the news media and designated staff are allowed to attend. News media and all other attendees are specifically directed not to disclose information that is the subject of the session. No final decision will be made in the session.

## THE NEXT MEETING OF THE BOARD OF COMMISSIONERS

The next Board Work Session is Thursday, December 10, 2026 at Noon in person.
The next Board of Commissioners meeting is on Tuesday, December 15, 2026 at 5:30 PM virtually.

## ADJOURN

# MINUTES

BOARD OF COMMISSIONERS MONTHLY WORK SESSION
HOME FORWARD
135 SW Ash Street Portland, OR 97204
October 8, 2026

## COMMISSIONERS PRESENT

Vice Chair Cathy Keathley, Chair Emeritus & Treasurer Matthew Gebhardt, Commissioners Jessy Ledesma, Breann Preston

## STAFF PRESENT

Rylee Ahnen, Juhi Aggarwal, Elise Anderson, April Berg, Michael Buonocore, Ian Davie, Christina Dirks, Juli Garvey, Carolina Gomez, Biljana Jessic, Jennifer McMillian, Tara Messier, Kitty Miller, John Kieran Paul, Andrea Quetell, Jimmy Rattanasouk, Brian Rutzen, Kellie Shaw, Ian Slingerland, Aimee Smith, Celia Strauss, Jonathan Trutt, Linda Uppinghouse, Stephanie Windon

## GUESTS PRESENT

Cathy, Dahlke Manor resident
Diane, Dahlke Manor neighbor

Ian Davie, Chief Operating Officer, opened the meeting at 12:05 PM. Interim Executive Director Michael Buonocore said bargaining will begin next week, sharing our budget position. The organizational assessment kick off meeting happened last week with the initial focus on the financial management rollout, organizational review and document analysis. Stakeholder engagement will begin in November and an anticipated onsite visit at the end of November. In closing, Buonocore highlighted next steps. Vice Chair Cathy Keathley, participated in the selection and expressed confidence in Du Associates' insightfulness, skill set and knowledge to deliver a thorough product.

Buonocore reported six CFO candidates will be interviewed. Commissioners can anticipate Chair Kim will be reaching out regarding final round participation.

Chief Operating Officer Ian Davie and Juli Garvey, Director Asset Management presented the Housing Portfolio Occupancy progress report. Davie opened highlighting the goals for

the presentation. Goal 1, update on our region's housing system market challenges and occupancy trends. Davie reviewed where we have been noting board engagement in September 2024 through the February 2026 board work session. In a recent Wall Street Journal article, " . . .higher-end apartments vie for some of the same tenants as income-restricted units." Davie provided context where Portland stands with the rate of rent increases and the competition with market-rate apartments. These challenges are especially prevalent in the urban core with eight properties accounting for 47% of total Home Forward portfolio vacancies. Director Garvey said the article missed the mark with other housing providers offering affordable rents are including incentives, amenities with Chair Emeritus noting the underlining issue is not directly under our control. In closing COO Davie said this is a reminder of the challenges and our focus to maneuver around the market cycle with caution not to over correct.

Director Garvey presented Goal 2, providing an update on recent housing portfolio efforts and a progress report on occupancy within Home Forward's housing portfolio. These efforts included a reorganization of Property and Asset Management, providing alignment along primary functional areas and improved operational focus. Comprised of a new apartment community leasing for Chaku kumtuks haws, Rajo Apartments, York Terrace and Goose Hollow Lofts. In July, The Louisa Flowers transitioned to Cascade Property Management, and we have made good progress with lease up. Home Forward has taken on property management at Rosenbaum Plaza, Grace Peck Terrace and Unthank Plaza.

COO Davie presented Goal 3 highlighting successes and challenges at specific affordable housing communities in the Portland urban core. We are closer to our occupancy goal of 94% and highlighted downtown progress. Director Garvey provided a progress report walking through the properties in the urban core. There are still challenges as we compete with other properties in the community offering incentives, pointing out every gambit is seeing occupancy issues. Garvey described occupancy efforts we are doing including on site staffing.

Vice Chair Keathley appreciated understanding the impacts to occupancy and the external challenges facing us as did Commissioner Ledesma. She would like to see economic occupancy data side by side with other data. In response to Commissioner Preston's question understanding how this impacts the organization financially, COO Davie said that the health of the portfolio impacts the agency. Director Garvey said we are still in a recovery stage and catching up on building systems will take time. Davie reported property budgets are in process. Garvey responded to Vice Chair Keathley's question how concessions play out in the long term and highlighted work at Dawson Park Apartments

and challenges in Rockwood. We continue to make progress with our long-term view guided by our organizational values and mission.

Vice Chair Keathley commented that with new properties coming online it will be important to understand the challenges being faced. Davie validated the well-placed concern of new versus old. As we have seen with the Broadway Corridor project, Development Director Jonathan Trutt and team have made such adjustments. In closing, Vice Chair Keathley appreciated that we are planning for the future.

Director of Human Resources Aimee Smith presented Resolution 26-10-01 to authorize the renewal of employee health and welfare benefit plans for the plan year January 1, 2027 to December 31, 2027. Annually, decisions are made about the plan design of the benefits program, and through Home Forward's benefits broker, contracts are negotiated with benefits providers. This year was unique with the exit of Providence. Smith described the process and the selection of Regency. Under state law, benefits are a mandatory subject of bargaining. Home Forward's Labor Management Healthcare Plan Committee is the forum through which Home Forward bargains the health and welfare plan changes.

For the 2027 plan year, the committee explored a replacement for Providence as it exits the insurance market and identified plan adjustments to reach a flat budget. Regence matched Providence's provider network at 98%, limiting disruption to employee benefit levels. After exploring the prospect of a flat renewal cost, the committee recommended a .6% budget increase, representing an additional cost of $43,000. Smith highlighted the recommended plan option incudes raising the deductible from $500 to $600 for both plan options; including a health savings account (HAS) option for enrollment to reduce costs; receiving a one-time one-month premium holiday from Regence to reduce costs. Employees are offered two options which include the PPO through Regence and an HMO through Kaiser. Director Smith recognized the efforts of Karina Gruber, HR Manager and the Labor Management Healthcare Plan Committee

In response to Commissioner Preston, the labor management healthcare committee voted unanimously to recommend the package. Vice Chair Keathley recognized the impressive accomplishment and requested a motion to approve Resolution 26-10-01. Commissioner Breann Preston moved to adopt Resolution 26-10-01. Chair Emeritus Matthew Gebhardt seconded the motion.

The vote was as follows:

Vice Chair Cathy Keathley—Aye

Chair Emeritus Matthew Gebhardt—Aye
Commissioner Jessy Ledesma—Aye
Commissioner Breann Preston—Aye

There being no further business, Interim Executive Director Buonocore adjourned the meeting at 1:28 PM.

Celia M. Strauss
Recorder, on behalf of
Michael Buonocore, Secretary

ADOPTED: NOVEMBER 18, 2026

ATTEST:

_____
Michael Buonocore, Secretary

HOME FORWARD:

_____
Jenny M. Kim, Chair

BOARD OF COMMISSIONERS MONTHLY MEETING
HOME FORWARD
HELD VIRTUALLY
135 SW Ash Street Portland, OR 97204
October 27, 2026

## COMMISSIONERS PRESENT

Chair Jenny Kim, Vice President Cathy Keathley, Chair Emeritus & Treasurer Matthew Gebhardt, Commissioners Jessy Ledesma, Breann Preston

## STAFF PRESENT

Juhi Aggarwal, Elise Anderson, April Berg, Michael Bonocoure, Suzanne Couttouw, Ian Davie, Christina Dirks, Grace Fazila Juli Garvey, Carolina Gomez, Alexa Graham, Vali Griffin, Angelica Jackson, Biljana Jesic, Lindsay Kendall, Kitty Miller, Jimmy Rattanasouk, Kellie Shaw, Ian Slingerland, Aimee Smith, Celia Strauss, Jonathan Trutt, Linda Uppinghouse, Nicolai Ursin, Stephanie Windon. There were also employees that joined the meeting to listen.

## LEGAL COUNSEL

Sarah Stauffer Curtiss

Chair Jenny Kim convened the meeting of the Board of Commissioners at 5:33 PM.

## PUBLIC COMMENTS

Alexa Graham, Rent Assistance Services Coordinator told the board that dedicated staff are facing an urgent historic structural crisis and that decision producing shortages and other disproportionate impacts should account for staff sacrifices and the agency's dependance on its workforce. Highlighting that staff absorb the impact.

Shayla Nice, resident at Gallaher Plaza, reported that residents are experiencing unauthorized entry, fence-jumping, people staying in hallways, camping, trash, needles near the gated area, disputes, suspected drug activity and heavy foot traffic. Nice said security and management coverage is limited, with tenants who raise concerns feel they may face retaliation, with residents being directed to submit complaints without seeing

results.  She questioned how rent increases could be justified while quality of life and oversight appear to be declining and raised concerns about a possible 30% staffing reduction. Nice described the conditions as affecting her health and requested more responsive management action.

Chair Jenny Kim thanked Nice and said Home Forward leadership would reach out to her directly.

Vali Griffin, Rent Assistance Services Coordinator warned that layoffs in the Rent Assistance department could increase caseloads, delays, and manual adjustments, potentially increasing costs for the agency. She also asked the organization to honor bargained 3.5%-wage increases, while distinguishing those increases from stipends they considered less concerning.

## EXECUTIVE DIRECTOR REPORT

Michael Buonocore, Interim Executive Director, reported the organization is entering its most difficult phase following discovery of a larger deficit than previously understood. Staff will present a budget and a choice regarding a change to Home Forward's Moving to Work status in the coming months, with the board expected to vote on one MTW path at the November meeting. We are extending the upcoming work session to delve deep into the details.

Buonocore said consultants conducting the organizational assessment are working with staff on financial management and analysis. The organization is reviewing which practices and systems must change so that future budget decisions rely on more accurate and reliable information. The recruitment of a permanent CFO is nearing a final interview. Portland City Council is expected to vote on our three board of commissioners appointments tomorrow.

Commissioner Breann Preston asked why Chair Kim and Vice Chair Keathley received information before the rest of the board and how full-board fiduciary oversight would be supported. Interim Executive Director Buonocore explained that the board's executive committee receives more frequent communication because circumstances are changing rapidly. Chair Kim said she heard Commissioner Preston's concerns and apologized for her frustration. The monthly work session is an opportunity to dig deeper and more regular finance and audit committee meetings are intended to establish a more consistent information cadence. She is happy to meet with Commissioner Preston separately.

Commissioner Jessy Ledesma asked whether quarterly financial reports would be provided first to the finance committee, the full board or during upcoming work sessions. Buonocore said staff are revising the report based on prior board feedback expecting to bring back an improved, iterative version soon. Chair Kim adding that accuracy and a permanent CFO, the organizational assessment, and recurring committee meetings are priorities. Chair Kim reiterated her offer to meet separately.

Addressing compliance, Vice Chair Keathley requested that Juhi Aggarwal, General Counsel, review whether current board communications comply with requirements concerning serial meetings and ensure commissioners receive information appropriately.

## MEETING MINUTES

### Minutes of the September 10, 2026 Board of Commissioners Work Session

Chair Jenny Kim requested a motion authorizing approval of the minutes for the September 10, 2026 Board of Commissioners Work Session.

There being no discussion, Vice Chair Cathy Keathley moved to approve the meeting minutes. Commissioner Breann Preston seconded the motion.

The vote was as follows:

Chair Jenny Kim—Aye
Vice Chair Cathy Keathley—Aye
Chair Emeritus & Treasurer Matthew Gebhardt—Abstained
Commissioner Jessy Ledesma—Aye
Commissioner Breann Preston—Aye

### Minutes of the September 22, 2026 Board of Commissioners Virtual Meeting

Chair Jenny Kim requested a motion authorizing approval of the minutes for the September 22, 2026 Board of Commissioners Virtual.

There being no discussion, Vice Chair Cathy Keathley moved to approve the meeting minutes. Commissioner Breann Preston seconded the motion.

The vote was as follows:

Chair Jenny Kim—Aye
Vice Chair Cathy Keathley—Aye
Chair Emeritus & Treasurer Matthew Gebhardt—Abstained
Commissioner Jessy Ledesma—Aye

Commissioner Breann Preston—Aye

## BOARD OF COMMISSIONERS NOMINATING COMMITTEE REPORT

Chair Jenny Kim reported that the slate of officers for 2027 were as follows: Jenny Kim, Chair; Cathy Keathley, Vice Chair; Matthew Gebhardt, Treasurer.

## MISSION MOMENT: Home Forward Property-Based Subsidy Waitlist Opening

Elise Anderson, Director of Property Management for 72 more hours, opened the Mission Moment introducing Suzanne Couttouw, Occupancy Program Manager, Grace Fazila, Administrative Supervisor and Lindsay Kendall Occupancy Supervisor saying they are quietly doing their work and don't often get the spotlight.

Suzanne Coutthouw introduced herself, saying her position is within the property management department. Her team consists of three policy and quality control coordinators and an occupancy supervisor that directly manages six occupancy specialists describing their roles. She highlighted the September waitlist opening saying the occupancy team supports 46 properties, five housing programs, and 133-unit size specific waiting lists. The team is bringing on four properties, including one requiring a full lease-up, while 24 properties are being audited by lenders or the state.

Grace Fazila, Administrative Supervisor described her team of two support specialists and their role as a first point of contact for applicants, residents and community members. They answer calls and emails, provide resources, support transfers and waitlist processing, verify priority health and reasonable accommodation documentation, audit files, coordinate mailings, maintain records, and connect people with interpretation and other services.

Lindsay Kendall, Occupancy Supervisor for Home Forward's owned and managed properties oversee 42 project-based properties with two more, Meadowlark and the Civic, expected to be leased up in 2027. She supervises a team of six occupancy specialists that each oversee a portfolio of properties managing waitlists, vacancies, applicant eligibility, and lease-ups across the project basked properties. Eligibility work includes background checks, income verifications, and compliance with multiple state and federal housing program requirements. This team is the first point of contact that a prospect has when they are selected from the waiting list.

Couttouw recapped the September waitlist opening that included 11 waiting lists across five properties, with two new properties on the horizon, Meadowlark and the Civic.

Planning began months in advance and included selecting lists and capacity, reviewing preferences and occupancy data, coordinating communications and partner outreach, preparing phone and website systems with IT, ensuring applications could be submitted through Rent Cafe or by phone, and validating results after closure.

Fazila described her focus on coordinating staffing, scheduling, training, and logistics while providing direct support to applicants. Coordination across teams, which consisted of approximately 40 staff members rotated through shifts during the opening and staff collectively assisted about 3,054 callers. Teams provided language access, interpretations, paper applications, Rent Cafe troubleshooting, phone and email support and other assistance so technology and language would not prevent applicants from applying. This represented a collective effort focused on service our community and helping people navigate an important step toward accessing affordable housing.

Kendall's primary role was to analyze which waitlists should be opened, determine how many applicants to accept and support the planning and implementation leading up to, and during, the opening. The opening generated 8,737 applications, 7,436 through Rent Cafe and 1,301 by phone. The waitlist hotline received 3,054 calls, and 3,340 applicants were expected to be added to the lists after data validation and processing.

Chair Jenny Kiim thanked Anderson and the team for the opportunity to highlight these efforts. We are grateful to the sheer number of staff involved representing the organization, thank you for showing up, going above and beyond.

Commissioner Breann Preston asked whether Home Forward formally tracks inquires and applicant demand from each opening for broader regional housing planning. Director Anderson said the data exists for each opening but is not maintained in one central location. Chair Kim noted that the board receives updates inconsistently, with Anderson accepting the suggestion as a future tracking item. In closing, Chair Emeritus Matthew Gebhardt expressed appreciation for the hard work, saying it was inspiring but daunting and appreciated communication going forward,

## RESOLUTIONS

### RESOLUTION 26-10-02 Authorize Naming Recommendation for the Gresham Civic Station

Jonathan Trutt, Development Director, presented the resolution recommending to name the Gresham Civic Station apartments Rak Soon Park. The project near the Gresham Civic MAX station is scheduled for completion in April 2027. It will provide 60 affordable homes

with rent assistance, including two-, three-, and four-bedroom units, plus four early-learning classrooms serving up to 80 children. In partnership, the project is being developed on Metro-donated land with Metro bond funding provided through the City of Gresham. IRCO helped shape the unit mix based on community needs, will operate the early-learning spaces and will provide referrals and resident services.

Trutt described the naming process. A Home Forward and IRCO naming committee solicited suggestions, selecting Rak Soon Park. Rockie Park, as she is known, immigrated from Japanese-occupied Korea to Portland in 1949, helped found the Korean Society of Oregon, chaired the Oregon Korea Foundation, and maintained Korean traditions while supporting later immigrants. Chair Jenny Kim had the pleasure of knowing Park saying she was a trailblazing woman in a time before women took active roles, showing bravery in their advocacy making improvements in their community. Vice Chair Cathy Keathley said the Park family have been long time members of the Gresham community, including their family-run nursery and Rod Park a form Metro councilor for Gresham. Vice Chair Keathley asked how IRCO referrals would interact with Home Forward waiting lists. Trutt said staff had already been working with Suzanne Couttow's team on balancing fair waitlist access with the commitment that households served by IRCO would have access and he offered to provide additional details at a future meeting. In closing, Commissioner Breann Preston appreciated how people are highlighted in the naming process and welcomed the level of information.

There being no further discussion, Chair Jenny Kim requested a motion to approve Resolution 26-01-02. Commissioner Breann Preston moved to adopt Resolution 26-10-02. Commissioner Jessy Ledesma seconded the motion.

The vote was as follows:

Chair Jenny Kim—Aye
Vice Chair Cathy Keathley—Aye
Chair Emeritus & Treasurer Matthew Gebhardt—Aye
Commissioner Jessy Ledesma—Aye
Commissioner Breann Preston—Aye

RESOLUTION 26-10-03 Authorize Amendment to Home Forward Administrative Plan and Admissions and Continued Occupancy Policy

Christina Dirks, Director of Policy and Planning, presented the resolution saying there are a suite of ACOP and Administrative Plan changes covering MTW homeownership

assistance, emergency housing voucher transitions and updated violence against women act requirements.

Walking through the homeownership assistance, the proposed administrative plan amendments incorporate HUD approved MTW authority allowing eligible homeownership assistance to extend from the regulatory 10-15 years to as much as 30 years, aligning assistance with traditional mortgage terms. Housing Choice Voucher Director Jimmy Rattansouk clarified that Home Forward currently serves five households in the program and intends to analyze income levels, affordability, outreach and potential partnership to expand eligibility beyond the current elderly or disabled focus.

Dirks explained that Home Forward issued 476 emergency housing vouchers during the COVID-era response. HUD later directed agencies to wind down the program, but households leased up by September 30, 2026, could transition to tenant protection vouchers, and nine households not leased up received special authority for a housing choice voucher. All affected households would remain continuously housed and assisted while eligible.

The voucher policy changes were explained by Dirks. The amendments remove transitioned emergency housing voucher households from the housing choice voucher waitlist and remove obsolete exclusions related to the tenant rent increase scheduled for March 2027. The temporary policy supplement documents the program's wind down and transition to tenant protection vouchers.

Dirks covered the VAWA changes that include updates to definitions, statutory references, HUD guidance, emergency transfer procedures, and references to changing HUD forms so the administrative plan and admissions and continued occupancy policy comply with current violence against women act requirements. Dirks said the revised emergency transfer language provides more flexibility for safety-related transfers and that HUD forms would be cited online rather than embedded as frequently changing exhibits. In response to Vice Chair Keathley's question of impact, this is a federal statute that saw substantial change in 2022 and has been embedded in our program since 2013.

Chair Emeritus Matthew Gebhardt asked whether tenant protection vouchers could be reissued after a household no longer needed them. Dirks clarified that the voucher remains with the household while they are eligible, but Home Forward cannot reissue it to a new household after the original assistance ends.

Chair Jenny Kim asked how residents learn about emergency transfer rights. Dirks explained that required notices are provided during application, denial, admission, termination or eviction processes, saying staff are developing an implementation plan, website updates, and tenant resources for broader distribution to residents and building managers.

There being no further discussion, Chair Jenny Kim requested a motion to approve Resolution 26-10-03. Commissioner Breann Preston moved to adopt Resolution 26-10-03. Chair Emeritus Matthew Gebhardt seconded the motion.

The vote was as follows:

Chair Jenny Kim—Aye
Vice Chair Cathy Keathley—Aye
Chair Emeritus & Treasurer Matthew Gebhardt—Aye
Commissioner Jessy Ledesma—Aye
Commissioner Breann Preston—Aye

RESOLUTION 26-10-04 Recognize Elise Anderson

Chief Operating Office Ian Davie read the resolution recognizing Property Management Director Elise Anderson's 30 years of service. The resolution recognized Anderson's service since 1996 across roles including site manager, Section 504 and ADA coordinator, policy analyst, operations manager, assistant direct and director of property management. It credited Anderson with building a property management program and leadership bench supporting more than 100 staff and housing thousands of families each year.

Anderson said she leaves with a full heart of gratitude after 30 years dedicated to providing homes. She thanked her team for turning major ideas into improvements for the agency and community, saying she remains interested in fair housing, reasonable accommodations and future work that involves solving housing problems, while not seeking another low-income housing tax credit lease up role.

Chair Jenny Kim invited Anderson to consider future service as a commissioner, echoed by Vice Chair Keathley and Chair Emeritus Gebhardt expressing support for continuing work with Anderson in some capacity.

There being no further discussion, Chair Jenny Kim requested a motion to approve Resolution 26-10-04. Chair Emeritus Matthew Gebhardt moved to adopt Resolution 26-10-04. Vice Chair Cathy Keathley seconded the motion.

The vote was as follows:

Chair Jenny Kim—Aye
Vice Chair Cathy Keathley—Aye
Chair Emeritus & Treasurer Matthew Gebhardt—Aye
Commissioner Jessy Ledesma—Aye
Commissioner Breann Preston—Aye

There being no further business, Chair Jenny Kim adjourned the meeting at 7:17 PM.

Celia M. Strauss
Recorder, on behalf of
Michael Buonocore, Secretary

ADOPTED: NOVEMBER 18, 2026

ATTEST:

_____
Michael Buonocore, Secretary

HOME FORWARD:

_____
Jenny M. Kim, Chair

# RESOLUTIONS

homeforward

MEMORANDUM

To: Board of Commissioners

Date: November 18, 2026

From: Christina Dirks
Director, Policy & Planning
503.802.8494

Subject: Approve transition of Home Forward from operating as a Legacy Moving To Work (MTW) Agency under a MTW Agreement to operating as an Expansion MTW under the HUD MTW Operations Notice and MTW Amendment to the Annual Contributions Contract beginning in Fiscal Year 2027

Resolution 26-11-01

The Board of Commissioners is requested to authorize Home Forward's Interim Executive Director to take all actions necessary to transition Home Forward from operating under its MTW Agreement to operating under the MTW Operations Notice, including dissolving Home Forward's MTW Agreement and executing a Moving to Work Annual Contributions Contract Amendment prior to the start of fiscal year 2027.

## BACKGROUND

In 1999, Home Forward became part of the MTW Demonstration Program and entered an MTW Agreement with the U.S. Department of Housing and Urban Development (HUD). Home Forward is one of the original 39 MTW public housing authorities, collectively called the Legacy MTW agencies. Since 2003, Home Forward's MTW Agreement has been amended ten times. The MTW Agreement allows Home Forward to have funding and regulatory flexibility that non-MTW public housing authorities do not have.

In 2015, Congress authorized HUD to expand the MTW Program to add additional agencies organized into specific research cohorts to evaluate various policies such as tenant rent structures, landlord participation, and asset building. There are now 100 Expansion MTW agencies organized in five different policy-focused cohorts. Unlike the Legacy MTW agencies, Expansion MTW agencies do not have individual MTW Agreements, but operate under the HUD MTW Operations Notice. The Operations Notice establishes requirements for the implementation and continued operation of the MTW Demonstration Program for all Expansion MTW Agencies.

Home Forward's MTW Agreement impacts the way that HUD calculates certain categories of Home Forward's funding. Those categories of funding are: Housing Choice Voucher (HCV) program funding, Public Housing Operating Subsidy, and Public Housing Capital Funds. Under the MTW Agreement, HUD does not consider Home Forward's actual expenditures when determining Home Forward's Housing Choice Voucher budget authority. Instead, in the HCV voucher context, Home Forward receives the same amount of budget authority each year multiplied by HUD's Renewal Funding Inflation Factor, as well as the national proration percentage applicable due to under-funding by Congress. This funding formula has not allowed Home Forward's funding to keep pace with the actual costs of housing voucher holders in Multnomah County. Home Forward also funds significant non-voucher activity with this funding source. These combined costs have created a deficit position with regard to Housing Choice Voucher funding.

As the largest single component of the Home Forward consolidated budget, the HCV funding formula in the MTW Agreement has forced Home Forward to take numerous cost saving measures in the voucher program, including shifting costs to voucher recipients by increasing the tenant portion of rent and decreasing the payment standard. Even with those measures in place, Home Forward is in its second year of voucher funding shortfall. Additionally, Home Forward projects to enter shortfall in the voucher program in 2027, albeit at a lower amount due to the impact of the cost saving measures taken to date.

During a site visit by HUD and HUD MTW staff at the end of September 2026, HUD leadership encouraged Home Forward to consider transitioning to the MTW Expansion framework as authorized by Section 11 of the MTW Operations Notice to address the structural funding challenges. Following this direction, Home Forward formed a staff working group to analyze this option and ultimately make a recommendation to the Board of Commissioners. The working group had members representing vouchers/rent assistance, finance, real estate, policy, legal, and executive. The work group engaged external experts to assist in projecting the financial impact of transitioning as well as the legal pathway to continue approved MTW Activities under the MTW Operations Notice. The working group consulted with the Tenant Advisory Council, Legacy MTW agencies that had transitioned to Expansion agencies, various parts of HUD, and legal experts. Home Forward also conducted a public hearing to solicit input from the community and discussed this decision in detail with the Board of Commissioners at a work session.

## TRANSITION CONSIDERATIONS

The Home Forward working group analyzed the differences between Home Forward's current MTW Agreement and the MTW Operations Notice and focused on three primary areas of impact: financial; legal; and policy.

### Financial

A net increase in funding and a favorable change in the funding formula for the HCV program is the sole driver for Home Forward's consideration of MTW conversion. Under the Expansion funding formulas, Home Forward would see a net increase in projected MTW funding for fiscal year 2027 of approximately $25 million, or approximately 17% from MTW funding under the MTW Agreement's funding formulas. This increase in funding under the Expansion framework would still result in Home Forward entering shortfall in fiscal year 2027, but to a lesser degree. The anticipated amounts of shortfall would be approximately $23.6 million in FY 27 under the MTW Agreement funding formula and approximately $10.4 million under the Expansion framework.

#### Housing Choice Voucher Funding

Rent assistance is Home Forward's largest housing program, comprising approximately 78% of Home Forward's revenue. Under the Legacy methodology, Housing Choice Voucher (HCV) renewal funding starts with prior-year budget authority and is adjusted for inflation and proration. Under Expansion, the starting point is prior-year eligible expenses, calculated using per-unit costs and eligible units, with inflation and proration adjustments. Non-HAP MTW expenses may also be included, subject to an annual cap.

The following table provides a high-level calculation of anticipated funding for the HCV program under both the MTW Agreement funding formula and the Expansion funding formula. This table does not consider additional shortfall funding that can be anticipated under both formulas. These numbers are also estimated and are included for demonstration purposes:

| Calculation Step | Legacy MTW (millions) | Expansion MTW (millions) |
|---|---|---|
| Starting amount | $156.0m in prior-year budget authority | $174.8 in prior-year eligible expenses<br><br>Based on about $1,277 per unit per month and 11,400 eligible units |
| Add inflation (0%) | $156.0 | $174.8 |
| Add Proration (99%) | $154.5 | $173.1 |
| Add Non-HAP MTW Expenses (if applicable) | N/A | $187.4 |
| Annual Cap Estimated (if applicable) | N/A | $185.6 |
| **Estimated Renewal funding** | **$154.5** | **$185.6** |

In either scenario, Home Forward would continue to receive HUD shortfall funding to address deficits in the HCV program in FY27.

Under the Expansion framework, HCV funding may decline in 2028 because the annual cap is based on per-unit costs, which will continue to decrease as a result of Home Forward's successful cost-containment efforts implemented in FY25 and FY26. A shift in thinking around how we strategically approach per-unit costs will be key if we move under an Expansion framework.

Public Housing Funding

Unlike HCV funding, MTW funding for the public housing program would see a decrease under the Expansion framework. The reason for this decrease is that under the MTW Agreement, Public Housing (PH) Operating Subsidy funding is based on the Project Expense Level multiplied by actual units and the Utility Expense Level is multiplied by the frozen 1998-unit count. The formula also includes inflation and proration adjustments and subtracts a RAD adjustment factor. Under Expansion, both the Project Expense Level and Utility Expense Level are multiplied by actual units, and rents received are subtracted.

Over the past 15 years, Home Forward has transitioned more than 2,400 PH units to a rent assistance subsidy model, resulting in 299 PH units remaining in 2026 and 2,457 former PH units now operating with other forms of rental subsidy. Thus, despite the reduction in actual public housing units, the MTW Agreement's use of a frozen unit count results in PH Operating Subsidy funding levels that do not directly align with the reduction in PH units over time.

For FY27, it is estimated that Home Forward would receive approximately $6.9 million in PH Operating Subsidy, compared to $1.0 million under the Expansion framework. The estimated $5.9 million reduction is attributed to the loss of the favorable contractual formula, specifically the frozen utility allowance and the lack of rent offsetting under Legacy.

Home Forward uses PH Operating Subsidies to aid our portfolio and development, including underwriting two developments in progress, Meadowlark Place and Rak Soon Park, in reliance on higher public housing operating subsidy. To minimize the impact of the reduction in PH Operating Subsidy upon possible conversion, Home Forward has requested that HUD allow five years to transition from Home Forward's MTW Agreement's funding formula to the Expansion funding formula for PH Operating subsidy. We are still waiting for HUD to respond to this request.

The second category of PH funding, Public Housing Capital Funds, would not be impacted by an MTW conversion.

Banked Public Housing units

Home Forward maintains 1,592 "banked" public housing units. We have proposed a new MTW Activity that would allow a shallow subsidy of approximately $600 per month per unit ($7,200 annually) to be deployed to stabilize and support certain properties within Home Forward's portfolio. This proposed Activity is currently being reviewed by HUD and HUD has confirmed it will be evaluated under Home Forward's MTW Agreement regardless of a possible MTW conversion. If permitted after MTW conversion, the subsidy would be calculated under the Expansion public housing formula and is estimated to decline to approximately $300–$400 per month per unit ($3,600–$4,800 annually). This reduction in future shallow subsidy will minimize the future financial benefit and overall impact of this proposed MTW Activity.

In summary, the overall financial impact of a possible conversion for FY27 is:

| Category of Funding | Legacy estimate | Expansion estimate | Difference estimate |
|---|---|---|---|
| HCV funding | ~$154.5 million | ~$185.6 million | + $31.1 million |
| HCV Shortfall funding | ~$31.9 million | ~$6.7 million | - $25.2 million |
| Public Housing Operating Subsidy | ~$6.9 million | ~$1.0 million | - $ 5.9 million |
| TOTAL MTW+SHORTFALL REVENUE | $193.3 million | $193.3 million | - |
| *The below impact is contingent on HUD approving Home Forward's proposed MTW Activity* | | | |
| Banked Public Housing subsidy subject to *proposed* MTW Activity | ~$7,200/unit/year or ~$11.5 million | ~$4,200/unit/year or ~$6.7 million | - $4.8 million in future property supports |

## Legal

Legal Relationship with HUD

Converting entails moving from a MTW contract to a regulatory environment. The current MTW Agreement cannot be amended without both Home Forward and HUD agreeing. On the other hand, operating under the MTW Operations Notice allows for unilateral amendments by HUD. As a case in point, both the MTW Operations Notice and the MTW Amendment to the Annual Contributions Contract are currently being amended by HUD and open for public comment.

Funding Conditions

Home Forward is currently a plaintiff in pending litigation against HUD regarding newly enacted funding conditions. These funding conditions include the prohibition on DEI initiatives, the restriction on "gender ideology," cooperation with immigration enforcement, False Claims Act enforcement, and more. As a plaintiff, Home Forward is protected by a Preliminary Injunction and a negotiated agreement with HUD that protects all funds Home Forward receives from HUD during litigation against application of the funding conditions at issue. It is unknown whether the preliminary injunction will still apply to all of Home Forward's funding if conversion occurs. We have requested that HUD confirm that the preliminary injunction survives the signing of the MTW Amendment to the Annual Contributions Contract, but do not anticipate a response from HUD in the coming weeks. If HUD does not agree, Home Forward has legal arguments as to why the preliminary injunction should survive that would be ruled upon by the court.

Currently, Home Forward's HCV and Public Housing funds are not subject to the new funding conditions. The MTW Operations Notice and MTW Amendment to the Annual Contributions Contracts both state that all Expansion MTW agencies and MTW funding are subject to all future laws, including Executive Orders.

Oversight

As a Legacy MTW agency, Home Forward is categorically considered a "high performing PHA." Under the MTW Operations Notice, Expansion PHAs are subject to evaluation under the Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP), which ranks agencies as either high performing, standard, or troubled. Currently HUD has not finalized evaluation tools for Expansion MTW agencies, but such tools are forthcoming.

## Policy

Currently, as a Legacy MTW agency, Home Forward has broad flexibilities to propose MTW Activities that meet one of the three statutory objectives of the MTW Program - use federal dollars more efficiently, help residents and participants become self-sufficient, and increase housing choice for low-income families. These flexibilities flow from our MTW Agreement. The Operations Notice outlines prescribed flexibilities in Appendix 1 and may be unilaterally amended by HUD at any time. For each prescribed flexibility in the Operations Notice, there is a list of safe harbors for how an Expansion MTW Agency may implement that flexibility.

For any activity that is generally outlined in Appendix I but not implemented within the safe harbor, an Expansion Agency must seek approval from HUD for a Safe Harbor Waiver (SHW). A SHW allows an Expansion MTW agency to operate the prescribed Activity outside the scope of the listed safe harbor. If an Expansion MTW has a proposed activity that is outside the scope of Appendix I, an Agency Specific Waiver (ASW) is necessary. Unlike the MTW Agreement, which provides that HUD will provide a decision on proposed Activities listed in the MTW Plan within 75 days, the Operations Notice does not outline any set time frame for HUD approval of any proposed Activities, be they within Appendix I or necessitating a Waiver of some kind.

Home Forward has 22 approved MTW Activities that are operational, one approved activity that is paused, and one proposed Activity. These Activities are integral to the day-to-day operations of our programs and to many of our community partners. Of all of Home Forward's existing and pending Activities:

- 8 are clearly within the Operations Notice Appendix 1
- 2 would need a Safe Harbor Waiver

- 13 would need an Agency Specific Waiver
- 2 would need both an SHW and ASW to address all aspects of the Activity

Home Forward has requested that HUD provide ongoing approval for all existing MTW Activities if conversion occurs. HUD is currently expediting the review of our approved Activities for conversion. The HUD MTW staff will make a recommendation to HUD leadership that all our approved Activities continue under the Expansion framework, if conversion occurs. However, we do not expect a final decision by HUD leadership prior to December 2026 at the earliest.

### Impact on Tenants

The primary impact on tenants of conversion would be caused by any loss of any approved MTW Activities. The specific impact is unknown at this time because it would depend on which activities, if any, HUD determines must cease or be modified. Depending on the activity affected, this could result in changes to how tenants' rents are calculated, how often tenants need to recertify their incomes, when tenants need to report decreases in their income, how HCV voucher inspections occur and what the timelines are for signing lease paperwork, or other aspects of the housing programs and services tenants currently receive.

### Work Group Recommendations

As of November 13, most of the internal work group (8 of 10) recommend that the Board not authorize Home Forward to convert in FY27 due to the lack of clarity on the outcome of current and proposed MTW Activities under the expansion framework and our legal protection in the pending lawsuit. These eight members also recommend that we convert in FY28 once we have clarity on these outstanding issues. Two members of the workgroup recommend that the Board authorize conversion in FY27 based on what we know currently.

With the information obtained from HUD on November 17, regarding the inclusion of non-HAP MTW expenditure in the rebaselining for the HCV program, the work group vote shifted from 8 to 6 in favor of waiting until FY28 for conversion and 2 to 4 in favor of converting in FY27 with the information we currently have.

### Public Process

Under Section 11 of the Operations Notice, prior to conversion, a Legacy MTW Agency must seek public comment as well as feedback from their tenant leadership bodies. Home Forward held a public comment period from October 16 through November 15, 2026, conducted a public hearing on November 6, 2026, and consulted with Home Forward's Tenant Advisory Council (TAC) on November 10, 2026.

One public comment was received that expressed concern about conversion negatively impacting housing policies for people with disabilities and healthcare needs, especially those undergoing HIV treatment and members of the deaf community.

TAC feedback on a possible conversion was mixed: three members supported conversion, with two of those members recommending conversion for FY27; three opposed conversion, and four felt they could not make a recommendation based on the information available. Members seeking additional information identified the need for examples from other PHAs that have converted, a clearer understanding of the tangible financial impacts, and a more definitive assessment of the pros and cons. Members opposed to conversion also expressed concerns that the process felt rushed, questioned why conversion had not been considered sooner given the agency's financial challenges, and sought greater clarity about how agency and staff accountability, as well as the impacts on tenants, were being considered in the decision.

## CONCLUSION

Conversion comes with clear financial benefit, namely an increase in funding in FY27 and a favorable change in how funding is calculated moving forward for Home Forward's most expensive program. However, conversion also comes with downsides that include the loss of a favorable Public Housing Operating Subsidy that has been used to support the Home Forward housing portfolio and development activities, a loss of future flexibilities to implement MTW Activities, increased oversight by HUD, and less control over changes to the MTW program's rules and requirements. In addition to known downsides, there are some key unknowns at this moment in time. The status of our currently approved and proposed MTW Activities is unknown and under review by HUD and our ongoing legal protections in our pending litigation.

## ATTACHMENTS

MTW Agreement
HUD MTW Operations Notice
MTW Amendment to the Annual Contributions Contract

homeforward

# RESOLUTION 26-11-01

RESOLUTION 26-11-01 TO APPROVE A REQUEST TO TRANSITION FROM OPERATING AS A LEGACY MOVING TO WORK (MTW) AGENCY OPERATING UNDER THE MTW AGREEMENT TO A MTW EXPANSION AGENCY OPERATING UNDER THE MTW OPERATIONS NOTICE AND MTW AMENDMENT TO THE ANNUAL CONTRIBUTIONS CONTRACT AND AUTHORIZE THE INTERIM EXECUTIVE DIRECTOR TO TAKE ALL ACTIONS NECESSARY TO EFFECT THIS TRANSITION FOR FISCAL YEAR 2027

**WHEREAS**, Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 established the Moving to Work Demonstration program (MTW); and

**WHEREAS**, the Department of Housing and Urban Development (HUD) and HOME FORWARD (then known as the Housing Authority of Portland) entered into an MTW Agreement in 1999 that was restated in 2003 and amended several times (MTW Agreement); and

**WHEREAS**, the Housing Choice Voucher funding formula in Home Forward's MTW Agreement has not kept pace with increasing program and agency costs, causing Home Forward to experience a structural shortfall in funding for two years in a row; and

**WHEREAS**, Section 239 of the Fiscal Year 2016 Appropriations Act expanded the MTW demonstration program (MTW Expansion); and

**WHEREAS**, HUD issued MTW Expansion regulations in the MTW Operations Notice, including the funding methodology for MTW Expansion agencies and providing for previously-designated MTW agencies to elect to operate under the terms of the MTW Operations Notice; and

**WHEREAS**, HUD's methodology for funding MTW Expansion agencies would improve Home Forward's structural shortfall in the Housing Choice Voucher program and decrease Public Housing funding, resulting in a net increase in MTW funding in fiscal year 2027; and

**WHEREAS**, Expansion MTW agencies have less regulatory flexibility and are subject to increased oversight by HUD than Legacy MTW agencies; and

**WHEREAS**, Home Forward held a public comment period from October 16 through November 15, 2026, conducted a public hearing on November 6, 2026, consulted with Home Forward's Tenant Advisory Council (TAC) on November 10, 2026, regarding the decision to transition to the MTW Expansion program and executing the ACC Amendment, and considered all public comment including TAC feedback; and

**WHEREAS**, to transition to the MTW Expansion program and be subject to the MTW Expansion funding calculations in Fiscal Year 2027, Home Forward must notify HUD of Home Forward's request to transition, execute the MTW Amendment to the Annual Contributions Contract, and terminate the MTW Agreement prior to January 1, 2026; and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of Home Forward that Home Forward shall notify HUD of its request to transition from operating as a Legacy MTW agency under the MTW Agreement to an Expansion MTW agency operating under the MTW Operations Notice and MTW Amendment to the Annual Contributions Contract and authorizes Home Forward's Interim Executive Director, or his designee, to take all necessary steps to effect this transition for Fiscal Year 2027.

**ADOPTED: NOVEMBER 18, 2026**

| Attest: | Home Forward: |
| --- | --- |
| _____ | _____ |
| Michael Buonocore, Secretary | Jenny M. Kim, Chair |

## Amended and Restated Moving to Work Agreement

This Amended and Restated Moving to Work Demonstration Agreement (Restated Agreement) is entered into on this 5th day of 3/2009 by and between the United States of America through the U.S. Department of Housing and Urban Development (HUD) and the **Housing Authority of Portland** (Agency). The term of this Agreement shall begin on the Date of Execution by HUD and shall continue until the end of the Agency's 2018 Fiscal Year, subject to meeting the evaluation criteria described in Section IV, unless such term is otherwise extended by HUD; and

WHEREAS, Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134) (1996 Appropriations Act) establishes the statutory framework known as the Public Housing/Section 8 Moving to Work (MTW) demonstration program; and

WHEREAS, Section 204(a) of the 1996 Appropriations Act provides that public housing agencies that administer Section 8 and public housing (Agencies) and the Secretary of HUD (Secretary) shall have the flexibility to design and test various approaches for providing and administering 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 statutory objectives); and

WHEREAS, pursuant to Section 204(a) of the 1996 Appropriations Act, HUD may permit Agencies to combine funds appropriated under sections 8 and 9 of the 1937 Act, and may exempt Agencies from provisions of the 1937 Act and implementing regulations thereunder pertaining to Public and Indian Housing and section 8 voucher assistance; and

WHEREAS, the Secretary determined that the Agency satisfies the Secretary's selection criteria and selected the Agency to participate in MTW; and

WHEREAS, on 13th day of January 1999, HUD and the Agency executed an MTW Agreement, and on the 28th day of January 2001, HUD and the Agency executed an MTW Extension, and on 28th day of March 2003, HUD and the Agency executed an MTW Amendment, and on the 30th day of March 2006, HUD and the Agency executed an MTW Extension, (collectively known as the Original MTW Agreement) governing the terms and conditions under which HUD authorizes the Agency to participate in MTW; and

WHEREAS, the parties have previously entered into one or more Annual Contributions Contracts (ACCs) setting forth the terms and conditions under which the Agency participates in the public housing and/or Section 8 Housing Choice Voucher programs administered by HUD; and

WHEREAS, the parties agree to execute this Restated Agreement, which hereby amends and replaces any Original MTW Agreement between HUD and the Agency; and

WHEREAS, it is a goal of the MTW demonstration to design and test innovative methods of providing housing and delivering services to low-income families in an efficient and cost effective manner, and HUD and the Agency agree to fully cooperate with each other in order to make the demonstration a success;

NOW, THEREFORE, in reliance upon and in consideration of the mutual representations and obligations hereunder, the parties do agree as follows:

## I. Statutory Authorizations

A. This Restated Agreement amends and replaces the Original MTW Agreement between HUD and the Agency. This Restated Agreement waives certain provisions of the United States Housing Act of 1937, as amended (1937 Act), and HUD's implementing requirements and regulations thereunder, as are set forth in the Statement of Authorizations (Attachment C), and the Legacy and Community-Specific Authorizations (Attachment D) only to the extent they are necessary to implement the Agency's Annual MTW Plan. Except as noted in Section I.B. below, this Restated Agreement supersedes the terms and conditions of one or more ACCs between the Agency and HUD, to the extent necessary for the Agency to implement its MTW demonstration initiatives as laid out in the Agency's Annual MTW Plan, as approved by HUD.

B. Notwithstanding the preceding authority waiving certain provisions of the 1937 Act as necessary to implement the Agency's Annual MTW Plan, the following provisions of the 1937 Act, as otherwise applicable, shall continue to apply to the Agency and/or assistance received pursuant to the 1937 Act:

1. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to Section 3(b)(2) of the 1937 Act (42 U.S.C. § 1437a(b)(2));

2. Section 12 of the 1937 Act (42 U.S.C. § 1437j), as amended, shall apply to housing assisted under the demonstration, other than housing assisted solely due to occupancy by families receiving tenant-based assistance; and

3. Section 18 of the 1937 Act (42 U.S.C. § 1437p, as amended by Section 1002(d) of Public Law 104-19, Section 201(b)(1) of Public Law 104-134, and Section 201(b) of Public Law 104-202), governing demolition and disposition, shall continue to apply to public housing notwithstanding any use of the housing under MTW.

C. This Restated Agreement only waives certain provisions of the 1937 Act and its implementing regulations. Other federal, state and local requirements applicable to public housing shall continue to apply notwithstanding any term contained in this Restated Agreement or any Authorization granted thereunder. Accordingly, if any requirement applicable to public housing, outside of the 1937 Act, contains a provision that conflicts or is inconsistent with any authorization granted in this Restated Agreement, the MTW Agency remains subject to the terms of that requirement. Such requirements include, but are not limited to, the following: Appropriations Acts,

competitive HUD notices of funding availability under which the Agency has received an award, state and local laws, Federal statutes other than the 1937 Act, and OMB Circulars and requirements (including regulations promulgated by HUD thereunder in 24 C.F.R. part 85).

D. The MTW Agency is authorized to conduct activities in accordance with the Statement of Authorizations (Attachment C) and in accordance with the Legacy and Community-Specific Authorizations (Attachment D), as applicable. In the event of a conflict between Attachment C and Attachment D, the authorizations in Attachment D will supersede those in Attachment C.

## II. Requirements and Covenants

A. The amount of assistance received under sections 8 or 9 of the 1937 Act by an Agency participating in the demonstration shall not be diminished by the Agency's participation in the MTW demonstration.

B. The Agency agrees that any HUD assistance that the Agency is authorized to use under the MTW demonstration shall be used in accordance with the Agency's Annual MTW Plans, as may be applicable. The Agency hereby certifies that the Agency's governing board has approved this Restated Agreement, and each Annual MTW Plan issued prior to the date hereof, as applicable, and that a copy of each such board approval has been provided to HUD.

C. The Agency shall hold at least one public hearing per Annual MTW submission, and make the Annual MTW Plan available for public comment for at least thirty (30) days. The Agency agrees to take into account public comments on the program design, including comments from current tenants/participants, to the extent such comments were provided.

D. The Agency shall: (i) ensure that at least 75 percent of the families assisted are very low-income families, as defined in section 3(b)(2) of the 1937 Act, (ii) assist substantially the same total number of eligible low-income families under MTW, as would have been served absent the demonstration, and (iii) maintain a comparable mix of families by family size, as would have been served or assisted had the amounts not been used under the demonstration.

E. When providing public housing, the Agency will ensure that it is safe, decent, sanitary, and in good repair, according to an inspection protocol established or approved by the Secretary. This in no way precludes the Agency from modifying its own inspection protocol as authorized in Attachments C and/or D as long as such protocol meets the housing quality standards established or approved by the Secretary.[1]

[1] Agencies are still subject to state and local building codes, and housing codes, and state and local public housing law on inspections.

F. The Agency agrees to keep project level budgeting and accounting, report financial statements in the Financial Data Schedule (FDS)[2], and abide by project level management reviews and fees. The Agency will conform to OMB Circular A-87 and the HUD definition of reasonable fees as defined in 24 CFR part 990, and HUD's Financial Management Guidebook 7475.1 and Supplement, as they may be amended.

G. HUD will not score the Agency under HUD's Public Housing Assessment System (PHAS) or HUD's Section Eight Management Assessment Program (SEMAP), or their successor systems, unless the Agency elects to be scored. If the Agency elects to be scored, the agency will continue to be scored for the duration of the demonstration.

H. The Agency agrees to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration, to keep records, and to submit reports and other information to HUD as described in the Restated Agreement.

I. The Agency shall comply with the requirements of the National Environmental Policy Act (NEPA) and other related federal laws and authorities identified in 24 C.F.R. Part 50 or Part 58, as applicable.

J. The Agency will comply with all applicable nondiscrimination and equal opportunity requirements set forth in 24 C.F.R. § 5.105(a), and will administer its programs and activities in a manner affirmatively to further fair housing. In particular, the Agency must make reasonable accommodations needed by applicants and residents and must make units accessible in accordance with the Needs Assessment and Transition Plan as required under Section 504 of the Rehabilitation Act of 1973 and its implementing regulations.

K. The Agency will comply with the terms of any applicable court orders or Voluntary Compliance Agreements that are in existence or may come into existence during the term of the Agreement. The Agency further agrees that it will cooperate fully with any investigation by the HUD Office of Inspector General or any other investigative and law enforcement agencies of the U.S. Government.

L. Unless otherwise provided herein, this Restated Agreement does not apply to Section 8 assistance that is required:

1. To meet existing contractual obligations of the Agency to a third party (such as Housing Assistance Payment contracts with owners under the Agency's Section 8 Housing Choice Voucher program);

2. For payments to other public housing authorities under Section 8 portability billing procedures; or

3. To meet particular purposes for which HUD has expressly committed the assistance to the Agency.

[2] The Agency agrees to comply with FDS submission requirements, including the requirement to submit project level financial data in the FDS.

The aforementioned covenants made by the Agency are not exclusive, as the Agency must also comply with all requirements applicable to public housing other than both those provisions of the 1937 Act, as amended from time to time, and its implementing regulations specifically waived by the Authorizations contained in this Restated Agreement.

## III. Rent Reform Initiatives

The Agency shall establish a reasonable rent policy that is designed to encourage employment and self-sufficiency by participating families, consistent with the purpose of this demonstration. In developing its rent policy, the Agency must adopt a policy for addressing hardship cases. To meet the Department's purposes of evaluating the MTW demonstration, Agencies may randomly assign new participants into the MTW group, which will provide an alternate program/rent structure, and into a control group, which will continue to operate under the 1937 Act requirements, and collect useful participant data at the point of random assignment.

## IV. Evaluation

A. HUD will consider the following criteria when evaluating whether this Agency shall continue in the MTW Demonstration:

1. The Agency is in compliance with this Restated Agreement.

2. The Annual MTW Plans and Reports have been satisfactorily completed and submitted in a timely manner, consistent with this Restated Agreement; and

3. The Agency has demonstrated, through the Annual MTW Plan and Report, that it has used its MTW designation (i.e., engaged in MTW Activities), as set forth in Section 204 of the 1996 Appropriations Act.

B. If, after the evaluation during FY 2011 and FY 2014, HUD determines that the Agency fails to meet the above criteria, HUD can terminate this Restated Agreement.

## V. Amendments and Continuation of Activities

A. Amendment of this Restated Agreement. This Restated Agreement may be further amended upon mutual agreement of the Agency and HUD. Proposed amendments by the Agency to the Restated Agreement shall be submitted in writing to HUD's Office of Public and Indian Housing, or its successor, only after the Agency has conducted a public hearing, considered comments from the hearing in drafting the proposed amendment, and obtained an approval from the Agency's Board of Commissioners or Directors, as applicable. HUD will respond to the Agency in writing to either approve and execute or disapprove the amendment request. The Statement of Authorizations (Attachment C) may be unilaterally amended by HUD only in order to add to the existing authorizations. The Legacy and Community-Specific Authorizations (Attachment D) may be amended upon mutual agreement between HUD and the Agency. In the event of a conflict between Attachment C and Attachment D, the authorizations in Attachment D supersede the authorizations in Attachment C.

B. Amendment of the Annual MTW Plan. Amendments to the Annual MTW Plan only need to be made if the proposed MTW activity falls outside the scope of the HUD-

approved Annual MTW Plan. An MTW activity is defined as an activity that an Agency participating in the MTW demonstration is authorized to undertake only by means of invoking an authorization included in Attachment C or Attachment D of this Restated Agreement, as opposed to an activity that a non-MTW agency could undertake pursuant to the conventional public housing and Section 8 Housing Choice Voucher programs' statutory and regulatory requirements. Proposed amendments by the Agency to the Annual MTW Plan shall be submitted in writing to HUD's Office of Public and Indian Housing, or its successor, only after the Agency has conducted a public hearing, considered comments from the hearing in drafting the proposed amendment, and obtained an approval from the Agency's Board of Commissioners or Directors, as applicable. HUD will respond in writing to either approve or disapprove the amendment request.

The letter requesting any amendment to the Annual MTW Plan should include the following information in relation to the proposed MTW Activity:

1. Description of the proposed activity;

2. Description of how the activity relates to at least one of the three statutory objectives;

3. Identification and discussion of the anticipated impact of the proposed MTW activity on the stated objective;

4. Description of the baselines and benchmarks that the Agency will use to measure the performance and progress of the MTW activities;

5. Description of the data collection process and metrics the Agency will use to measure how this activity will achieve one or more of the MTW statutory objectives; and

6. The specific provision of the 1937 Act or regulation that is waived under MTW that authorized the Agency to make this change, when applicable.

C. Continuation of Activities.

1. Not later than one year prior to expiration of this Restated Agreement, the Agency shall submit a transition plan to HUD. It is the Agency's responsibility to plan in such a manner that it will be able to end all features of the MTW Plan upon expiration of the Agreement, as HUD cannot guarantee that it will be able to extend any features of the Plan. The transition plan shall describe plans for phasing out of such authorizations/features. The plan shall also include any proposals of authorizations/features of the Restated Agreement that the Agency wishes to continue beyond the expiration of the Restated Agreement. The Agency shall specify the proposed duration, and shall provide justification for extension of such authorization/features. HUD will respond to the Agency in writing in a timely manner. Only authorizations/features specifically approved for extension shall continue beyond the term of the MTW Restated Agreement. The extended features shall remain in effect only for the duration and in the manner specified in the approved transition plan.

2. HUD will review and respond to timely-submitted transition plans within 75 days or they are deemed approved. To the extent that HUD has questions or feedback within this 75-day period, HUD will transmit such information within a sufficient time period for the Agency to respond and for HUD to approve a transition plan within 75 days of submission of the plan.

## VI. Funding

A. Funding Methodology. During the term of the MTW demonstration, HUD will provide the Agency with public housing operating subsidies, and modernization or capital funds (including development and replacement housing factor funds), and with tenant-based Section 8 assistance, as provided in Attachment A. If the Agency's Attachment A does not describe the funding methodology for any of these funding streams, the Agency's funding will be calculated according to standard HUD calculations of Agency benefits.

B. Funding Disbursements. The Agency will receive its public housing operating subsidy and Section 8 tenant-based funding in accordance with the following calculation and disbursement requirements:

1. Operating Fund subsidies

a. HUD shall calculate the allocation of Operating Fund subsidies to the Agency in accordance with Attachment A.

b. The Agency may use these funds for any eligible activity permissible under Section 9(e)(1) of the 1937 Act or, if the Agency proposes to use the funding as part of a block grant in its Annual MTW Plan, it may use these funds for any eligible activity permissible under Section 8(o), 9(d)(1) and 9(e)(1) consistent with this MTW Restated Agreement.

2. Capital Funds and Other Grants

a. HUD shall calculate the allocation of Capital Fund grants (including replacement housing factor fund grants) to the Agency in accordance with Attachment A. Capital Funds will be disbursed in accordance with standard HUD procedures for the disbursement of public housing Capital Fund Grants.

(i) In requisitioning grant funds, the Agency will not be required to provide line item detail, but will request the funds using a single MTW line item; provided however, that the Agency may not accelerate draw downs of funds in order to fund reserves.

(ii) The Agency may use these funds for any eligible activity permissible under Section 9(d)(1) of the 1937 Act, or if the Agency proposes to use the funding as part of a block grant in its Annual MTW Plan, it may use these funds for any eligible activity permissible under

Section 8(o), 9(d)(1) and 9(e)(1) consistent with this MTW Restated Agreement.

(iii) The Agency is subject to the requirements of Section 9(j) of the 1937 Act with respect to its Capital Fund Grants.

b. Section 8 Tenant-Based Assistance

(i) HUD shall calculate the allocation of Section 8 Housing Choice Voucher funding to the Agency in accordance with Attachment A.

(ii) The Agency may use tenant-based Section 8 funds included in the MTW block grant for any eligible activity permissible under Section 8(o) of the 1937 Act or, if the Agency proposes to use the funding as part of a block grant in its Annual MTW Plan, it may use the funds for any eligible activity permissible under Section 8(o), 9(d)(1) and 9(e)(1) consistent with this MTW Restated Agreement.

c. The Agency may submit for HUD consideration and approval alternative schedules for disbursement of public housing operating subsidy and Section 8 tenant-based funding to reduce the number of transactions and to address the time lag between making Housing Assistance Payments (HAP) for the large number of Section 8 participants from other jurisdictions (portables) and reimbursement by those jurisdictions. An Agency's request for consideration and approval of an alternative schedule for disbursement shall be subject to certain administrative limitations, such as only one request will be allowed per year.

## VII. Administrative Responsibilities

A. Annual MTW Planning and Reporting.

1. Annual MTW Plans

a. If the Agency has ten percent or more of its housing stock in MTW, the Agency will prepare and submit an Annual MTW Plan, in accordance with Attachment B, or equivalent HUD form as approved by OMB, in lieu of the Five (5) year and Annual Plans required by Section 5A of the 1937 Act.

b. If the Agency has less than ten percent of its housing stock in MTW, the Agency will continue to complete the Five-Year and Annual Plans required by Section 5A of the 1937 Act. The Agency will also complete a Supplemental Annual MTW Plan, based on Attachment B, or equivalent HUD form as approved by OMB. Only information not included in either the Five-Year Plan or the Annual Plan will need to be included in the Supplemental Annual MTW Plan (herein also referred to as the Annual MTW Plan).

c. Three (3) copies of the Annual MTW Plan shall be submitted to HUD: one copy will be provided to HUD Headquarters in hard-copy, one copy to HUD Headquarters in electronic format (i.e., PDF, or Word), and one copy to the Agency's local HUD Field Office.

d. The Annual MTW Plan is due not later than seventy-five (75) days prior to the start of the Agency's fiscal year, unless otherwise approved by HUD, except in the first year of this Restated Agreement the Agency may submit an amendment to its MTW Plan if it wants to implement initiatives prior to the due date of the subsequent MTW Plan.

e. Attachment B of this Restated Agreement, or equivalent HUD form as approved by OMB, provides a detailed description of the required elements of the Annual MTW Plan.

f. The Annual MTW Plan will be submitted to HUD only after:

(i) The Agency has provided for citizen participation through public hearing and other appropriate means and is approved by the Board of Commissioners or Directors, as applicable, and

(ii) The Agency has taken into account public comments on the program design, including comments from current tenants/participants, to the extent such comments were provided. To document the foregoing, the Agency will submit with the Annual MTW Plan documentation that at least one public hearing was held, that the Plan was available for public comment for at least thirty (30) days, and that the Agency took no less than fifteen (15) days between the public hearing and the approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan. The Agency will submit these documents to HUD in accordance with Attachment B, or equivalent HUD form as approved by OMB, and will keep these documents on file for HUD review.

g. HUD shall notify the Agency in writing if HUD objects to any provisions or information therein. When the Agency submits its Annual MTW Plan seventy-five (75) days in advance of its fiscal year, HUD will respond to the Agency within seventy-five (75) days. If HUD does not respond to the Agency within seventy-five (75) days after an on-time receipt of the Agency's Annual MTW Plan, the Agency's Annual MTW Plan is approved and the Agency is authorized to implement that Plan. If HUD does not receive the Agency's Annual MTW Plan seventy-five (75) days before the beginning of the Agency's fiscal year, the Agency's Annual MTW Plan is not approved until HUD responds. Reasons that HUD may object to a provision or information in the Annual MTW Plan include, but are not limited to, the following:

(i) The information required in Attachment B, or equivalent HUD form as approved by OMB, is not provided or is deemed insufficient;

(ii) The Agency's planned MTW activities are not permissible under MTW Authority or are inconsistent with requirements outside the 1937 Act[3];

(iii) The Agency's planned MTW activities do not have a clear connection to the statutory goal of the MTW demonstration, which is to provide Agencies with the flexibility to design and test various approaches for providing and administering housing assistance that: (a) reduce cost and achieves greater cost effectiveness in Federal expenditures; (b) 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 (c) increase housing choices for low-income families; or

(iv) There are other good cause factors, such as material misrepresentation, in the submission.

h. Once HUD approves an MTW Activity, the activity shall remain approved as long as it is included in the Agency's Annual MTW Plan submissions subsequent to the initial approval of the MTW Activity. The approval shall remain in effect until such time as the Agency proposes to modify the activity, initiative, or program.

2. Annual MTW Reports

a. The Agency will prepare Annual MTW Reports, which will compare the Agency's activities with its Annual MTW Plan. The Annual MTW Report will provide the information necessary for HUD to assess the Agency's activities, in both regular operations and in activities authorized by MTW.

b. Three (3) copies of the Annual MTW Report shall be submitted to HUD: one copy will be provided to HUD Headquarters in hard-copy, one copy to HUD Headquarters in electronic format (i.e., PDF, or Word), and one copy to the Agency's local HUD Field Office.

c. The Annual MTW Report will be submitted to HUD for its review annually, no later than ninety (90) days after the end of the Agency's fiscal year.

d. Attachment B of this Restated Agreement, or equivalent HUD form as approved by OMB, provides a detailed description of the required elements of the Annual MTW Report.

[3] Even if HUD approves a MTW Plan that is inconsistent with an external requirement, such as a state law requirement, the Agency is still subject to the external requirement.

e. HUD shall notify the Agency in writing if HUD requires additional information or clarifications to the information provided in the Annual MTW Report.

f. All HUD forms and other reporting mechanisms required by this Restated Agreement, including any required certifications, will, where appropriate, be included in either the Annual MTW Plan or the Annual MTW Report.

3. HUD reserves the right to request, and the Agency agrees to provide, any information required by law or required for sound administration of the public housing and Section 8 Housing Choice Voucher programs.

B. Other Data Submission Requirements.

1. The Agency will submit HUD-50058 data and/or HUD-50058 MTW (or their replacement forms) data to HUD's Public and Indian Housing Information Center (PIC) system, or its successor. (Note that the use of the HUD-50058 MTW form is restricted to the MTW agencies that have implemented MTW Activities that prevent use of the standard 50058 form.) These submissions will be in compliance with HUD's 50058 and/or 50058 MTW submission requirements for MTW public housing authorities. The Agency will maintain current building and unit information in the development module of the PIC Inventory Management System (IMS).

2. The Agency will provide basic data about the Agency (e.g., address, phone number, e-mail address, etc.) to HUD through the PIC/IMS system, or its successor system.

3. The Agency will complete an annual audit pursuant to the Office of Management and Budget (OMB) Circular A-133 (including the Compliance Supplement, as determined by the auditor to be relevant to MTW). The A-133 Audit must be submitted to HUD in accordance with HUD regulations; a separate copy of the most recently completed audit must be submitted to the Office of Public Housing Investments, or its successor Headquarters Office responsible for national oversight of the MTW demonstration.

4. The Agency will provide data to HUD through FDS, or its successor system, as required by the Public Housing Assessment System (PHAS) regulations and procedures as they may be amended.

5. The Agency will provide HUD with an electronic version of the Admissions and Continued Occupancy Policy and Administrative Plan upon HUD's request.

6. The Agency will provide HUD with a Performance and Evaluation Report for Capital Fund activities not included in the MTW Block Grant by including this as a supplement to Attachment B, or equivalent HUD form as approved by OMB.

In addition to the reporting requirements listed above, the Agency is required to comply with any and all HUD reporting requirements that are not specifically waived by HUD.

C. Annual MTW Monitoring Site Visit. HUD and/or its contractors will conduct at least one formal Site Visit to the Agency each year. The purpose of these visits will be to confirm reported Agency activities, to review the status and effectiveness of the Agency's MTW strategies, and to identify and resolve outstanding MTW related issues. The Agency shall give HUD and/or its contractors unimpeded access to all requested sources of information including access to files, access to units, and an opportunity to interview Agency staff and assisted residents.

D. Single Point of Contact. HUD and the Agency shall each appoint a liaison as a single point of contact in implementing the Restated Agreement.

**VIII. Termination and Default**

A. If the Agency violates this Restated Agreement, HUD is authorized to take any corrective or remedial action described in this Article VIII for Agency default. HUD will give the Agency written notice of any default. The Agency will have the opportunity to cure such default within 30 days of the date of said notice, or to demonstrate within said time period, by submitting substantial evidence satisfactory to HUD, that it is not in default. If the default is not susceptible to being cured within said 30 day period, the Agency will demonstrate, to HUD's satisfaction, that the Agency has taken actions necessary to cure the default and that the default is curable within 90 days from the date of the default notice. Additionally, the Agency must covenant to prosecute such cure diligently and complete such cure within the 90 day period, unless HUD, in its sole judgment, determines that immediate action is necessary, and therefore has discretion to institute the remedies under Section VIII.C. of this Restated Agreement.

B. The following are reasons that HUD may declare the Agency in default of this Restated Agreement:

1. The Agency has not corrected HUD identified performance deficiencies within a reasonable period of time;

2. Material misrepresentation in the application process that led to the Original MTW Agreement or this current Restated Agreement;

3. Use of funds subject to this Restated Agreement for a purpose other than as authorized by this Restated Agreement;

4. Material noncompliance with legislative, regulatory, or other requirements applicable to this Restated Agreement;

5. Material breach of this Restated Agreement; and/or

6. Material misrepresentation in the Annual MTW Plan or Report submission by the Agency.

C. If the Agency is in default, HUD may, among other remedies, undertake any one or all of the following remedies:

1. Suspend payment or reimbursement for any MTW activities affected;

2. Suspend the Agency's authority to make draws or receive or use funds for affected activities;

3. Change the method of payment to the Agency;

4. Require additional reporting by the Agency on the deficient areas and the steps being taken to address the deficiencies;

5. Require the Agency to prepare and follow a HUD-approved schedule of actions and/or a management plan for properly completing the activities approved under this Restated Agreement;

6. Suspend the MTW waiver authorization for the affected activities;

7. Prohibit payment or reimbursement for any MTW Activities affected by the default;

8. Require reimbursement by the Agency to HUD for amounts used in violation of this Restated Agreement;

9. Reduce/offset the Agency's future funding;

10. Terminate this Restated Agreement and require the Agency to transition out of MTW;

11. Take any other corrective or remedial action legally available; and/or

12. Implement administrative or judicial receivership of part or all of the Agency.

D. The Agency may choose to terminate this Restated Agreement at any time. Upon HUD's receipt of written notification from the Agency and a copy of a board resolution approving termination, termination will be effective. The Agency will then begin to transition out of MTW, and will work with HUD to establish an orderly phase-out of MTW activities, consistent with Section IV C of this Restated Agreement.

This Agreement, including all Attachments, is effective upon execution, except as otherwise provided herein.

HOUSING AUTHORITY OF PORTLAND

BY: _____

ITS: Executive Director

Date: 3.5.09

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BY: _____

ITS: Assistant Secretary

Date: 12.20.07

Portland

**Attachment A**

**Calculation of Subsidies**

During the term of the MTW demonstration, HUD will provide the agency with operating subsidy, modernization funds, and Section 8 assistance as described below.

**Definitions in this Attachment**

Initial Year = The first Agency fiscal year in which the Agency begins operating under its MTW authority, which may be the same year as that in which the Agreement is executed.
Base Year = The most recently completed Agency fiscal year prior to the Initial Year.
MTW Units = Units authorized for participation in MTW activities, as provided in Section 1 of the Appendix to this Agreement.

## 1. Operating Subsidy

### A. Formula

Each year, the agency will calculate Operating Subsidy, in accordance with instructions provided by HUD. The intent of these instructions is as follows:

- **Utility subsidy.** The agency's utility consumption is frozen for the life of the demonstration based on the three-year rolling-base in effect in the base year. Each year thereafter, the agency multiplies this frozen consumption by utility rates that are in effect at the time of budget submission. The agency is held harmless for any changes in utility prices (resulting in year-end adjustments for actual utility rates) but takes the risk/reward for any change in consumption. Any reduction in utility rates that result from administrative actions taken by the agency will be shared equally with HUD in accordance with regulations in effect upon execution of this agreement. Alternately, a PHA may choose to keep the full savings in prices if it elects to freeze both consumption and price in the base year for utilities.

- **Non-utility subsidy.** The agency will receive under MTW an amount equal to the non-utility subsidy eligibility in the base year assuming 97 percent occupancy. This amount is then adjusted annually by both the

simplified delta and the Allowable Expense Level (AEL) inflation factor. Dwelling rental, non-dwelling rental, and add-ons are fixed in the base year, with the following adjustments.

- *Occupancy percentage.* In the base year, occupancy is calculated as 97 percent. Each year thereafter, a PHA may request an add-on for vacancies beyond the control of the PHA. If approved, these vacant units will be funded at the base year dwelling rental income, multiplied by the cumulative AEL inflation factors.

- *Add-ons.* Transition funding for demolished units, long-term vacant unit funding, and funding for deprogrammed units will not be fixed in the base year but will be treated as add-ons each subsequent year. Additionally, if a PHA fixes a Family Self-Sufficiency (FSS) add-on into the base year, it must continue to maintain an equivalent level of effort throughout the demonstration for FSS-type activities.

- *Simplified delta.* In the first year, the simplified delta (.005) is multiplied by the actual amount entered on line 2a of the HUD-52723 from the base year. The resulting figure is then carried forward to the next year and multiplied again by the simplified delta. This procedure is to be followed in years three through five.

**B. Unit Months Available (UMAs)**

UMAs cannot exceed those UMAs established on the Performance Funding System (PFS) worksheet for the initial year of the demonstration. An agency may draw down additional UMAs up to the number of units under Annual Contributions Contract (ACC) as of August 21, 1996, provided that the agency did not receive Section 8 replacement housing for these units and provided that the agency remains accountable for serving substantially this number of households.

**C. Subsidy pro-ration**

Each agency will be subject to the same subsidy proration as non-MTW agencies. Hence, if the Congress appropriates only 97 percent of PFS eligibility, an agency will receive only 97 percent of its block grant operating subsidy for that year.

### D. Demolition

For any units demolished during the demonstration period, an agency will have three options:

- Retain the UMAs by serving the same number of eligible families and not receive transitional funding or Section 8 replacement housing;
- Apply for Section 8 replacement housing. Once received, the agency will no longer be eligible for transitional funding and will reduce its UMAs; or
- Receive transitional funding, but not Section 8 funding. The UMAs will then be reduced as the transitional funding becomes effective.

### E. Mandatory year-end adjustments

Mandatory year-end adjustments will be performed for: actual utility rates and any change in UMAs. An agency may also request a year-end adjustment for any vacancies beyond the agency's control that were not budgeted for and if the subsidy pro-ration projection provided by HUD was later modified.

### F. Financial reporting

An agency will submit a consolidated year-end financial statement for all MTW program activities and all other reports that HUD may require.

## 2. Comprehensive Grant Program

a) An Agency's formula characteristics and grant amount will continue to be calculated in accordance with current law as of the date of execution of this Agreement.

b) For modernization funds provided in years prior to the execution of this Agreement, an agency may submit, and HUD will approve, a request to reprogram, by grant year, any unobligated funds for eligible MTW purposes. Such request will be made in accordance with current procedures governing amendments to the Annual Plan under the current Comprehensive Grant Program, except that no public consultation will be necessary prior to submission of the request.

c) All funds programmed for MTW purposes will be recorded and drawn down from MTW-designated line items on relevant HUD forms.

3. **Section 8 Tenant Based Assistance**

**Units Eligible for Inclusion in Flexible Block Grant**

a) Conversion of existing Section 8 certificates and vouchers to Moving to Work units will be conducted according to instructions provided by HUD. A list of Section 8 units eligible for inclusion in the block grant ("MTW units") upon execution of this Agreement will be provided by HUD along with the instructions.

b) The number of MTW units will not be adjusted throughout the duration of the demonstration unless: 1) any units under ACC that are not available upon execution of this Agreement become available for MTW purposes upon renewal or as otherwise authorized by HUD or 2) the Agency receives incremental Section 8 units, which the Agency may choose to convert into the block grant or to operate as a separate program, as provided in law.

**Calculation of Annual Subsidy**

Initial year of MTW Participation:

a) For the certificate and voucher programs, respectively, divide Total Funds Required by the Number of Unit Months, as provided in year-end settlement data for the base year. Combine the sum of these calculations in a weighted average to calculate a weighted, base year per unit cost. Multiply this amount by the inflation factor established for the calculation of renewals to arrive at an inflation-adjusted, MTW program per unit cost (MTWPUC) for the initial year.

b) Multiply the MTWPUC by the total number of MTW units and the number of months [MTWPUC x MTW Units x 12] to arrive at a total MTW subsidy amount to be disbursed that year.

Second and Subsequent Years of MTW Participation:

a) Multiply the total MTW subsidy established in the previous year (excluding reserves) by the annual inflation factor established for the calculation of renewal

of Section 8 contracts to arrive at the current year's inflation-adjusted Section 8 MTW subsidy.

Reserves

a) An amount equal to two months' program costs (MTWPUC x MTW units x 2) will be made available from existing Agency reserves for use as project reserves for MTW-eligible units.

b) There will not be a year-end settle-up of annual funds provided for MTW units. All funds provided through this calculation will remain available for authorized purposes.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-5000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

FEB -3 2003

Mr. Steve Rudman
Executive Director
Housing Authority of Portland
135 SW Ash Street, Suite 600
Portland, OR 97204-3540

Dear Mr. Rudman:

RE: Change in Tenant-Based Subsidy Calculation for Housing Choice Vouchers Administered Under Moving to Work (MTW) Flexible Block Grant Funding Project # OR002MTO001

This letter affirms the U.S. Department of Housing and Urban Development's (HUD) concurrence with the Housing Authority of Portland (HAP) request to amend HAP's Moving to Work Agreement with HUD, based on a demonstrated increase in costs for tenant-based rental assistance at rates beyond current funding levels. The amendment provides for:

1. A conversion of the annual subsidy calculation for Section 8 tenant-based rental assistance units administered under HAP's Moving to Work flexible block grant, from a static base year per unit cost adjusted for inflation each year, to an adjustable annual per unit cost (PUC) methodology, as currently used in the standard Housing Choice Voucher program. HUD will include in the PUC calculation all vouchers HAP administers under its MTW program.

2. A one-time reimbursement representing the difference between the Portland Housing Authority's FY2002 actual cost (for housing assistance payments to owners for leased MTW units, plus associated administrative fees) and the FY2002 MTW subsidy amount from HUD attributable to those units.

3. The retention by HAP of any remaining funds in the HAP-held two-month project reserve created when the MTW program was established, for approved purposes, which shall not be restored by HUD under the actual cost methodology.

4. The restoration of HUD-held project reserves equal to one month's program costs in accordance with Notice PIH 2002-6.

5. The determination that new incremental units and previously excluded or subsequently awarded special purpose units that convert to MTW upon expiration of the initial funding period will be included in the calculation of HUD-held project reserves.

6. The reinstitution of a year-end settlement process in the MTW program. Settlement is necessary to determine prior year and future year actual program costs, based on calculations of

total housing assistance payments, less any MTW adjustments, plus imputed administrative fees and allowable miscellaneous fees.

Please submit a statement of your FY2002 HAP/UAP costs, by month, for your MTW voucher units, and the enclosed checklist identifying amounts attributable to any non-standard costs to the following address:

Deborah Hernandez, Acting Director
Office of Voucher Programs
451 7th St., S.W., Room 4232
Washington, D.C. 20410

HUD will determine PUCs based on FY2002 actual program costs and allowable fees, minus any excess costs resulting from HAP's use of non-standard MTW income exclusions or deductions, modifications to subsidy calculations, or non-housing assistance payments charged to housing assistance (see enclosed checklist). HUD will use these PUCs to determine FY2003 renewal and incremental funding amounts, and also to make the necessary one-time funding adjustment for the difference between MTW funds paid-to-date based on FY 2002 data and MTW funds that would have been paid out pursuant to the actual cost methodology described herein.

Once HUD provides the actual FY2002 PUCs, HAP shall submit revised budgets and requisitions, including: 1) Form HUD-52673, *Estimate of Required Annual Contributions, 2)* Form HUD-52672, *Annual Contributions Estimates Section 8 Housing,* and, 3) Form HUD-52663, *Requisition for Partial Payment of Annual Contributions for the FY 2003 year.*

Enclosed for your approval and signature is Amendment Number 1 to the MTW Agreement, which amends Attachment A, Calculation of Subsidies in accordance with this notification. After obtaining a board resolution approving the amendment, sign and date it, and return it to HUD at the following address:

Milan Ozdinec
Deputy Assistant Secretary
Office of Public Housing Investments
451 7th St., SW, Room 4130
Washington, D.C. 20410

The MTW amendment will have an effective date retroactive to the beginning of HAP's FY 2003 on April 1, 2002. You may contact Mr. Ozdinec at 202-401-8812, ext. 4166, if you have further questions.

Sincerely,

Michael M. Liu
Assistant Secretary

Enclosure

# *AMENDMENT NO. 1 TO MTW AGREEMENT*

Between
U.S. Department of Housing and Urban Development
And
Housing Authority of Portland

*This document amends the Moving to Work Agreement signed January 13, 1999 (hereinafter the "MTW Agreement"), entered into by and between the U. S. Department of Housing and Urban Development (HUD) and the Housing Authority of Portland (HAP), and is effective as of HAP's FY 2003 (beginning April 1, 2002).*

*HUD and HAP hereby agree to amend the Moving to Work Demonstration Agreement as follows:*

**Attachment A – Calculation of Subsidies**

**Section 3, Page 4, Section 8 Tenant Based Assistance** is hereby amended to read:

**Units Eligible for Inclusion in Flexible Block Grant**

Add item c):

Incremental voucher funding placed under ACC on or after April 1, 2002 will be incorporated into HAP's MTW unless such use violates the terms of the appropriation. Previously excluded special purpose voucher increments expiring on or after April 1, 2002, and special purpose voucher increments placed under ACC on or after April 1, 2002, may convert to MTW upon expiration of the initial funding period if no violation of appropriations requirements will result. HUD will make provision for the ACC reserve account for these increments, from existing reserves, in accordance with current reserve policies.

**Section 3, Pages 4 and 5, Section 8 Tenant Based Assistance**

**Calculation of Annual Subsidy**

Second and Subsequent Years of MTW Participation:

Add item b):

Funding for new and renewal voucher increments placed under ACC on or after April 1, 2002 and administered under HAP's MTW program will be calculated in accordance with the actual per-unit cost (PUC) funding methodology applicable to non-MTW housing authorities, as described below and in 24 CFR 982.102. The base, initial, and subsequent year methodologies for calculating the MTW Flexible Block Grant annual subsidies for Section 8 Tenant Based Assistance as described in sections a) and b) under Initial year of MTW Participation, and section a) of this section (MTW PUC) are terminated and replaced with the following actual per-unit cost funding methodology:

Second and Subsequent Years of MTW Participation

b) From the effective date of this amendment, the flexible block grant funding methodology described in section a) above is replaced by the following:

For HAP's FY 2003, the Department will derive actual per-unit costs as follows:

1) HAP will determine the total housing assistance payments made for all tenant-based voucher programs during HAP's FY2002 (the "base year").
2) HAP and the Department will determine any adjustments to HAP's total housing assistance payments for the base year resulting from HAP's exercise of its MTW authority to permit non-standard MTW income exclusions or deductions, modifications to the standard subsidy calculations, and/or non-housing assistance payments charged as housing assistance. The cost of these MTW subsidy initiatives will be deducted from HAP's total housing assistance payments costs for the base year.
3) HAP will determine the number of unit months leased under all tenant-based voucher programs during the base year. The Department will calculate the on going administrative fee that HAP would have earned for these units under the actual cost-based funding methodology.
4) HAP will determine amounts paid during the base year for other administrative fees such as hard-to-house fees for large families and families with a disabled member, and for lead-based paint clearance testing and risk assessment fees.
5) The Department will total housing assistance payments, less the cost of any MTW subsidy initiatives, plus the imputed administrative fee and allowable miscellaneous fees for the base year. The Department will divide this total by the number of unit months leased during the base year to derive an average monthly per-unit cost.
6) The Department will multiply the monthly per unit cost by 12 months to obtain an annual per unit cost. This per-unit cost will be adjusted in accordance with the annual adjustment factor to determine the funding required by HAP for its FY2003.

For HAP's FY2004 and subsequent fiscal years, HAP will provide:

1) Cost information to the Department on the Year-End Statement, Form HUD-52681, and
2) Information on the cost of non-standard MTW exclusions, deductions, modifications to subsidy calculations and/or non-housing assistance payments charged to housing assistance payments, in the form required by HUD.

**Section 3, Page 5**

**After section on Second and Subsequent Years of MTW Participation, add:**

**Amount of Budget Authority**

For HAP's FY2004 and subsequent fiscal years, the annual budget authority (ABA) for all of HAP's MTW voucher units will be calculated in accordance with the actual per-unit cost funding methodology described in 24 CFR 982.102 or other applicable statutory methodology. ~~However, the cost of any HAP MTW subsidy initiatives (non-standard MTW exclusions or deductions, modifications to subsidy calculations, and/or non-housing assistance payments charged as housing assistance) will be subtracted from HAP's total housing assistance payment expense used to calculate the actual per-unit cost for renewal funding.~~

**Section 3, Page 5**

**Reserves**

Replace existing a) and b) as follows:

a) Subject to the availability of appropriations, an amount equal to one month of program costs to be held by HUD as project reserves will be restored in accordance with Notice PIH 2002-6, and will be based on actual costs reported for the entire voucher program for the fiscal year ending March 31, 2002.

b) Subject to the availability of appropriations, beginning with HAP's fiscal year ending March 31, 2003, HAP will be eligible for the restoration of project reserves in accordance with Notice PIH 2002-6 or subsequent HUD policy.

c) Tenant-based subsidy funds provide to HAP for the Moving to Work program through March 31, 2002 are available for authorized purposes and will not be included in the calculation of HAP's project reserves under Notice PIH 2002-6.

**Section 3, Page 5**

After the section on Reserves, items a), b) and c), add the following section:

**Year-End Settlement**

Add item b) from original MTW agreement and modify as follows:

b) *Through HAP's FY 2002 (ending March 31, 2002), [t]*here will not be a year-end settle-up of annual funds provided *under the flexible block grant funding methodology* for its MTW *voucher* units. All funds provided through this calculation will remain available for authorized purposes.

Add item c) as follows:

3

c) For HAP's FY2003 (beginning April 1, 2002) and subsequent fiscal years, HAP will be required to conduct a year-end settle-up of funds provided under the actual per-unit cost funding methodology for its MTW voucher units. HAP agrees to maintain complete and accurate internal documentation of standard and non-standard program costs, in a manner that permits a speedy and effective audit by HUD.

**Section 3, Page 5**

Following item b), add:

**One-Time Reimbursement**

For the HAP's fiscal year ending March 31, 2002, HUD will provide a one-time reimbursement for the difference between actual costs to administer the tenant-based rental assistance units and the annual MTW subsidy attributable to those units.

This Amendment is effective upon execution, except as otherwise provided herein.

THE HOUSING AUTHORITY OF PORTLAND

By _____

Chair of the HAP Board _____

Date of Execution by Agency 2/26/03

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

By _____

Its Assistant Secretary

Date of Execution by HUD 3/28/03

## MTW HOUSING CHOICE VOUCHER ACTUAL COST FUNDING CHECKLIST

*MTW sites that have elected to use the standard or "actual cost" voucher funding formula are required to include the following information with their Year-End Statement. Information provided by the PHA will be used to adjust the actual per-unit HAP costs used to calculate the PHA's MTW renewal funding.*

### 1. Average Per-Unit Cost

*Please provide the following information regarding your HAP payments for the preceding fiscal year. If you have been using the actual cost method for one year or more, these costs should be the same as those reported on your Year-End Statement.*

[redacted]

### 2. Income Exclusions/Disregards

*Voucher program regulations require the inclusion of all income received by all members of the assisted household -- with the exception of those exclusions specified in 24 CFR 5.609(c) (amounts not included as annual income), and 24 CFR 5.617 (self-sufficiency incentives for persons with disabilities) -- in the calculation of the households' annual income. Costs attributable to the PHA's use of additional income exclusions or disregards will be deducted from the HAP payment total used to calculate the PHA's allowable per-unit cost.*

[redacted]

### 3. Deductions

*Voucher program regulations provide for certain mandatory deductions from the annual income of assisted households. These deductions are listed at 24CFR 5.611. Costs attributable to the PHA's use of additional deductions will be deducted from the HAP payment total used to calculate the PHA's allowable per-unit cost.*

[redacted]

[redacted]

[redacted]

[redacted]

## 4. Subsidy Calculation

*Voucher program regulations at 24 CFR 982.505 describe the method to be used for calculating the HAP payment. If the PHA has used some variation on this formula, any increased costs attributable to these changes will be deducted from the HAP payment total used to calculate the PHA's allowable per-unit cost.*

[redacted]

[redacted]

[redacted]

[redacted]

## 5. FSS Enhancements

*Voucher program regulations at 24 CFR 984.305(b) describe the method to be used for calculating the escrow amount for FSS participants. If the PHA has used some variation on this formula, or has approved the use of additional credits, any increased costs attributable to these changes may be deducted from the HAP payment total used to calculate the PHA's allowable per-unit cost. (Allowing additional families to enroll in FSS and/or establish escrow accounts will not affect the PHA's per-unit cost, provided that the enrollment of these families is consistent with the PHA's MTW Agreement.)*

[redacted]

[redacted]

[redacted]

[redacted]

## 6. Program Enhancements and Fund Transfers

*Under the MTW program, public housing and tenant-based assistance funds are generally fungible: that is, they can be transferred from one activity or program to another without HUD approval. However, if HAP funds have been used to provide voucher program enhancements – such as security deposit assistance, owner guarantees, or services to families, or have been transferred to the PHA's public housing program, the amounts used for these non-HAP purposes will not be included in the "actual per-unit HAP costs" used to calculate the agency's MTW renewal funding.*

[redacted]

FOR EACH USE, HOW MUCH WAS CHARGED AS HAP EXPENSE DURING THE YEAR?

# Form 50900: Elements for the Annual MTW Plan and Annual MTW Report

## Attachment B

to

## AMENDED AND RESTATED MOVING TO WORK AGREEMENT BETWEEN U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND AGENCY

The information on this form is being collected so the Department is able to respond to Congressional and other inquiries regarding outcome measures obtained and promising proctices learned throughout the Moving to Work (MTW) demonstration. The information reported through this form is not confidential. Respondents will report outcome information to accurately evaluate the effects of MTW policy changes on residents, the Agency's operations and the local community. The estimated burden per year per Agency is 81 hours. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The Agency may not conduct or sponsor, and are not required to respond to, a collection of information unless that collection displays a valid OMB control number. All MTW Agencies will provide the following required elements in their Annual MTW Plans and Reports, consistent with the requirements of Section VII of the standard Amended and Restated Agreement, and will follow the following order and format.

| Annual MTW Plan | Annual MTW Report |
|---|---|
| | |
| I. Introduction | |
| A. Table of Contents, which includes all the required elements of the Annual MTW Plan; and | A. Table of Contents, which includes all the required elements of the Annual MTW Report; and |

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| B. Overview of the Agency's MTW goals and objectives for the year, including new and ongoing MTW activities. An MTW activity is defined as any activity the Agency is engaging in that requires MTW flexibility to waive statutory or regulatory requirements. | B. Overview of the Agency's ongoing MTW goals and objectives. |
| II. General Housing Authority Operating Information | |
| A. Housing Stock Information: | A. Housing Stock Information: |
| Number of public housing units at the beginning of the year; | Number of public housing units at the end of the Plan year, discuss any changes over 10%; |
| General description of any planned significant capital expenditures by development (>30% of the Agency's total budgeted capital expenditures for the fiscal year); | Description of any significant capital expenditures by development (>30% of the Agency's total budgeted capital expenditures for the fiscal year ); |
| Description of any new public housing units to be added during the year by development (specifying bedroom size, type, accessible features, if applicable); | Description of any new public housing units added during the year by development (specifying bedroom size, type, accessible features, if applicable); |
| Number of public housing units to be removed from the inventory during the year by development specifying the justification for the removal; | Number of public housing units removed from the inventory during the year by development specifying the justification for the removal; |
| Number of MTW Housing Choice Vouchers (HCV) units authorized; | Number of MTW HCV authorized at the end of the Plan year, discuss any changes over 10%; |
| Number of non-MTW HCV units authorized; and | Number of non-MTW HCV authorized at the end of the Plan year, discuss any changes over 10%; |
| Number of HCV units to be project-based during the Plan year, including description of each separate project. | Number of HCV units project-based during the Plan year, including description of each separate project; and |
| | Overview of other housing managed by the Agency, eg., tax credit, state-funded, market rate. |
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| B. Leasing Information, Planned – this information is estimated and may be subject to change during the Plan year. | B. Leasing Information - Actual |

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| Anticipated total number of MTW PH units leased in the Plan year; | Total number of MTW PH units leased in Plan year; |
| Anticipated total number of non-MTW PH units leased in the Plan year; | Total number of non-MTW PH units leased in Plan year; |
| Anticipated total number of MTW HCV units leased in the Plan year; | Total number of MTW HCV units leased in Plan year; |
| Anticipated total number of non-MTW HCV units leased in the Plan year; and | Total number of non-MTW HCV units leased in Plan year; |
| Description of anticipated issues relating to any potential difficulties in leasing units (HCV or PH). | Description of any issues related to leasing of PH or HCVs; and |
| Optional in Plan: Number of project-based vouchers in-use at the start of the Plan year. | Number of project-based vouchers committed or in use at the end of the Plan year, describe project where any new vouchers are placed (include only vouchers where Agency has issued a letter of commitment in the Plan year). |
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| C. Waiting List Information | C. Waiting List Information |
| Description of anticipated changes in waiting lists (site-based, community-wide, HCV, merged); and | Number and characteristics of households on the waiting lists (all housing types) at the end of the plan year; and |
| Description of anticipated changes in the number of families on the waiting list(s) and/or opening and closing of the waiting list(s). | Description of waiting lists (site-based, community-wide, HCV, merged) and any changes that were made in the past fiscal year. |
| III. Non-MTW Related Housing Authority Information (Optional) | |
| A. List planned sources and uses of other HUD or other Federal Funds (excluding HOPE VI); and | A. List planned vs actual sources and uses of other HUD or other Federal Funds (excluding HOPE VI); and |
| B. Description of non-MTW activites proposed by the Agency. | B. Description of non-MTW activities implemented by the Agency. |
| IV. Long-term MTW Plan (Optional) | |
| Describe the Agency's long-term vision for the direction of its MTW program, extending through the duration of the MTW Agreement. | Describe the Agency's long-term vision for the direction of its MTW program, extending through the duration of the MTW Agreement. |

| V. Proposed MTW Activities: HUD approval requested<br>(provide the listed items below grouped by each MTW activity) | |
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| A. Describe each proposed MTW activity; | A. Describe any activities that were proposed in the Plan, approved by HUD, but not implemented, and discuss why these activities were not implemented. |
| B. Describe how each proposed activity relates to at least one of the three statutory objectives; | (All proposed activities that are granted approval by HUD will be reported on in Section VI as "ongoing activities.") |
| C. Identify and discuss the anticipated impact of each proposed MTW activity on the stated objective; | |
| D. Describe baselines, proposed benchmarks, and metrics to assess outcomes, include anticipated schedules; | |
| E. Describe the data collection process and the proposed metrics the Agency will use to measure how this activity will achieve one or more of the MTW statutory objectives; | |
| F. Cite the authorization(s) detailed in Attachment C or D of this Restated Agreement that give the Agency the flexibility to conduct the activity. Every reasonable effort will be made by the Agency to reference the complete and correct statute or regulation application to a particular initiative; however, failure to cite the correct or entire statute or regulation will not be grounds for disapproval of such initiative in an Annual MTW Plan nor will such failure invalidate the use of the MTW authority necessary to implement and support the initiative; and | (All proposed activities that are granted approval by HUD will be reported on in Section VI as "ongoing activities.") |
| G. Provide the following information for any rent reform initiatives: | |
| · Agency's Board approval of policy; | |
| · Impact Analysis; | |
| · Annual reevaluation of rent reform initiative; | |
| · Hardship case criteria; | |
| · Transition period; and | |

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| Documentation of public hearing (may be same as Annual Plan hearing). | |
| **VI. Ongoing MTW Activities: Full approval previously granted** | |
| (provide the listed items below grouped by each MTW activity) | |
| A. List activities continued from the prior plan year(s); specify the Plan Year in which the activity was first identified and implemented; | A. List activities continued from the prior Plan year(s); specify the Plan Year in which the activity was first identified and implemented; |
| B. Provide an update on the status of the activity; | B. Provide detailed information on the impact of the activity and compare against the proposed benchmarks, and metrics to assess outcomes, including if activity is on schedule. For rent reform initiatives, describe the result of any hardship requests. [The Agency will need to develop benchmarks and evaluation metrics for all ongoing MTW activities. For MTW activities that were implemented prior to the execution of this Amended and Restated Agreement, the Agency does not have to provide this information for past years. The Agency will establish the benchmarks and metrics in the first year that it Reports under this new format.]; |
| C. For the Plan year, indicate if the Agency anticipates any changes, modifications, or additions to Attachment C authorizations; and | C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and, if possible, identify potential new strategies that might be more effective; |
| D. Describe if the Agency is using outside evaluators. | D. If benchmarks or metrics have been revised; identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases); |
| | E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected; |
| | F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary; and |

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| | G. Cite the specific provision(s) of the Act or regulation that is waived under MTW (as detailed in Attachment C or D of this Restated Agreement) that authorized the Agency to make the change, and briefly describe if and how the waived section of the Act or regulation was necessary to achieve the MTW activity With respect to requirements related to statutory or regulatory cites, the following is agreed: Every effort will be made by the Agency to reference the complete and correct statute or regulation application to a particular initiative; However, failure to cite to the correct or entire statute or regulation will not be grounds for disapproval of such initiative in an Annual Plan nor will such failure invalidate the use of the MTW authority necessary to implement and support the initiative. |
| **VII. Sources and Uses of Funding** | |
| A. List planned sources (Operating, Capital, HCV) and uses of MTW funds; | A. List planned vs actual sources (Operating, Capital, and HCV) and uses of MTW Funds (excluding HOPE VI). Provide a narrative description of any major changes from the approved MTW Plan; |
| B. List planned sources and uses of State or local funds; | B. List planned vs actual sources and uses of State or local funds; |
| C. If applicable, list planned sources and uses of the COCC; | C. If applicable, list planned vs actual sources and uses of the COCC; |
| D. If using a cost allocation or fee-for-service approach that differs from 1937 Act requirements, describe the deviations and the reasons therefore; and | D. If using a cost allocation or fee-for-service approach that differs from 1937 Act requirements, describe the actual deviations that were made during the Plan year; and |
| E. List or describe use of single-fund flexibility, if applicable, describe uses across traditional program lines or special circumstances in support of an MTW activity. | E. List or describe planned vs actual use of single-fund flexibility. |
| F. Optional - List reserve balances at beginning of the Plan year. | F. Optional - List planned vs actual reserve balances at the end of the plan year. |

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| G. Optional - In Plan Appendix, provide planned sources and uses by AMP. | G. Optional - In plan appendix, provide planned vs actual sources and use by AMP. |
| VII. Administrative | |
| The Agency will provide the following: | The Agency will provide the following: |
| A. Resolution signed by the Board of Commissioners, or other authorized PHA official if there is no Board of Commissioners, adopting the Annual MTW Plan Certification of Compliance (provided at the end of this Attachment B); and | A. Description of progress on the correction or elimination of observed deficiencies cited in monitoring visits, physical inspections, or other oversight and monitoring mechanisms, if applicable; |
| B. Description of any planned or ongoing Agency-directed evaluations of the demonstration, if applicable. | B. Results of latest Agency-directed evaluations of the demonstration, as applicable; |
| | C. Performance and Evaluation Report for Capital Fund activities not included in the MTW Block Grant, as an attachment to the Report; and |
| | D. Certification that the Agency has met the three statutory requirements of: 1) assuring that at least 75 percent of the families assisted by the Agency are very low-income families; 2) continuing to assist substantially the same total number of eligible low-income families as would have been served had the amounts not been combined; and 3) maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration. |

**Annual Moving to Work Plan**
**Certifications of Compliance**

**U.S. Department of Housing and Urban Development**
**Office of Public and Indian Housing**

## Certifications of Compliance with Regulations: Board Resolution to Accompany the Annual Moving to Work Plan

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the PHA fiscal year beginning _____, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the PHA and conducted a public hearing to discuss the Plan and invited public comment.
2. The Agency took into consideration public and resident comment before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan;
3. The PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.

4. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
5. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
6. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
7. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part

8. The PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
9. The PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

10. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
11. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105( a).

12. The PHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58.

13. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
14. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
15. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
16. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.).
17. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.

18. All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

PHA Name _____ PHA Number/HA Code _____

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official _____ Title _____

Signature

Date

# ATTACHMENT C

## STATEMENT OF AUTHORIZATIONS

## TO
## AMENDED AND RESTATED MOVING TO WORK AGREEMENT
## BETWEEN
## U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
## AND
## AGENCY

### A. General Conditions

1. This Statement of Authorizations describes the activities that the Public Housing Authority (Agency) may carry out under the Moving to Work (MTW) Demonstration program, subject to the terms and conditions of the Amended and Restated Moving to Work Demonstration Agreement (Restated Agreement) between the Agency and the U.S. Department of Housing and Urban Development (HUD).

2. Unless otherwise provided in Attachment D of the Restated Agreement, the Agency's MTW Demonstration Program applies to all of the Agency's public housing assisted units (including Agency-owned properties and units comprising a part of mixed-income, mixed finance communities) tenant-based Section 8 voucher assistance (hereinafter referred to as the "Housing Choice Voucher Program"), Section 8 project-based voucher assistance under Section 8(o) and Homeownership units developed using Section 8(y) voucher assistance.

3. The purpose of the Statement of Authorizations is to delegate to the Agency the authority to pursue locally driven policies, procedures and programs with the aim of developing better, more efficient ways to provide housing assistance and incentives to self-sufficiency to low, very-low, and extremely low-income families. The authorizations listed in this Attachment C are granted fully without requiring any additional HUD authorizations, as necessary to implement the activities described in the Annual MTW Plan. The Agency may proceed with activities based upon these authorizations once the activity has been included in the Annual MTW Plan, in accordance with Attachment B, and HUD has approved the Plan and activities. HUD will review and approve these documents to ensure that the Annual MTW Plan has provided meaningful citizen participation, taking into account comments from a public hearing and any other comments on the proposed program, as well as providing for, receiving, and meaningfully considering comments from current and prospective residents who would be affected. HUD will also review in order to ascertain that these activities are within the MTW authorizations provided by HUD.

4. The Agency reaffirms that it will comply with all applicable nondiscrimination and equal opportunity requirements set forth in 24 CFR 5.105(a), and will administer its programs and activities in a manner affirmatively to further fair housing. In particular, the Agency

must make reasonable modifications and accommodations needed by applicants and residents and must make units accessible in accordance with the Needs Assessment and Transition Plan as required under Section 504 of the Rehabilitation Act of 1973 and its implementing regulations.

**B. Authorizations Related to Both Public Housing and Section 8 Housing Choice Vouchers**

1. Single Fund Budget with Full Flexibility
*This authorization waives certain provisions of Sections 8 and 9 of the 1937 Act and 24 C.F.R. 982, and 990 as necessary to implement the Agency's Annual MTW Plan.*

a. The Agency may combine funding awarded to it annually pursuant to Section 8(o), 9(d) and 9(e) of the 1937 Act into a single, authority-wide funding source ("MTW Funds"). However, section 9(d) funds are still subject to the obligation and expenditure deadlines and requirements provided in section 9(j) despite the fact that they are combined in a single fund. The funding amount for the MTW Funds may be increased by additional allocations of housing choice vouchers to which the Agency is entitled over the term of the Agreement. Special purpose vouchers will not be included in the MTW Funds during their initial term, though some may be included in the MTW Funds upon renewal.

b. The Agency may use MTW Funds for any eligible activity under Sections 9(d)(1), 9(e)(1) and Section 8(o) of the 1937 Act. Within the scope of the permissible eligible activities, the Agency can carry out the purposes of the MTW Demonstration Program to provide flexibility in the design and administration of housing assistance to eligible families, to reduce cost and achieve greater cost effectiveness in Federal expenditures, to give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient, and to increase housing choices for low-income families, through activities that would otherwise be eligible under sections 8 and 9 of the 1937 Act, including, but not limited to, the following activities:

i. Provision of Capital funds or operating assistance to housing previously developed or operated pursuant to a contract between HUD and the Agency or newly acquired or developed pursuant to section ii below.

ii. The acquisition, new construction, reconstruction or moderate or substantial rehabilitation of housing (including, but not limited to, assisted living, or other housing as deemed appropriate by the Agency, in accordance with its mission), or commercial facilities consistent with the objectives of the demonstration. Such activities may include but are not limited to real property acquisition, site improvement, development of utilities and utility services and energy efficiency systems, conversion, demolition, financing, administration and planning costs, relocation and other related activities; provided, however, that prior HUD

approval is required for the development of any incremental public housing units, pursuant to Section 9(g)(3) of the 1937 Act.

iii. The provision of housing or employment-related services or other case management activities, such as housing counseling in connection with rental or homeownership assistance, energy auditing, activities related to the provision of self-sufficiency and other services, employment counseling, education, training and other services related to assisting tenants, owners, contractors, and other persons or entities participating or seeking to participate in other housing or training and educational activities assisted pursuant to this section.

iv. The provision of management services, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant and project-based rental assistance and management of housing projects or other facilities or operations developed under this program.

v. The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of housing from crime.

vi. The provision of Housing Choice Voucher assistance or project-based rental assistance (under Section 8(o)), alone or in conjunction with other private or public sources of assistance.

vii. The preservation of public housing and/or Housing Choice Voucher units currently serving people of low income or the acquisition and/or development of new units for people of low income, provided that all rehabilitation and construction is done in accordance with the requirements of Section 504 of the Rehabilitation Act and where applicable, the design and construction requirements of the Fair Housing Act.

viii. If the Agency chooses to establish single fund flexibility, the Agency is authorized to use housing assistance payments for purposes other than payments to owners, so long as these purposes are consistent with other eligible uses of section 8 and section 9 funds.

c. These activities may be carried out by the Agency, by an entity, agent, or instrumentality of the Agency, a partnership, a grantee, contractor, or other appropriate party or legal entity.

d. The Agency's expenditures must comply with OMB Circular A-87, which provides basic guidelines for the use of federal funds, and with this MTW Agreement.

e. The Agency may use capital funds (including development and replacement housing factor funds) in accordance with this Agreement.

2. Partnerships with For-Profit and Non-Profit Entities

The Agency may partner with for-profit and non-profit entities, subject to 24 C.F.R. Part 85 and 941.602(d), including, mixed-income, mixed-finance development partners and third party management companies, as well as affiliates and instrumentalities of the Agency ("Agency Partners"), to implement and develop all or some of the initiatives that may comprise the Agency's MTW Demonstration Program. The Agency may, with respect to MTW eligible activity and when working with or partnering with such partners, make available to Agency Partners the least restrictive regulatory requirements allowable based on Agency's participation in the MTW Demonstration Program and that agreements with Agency Partners may reflect the implementation of less restrictive regulatory requirements. *This authorization waives certain provisions of Sections 13 and 35 of the 1937 Act and 24 C.F.R. 941 Subpart F as necessary to implement the Agency's Annual MTW Plan.*

3. Definition of Elderly Family

The Agency is authorized to amend the definition of elderly to include families with a head of household or family member who is at least 55 years old, and must be in compliance with the all Fair Housing Requirements, in particular the Housing for Older Persons Act of 1995. *This authorization waives certain provisions of Section 3 (b)(3) and (G) of the 1937 Act and 24 C.F.R. 5.403 as necessary to implement the Agency's Annual MTW Plan.*

4. Transitional/Conditional Housing Program

The Agency may develop and adopt new short-term transitional housing programs, consistent with an eligible use of section 8 and 9 funds, with supportive services in one or more buildings in collaboration with local community-based organizations and government agencies. Successful participants in these programs will be eligible for transfer to the Agency's public housing or housing choice voucher programs. The Agency will ensure that these programs do not have a disparate impact on protected classes, and will be operated in a manner that is consistent with the requirements of Section 504 of the Rehabilitation Act. More specifically, under no circumstances will residents of such programs be required to participate in supportive services that are targeted at persons with disabilities in general, or persons with any specific disability. In addition, admission to any of the programs developed under this section will not be conditioned on the presence of a disability or a particular disability. This section is not intended to govern the designation of housing that is subject to Section 7 of the 1937 Act. *This authorization waives certain provisions of Sections 3, 4, 5, 8, and 9 of the 1937 Act and 24 C.F.R. 941, and 960 Subpart B as necessary to implement the Agency's Annual MTW Plan.*

5. Investment Policies

Subject to HUD approval, the Agency is authorized to adopt investment policies consistent with state law to the extent such policies are in compliance with applicable OMB circulars and other federal laws. The Agency shall invest only in securities authorized under state law that will allow the flexibility to invest productively and efficiently. *This authorization waives certain provisions of Section 6(c)(4) of the 1937 Act and 24 C.F.R. 982.156 as necessary to implement the Agency's Annual MTW Plan.*

## C. Authorizations Related to Public Housing Only

1. Site Based or Geographic Area Waiting List System
   The Agency is authorized to implement a locally designed waiting list system in lieu of the specific procedural requirements of 24 C.F.R. Part 903 provided that it provides applicants with a reasonable choice of location in accordance with title VI of the Civil Rights Act, the Fair Housing Act, and other applicable civil rights requirements. The Agency may implement additional site-based waiting lists under this MTW Agreement. Such additional site-based waiting lists will be developed, at the Agency's option, to address various situations, including, but not limited to the following: (1) any existing or new or mixed-income, mixed finance communities; (2) any on-site and/or off-site public housing replacement units developed in support of the Agency's redevelopment or HOPE VI efforts, if any; (3) any specially designated public housing or project-based communities; and (4) combining or separating waiting lists for Section 8 tenant-based or project-based assistance, public housing rental communities, homeownership opportunities, and mixed-income, mixed-finance communities. *This authorization waives certain provisions of Section 6(r) of the 1937 Act and 24 C.F.R. 903.7 as necessary to implement the Agency's Annual MTW Plan.*

2. Local Preferences and Admission and Continued Occupancy Policies and Procedures
   The Agency is authorized to develop and adopt local preferences and admission policies and procedures for admission into the public housing program in lieu of HUD statutes, regulations or other requirements based in the 1937 Act so long as the families assisted qualify as low income, and that the total mix of families assisted meets the requirements of part I.C of the Amended and Restated MTW Agreement. The Agency is required to revise the Admissions and Continued Occupancy Policy (ACOP), to implement changes in public housing occupancy policy as a result of the MTW program. Regardless of changes to the Agency's adopted ACOP policies and procedures, the Agency must comply with Sections I(B)(1) and II(D) of this Agreement. The Agency is subject to state and local preferences law. *This authorization waives certain provisions of Section 3 of the 1937 Act and 24 C.F.R. 960.206 as necessary to implement the Agency's Annual MTW Plan.*

3. Deconcentration Policy
   The Agency is authorized to develop and adopt a local policy designed to provide for deconcentration and income mixing in public housing communities. *This authorization waives certain provisions of Section 16(3)(B) of the 1937 Act and 24 C.F.R. 903.2 as necessary to implement the Agency's Annual MTW Plan.*

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

*Act and 24 C.F.R. 966.4 and 960.257, as necessary to implement the Agency's Annual MTW Plan.*

5. Use of Public Housing as an Incentive for Economic Progress
The Agency is authorized to modify current public housing occupancy policies to use housing as an incentive for making economic progress, as long as Section II.C. of the MTW Agreement is adhered to. Such modifications may include revising maximum income limits for admission or continued occupancy. Families denied admission or continued occupancy shall continue to be entitled to the right to an informal hearing. *This authorization waives certain provisions of Section 6(c) of the 1937 Act and 24 C.F.R. 960.201, as necessary to implement the Agency's Annual MTW Plan.*

6. Incentives for Underutilized Developments
The Agency is authorized to develop and offer incentives that will attract applicants to developments, or portions thereof, which have been difficult to market. *This authorization waives certain provisions of Section 3(a)(2) and 3(a)(3)(A) of the 1937 Act and 24 C.F.R. 960 subpart B as necessary to implement the Agency's Annual MTW Plan.*

7. Simplification of the Development and Redevelopment Process for Public Housing
*This authorization waives certain provisions of Sections 4, 5, 9, 24, 32 and 35 of the 1937 Act and 24 C.F.R. 941 as necessary to implement the Agency's Annual MTW Plan.*

   a. The Agency may, at its own discretion, allow any authorizations and regulatory relief granted to the Agency pursuant to this MTW Agreement to inure to the benefit of the Agency's Partners with respect to MTW eligible activities, and HUD hereby agrees to the amendment of any and all evidentiaries necessary to implement the least restrictive regulatory requirements allowable.

   b. The Agency is authorized to establish reasonable low-income homeownership programs, such as a lease-to-own program, that are not limited by the existing public housing homeownership requirements, provided that units can only be sold to current public housing residents and that any disposition of current public housing units must be approved in advance by HUD. Any disposition application will be submitted and processed in accordance with this Agreement.

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

9. Simplification of Property Management Practices
The Agency is authorized to simplify property management practices as follows:

   a. The Agency is authorized to deploy a risk management approach in establishing property and system inspection protocols and frequencies in lieu of the HUD requirements of annual inspections by Agencies, as long as these protocols assure that housing units assisted under the demonstration meet housing quality standards approved or established by the Secretary. *This authorization waives certain provisions of Section 6 (f) of the 1937 Act and 24 C.F.R. 902-Subpart B as necessary to implement the Agency's Annual MTW Plan.*

b. The Agency is authorized to develop and adopt a new form of local lease and establish community rules, grievance procedures, tenant self-sufficiency requirements and reasonable tenant fees based on proven private management models (subject to State and local laws), provided that no-cause evictions are not permitted. *This authorization waives certain provisions of Section 6 (l) of the 1937 Act and 24 C.F.R. 966 Subparts A and B as necessary to implement the Agency's Annual MTW Plan.*

10. Special Admissions and Occupancy Policies for Certain Public Housing Communities

The Agency is authorized to involve a broad spectrum of community stakeholders, including advocacy groups, in a process to explore and adopt reasonable restrictions for occupancy of specific public housing buildings in the Agency's inventory. Buildings, or portions of buildings (floors, units), may be designated as Smoke-Free, Pet-Free or Assisted Living (or other similar reservations). The Agency may establish admissions preferences in order to establish these special occupancy requirements. A key goal of this initiative will be to ensure that the Agency is able to maintain and improve the quality of life in the Agency communities. These reservations or policies must not have a disparate impact on protected classes and must be operated in a manner that is consistent with the requirements of Section 504 of the Rehabilitation Act. Any such designations or policies will include adequate safeguards for the disabled, including protections for disabled persons who are Agency residents and those seeking housing assistance. Residents can voluntarily participate in any of the services provided. Once adopted, the designations or policies will be updated and reviewed as part of the Annual MTW Plan and Report submitted by the Agency for HUD's review. In particular, the Agency will review the demographic make-up of its current resident population and applicants to assess the need for and support any changes to its designations or policies. *This authorization waives certain provisions of Sections 3, 6, 7, 16, and 31 of the 1937 Act and 24 C.F.R. 945 subpart C, 960 Subparts B, D, E and G as necessary to implement the Agency's Annual MTW Plan.*

11. Rent Policies and Term Limits

The Agency is authorized to determine family payment, including the total tenant payment, the minimum rent, utility reimbursements and tenant rent. The Agency is authorized to adopt and implement any reasonable policies for setting rents in public housing including but not limited to establishing definitions of income and adjusted income, or earned income disallowance that differ from those in current statutes or regulations. The Agency is authorized to adopt and implement term limits for its public housing assistance. Such policies must include provisions for addressing hardship cases. *This authorization waives certain provisions of Section 3(a)(2), 3(a)(3)(A) and Section 6(l) of the 1937 Act and 24 C.F.R. 5.603, 5.611, 5.628, 5.630, 5.632, 5.634 and 960.255 and 966 Subpart A as necessary to implement the Agency's Annual MTW Plan.*

12. Design Guidelines

The Agency is authorized to establish reasonable and modest design guidelines, unit size guidelines and unit amenity guidelines for development and redevelopment activities that will replace HUD guidelines with guidelines that reflect local marketplace conditions for quality construction in its locality so long as all units meet housing quality standards approved by the Secretary. *This authorization waives certain provisions of Sections 4, 5, and 9 of the 1937 Act and 24 C.F.R. 941.202, 941.203, 941.401, and 941.403 as*

*necessary to implement the Agency's Annual MTW Plan.*

13. Site Acquisition
The agency is authorized to acquire sites without prior HUD approval, provided that the agency certifies that HUD site selection requirements have been met. *This authorization waives certain provisions of 24 C.F.R. 941.401 as necessary to implement the Agency's Annual MTW Plan.*

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

15. Available Property
The Agency is authorized to make available public housing property including dwelling and non-dwelling spaces and vacant land for the purpose of providing services, programs and capital improvements that benefit residents and program participants. *This authorization waives certain provisions of Section 9 of the 1937 Act and 24 C.F.R. 990 Subpart B as necessary to implement the Agency's Annual MTW Plan.*

16. Total Development Cost (TDC) limits
The agency is authorized to establish reasonable cost formulas for development and redevelopment activities that will replace HUD's TDC limits in order to reflect local marketplace conditions for quality construction in its locality. *This authorization waives certain provisions of Section 6(b) of the 1937 Act and 24 C.F.R. 941.306 as necessary to implement the Agency's Annual MTW Plan.*

## D. Authorizations Related to Section 8 Housing Choice Vouchers Only

1. Operational Policies and Procedures
The Agency is authorized to determine the following basic operational policies and procedures for all Section 8 assistance the Agency is provided under section 8(o) of the 1937 Act:

   a. The Agency is authorized to determine the term and content of Housing Assistance Payment (HAP) contracts to owners during the term of the MTW demonstration. However, any revised HAP contract must include language noting that the funding for the contract is subject to the availability of Appropriations. *This authorization waives certain provisions of Section 8(o)(7) of the 1937 Act and 24 C.F.R. 982.162 as necessary to implement the Agency's Annual MTW Plan;*

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

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

d. The Agency is authorized to determine a damage claim and/or vacancy loss policy and payment policy for occupied units that differs from the policy requirements currently mandated in the 1937 Act and its implementing regulations. Damage and vacancy authority are subject to state and local laws. *This authorization waives certain provisions of Section 8(o)(9), of the 1937 Act and 24 C.F.R. 982.311 as necessary to implement the Agency's Annual MTW Plan*;

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

f. The Agency is authorized to determine property eligibility criteria, including types of units currently prohibited by Section 8 regulations, as well as shared living facilities. If the Agency chooses to use this authorization, it will need to provide a transition plan to both the affected residents and HUD prior to the end of the demonstration. *This authorization waives certain provisions of Section 8(p) of the 1937 Act and 24 C.F.R. 983.53-54 and 982 Subparts H and M as necessary to implement the Agency's Annual MTW Plan; and*

g. The Agency is authorized to establish its own portability policies with other MTW and non-MTW housing authorities. *This authorization waives certain provisions of Section 8(r) of the 1937 Act and 24 C.F.R. 982 Subpart H as necessary to implement the Agency's Annual MTW Plan.*

2. Rent Policies and Term Limits

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

b. The Agency is authorized to determine contract rents and increases and to determine the content of contract rental agreements that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. *This authorization waives certain provisions of Sections 8(o)(7) and 8(o)(13) of the 1937 Act and 24 C.F.R. 982.308, 982.451 and 983 Subpart E as necessary to implement the Agency's Annual MTW Plan;*

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

d. The Agency is authorized to implement term limits for HCV units designated as part of the MTW demonstration. *This authorization waives certain provisions of Sections 8(o)(7) and 8(o)(13)(F)-(G) of the 1937 Act and 24 C.F.R. 982 Subpart L and 983 Subpart E as necessary to implement the Agency's Annual MTW Plan.*

3. Eligibility of Participants

a. The Agency is authorized to determine income qualifications for participation in the rental assistance program that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations, as long as the requirements that i) at least 75 percent of those assisted under the demonstration are "very low-income" as defined in section 3(b)(2) of the 1937 Act, ii) substantially the same number of low-income persons are assisted under the demonstration as would be without the MTW authorizations contained herein, and iii) a comparable mix of families are assisted under the Agreement as would have been otherwise in Section I.C. of the MTW Agreement are met. *This authorization waives certain provisions of Sections 16(b) and 8(o)(4) of the 1937 Act and 24 C.F.R. 5.603, 5.609, 5.611, 5.628, and 982.201 as necessary to implement the Agency's Annual MTW Plan*; and

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

4. Waiting List Policies

The Agency is authorized to determine waiting list procedures, tenant selection procedures and criteria and preferences, including authorizing vouchers for relocation of witnesses and victims of crime that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. *This authorization waives certain provisions of Sections 8(o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act*

*and 24 C.F.R. 982 Subpart E, 982.305 and 983 Subpart F as necessary to implement the Agency's Annual MTW Plan.*

5. Ability to Certify Housing Quality Standards
The Agency is authorized to certify that housing assisted under MTW will meet housing quality standards established or approved by HUD. The certification form will be approved or provided by HUD. *This authorization waives certain provisions of Section 8(o)(8) of the 1937 Act and 24 C.F.R. 982, Subpart I as necessary to implement the Agency's Annual MTW Plan.*

6. Local Process to Determine Eligibility
The Agency is authorized to adopt a local process for determining whether units meet certain eligibility requirements, provided such requirements are part of the 1937 Act. *This authorization waives certain provisions of Section 8(o)(13) of the 1937 Act and 24 C.F.R. 983 Subpart D as necessary to implement the Agency's Annual MTW Plan.* This includes, but is not limited to, the following:

   a. The minimum expenditure requirement and the timing of rehabilitation and construction of units.

   b. The type of funds that may be used to rehabilitate or construct units.

   c. Procedures to determine whether or not units meet the Agency's requirements regarding rehabilitation and construction, including what information is required to be submitted by owners to the Agency.

7. Establishment of an Agency MTW Section 8 Project-Based Program
The Agency is authorized to develop and adopt a reasonable policy and process for project-basing Section 8 tenant-based leased housing assistance, which includes the components set forth below:

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

   b. The Agency is authorized to establish a reasonable competitive process or utilize an existing local competitive process for project-basing leased housing assistance at units that meet existing Housing Quality Standards, or any standards developed by the Agency pursuant to this MTW Agreement and approved by the Secretary, and that are owned by non-profit, or for-profit housing entities. *This authorization waives certain provisions of 24 C.F.R. 983.51 as necessary to implement the*

*Agency's Annual MTW Plan*;

c. The Agency is authorized to duly adopt, according to the requirements of local law, alternate standards for determining the location of existing, newly constructed or substantially rehabilitated housing to receive subsidy; provided, however, *that in lieu of the Site Selection Standards currently set forth in 24 C.F.R. Section 983.57*, the agency will comply with the following requirements:

   i. The Agency will comply with the Fair Housing Act and Title VI of the Civil Rights Act of 1964, and implementing regulations thereto, in determining the location of newly constructed or acquired public housing units.

   ii. Units may be located in the agency's jurisdiction, including within, but not limited to, the following types of urban areas: (1) an area of revitalization that has been designated as such by the governing jurisdiction, including Redevelopment Areas and Enhanced Enterprise Communities, (2) an area where public housing units were previously constructed and were demolished, (3) a racially or economically impacted area where the agency plans to preserve existing affordable housing, (4) in connection with a HOPE VI or other HUD funded master planned development, (5) in areas where a needs analysis indicates that subsidized housing represents a low percentage of the total number of housing units in the area, or (6) relocating units to an area with a lower concentration of public housing units.

   iii. Conduct a housing needs analysis indicating that there is a real need for the housing in the area; and

   iv. When developing or substantially rehabilitating six or more Section 8 project-based units, the agency will: (1) advise current residents of the subject properties and representative community groups in the vicinity of the subject property by letter to resident organizations and by public meeting, of the agency's revitalization plan; and (2) certify to HUD in its Annual MTW Report that the comments from Residents and representative community groups have been considered in the revitalization plan. Documentation evidencing that the agency has met the stated requirements will be maintained at the housing authority and submitted to HUD in its Annual MTW Report.

d. All units that receive project-based Section 8 assistance must meet either (i) existing HQS standards established by the Secretary or (ii) a local standard for communities receiving project-based Section 8 assistance developed by the Agency and approved by the Secretary pursuant to this MTW Agreement, as applicable. *This authorization waives certain provisions of Section 8(o)(8) of the 1937 Act and 24 C.F.R. 982 Subpart I as necessary to implement the Agency's Annual MTW Plan.*

8. Homeownership Program

a. The Agency is authorized to establish reasonable Section 8 homeownership programs that are not limited by the existing Section 8 homeownership requirements. *This authorization waives certain provisions of Section 8(o)(15) and 8(y) of the 1937 Act and 24 C.F.R. 982.625 through 982.643 inclusive as necessary to implement the Agency's Annual MTW Plan; and*

b. The Agency is authorized to permit current public housing residents who are on a merged waiting list to obtain a Section 8 homeownership voucher. *This authorization waives certain provisions of Sections 8(o)(15) and 8(y) of the 1937 Act and 24 C.F.R. 982.625 through 982.643 inclusive as necessary to implement the Agency's Annual MTW Plan.*

**E. Authorizations Related to Family Self Sufficiency**

The Agency is authorized to operate any of its existing self-sufficiency and training programs, including its Family Self-Sufficiency (FSS) Program and any successor programs exempt from certain HUD program requirements. These may include those requirements governing program size or participation, including whether to establish escrow accounts and other rent incentives and whether to establish mandatory self-sufficiency participation requirements. If the Agency receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator. In developing and operating such programs, the Agency is authorized to establish strategic relationships and partnerships with local private and public agencies and service providers to leverage expertise and funding. However, notwithstanding the above, any funds granted pursuant to a competition must be used in accordance with the NOFA and the approved application and work plan. *This authorization waives certain provisions of Section 23 of the 1937 Act and 24 C.F.R. 984 as necessary to implement the Agency's Annual MTW Plan.*

# ATTACHMENT D

## LEGACY AND COMMUNITY-SPECIFIC AUTHORIZATIONS

## TO
## AMENDED AND RESTATED MOVING TO WORK AGREEMENT
## BETWEEN
## U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
## AND THE
## HOUSING AUTHORITY OF PORTLAND

This Attachment D describes and authorizes activities which may be implemented by the Housing Authority of Portland (the "Agency") pursuant to the Amended and Restated MTW Agreement between the Agency and HUD dated MARCH 5, 2009, ~~2008,~~ which together with any and all attachments, exhibits, and appendices thereto is hereinafter referred to as the "Amended and Restated Agreement." Notwithstanding any other provision of this Amended and Restated Agreement the Agency is authorized as follows:

**Use of MTW Funds**

The Agency and HUD acknowledge that Section 204(a) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134) provides that an agency participating in the MTW demonstration program may combine public housing operating and capital funds provided under Section 9 of the U.S. Housing Act of 1937 (the "1937 Act") and voucher program funds provided under Section 8 of the 1937 Act "to provide housing assistance for low-income families, as defined in section 3(b)(2) of the 1937 Act, and services to facilitate the transition to work on such terms and conditions as the agency may propose and the Secretary may approve."

The Agency and HUD further acknowledge that the terms of the agreement under which the Agency participated in the MTW demonstration program prior to the Amended and Restated MTW Agreement (the "Original MTW Agreement") did not state that the use of such combined public housing operating and capital funds and voucher program funds (collectively, "MTW Funds") was restricted to those uses specified in Sections 8 and 9 of the 1937 Act.

The Agency and HUD hereby agree that they do not intend for the Amended and Restated MTW Agreement to limit or restrict the authority to use MTW Funds as provided by the Original MTW Agreement, that notwithstanding any language to the contrary, those provisions in this Agreement or its attachments that restrict the use of funds to Sections 8 and 9 are repealed, and the Agency may use MTW Funds to provide housing assistance for low-income families, as defined in section 3(b)(2) of the 1937 Act, and services to facilitate the transition to work, whether or not any such use is authorized by Sections 8 or 9 of the 1937 Act, provided such uses are consistent with other requirements of the MTW statute [i.e., including but not limited to the requirements to maintain a comparable mix of families and serve substantially the same number of families as would have been assisted if the Agency were not in the MTW demonstration, assuring that housing assisted under the demonstration meets housing quality standards

established or approved by the Secretary, that at least 75 percent of the families assisted be very low income families, that the agency has established a reasonable rent policy that is designed to encourage employment and self-sufficiency by participating families, that the requirements of sections 12 of the 1937 Act are applied to any housing assisted under the demonstration other than housing assisted solely because of occupancy by families receiving tenant-based assistance, and that Section 18 of the 1937 Act shall continue to apply to public housing notwithstanding the use of any use of the housing under the demonstration] and have been proposed in an Agency's Annual MTW Plan and approved by HUD.

Notwithstanding the above, such funds remain Federal funds, and are subject to any and all other Federal requirements outside of the 1937 Act (e.g., including but not limited to Appropriations Acts, competitive HUD notices of funding availability under which the Agency has received an award, state and local laws, Federal statutes other than the 1937 Act, and OMB Circulars and requirements), as modified from time to time.

## A. Administrative Issues.

1. Adoption of State of Oregon Investment Policies.
   The Agency is authorized to adopt State of Oregon Investment Policies that will allow the Agency the flexibility to invest its financial resources productively and efficiently, provided that these policies are consistent with applicable federal law and OMB circulars. The Agency shall invest only in securities authorized under the Oregon State Housing Authority Law described in ORS 456.120 and ORS 294.035.

2. Suspension of Current Evaluation and Reporting Requirements.
   The Agency is designated a high performing agency under the current Public Housing Assessment System (PHAS) regulation. The Agency will continue its designation as a high performing agency until such time as the Department adopts a new PHAS regulation and the Agency can be fully scored under that regulation. At that time the Agency will no longer be designated a high performer. Thereafter, should the Agency wish to obtain high performer status, it must elect to be scored under the new PHAS regulation. The Agency may propose an alternative evaluation methodology in lieu of the PHAS regulation for approval by the Department. Such a methodology shall at a minimum incorporate the indicators set forth in Section 6(j) of the 1937 Act, and shall utilize a third party to assess performance.

3. Mixed Finance Flexibilities.
   During the term of this Agreement, HAP is authorized to continue to implement its mixed finance program under all of the same terms and conditions applicable during its MTW Demonstration. As such, all HUD waivers and approvals obtained during the MTW Demonstration that allow the Agency to implement its mixed finance program consistent with the purposes of the MTW Demonstration shall continue to apply, including, but not necessarily limited to, the following:
   - The use of the Construction Manager General Contractor (CMGC) form of construction contracting permissible under state law for public agencies, provided

however that, if the CMGC undertakes any construction work itself, it must participate in a public bidding process;

- The Agency must ensure that the requirements contained in the General Conditions for Construction Form or General Conditions for Non-Construction Form (Form 5370 and Form 5370-C) are included in any solicitations for bids related to any construction or non-construction contractor that will be made by the Agency and paid for with assistance under this demonstration. Such conditions must be in any construction or non-construction contract entered into by the Agency. If a construction or non-construction contract is solicited by the Agency's Developer, Form 5370 and Form 5370-C are recommended but not required. The Developer may use any General Conditions form that has been approved by the American Institute of Architects.

4. Utility Costs.
The Agency is authorized to devise more cost effective methods of controlling and reducing utility costs in housing authority paid units and, specifically, to terminate the practice of establishing a surcharge for excess utilities in those units as outlined in 24 CFR 965.506. To the extent that these changes result in an increase in rent paid by residents, the Agency will assure that the procedures regarding rent policies in the Amended and Restated Agreement are followed.

**B. Authorizations Related to Both Public Housing and Section 8 Housing Choice Vouchers.**

1. Single Fund Budget with Full Flexibility.
In addition to the items in Section B.1.b. of the Statement of Authorizations (Attachment C), the following are added: "ix. The operation, development or preservation of locally-developed housing programs." HAP is further authorized to maintain a reasonable operating reserve consistent with sound public and private housing management practices, however, no replacement reserve may be maintained.

2. Rent Structure and Rent Reform.
The Agency may adopt and implement any reasonable policies for setting rents for public housing, or rents or subsidy levels for tenant-based assistance, notwithstanding the U.S. Housing Act of 1937, provided that the Agency submits the policy to HUD annually, and upon any material change to the policy, and provided that:

   a. The Agency's board approves of the policy, and any material changes, and approves an analysis of the impact of the policy on current households, and on households on the waiting list, including an analysis of the severity of rent burdens on such households that would have rent burdens greater than 30 percent of adjusted income;

   b. The Agency reevaluates its rent and subsidy level policies annually, including preparing a revised impact analysis;

   c. The Agency adopts a policy for addressing hardship cases;

d. The Agency provides a reasonable transition period for rent increases for existing tenants; and

e. A public hearing is held regarding the policy.

The rent policy, or any material changes to the rent policy, will be effective upon submission to HUD of a board resolution as provided above.

3. Local Unit Based Subsidy Program.

The Agency is authorized to develop a Local Unit-based Subsidy Program that incorporates reasonable policies and procedures for unit-basing the Agency's single fund budget. Approved activities include, but are not limited to the following:

a. Agency is authorized to unit-base single fund budget subsidy at buildings owned by Agency or a subsidiary of Agency that meet HQS standards, subject to HUD requirements regarding subsidy layering.

b. Agency is authorized to establish a protocol for negotiating contracts for unit-basing single fund budget subsidy for units that meet HQS standards and that are owned by non-profit, or for-profit housing entities in Portland. The protocol will establish criteria for the selection and approval of housing entities with which to negotiate standard unit-based contract terms and conditions and a plan for publicizing the availability of such assistance within the for profit and nonprofit development community. The protocol will establish a reasonable competitive process for selecting unit-based units.

c. As part of its criteria for the selection and approval of units and housing providers, the Agency may adopt selection criteria for units to be included in the unit-based subsidy program based upon the following factors:

- The Agency may determine the types of units that may receive local unit-based subsidy, which may include units not permitted under Sections 8 or 9 of the 1937 Act or its implementing regulations.
- The Agency may determine the minimum expenditure requirement and the timing of rehabilitation and construction of units.
- The Agency may determine the type of funds that may be used to rehabilitate or construct units.
- The Agency may adopt its own procedures to determine whether or not units meet the Agency's requirements regarding rehabilitation and construction including what information is required to be submitted by owners to the Agency.
- The Agency shall ensure that all local unit-based subsidy units that are undergoing rehabilitation as well as any newly constructed units, which are constructed, as part of the local unit-based subsidy program shall comply with the requirements set forth in 24 CFR § 8.22, 8.23, and 8.32. In addition, where applicable, any newly

constructed units which are part of the local unit-based subsidy program will also comply with the design and construction requirements of the Fair Housing Act.

## C. Authorizations Related to Public Housing Only.

1. Mixed Income Program.
   The Agency is authorized to create a mixed income program in Public Housing as follows:

   a. A portion of the families in a public housing development will receive housing choice voucher assistance.

   b. The assisted families may use their vouchers to continue living in their public housing units or rent private housing elsewhere.

   c. ACC funds attributable to public housing will be applied to purposes authorized under MTW.

   d. When vacated by families, improvements may be made to the units if needed to make them attractive to unassisted families.

   e. Rent from the unassisted families will be used to offset costs of the development.

2. Site-Based or Geographic Waiting Lists.
   The waiting list(s) described in Attachment C, Section C.1 may include, without limitation, site-based or geographic area waiting list(s).

## D. Authorizations Related to Section 8 Housing Choice Vouchers Only

1. Establishment of a Local Section 8/Housing Choice Voucher Program.
   The Agency may be authorized to determine the following for a Local Section 8/Housing Choice Voucher Program: The content of contract rental agreements.

2. Revise Section 8 Inspection Procedures.
   Subject to HUD approval, the Agency is authorized to revise its tenant-based Section 8 inspection procedures with respect to owners of single-room occupancy buildings who have a record of high performance on previous inspections, and in newly constructed buildings. The Agency is further authorized to devise a system, which shall be approved by HUD, of monitoring and quality control in an effort to attract landlords to the program, increase participants' choice of units and location, and reduce the Agency inspection costs.

**E. Authorizations Related to Family Self Sufficiency.**

Nothing in Section E of Attachment C. *Statement of Authorizations*, shall limit the following components of the Agency's family self-sufficiency program: 1) the requirement that residents must leave public housing or Section 8 housing at graduation in order to access their escrow; and 2) the establishment of term limits for residents participating in the self-sufficiency program.

# FIRST AMENDMENT
# TO THE
# MOVING TO WORK AGREEMENT

This First Amendment to the Moving to Work (MTW) Agreement ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and Housing Authority of Portland ("Agency") and is effective as of the effective date of the MTW Agreement, as defined below. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

## AGREEMENT

1. **Termination.** Termination of the Agreement by HUD in accordance with Section IV of the MTW Agreement may only occur in accordance with the default and cure provisions of Section VIII of the Agreement, as modified by this First Amendment. The second sentence of Section VIII of the Agreement is deleted and replaced with the following: "HUD will give the Agency written notice of any default which shall identify with specificity the measures which the Agency must take to cure the default."

2. **Remedies and Due Process.** HUD must follow all applicable statutory and regulatory requirements relating to any defaults and enforcement actions pertaining to this Agreement.

3. **Evaluation of MTW Demonstration.** If developed by HUD, HUD's evaluation plan for the MTW Demonstration may be reviewed by the Agency in advance of implementation by HUD. The Agency has thirty (30) days to review the evaluation criteria and any objections to the evaluation will be forwarded to HUD for further consideration.

4. **Extension of Successful Demonstration Initiatives**. HUD will consider extending successful demonstration activities beyond the term of the MTW demonstration where legally permissible. To the extent that MTW activities will not continue past the term of the demonstration, the Agency shall fully cooperate with HUD in developing and implementing a transition plan for terminating the Agency's MTW demonstration program and providing for the continued administration of the public housing and Section 8 programs, as applicable.

5. **Section I.E.** Section I.E. of the Agreement is deleted.

6. **Local Asset Management Program Within MTW**. Section II.F. of the Agreement is deleted and the following is substituted in lieu thereof:

**F. Local Asset Management Program.**

1. The Agency may design and implement a local asset management program for its Public Housing Program and shall describe such program in its Annual MTW Plan (or in its Annual MTW Report, if the Agency deems it appropriate). For purposes of this

Agreement, the term "Public Housing Program" means the operation of properties owned or subsidized by the Agency that are required by the U.S. Housing Act of 1937 (42 U.S.C. 1437, et seq.) to be subject to a public housing declaration of trust in favor of HUD. The Agency's local asset management program shall include a description of how it is implementing property-based management, budgeting, accounting, and financial management and any deviations from HUD's asset management requirements, as described below. The Agency may use the Annual MTW Report to provide information on asset management fees, including documentation in support of fees, allocation methodologies, indirect cost rates, and related items in support of the Agency's local asset management program for its Public Housing Program. The Agency agrees that as part of its local asset management program it will adopt cost accounting and financial reporting methods that comply with OMB Circular A-87 (regarding cost allocation, and hereinafter, "A-87"), OMB Circular A-133 (regarding audit requirements), and generally accepted accounting practices ("GAAP").

2. HUD and the Agency agree that the following principles and understandings apply to the Agency's local asset management program for its Public Housing Program:

   a. Costs incurred by the Agency under this Agreement must be necessary and reasonable, meet the statutory objectives of the MTW program, and be consistent with the single-fund budget authority described in this Agreement.

   b. Under A-87, there is no universal rule for classifying costs as either direct or indirect. A cost may be direct with respect to some specific service or function, but indirect with respect to the final cost objective.

   c. Costs shall be accorded consistent treatment. A cost may not be assigned as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated as an indirect cost; each item of cost will be treated consistently in like circumstances as either a direct or indirect cost.

   d. Costs shall be determined in accordance with GAAP.

   e. Costs must be adequately documented, as agreed upon by HUD and the Agency.

   f. Requirements under 24 CFR 990.280 (b) (5) and other HUD guidance pertaining to excess cash flow for purposes of fungibility among projects will not apply to the Agency. The Agency will retain full authority to move MTW funds and project cash flow among projects, without limitation, under its local asset management program.

   g. The Agency agrees that in designing its local asset management program for its Public Housing Program, it will use HUD's asset management requirements (such as the chart of accounts, balance sheet, and direct/indirect cost determinations) as a starting point; provided, however, that the Agency may, in its discretion, deviate from such requirements if it describes such deviations and the reasons for such deviations in its local asset management program.

h. HUD shall modify the systems and reports described in Section 2 below, to accommodate any differences between HUD asset management requirements and the Agency's local asset management program.

i. If the Agency implements a fee-for-service approach, then HUD shall consider the Agency's fee income to be de-federalized.

3. **Period of Experimentation**. The Agency may use its local asset management program to test and develop accounting practices designed to support and complement the fungibility of public housing and voucher funds that may be combined under the MTW demonstration program ("MTW Funds") and the programmatic flexibility provided under the MTW program. This period of experimentation for its Public Housing Program shall be available to the Agency until the negotiated rule making authorized in 24 CFR 990 is completed and a rule adopted. At that time, HUD and the Agency shall mutually determine the effect of said rulemaking on such cost accounting system, and how such a system can be continued.

4. **Identification of Cost Approach Under A-87.** The local asset management program will describe the Agency's cost accounting system. Cost accounting options available to the Agency include:

a. **Fee-for-service methodology.** The Agency may establish a fee-for-service methodology that:

i. Is consistent with 24 CFR Part 990 (with respect to operating funds for the Public Housing Program), uses property level management, accounting, and budgeting, and establishes a Central Office Cost Center (COCC);

ii. With such justification as is required by A-87, allows for fees that exceed the levels set forth by HUD asset management requirements with respect to operating funds for the Public Housing Program;

iii. Allows the Agency to apply local determinations with respect to front line, prorated, and shared resources, fee costs, and other aspects of such requirements, to meet the objectives of the MTW program. Such determinations, when they differ from HUD's requirements, must be specifically noted in the Agency's local asset management program;

iv. In making local determinations with respect to front line and fees, the Agency acknowledges that cost must be treated in a consistent manner; and

v. When fees established by the Agency exceed HUD guidelines the Agency agrees to justify such fees and that the Agency's annual audit shall include a review and test of fee reasonableness.

b. **Indirect cost rate methodology.** In accordance with A-87, the Agency may elect to establish a cost allocation methodology, instead of a fee-for-service methodology, to allocate direct and indirect costs and establish an indirect cost rate.

The cost allocation plan along with the indirect cost rate shall be described in the local asset management program. The Agency agrees to justify the indirect cost rate established and that the Annual Audit shall include a review and test of the rate's reasonableness.

5. **Establishment of Cost Objectives under MTW**

a. **Multiple cost objectives.** If the Agency establishes multiple cost objectives (such as separate cost objectives for public housing properties, vouchers, capital funds, and services) under its MTW agreement, it may elect to use a fee-for-service methodology for one objective and an indirect cost rate methodology for other objectives, provided that the same cost objective may not use both a fee-for-service and a cost allocation/indirect cost rate methodology.

b. **Option for a Single Cost Objective.** In accordance with A-87, the Agency may propose in the Annual MTW Plan that its MTW program is a single cost objective and may establish a cost accounting plan that uses a single indirect cost rate for the entire MTW program, which may include operating funds provided for the Public Housing Program. In doing so, the Agency agrees to provide a description of the cost accounting plan as part of its local asset management program, including how the indirect cost rate is determined (such as the grouping of costs and distribution base), and how that rate is applied across major functions. Use of such a single cost objective is subject to the Annual MTW Plan or Report approval process.

7. **Financial Reporting.** The Agency agrees to describe how it has assigned costs as part of its local asset management program in its Annual MTW Plan. The Agency agrees that irrespective of the cost accounting method selected above, a project-level accounting system will be used to track costs at the asset management property level. Any differences between the local asset management program and HUD's asset management requirements will be described in its AnnualMTW Plan and Report in order to facilitate recording of actual property costs and submission of such cost information to HUD.

The Agency agrees to submit information to HUD through the following reporting systems, provided that HUD, in cooperation with the Agency, shall modify such systems, as necessary, so that they are capable of accepting reports from the Agency, as to both form and content, in a manner that is consistent with the Agency's authorizations under this Agreement and with the implementation of MTW:

(a) PIH Information Center (PIC);
(b) Voucher Management System (VMS);
(c) HUD Financial Data Schedule (FDS) on an annual basis; and
(d) The Annual Audit, with necessary supplemental schedules.

All such reporting shall be to the extent necessary for the Agency to report MTW activities consistent with the MTW Agreement. Should a report not be modified for MTW the Agency will continue to submit information through the Annual MTW Plan and Report.

The Agency may, in satisfaction of the annual audit requirement, submit its independently audited Comprehensive Annual Financial Report (CAFR), prepared consistent with its MTW financial structure and GAAP, and including supplemental un-audited balance sheets and income and expense statements for public housing properties.

All reporting under this section shall be subject to and shall not interfere with the Agency's right to combine and use public housing operating funds, public housing capital funds, and Section 8 voucher funds for the activities and in the manner described in the MTW Agreement.

HUD shall not limit through any asset management requirements or otherwise, including through any other provision of this Addendum or the MTW Agreement to the extent there is a conflict with this Attachment D, the Agency's ability (as provided in the MTW Agreement), to use a single fund budget as an authority-wide funding source for MTW activities.

8. **Other Reporting.**

**Annual Plan and Report Under Attachment B.** HUD affirms that it has obtained Office of Management and Budget ("OMB") approval for the information collection currently required by Attachment B to the Agency's Original MTW Agreement (HUD Form 50900, OMB Control Number 2577-0216; and hereafter, "Original Attachment B"). The Agency is not required to use the Attachment B to this Agreement (hereafter, "Revised Attachment B"), until such time as HUD has obtained approval from OMB of such Revised Attachment B.

Subject to the paragraph immediately above, the Agency agrees to submit information in accordance with Revised Attachment B for the fiscal year following such OMB approval; provided, however, that:

i. if OMB does not approve a Revised Attachment B at least 120 days prior to the date for submission of the MTW Plan, then the Agency may defer compliance with Revised Attachment B until submission of the Annual MTW Plan and Report in the subsequent fiscal year;

ii. the Annual MTW Report for a given fiscal year will use the same form of Attachment B as was used for that fiscal year's Annual MTW Plan; and

iii. the Agency and HUD agree to use the first submission of Revised Attachment B to identify any problems and potential improvements in its use, as to both form and substance, and that HUD and the Agency will work together to modify Revised Attachment B, as necessary, in order to improve it as an information tool for subsequent fiscal years. The Agency and HUD further agree that Revised Attachment B may require modifications in subsequent years of the MTW Agreement and that HUD will facilitate a process to solicit comments from the Agency and modify Revised Attachment B as necessary.

**CFDA Number.** HUD affirms that it has received a Catalog of Federal Domestic Assistance ("CFDA") number from OMB for the MTW program. HUD will create a corresponding compliance supplement to assist auditors in performing the required audits of the Agency. HUD will develop such compliance supplement in consultation with the Agency and shall direct, and hereby does direct, any auditor of the Agency to consider such supplement and other related

supplements and OMB Circulars in determining the compliance requirements that could have a direct and material effect on the Agency's participation in the MTW program. The MTW compliance supplement issued by HUD shall have an effective date that provides the Agency with sufficient notice for implementation.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their duly authorized representatives.

THE HOUSING AUTHORITY OF

_____

By: _____

Its: Executive Director

Date: 3.5.09

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: _____

Its: Assistant Secretary

Date: 3/9/09

# SECOND AMENDMENT TO

# MOVING TO WORK AGREEMENT BETWEEN U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND HOUSING AUTHORITY OF PORTLAND

This Second Amendment to the Amended and Restated Moving to Work ("MTW") Agreement dated March 5, 2009 ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and the Housing Authority of Portland ("Agency") and is effective as of the date of execution by HUD. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

Attachment A of the Agreement is amended as follows:

## Repeal of Amendment 1 of Attachment A:

On January 13, 1999, HUD and the Agency executed an MTW Agreement, including an Attachment A, titled "Calculation of Subsidies." On March 28, 2003, HUD and the Agency executed an MTW Amendment (Amendment No. 1) which amended Section 3 of Attachment A. This Second Amendment repeals Section 3 (pages 4 and 5) of Attachment A as amended and in its entirety and the following is substituted in lieu thereof.

## Attachment A – Calculation of Subsidies

### Section 3, pages 4 and 5, Section 8 Tenant Based Assistance

3. **Section 8 Tenant Based Assistance**

**Units Eligible for Inclusion in Flexible Block Grant**

a) Incremental voucher funding placed under ACC on or after April 1, 2002 will be incorporated into HAP's MTW unless such use violates the terms of the appropriation. Previously excluded special purpose voucher increments expiring on or after April 1,2002, and special purpose voucher increments placed under ACC on or after April 1, 2002, may convert to MTW upon expiration of the initial funding period if no violation of appropriations requirements will result.

**Calculation of Subsidies for Reinstatement of MTW Flexible Block Grant**

**a) Initial funding for calendar year 2010 MTW Flexible Block Grant will be calculated according to the following criteria:**

1. The housing assistance baseline was calculated pursuant to the 2004 Appropriations Act using verified leasing cost data and adjusted by the Annual Adjustment Factors (AAF) as published by HUD for the Housing Choice Voucher (HCV) program.

2. The baseline was adjusted by HUD for incremental vouchers issued from January 1, 2004 through December 31, 2009.

3. 2009 Housing Assistance Payment (HAP) eligibility baseline to be used for future funding eligibility calculations was calculated by HUD, and agreed to by the Housing Authority of Portland, to be $53,343,882. (See Appendix A)

4. For 2010 and future years, HAP eligibility will be based on the 2009 eligibility amount in #3 above, adjusted by the annual published renewal funding AAF and subject to applicable prorations.

5. First time renewal of new voucher increments – Funding will be provided for the first time renewal of new voucher increments, based on the then-current MTW per unit cost. Funding will also be added to the base for prior year first time renewals not represented in the base for 12 months.

HOUSING AUTHORITY OF PORTLAND

By _____

Chair of the HAP Board

Date of Execution by Agency 6/14/10

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

for By _____

Its Assistant Secretary

Date of Execution by HUD 7/19/2010

# THIRD AMENDMENT TO

## MOVING TO WORK AGREEMENT
## BETWEEN
## U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
## AND
## HOUSING AUTHORITY OF PORTLAND

This Third Amendment to the Amended and Restated Moving to Work ("MTW") Agreement dated March 5, 2009 ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and the Housing Authority of Portland ("Agency") and is effective as of the date of execution by HUD. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

Attachment A to the Agreement is amended as follows:

**The following language is added to the end of Section 3 of Attachment A to the MTW Agreement:**

For purposes of the Housing Choice Voucher Program (HCVP) administrative fee funding, the Initial Year is calendar year 2011 (January 1, 2011 through December 31, 2011).

Administrative Fee eligibility will be based on voucher leasing during the base period, defined as the calendar year immediately preceding the initial year. For the initial period (CY), the fee eligibility will be calculated by applying the current year's administrative fee rates to that base period's leasing. For subsequent years, the fees will be based upon applying each subsequent year's administrative fee rates to the base period's leasing. This methodology will apply only to those vouchers for which administrative fees are not already included in a combined calculation of both housing assistance and administrative fees. In every year, fee eligibility will be pro-rated at the same level as applies to all other agencies. Administrative fees for vouchers added to the agency's inventory after the base period will be paid according to each year's appropriation requirements.

HOUSING AUTHORITY OF PORTLAND

By _____
Chair of the HAP Board

Date of Execution by Agency 09/21/2010

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

for By Deborah Hernandez
Sandra B. Henriquez

Its _____

Date of Execution by HUD 1/18/11

# FOURTH AMENDMENT TO

# MOVING TO WORK AGREEMENT
# BETWEEN
# U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
# AND
# HOUSING AUTHORITY OF PORTLAND

This Fourth Amendment to the Amended and Restated Moving to Work ("MTW") Agreement dated March 5, 2009 ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and the Housing Authority of Portland ("Agency") and is effective as of the date of execution by HUD. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

Attachment D to the Agreement is amended as follows:

**The following language is added to Section A. of Attachment D to the MTW Agreement:**

**5. Use of Replacement Housing Factor Funds for Development**

The Agency and HUD acknowledge that Section B(1)(a) of Attachment C of this Agreement regarding the ability to combine funds awarded annually pursuant to Section 8(o), 9(d) and 9(e) of the U.S. Housing Act of 1937 ("1937 Act") into a single, authority-wide funding source ("MTW Funds") is inclusive of replacement housing factor ("RHF") funds provided for at 24 CFR 905.10(i) provided the conditions detailed below are met. The Agency may exercise one of the following options in the administration of RHF funds.

1) Option 1: The Agency may administer its RHF awards outside of its MTW Funds. These funds must be used in accordance with RHF requirements and may accumulate under an approved RHF Plan or be subject to the two-year obligation and four year expenditure deadlines. The Agency would be eligible for second increment RHF funds, which would be administered outside of the agency's MTW Funds.

2) Option 2: The Agency may combine its first increment RHF funds in its MTW Funds and use the funds for any purpose allowable in this Agreement and approved in an MTW Plan, as detailed in Section B(1)(e) of Attachment C of this Agreement. Obligation and expenditure requirements of Section 9(j) of the 1937 Act still apply to these funds. If administering first increment RHF funds in this way, the Agency forgoes eligibility for second increment RHF funds.

3) Option 3: If the Agency combines its first increment RHF funds in its MTW Funds pursuant to Option 2, but wants to receive a second increment of RHF funds, while the Agency may use the funds for any purpose allowable in this Agreement and approved in an MTW Plan, the Agency must spend a portion of its MTW Funds for construction of new public and/or affordable housing. The amount of MTW Funds the Agency must spend on construction of new public and/or affordable units must be equal to or greater than the total amount of RHF funds included in the MTW Funds. In addition, the number of new public and/or affordable units it constructs must be equal to or greater than the number of public housing units the Agency would have developed if it had not included its RHF funds in its MTW Funds. This is referred to as the "Proportionality Test." [For example, if an Agency deposits $500,000 of RHF funds in its MTW Block Grant, the Agency must spend at least $500,000 of its MTW Block Grant funds on the construction of new public and/or affordable housing. The specific number of new public and/or

affordable housing units that must be constructed is determined by dividing $500,000 by the Total Development Cost (TDC) limit applicable to the type of new units being developed. For example, if the Agency is developing 2-bedroom townhomes and the TDC for these types of units is $220,000, the Agency must construct a minimum of three new 2-bedroom townhomes ($500,000 divided by $220,000 = 2.7.) This calculation must be done for each year that RHF funds are received by the PHA and included in the MTW Block Grant.]

i) The applicable TDC will be either the HUD TDC limit for the year in which construction of the units commences or an alternate TDC approved by HUD as part of the MTW approval process.

ii) The new public and/or affordable units required to be developed may be developed directly by the Agency or developed through a Mixed-Finance transaction.

iii) Any project which includes construction of public housing units must be approved by HUD following either the Development process (units owned by the Agency) or the Mixed-Finance process (units owned by an entity other than the Agency).

iv) The Agency must show significant progress on construction of the new public and/or affordable units required during the first increment of RHF funds in order to receive the second increment of RHF funds.

v) If an Agency chooses to include second increment RHF funds in its MTW Block Grant, then second increment RHF funds will be subject to the Proportionality Test and the same requirements as first increment funds regarding the amount of MTW Block Grant funds that must be spent on the construction of new public and/or affordable housing and the number of units which must be constructed.

vi) Leveraging requirements still apply to the second increment RHF funds.

vii) The 2-year obligation and 4-year expenditure deadlines are still applicable to both the first and second increment RHF funds deposited into the MTW Block Grant.

viii) The new units constructed must be consistent with the MTW Statute and Agreement. In order to develop affordable (non-public housing) units, an Agency must have received prior HUD authority to implement local, non-traditional activities.

ix) Prior to implementing Option 3, an Agency must amend their MTW Agreements to allow for deposit of RHF Funds in the MTW Block Grant and the receipt of second increment RHF Funds (a standard HUD Amendment must be used).

x) Prior to implementing Option 3, an Agency must include the development of the new public and/or affordable units in their MTW Plan and include RHF funds in Section 7, the Sources and Uses Chart.

xi) As long as the Agency has included in its MTW Plan the construction of the new public and/or affordable units and its intention to combine RHF funds in the MTW Block Grant and receive second increment RHF funds, the Agency does not need to submit an RHF Plan to HUD. However, the MTW Plan must include the information required in an RHF Plan, as prescribed by HUD.

affordable housing units that must be constructed is determined by dividing $500,000 by the Total Development Cost (TDC) limit applicable to the type of new units being developed. For example, if the Agency is developing 2-bedroom townhomes and the TDC for these types of units is $220,000, the Agency must construct a minimum of three new 2-bedroom townhomes ($500,000 divided by $220,000 = 2.7.) This calculation must be done for each year that RHF funds are received by the PHA and included in the MTW Block Grant.]

i) The applicable TDC will be either the HUD TDC limit for the year in which construction of the units commences or an alternate TDC approved by HUD as part of the MTW approval process.

ii) The new public and/or affordable units required to be developed may be developed directly by the Agency or developed through a Mixed-Finance transaction.

iii) Any project which includes construction of public housing units must be approved by HUD following either the Development process (units owned by the Agency) or the Mixed-Finance process (units owned by an entity other than the Agency).

iv) The Agency must show significant progress on construction of the new public and/or affordable units required during the first increment of RHF funds in order to receive the second increment of RHF funds.

v) If an Agency chooses to include second increment RHF funds in its MTW Block Grant, then second increment RHF funds will be subject to the Proportionality Test and the same requirements as first increment funds regarding the amount of MTW Block Grant funds that must be spent on the construction of new public and/or affordable housing and the number of units which must be constructed.

vi) Leveraging requirements still apply to the second increment RHF funds.

vii) The 2-year obligation and 4-year expenditure deadlines are still applicable to both the first and second increment RHF funds deposited into the MTW Block Grant.

viii) The new units constructed must be consistent with the MTW Statute and Agreement. In order to develop affordable (non-public housing) units, an Agency must have received prior HUD authority to implement local, non-traditional activities.

ix) Prior to implementing Option 3, an Agency must amend their MTW Agreements to allow for deposit of RHF Funds in the MTW Block Grant and the receipt of second increment RHF Funds (a standard HUD Amendment must be used).

x) Prior to implementing Option 3, an Agency must include the development of the new public and/or affordable units in their MTW Plan and include RHF funds in Section 7, the Sources and Uses Chart.

xi) As long as the Agency has included in its MTW Plan the construction of the new public and/or affordable units and its intention to combine RHF funds in the MTW Block Grant and receive second increment RHF funds, the Agency does not need to submit an RHF Plan to HUD. However, the MTW Plan must include the information required in an RHF Plan, as prescribed by HUD.

xii) The Agency must include in its annual MTW Report an update on the amount of RHF funds included in the MTW Block Grant, the amount of funds spent on construction of new public and/or affordable housing, the number of units being constructed, and the status of construction. The Agency must show significant progress on construction of units during the first increment of RHF funds in order to receive second increment RHF funds.

Notwithstanding the above, such funds remain Federal funds, and are subject to any and all other Federal requirements outside of the 1937 Act (e.g., including but not limited to Appropriations Acts, competitive HUD notices of funding availability under which the Agency has received an award, state and local laws, Federal statutes other than the 1937 Act, and OMB Circulars and requirements), as modified from time to time.

IN WITNESS WHEREOF, the parties have caused this Fourth Amendment to be executed by their duly authorized representatives.

HOUSING AUTHORITY OF PORTLAND

By Harriet Cormack

Chair of the HAP Board

Date of Execution by Agency 3.19.13

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By _____

Its Assistant Secretary

Date of Execution by HUD 05/09/2013

# FIFTH AMENDMENT TO

## MOVING TO WORK AGREEMENT
## BETWEEN
## U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
## AND
## HOUSING AUTHORITY OF PORTLAND

This Fifth Amendment to the Amended and Restated Moving to Work Agreement ("Fifth Amendment") is entered into as of SEPTEMBER 26, 2013 by and between the United States of America through the U.S. Department of Urban Development ("HUD") and the Housing Authority of Portland (the "Agency"). Reference is made to that certain Amended and Restated Moving to Work Agreement entered into by HUD and the Agency on March 5, 2009 (the "MTW Agreement"), including, without limitation, Attachment A thereof ("Attachment A"). Unless otherwise defined in this Fifth Amendment, any capitalized term used herein shall have the meaning ascribed to it in the MTW Agreement.

HUD and the Agency hereby agree as follows:

1. Section 1.B. of Attachment A is hereby deleted and replaced with the following:

   "UMAs cannot exceed those UMAs under ACC at the time of this Amendment, determined to be 33,084 (representing 2,757 units). The Agency may remove units in accordance with Section 18 of the United States Housing Act of 1937 and in accordance with the additional requirements set forth in Section 1.D., and subsequent to June 21, 2013, draw down UMAs up to 33,084 provided that the Agency does not receive Section 8 replacement housing for units removed from inventory and provided that the Agency remains accountable for serving substantially this number of households."

2. This Fifth Amendment is effective with respect to funds for federal fiscal year 2013 and future federal fiscal years through the end of the Agency's fiscal year ending in 2018.

HOUSING AUTHORITY OF PORTLAND

By Harriet Cormack

Chair of the HAP Board

Date of Execution by Agency 9/4/13

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By _____

Its Assistant Secretary
~~Public and Indian Housing~~

Date of Execution by HUD 09/26/2013

**SIXTH AMENDMENT**

**TO**

**AMENDED AND RESTATED MOVING TO WORK AGREEMENT AMENDING ATTACHMENT A (CALCULATION OF SUBSIDIES) FOR THE RENTAL ASSISTANCE DEMONSTRATION (RAD)**

**BETWEEN**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**AND**

**HOME FORWARD**

This Sixth Amendment to the Moving to Work ("MTW") Agreement ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and Home Forward ("Agency") to amend the Agency's Attachment A dated October 16, 2008 and extended on April 14, 2016 through the Agency's fiscal year 2028, and is effective on the date of execution by HUD. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

Attachment A is amended as follows:

1. The following is added to the **Definitions** section:

   **RAD Adjustment Factor:** The Agency's annual operating subsidy eligibility amount will be reduced by application of the RAD Adjustment Factor each year. An amount is calculated for each project or portion of a project (RAD Project) converted under the RAD Notice through the end of each calendar year immediately preceding the funding year by multiplying each RAD Project's Operating Subsidy component of the RAD contract rent calculation on a per unit month (PUM) basis (as determined by HUD) by the number of units converted under the RAD Notice. For each RAD project, the product of the foregoing calculation will then be inflated using OCAF for each year after the Operating Subsidy funding year from which the RAD rent is calculated. The resulting amount for each RAD project will then be summed. The sum will then be annualized by being multiplied by 12 to derive the RAD Adjustment Factor.

2. The following language is added at the end of Section 1. A:

   The RAD Adjustment Factor will then be subtracted from Agency's annual operating subsidy eligibility calculated in accordance with the foregoing formula in this Attachment A. The RAD Adjustment Factor will be calculated each year, and subtracted from the Agency's annual operating subsidy eligibility as part of the annual operating subsidy process.

3. Section 1.B., titled **"Unit Months Available (UMAs)"** is replaced as follows:

UMAs cannot exceed those 33,084 UMAs established pursuant to the Fifth Amendment, and as later adjusted pursuant to Attachment A. UMAs will be reduced by the number of units converted under the RAD Notice. The Agency may draw down additional UMAs up to 33,084 UMAs, provided that the Agency did not receive Section 8 replacement housing, or that these units have not converted under the RAD Notice; and, provided that the Agency remains accountable for serving substantially the same number of households.

For purposes of calculating the non-utility portion of the operating subsidy calculation only, the number of unit months for units converted under the RAD Notice and included in the RAD Adjustment factor (calculated by multiplying the number of units by 12) shall be included as part of the calculation.

4. Section 1.D. is replaced as follows:

For any units demolished during the term of this agreement, except for those units demolished in connection with a RAD conversion, the Agency will have the following options:

- Retain the UMAs by serving the same number of eligible families and not receive transitional funding or Section 8 replacement housing;
- Apply for Section 8 replacement housing. Once received, the Agency will no longer be eligible for transitional funding and will reduce its UMAs; or
- Receive transitional funding, but not Section 8 funding. The UMAs will then be reduced as the transitional funding becomes effective.

The Agency may include in its Operating Subsidy calculation eligibility for transition funding for disposition, except for units disposed of in connection with a RAD conversion, based upon 24 CFR 990, beginning in 2014.

5. Section 1.G. is added as follows:

In the event that all of the Agency's public housing units are converted under RAD or otherwise removed from inventory (e.g. removed via Section 18), operating subsidy will cease to be provided under this Attachment beginning with the first Calendar Year (CY) after RAD conversion or demolition or disposition of the final public housing unit.

6. Section 3 of Attachment A is amended by replacing the language under the heading "Second and Subsequent Years of MTW Participation" with the following:

a. Multiply the total MTW renewal funding eligibility established in the previous year (excluding reserves) by the annual inflation factor established for the calculation of renewal of Section 8 contracts, and subject to the applicable proration factor percentage, to arrive at the current year's inflation-adjusted Section 8 MTW funding. In each

subsequent year, the renewal inflation factors will be applied to the prior year's per unit funding eligibility prior to proration, adjusted by the applicable pro-ration factor for that subsequent year. In addition, any vouchers received as part of a RAD conversion shall be added to the Section 8 ACC via funding of $1 for the remainder of the CY in which they are awarded. HUD will issue a new increment of voucher funding in the first full Calendar Year following a RAD conversion. These amounts will be renewed in subsequent years based on the per unit funding of the increment award, adjusted via the renewal inflation factor and the applicable proration factor percentage.

b. Administrative fees for RAD vouchers will be earned per each year's posted administrative fee rates and RAD vouchers under lease each month. Fees for RAD vouchers will be prorated at the same level that applies to all non-MTW agencies.

IN WITNESS WHEREOF, the parties have caused this Amendment to Attachment A to be executed by their duly authorized representatives.

HOME FORWARD

By: _____

Name: Michael Buonocore
Its: Executive Director

Date: 9/29/17

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: _____

Name: Dominique Blom
Its: General Deputy Assistant Secretary

Date: 10/19/17

**SEVENTH AMENDMENT**

**TO**

**AMENDED AND RESTATED MOVING TO WORK AGREEMENT**

**BETWEEN**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**AND**

**HOUSING AUTHORITY OF PORTLAND (HOME FORWARD)**

This Seventh Amendment to the Moving to Work ("MTW") Agreement ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and Housing Authority of Portland (Home Forward) ("Agency") and is effective on the date of execution by HUD following execution by the PHA. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

This Amendment replaces the language in authorizations D.1.f., D.5., D.7.a. and D.7.d of Attachment C as follows:

1. **Section D.1.f. of Attachment C is replaced with the following language:**

   f. The Agency is authorized to determine property eligibility criteria, including types of units currently prohibited by Section 8 regulations and shared living facilities, subject to HUD's subsidy layering requirements. The Agency may also waive the independent entity requirements for PHA-owned units. If the Agency chooses to use this authorization, it will need to provide a transition plan to both the affected residents and HUD prior to the end of the demonstration. *This authorization waives certain provisions of Sections (8)(o)(11) and 8(p) of the 1937 Act and 24 C.F.R. 983.53-54, and 982 Subparts H and M as necessary to implement the Agency's Annual MTW Plan.*

2. **Section D.5. of Attachment C is replaced with the following language:**

   5. Ability to Certify Housing Quality Standards

   The Agency is authorized to certify that housing assisted under MTW will meet housing quality standards established or approved by HUD. The certification form will be approved or provided by HUD. The agency is also authorized to perform HQS inspections on PHA-owned HCV and PBV units in lieu of the independent inspection requirements. *This authorization waives certain provisions of Section 8(o)(8) and 8(o)(11) of the 1937 Act, 24 C.F.R. 982.352(b), and 24 C.F.R. 982, Subpart I as necessary to implement the Agency's Annual MTW Plan.*

SEP 03 2020

3. **Section D.7.a of Attachment C is replaced with the following language:**

a. The Agency is authorized to project-base Section 8 assistance at properties owned directly or indirectly by the Agency that are not public housing, subject to HUD's requirements regarding subsidy layering. If the Agency chooses to project-base Section 8 assistance at such properties, the Agency recognizes and accepts that such units would no longer be eligible for operating subsidy provided under Section 9(e) of the 1937 Housing Act or for future capital funds provided under section 9(d) for those units if it chooses to use this authorization. Project-based assistance for such owned units does not need to be competitively bid, nor are the owned units subject to any required assessments for voluntary conversion. The Agency may also waive the independent entity requirements for PHA-owned units. *This authorization waives certain provisions of Sections 8(o)(11) and 8(o)(13)(B and D) of the 1937 Act and 24 C.F.R. 982.1, 982.102 and 24 C.F.R. Part 983, as necessary to implement the Agency's Annual MTW Plan.*

4. **Section D.7.d. of Attachment C is replaced with the following language:**

d. All units that receive project-based Section 8 assistance must meet either (i) existing HQS standards established by the Secretary or (ii) a local standard for communities receiving project-based Section 8 assistance developed by the Agency and approved by the Secretary pursuant to this MTW Agreement, as applicable. The agency is authorized to perform HQS inspections on PHA-owned HCV and PBV units in lieu of the independent inspection requirements. *This authorization waives certain provisions of Sections 8(o)(8) and 8(o)(11) of the 1937 Act, and 24 C.F.R. 983.103(f) and 24 C.F.R. 982 Subpart I as necessary to implement the Agency's Annual MTW Plan.*

IN WITNESS WHEREOF, the parties have caused this Amendment to Attachment C to be executed by their duly authorized representatives.

HOUSING AUTHORITY OF PORTLAND (HOME FORWARD)

By: _____
Name: Michael Buonocore
Its: Executive Director
Date: 8-9-2020

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: _____
Name: R. Hunter Kurtz
Its: Assistant Secretary, Public and Indian Housing
Date: SEP 03 2020

**EIGHTH AMENDMENT TO**

**MOVING TO WORK AGREEMENT**
**BETWEEN**
**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
**AND**
**HOME FORWARD**

This Eighth Amendment to the Amended and Restated Moving to Work ("MTW") Agreement ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and Home Forward ("Agency") and is effective as of the date of execution by HUD. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

The following language is added to Section D. of the Agency's Attachment D:

**Section D.2. of Attachment C to the MTW Agreement is amended with the following additional authorization language under this Attachment D:**

*****

e. The Agency is authorized to implement alternative review and/or approval procedures for rent increases. This authorization does not shield the Agency from liability for any breach of contract resulting from the Agency utilizing this authorization. Further, HUD shall not be liable for any breach of contract by the Agency, which occurs as a consequence of the Agency utilizing this authorization. This authorization waives 24 C.F.R. §§ 982.507, 983.301, 983.302, and 983.303 as necessary to implement the Agency's Annual MTW Plan.

IN WITNESS WHEREOF, the parties have caused this Eighth Amendment to be executed by their duly authorized representatives.

HOME FORWARD

By:_____
Name: Michael Buonocore
Its: Executive Director
Date: January 7, 2021

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: _____

Name: Dominique Blom

Its: General Deputy Assistant Secretary, PIH

Date: January 11, 2021

**NINTH AMENDMENT TO**

**MOVING TO WORK AGREEMENT**
**BETWEEN**
**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
**AND**
**HOME FORWARD**

This Ninth Amendment to the Amended and Restated Moving to Work ("MTW") Agreement ("Agreement") is entered into by and between the United States of America through the U.S. Department of Housing and Urban Development ("HUD") and Home Forward ("Agency") and is effective as of the date of execution by HUD. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings ascribed to them in the Agreement.

The following language is added to Section D. of the Agency's Attachment D:

**Section D.1. of Attachment C to the MTW Agreement is amended with the following additional authorization language under this Attachment D:**

h. The Agency is authorized to adopt and implement policies for terminating program assistance that differ from the currently mandated program requirements, not to exceed one year for absence or ineligibility. *This authorization waives certain provisions of or applicable to Section 8(o) of the 1937 Act, 24 C.F.R. 982.312(a), 24 C.F.R. 982.455, and 24 C.F.R. 982.552(b)(2) as necessary to implement the Agency's Annual MTW Plan.*

IN WITNESS WHEREOF, the parties have caused this Ninth Amendment to be executed by their duly authorized representatives.

HOME FORWARD

By: Ivory N. Mathews
Name: Ivory N. Mathews
Its: Executive Director
Date: December 20, 2023

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: Richard J. Monocchio
Name: Richard Monocchio
Its: Principal Deputy Assistant Secretary, PIH
Date: January 17, 2024

# VI. Moving to Work Operations Notice*

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***Disclaimer** – This document is reformatted on HUD's website for ease of review. The original "Operations Notice for the Expansion of the Moving to Work Demonstration Program" notice, which mirrors this document, was published on August 28, 2020, at FR-5994-N-05 with edits published on March 20, 2025 at FR-5994-N-06.

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## 1. Purpose and Applicability

This Moving to Work (MTW) Operations Notice (MTW Operations Notice) establishes requirements for the implementation and continued operation of the expansion of the MTW demonstration program pursuant to Section 239 of the Fiscal Year 2016 Appropriations Act, P.L. 114-113 (2016 MTW Expansion Statute). The MTW Operations Notice applies to all public housing agencies (PHAs) designated as MTW pursuant to the 2016 MTW Expansion Statute and to any previously-designated MTW agency that elects to operate under the terms of this notice, collectively referred to in this MTW Operations Notice as an "MTW agency."

The MTW demonstration program allows PHAs to design and test innovative, locally- designed housing and self-sufficiency strategies for low-income families by permitting PHAs to use assistance received under Sections 8 and 9 of the Housing Act of 1937, as amended, 42 U.S.C. § 1437 *et seq.* (1937 Act) more flexibly and, as approved by HUD, with certain exemptions from existing public housing and HCV program requirements.

Through the MTW Amendment to the Annual Contributions Contract(s) (ACC)[1], an MTW agency agrees to comply with the program requirements and terms and conditions detailed in the MTW Operations Notice for the term of the MTW agency's participation in the MTW demonstration. Unless otherwise explicitly provided in the MTW Operations Notice, an MTW agency's MTW program applies to all of the MTW agency's public housing units (including MTW agency-owned properties and units comprising a part of mixed-income, mixed finance communities), tenant-based HCV assistance, project-based HCV assistance under Section 8(o) of the 1937 Act, and homeownership units developed using Section 8(y) HCV assistance of the 1937 Act.

This MTW Operations Notice *does not* apply to HCV assistance that is required: 1) to make payments to other PHAs under HCV portability billing procedures; 2) to meet particular purposes for which HUD has expressly committed the assistance to the MTW agency;[2] or 3) to meet existing contractual obligations of the MTW agency to a third party (such as Housing Assistance Payment (HAP) contracts with owners under the MTW agency's HCV program), unless a third party agrees to Project-Based Voucher (PBV) activities implemented under the MTW program with the MTW agency.

Any significant updates[3], as determined by HUD, to the MTW Operations Notice will be preceded by a public comment period. However, HUD may supplement the MTW Operations Notice with PIH Notices without public comment if it determines a need to provide more detailed guidance, including with respect to implementing future appropriations act provisions and revisions to financial policies and procedures. Further, HUD will develop informational materials to address various program elements, which HUD will post on the MTW website at www.hud.gov/mtw.

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[1] OMB Approval Number 2577-0294.

[2] Mainstream Vouchers, HUD-Veterans Affairs Supportive Housing (HUD-VASH) Vouchers, Non-Elderly Disabled (NED) Vouchers, Mobility Demonstration Vouchers, Family Unification Program (FUP) Vouchers, and Foster Youth to Independence Vouchers are not part of the MTW demonstration program, however certain MTW flexibilities may be applied to these voucher types, as further described in section VI.9 of this MTW Operations Notice.

[3] Significant amendments could include adding or removing MTW Waivers found in Appendix I.

## 2. Background

### a. MTW Demonstration Program

The MTW demonstration program was first established under Section 204 of Title II of section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Public Law 104-134, 110 Stat. 1321–281; 42 U.S.C. 1437f note (1996 MTW Statute)[4] to provide certain statutory and regulatory flexibility[5] to participating PHAs under the following three statutory objectives:

- Reduce cost and achieve greater cost effectiveness in federal expenditures;
- Give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and
- Increase housing choices for eligible low-income families.

To achieve these objectives, PHAs selected for participation in the MTW demonstration are given exemptions from some existing public housing and HCV rules and are offered more flexibility with how they use their federal funds. MTW agencies use this opportunity presented by the MTW demonstration to better address local housing needs and encourage self-sufficiency among those families receiving HUD-assisted housing. HUD considers the experience of MTW agencies when developing new housing policy recommendations that can positively impact assisted housing delivery for PHAs and incentivize low-income families to gain self-sufficiency across the nation.

In addition to statutory and regulatory relief, [6] MTW agencies have the flexibility to apply fungibility among three core funding programs' funding streams – public housing Operating Funds, public housing Capital Funds, and HCV assistance (to include both HAP and Administrative Fees) – hereinafter referred to as "MTW Funding." [7] Throughout participation in the MTW demonstration program, MTW agencies must continue to meet five statutory requirements established by the 1996 MTW Statute, which are described further in section VI.7.c.i of this MTW Operations Notice.

[4] "PHAs currently operating an MTW demonstration program" are PHAs with an active MTW Agreement as of December 15, 2015. "PHAs currently operating an MTW program" does not include PHAs that previously participated in the MTW demonstration and later left the demonstration.
[5] For more information on the history of the MTW demonstration program, please go to: www.hud.gov/mtw.
[6] For more information about the MTW demonstration program and the specific activities of existing MTW agencies, please refer to the MTW website at www.hud.gov/mtw.
[7] Funds awarded under Sections 8(o), 9(d), and 9(e) of the 1937 Act are eligible for expanded uses pursuant to MTW fungibility, with the exception of funds provided for specific non-MTW HCV sub-programs. Other funds a PHA may receive (i.e. grant funds under another obligating document) are likewise not covered by MTW flexibilities and must be tracked and reported under the applicable rules and requirements.

As of December 15, 2015, the date the 2016 MTW Expansion Statute was signed into law, there were 39 agencies[8] participating in the MTW demonstration program. The administrative structure for these 39 agencies is outlined in the Standard MTW Agreement, an agreement between each existing MTW agency and HUD. The 2016 MTW Expansion Statute extended the term of the Standard MTW Agreement through each of the existing MTW agencies' 2028 fiscal year.

**b. 2016 Expansion of the MTW Demonstration Program**

Through the demonstration expansion authorized by the 2016 MTW Expansion Statute, HUD will extend MTW flexibility to a broader range of PHAs regarding diversity of size and geographic location, balancing the flexibility inherent in MTW with the need for measurement, evaluation, and prudent oversight. Overall, in expanding the MTW demonstration, HUD intends to build on the successes and lessons learned from the demonstration thus far to improve the delivery of Federally assisted housing and promote self-sufficiency among assisted low-income families across the nation.

As the 2016 MTW Expansion Statute directs, HUD is authorized to expand the MTW demonstration program from the current level of 39 agencies to an additional 100 agencies over a period of seven years, ending in 2022. The 2016 MTW Expansion Statute requires that the 100 new MTW agencies be high-performing at the time of application to the demonstration in either HUD's Public Housing Assessment System (PHAS) or its Section Eight Management Assessment Program (SEMAP), and MTW agencies must represent geographic diversity across the country.[9] Further, the 2016 MTW Expansion Statute imposes strict size limitations[10] on these 100 PHAs and requires that five of the 100 PHAs be agencies with portfolio-wide awards under the Rental Assistance Demonstration (RAD).[11]

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[8] The 39 agencies are: Alaska Housing Finance Corporation; Atlanta Housing; Housing Authority of the City of Baltimore; Boulder Housing Partners; Cambridge Housing Authority; Housing Authority of Champaign County; Charlotte Housing Authority (INLIVIAN); Chicago Housing Authority; Housing Authority of Columbus, Georgia; District of Columbia Housing Authority; Delaware State Housing Authority; Fairfax County Redevelopment and Housing Authority; Holyoke Housing Authority; Keene Housing; King County Housing Authority; Lawrence-Douglas County Housing Authority; Lexington-Fayette Urban County Housing Authority; Lincoln Housing Authority; Louisville Metropolitan Housing Authority; Massachusetts Department of Housing and Community Development; Minneapolis Public Housing Authority; Elm City Communities/Housing Authority of the City of New Haven; Oakland Housing Authority; Orlando Housing Authority; Philadelphia Housing Authority; Housing Authority of the City of Pittsburgh; Portage Metropolitan Housing Authority; Home Forward (Portland, OR); Reno Housing Authority; San Antonio Housing Authority; Housing Authority of the County of San Bernardino; San Diego Housing Commission; Housing Authority of the County of San Mateo; Housing Authority of the County of Santa Clara/City of San Jose; Seattle Housing Authority; Tacoma Housing Authority; Housing Authority of Tulare County; and Vancouver Housing Authority.

[9] Geographic diversity will be considered based on both MTW agencies designated pursuant to the 2016 MTW Expansion Statute and the existing 39 MTW agencies.

[10] No less than 50 with 1,000 or fewer aggregate housing voucher and public housing units; no less than 47 with 1,001-6,000 aggregate units; no more than 3 with 6,001-27,000 aggregate units; no PHA shall be granted MTW designation if it administers more than 27,000 aggregate units.

[11] A portfolio award is defined for these purposes as a conversion of a PHA's entire public housing inventory to RAD. All RAD conversions must be closed and the former public housing units removed from IMS/PIC in order to satisfy the portfolio-wide requirement.

**c. Eligibility and Selection for the Expansion of the MTW Demonstration**

As required by 2016 MTW Expansion Statute, HUD intends to designate 100 new agencies for the expansion of the MTW designation in cohorts over a period of seven years, ending in 2022. For each cohort of MTW agencies selected, the 2016 MTW Expansion Statute requires HUD to direct one specific policy change to be implemented by the MTW agencies, which HUD will evaluate rigorously. MTW agencies may implement additional policy changes, as long as those policy changes do not conflict or interfere with the cohort study. As required by the 2016 MTW Expansion Statute, the HUD-appointed MTW Research Advisory Committee (the Committee), described further below, advised HUD on the policy changes to be tested through the new cohorts of MTW agencies and the methods of research and evaluation.

HUD is issuing separate PIH Notices for each cohort to solicit applications from eligible PHAs for participation in the MTW demonstration. These notices will outline the specific application submission requirements, evaluation criteria, and process HUD will use when selecting PHAs for MTW designation.

**d. MTW Research Advisory Committee**

The 2016 MTW Expansion Statute required HUD to form and consult with the Committee, which was established in May 2016.[12] The purpose of the Committee is to provide independent advice to HUD with respect to the policies and methods of research in the evaluation of the MTW expansion. The Committee is specifically charged with advising HUD on the following:

- Policy proposals and evaluation methods for the MTW demonstration to inform the one specific policy change required for each cohort of agencies;
- Rigorous research methodologies to measure the impact of policy changes studied;
- Policy changes adopted by MTW agencies that have proven successful and can be applied more broadly to all PHAs; and
- Statutory and/or regulatory changes (specific waivers and associated activities, and program and policy flexibility) necessary to implement policy changes for all PHAs.

The Committee has no role in reviewing or selecting the 100 PHAs to participate in the expansion of the MTW demonstration.

Based on the advice of the Committee, HUD will study, by cohort of MTW agencies, the following four policies (which are in no particular order except for the first two cohorts): Impact of MTW Flexibility on small sized PHAs[13]; Rent Reform; Work Requirements; and Landlord Incentives. HUD may determine that additional policies be studied through the MTW expansion and will consider the advice of the Committee.

[12] The Committee is governed by the Federal Advisory Committee Act (5 U.S.C. Appendix 2), which sets forth standards for the formation and use of advisory committees. More information on the Committee can be found at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/expansion/rac.

[13] For the purpose of the MTW expansion, small is defined as managing or administering 1,000 or fewer units.

## 3. Term of Participation

The term of each MTW agency's MTW designation will be twenty years (PHA fiscal years) starting from the time of its designation as an MTW agency. All waivers and associated activities provided through the MTW Operations Notice expire at the end of the MTW agency's term of participation, unless otherwise discontinued in accordance with section VI.4.f of this notice. However, if HUD determines that additional time beyond the end of the MTW agency's MTW term is needed to evaluate a cohort-specific policy change, or if the MTW agency requests to extend a particular waiver, HUD may approve an extension of any specific waiver(s).

Once an MTW agency has implemented an activity pursuant to the authority of the MTW Operations Notice, the MTW agency may continue to implement that activity throughout the term of its participation in the demonstration, subject to the terms of this notice regarding discontinuation of MTW activities, or, any amendments to this notice, or any successor notice. The MTW agency must end all activities requiring MTW-authorized waivers upon expiration of its MTW participation since HUD cannot guarantee that it will be able to extend any waivers and associated activities beyond that point. For this reason, when entering into contracts with third parties that draw upon MTW flexibility, the MTW agency must disclose that such flexibility is only available during the term of the MTW agency's participation in the MTW demonstration as permitted in this notice. An exception is third-party contracts that relate to the cohort-specific policy change and associated waiver(s).

## 4. Waivers

Pursuant to the 1996 MTW Statute and 2016 MTW Expansion Statute, Appendix I of this notice provides waivers of certain provisions of the 1937 Act as well as the implementing regulations. These waivers and associated activities afford MTW agencies the opportunity to use their MTW authority to pursue locally driven policies, procedures, and programs in order to further the goals of the demonstration. In addition, the MTW agency may request, and be granted, Safe Harbor Waivers and Agency-Specific Waivers, described further below, to implement innovative MTW activities unique to its community. MTW agencies may update their leases to reflect the MTW flexibilities used through these waivers. When implementing MTW waivers through MTW activities, MTW agencies must ensure assisted families are made aware of the impacts the activity(s) may have on their tenancy.

The following are the categories of waivers that MTW agencies may pursue:

- MTW Waivers – MTW agencies may conduct any permissible activity in the MTW Waivers category within the defined range of flexibility, characterized in this notice as a "safe harbor." Safe harbors contain the additional requirements (beyond those specified in the activity description) the agency must follow in order to implement the activity once it is included in an approved MTW Supplement to the PHA Plan. Prior to implementation, the MTW Waivers must be included in an approved MTW Supplement to the PHA Plan (see section VI.7.a). MTW Waivers are detailed in Appendix I.

- Safe Harbor Waivers – MTW agencies may request to implement activities in a manner inconsistent with the safe harbors of an MTW Waiver's activity through the submission of a Safe Harbor Waiver request.
- Agency-Specific Waivers – MTW agencies may seek an Agency-Specific Waiver in order to implement additional activities not contained in the MTW Waivers and to request to waive a statutory or regulatory requirement not included in Appendix I.
- Cohort-Specific Waivers – MTW agencies may be provided with Cohort-Specific Waivers if additional waivers not included in Appendix I are necessary to allow for the implementation of the required cohort study. Cohort-Specific Waivers will be detailed in the applicable Selection Notice for that cohort study.

**a. MTW Waivers**

Appendix I, MTW Waivers, is a simplified guide for MTW agencies seeking to adopt MTW initiatives that have been implemented by existing MTW agencies; it is not intended to be the complete listing of what an MTW agency can and cannot do (see Safe Harbor Waivers and Agency-Specific Waivers). MTW agencies may implement any activity contained in Appendix I without further activity-specific HUD review and approval as long as it is included in the MTW Supplement (described in section VI.7.a of this notice) of an approved PHA Plan and implemented within the associated safe harbor(s). MTW agencies may combine activities together at the PHA level in order to create more comprehensive initiatives.

Appendix I includes the waiver name, waiver description, statutes and regulations waived, permissible activities, and safe harbors associated with each of the MTW Waivers. The waiver description defines the authorization provided to the MTW agency, subject to the terms of this notice. The list of statutes and regulations waived details the citations of the 1937 Act requirements that may be waived by an MTW agency in order to implement an activity. The list of waivers and list of activities are organized by program type (i.e., public housing and/or HCV program). The safe harbors section contains the additional requirements (beyond those specified in the activity description) that the MTW agency must follow in implementing activities without further HUD approval.

**b. Safe Harbor Waivers**

Since the safe harbors, as written in Appendix I, may not align with local priorities or market conditions at some MTW agencies, MTW agencies may request to expand an activity that is in Appendix I outside of the listed safe harbor(s).[14] Elements that are required to be provided in the request to waive Appendix I safe harbors will be identified in the MTW Supplement form.[15]

MTW agencies must work closely with their residents and stakeholders when developing the Safe Harbor Waivers; therefore, when submitting a Safe Harbor Waiver, the MTW agency must, in addition to following the PHA Plan public process requirements, also hold a meeting to specifically discuss the Safe Harbor Waivers. The MTW agency must consider, in consultation with the Resident Advisory Board (RAB) and tenant association, as applicable, all of the

[14] Certain safe harbors, such as impact analyses and hardship policies, are not waivable, as noted in Appendix I.
[15] See 83 FR 50676 (October 9, 2018). HUD will publish the final form in the future.

comments received at the public hearing. The comments received by the public, RABs, and tenant associations must be submitted by the MTW agency, along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement. This public comment and review period affords the residents and community stakeholders the opportunity to provide input on the proposed Safe Harbor Waivers prior to its submission to HUD.

Following approval of the PHA Plan and MTW Supplement, an MTW agency must update its Administrative Plan and Admissions and Continued Occupancy Policy (ACOP), as applicable, prior to implementing the Safe Harbor Waiver. Disapproval of Safe Harbor Waivers will be communicated via the approval letter of the PHA Plan and MTW Supplement. The MTW agency must follow the instructions provided by the field office in the letter regarding updating the MTW Supplement. Any such disapproval would only apply to a specific Safe Harbor Waiver, as noted in the approval letter, and would not apply to the entire PHA Plan. Where additional review time may be needed by HUD, the approval letter of the PHA Plan and MTW Supplement will state that the waiver decision is pending and the MTW agency must await further instructions from HUD prior to implementing the Safe Harbor Waiver.

Reasons that HUD may object to a Safe Harbor Waiver include, but are not limited to, the following:

- The information required in the MTW Supplement, or equivalent form as approved by OMB, is not provided or is deemed insufficient;
- The MTW agency's proposed Safe Harbor Waiver is inconsistent with requirements outside of the 1937 Housing Act or is otherwise not permissible under MTW authority;
- There are other good cause factors for objection, such as material misrepresentation, in the submission;
- The Safe Harbor Waiver conflicts with any of the five statutory MTW requirements, as determined by HUD; or
- The Safe Harbor Waiver is determined to have potential significant negative impacts on families or the MTW agency's operation of its assisted housing programs using Section 8 and 9 funds, as determined by HUD.

**c. Agency-Specific Waivers**

The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, waive a statutory or regulatory requirement not included in Appendix I.[16]

[16] The MTW demonstration program may only waive certain provisions of the 1937 Act and its implementing regulations.

In order to pursue an Agency-Specific Waiver, an MTW agency must include the Agency-Specific Waiver request in the MTW Supplement to its PHA Plan, for HUD review and approval. In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (if the activity poses a potential risk to the continued tenancy of households), in the MTW Supplement to its PHA Plan. Other required elements to be provided in the request will be identified in the MTW Supplement form.

Specific requirements for conducting impact analyses and creating hardship policies are provided in Appendix II. When developing Agency-Specific Waiver requests, an agency must determine whether to implement additional hardship criteria beyond the criteria contained in Appendix II. Any additional hardship criteria must be included in the waiver request.

MTW agencies must work closely with their residents and stakeholders when developing the Agency-Specific Waivers; therefore, similar to submitting Safe Harbor Waivers, when submitting an Agency-Specific Waiver, the MTW agency must not only follow the PHA Plan public process requirements, but it must also have an additional public meeting to specifically discuss the Agency-Specific Waivers.[17] The MTW agency must consider, in consultation with the RAB and tenant association, as applicable, all of the comments received at the public hearing. The comments received by the public, RABs, and tenant associations must be submitted by the MTW agency, along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement. This public comment and review period provides the residents and community stakeholders the opportunity to provide input on the proposed Agency-Specific Waiver prior to its submission to HUD.

Following approval of the PHA Plan and MTW Supplement, an MTW agency must update its Administrative Plan and ACOP, as applicable, prior to implementing the Agency-Specific Waiver. Disapproval of Agency-Specific Waivers will be communicated via the approval letter of the PHA Plan and MTW Supplement; the MTW agency must follow the instructions provided by the field office in the letter regarding updating the MTW Supplement. HUD may object to an Agency-Specific Waiver for the same reasons it may object to a Safe Harbor Waiver. Any disapproval would only apply to a discrete Agency-Specific Waiver, as noted in the approval letter, and would not apply to the entire PHA Plan. In rare instances where additional review time may be needed, the approval letter of the PHA Plan and MTW Supplement will state that the waiver decision is pending and the MTW agency must await further instructions from HUD prior to implementing the Agency-Specific Waiver.

Statutory and/or regulatory waiver(s) derived from the 1937 Act or its implementing regulations that are outside those listed in Appendix I cannot be granted by the MTW Office alone; therefore, the MTW Office will coordinate the approval of those waivers with the appropriate signatory (e.g., Assistant Secretary, General Deputy Assistant Secretary, etc.). HUD is committed to providing a timely review of Agency-Specific Waivers.

[17] This can be the same meeting to discuss Safe Harbor Waivers (i.e., a combined meeting).

**d. Cohort-Specific Waivers**

Cohort-Specific Waivers include statutory and/or regulatory waivers and associated activities, outside of those included in Appendix I, that are unique to a specific cohort to allow them to complete their required cohort evaluation. Depending upon the evaluation design, HUD may restrict certain activities within the MTW Waivers or provide additional Cohort-Specific Waivers that are not included in Appendix I, and this would be articulated in the Selection Notice for the applicable cohort. Any restriction would only be in place during the evaluation period, as specified in the Selection Notice, and once the evaluation is concluded, the MTW agency would have access to all of the MTW Waivers. Specific policy changes to be tested through a given cohort may not require any Cohort-Specific Waivers. Any MTW activities that would impact or conflict with the cohort-specific policy change will be identified in the respective Selection Notice so that the MTW agency is aware of this potential restriction on its use of waivers before it enters the MTW demonstration program. Cohort-Specific Waivers and the associated MTW activities may only be used to the extent allowed under the applicable evaluative framework provided by HUD in the applicable Selection Notice.

**e. Requirements outside of the Scope of MTW Waiver Authority**

The MTW demonstration program may only waive certain provisions of the 1937 Act and its implementing regulations. The MTW demonstration program does not permit waivers of statutes outside of the 1937 Act or regulations and requirements promulgated under authority outside of the 1937 Act. Accordingly, HUD and the MTW agencies may not waive or otherwise deviate from compliance with Fair Housing and Civil Rights laws and regulations, discrimination laws, labor standards, or environmental statutes and executive orders, or any other applicable statutes and regulations. Other subject matter prohibited from waivers or restricted with respect to waivers is discussed in section VI.10 of this notice. All applicable federal, state, and local requirements shall continue to apply even in the event of a conflict between such a requirement and a waiver or activity granted by this notice.

Additionally, the five statutory requirements established under the 1996 MTW Statute, hereinafter referred to as the “five statutory MTW requirements,” cannot be waived. The following are the five statutory MTW requirements:  very low-income requirement, reasonable rent policy, substantially the same requirement, comparable mix requirement, and housing quality standards. In implementing MTW activities, MTW agencies remain subject to all other terms, conditions, and obligations under this notice, and all other federal requirements applicable to the public housing program, the HCV program, federal funds, and PHAs.

**f. Discontinuation of MTW Activity**

To the extent any MTW activity conflicts with any of the five statutory MTW requirements or other applicable requirements, as determined by HUD, HUD reserves the right to require the MTW agency to discontinue the activity or to revise the activity to comply with such applicable contemporary requirements.

HUD also reserves the right to require an MTW agency to discontinue any activity derived from a waiver should it have significant negative impacts on families or the MTW agency’s operation of its assisted housing programs using Section 8 and 9 funds, as determined by HUD. The factors

that may be considered when determining whether an activity should be discontinued include, but are not limited to, the following: rate of port-outs, attrition rates, occupancy and/or utilization levels, voucher leasing success rates, rent burdens, local market conditions, impact analyses, and number of hardship requests. Prior to requiring a discontinuation of an activity, HUD may take intermediary steps to work with the MTW agency and its residents to provide technical assistance, discuss the activity, and determine whether a discontinuation is in fact necessary.

In the event the MTW Operations Notice is updated to remove a specific Appendix I waiver, the MTW agency may continue to implement any activity that has been implemented related to that waiver through the term of the PHA's MTW designation, so long as it does not conflict with any of the five statutory MTW requirements (see section VI.7.c.i) or other applicable current requirements or have significant negative impacts on families or the MTW PHA's operation of its assisted housing programs using funds provided under Section 8 and 9 of the 1937 Act, as determined by HUD, as described in the preceding paragraph.

## 5. MTW Funding Flexibility and Financial Reporting

During the term of the demonstration, subject to changes in future years' appropriations, HUD will provide an MTW agency with public housing Operating Fund Program (OFP) grants, public housing Capital Fund Program (CFP) grants, and/or HCV HAP and Administrative Fee assistance as detailed in this notice. CFP grants may include Formula grants; Demolition or Disposition Transitional Funding (DDTF), which are included in regular Formula grants; and/or funds from older Replacement Housing Factor (RHF) grants (a program later superseded by DDTF). The HCV funding amount for MTW agencies may be increased by additional allocations of vouchers that the MTW agency is awarded over the term of its participation in the MTW demonstration. MTW Funding provided to an MTW agency, including public housing OFP grants, public housing CFP grants, and HCV HAP and Administrative Fee assistance, is subject to any laws promulgated in future years, which include without limitation: statutes, appropriations acts, notices implementing appropriations acts, regulations, and executive orders.

### a. MTW Funding Flexibility

MTW agencies will have the flexibility to apply fungibility among public housing Operating Fund, public housing Capital Fund, and HCV HAP and Administrative Fee assistance. These flexibilities expand the eligible uses of each covered funding stream, but do not negate the need for both the PHA and HUD to be able to account for the funding from its original source to the date of its ultimate eligible use[18] by the PHA, comply with federal grant and financial management requirements, and use funds effectively and efficiently for their eligible purposes. As HUD continues to implement program-specific financial management policies in its core housing programs, MTW agencies will be subject to the same requirements and procedures as non-MTW agencies. Therefore, the requirements and procedures described in this notice may change as new financial management policies are implemented over time. HUD will update

[18] The date of the "ultimate eligible use" means the date of disbursement by the PHA for an eligible purpose, which would remove the funding from the PHA's account and the PHA's control.

existing guidance and issue new reporting requirements, as appropriate, to allow HUD to meet its monitoring and oversight responsibilities while ensuring MTW agencies fully utilize and benefit from the flexibilities established by Congress for these funds pursuant to the MTW demonstration and the 2016 MTW expansion. HUD will also update existing guidance and issue new reporting requirements, as appropriate, to ensure compliance with 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, including with respect to Federal financial management.

An MTW agency participating in the MTW demonstration program may flexibly use public housing Operating and Capital Funds provided under Sections 9(d) and 9(e) of the 1937 Act and HCV HAP and Administrative Fee program funds provided under Section 8 of the 1937 Act, referred to collectively as MTW Funding. Certain provisions of Sections 8 and 9 of the 1937 Act and implementing requirements are waived as necessary to implement this flexibility. Once the MTW agency receives its MTW designation through the execution of the MTW ACC Amendment, this flexibility in the use of MTW Funding does not require prior HUD approval.

The MTW agency may use MTW Funding covered by MTW flexibility for any eligible activity under Sections 9(d)(1), 9(e)(1) and Section 8(o) of the 1937 Act and for the local, non-traditional activities specified in Appendix I of this notice. All MTW agency expenditures must be consistent with the MTW agency's charter, approved 5-Year and Annual PHA Plans, and the approved MTW Supplement to the Annual PHA Plan.

Under permanent law, any reserves the MTW agency has accumulated prior to signing an MTW ACC Amendment (including public housing Operating and Capital Reserves and HCV HAP and Administrative Fee Reserves) must be used for their originally appropriated purposes and shall not be used flexibly. In HUD's fiscal year 2020 appropriations act, Congress provided temporary relief from this requirement, providing that an MTW agency may use reserves accumulated prior to the MTW designation flexibly.[19] This additional flexibility will expire at the end of each Federal fiscal year unless Congress includes it again in subsequent appropriations acts. MTW agencies should be aware that this relief is not permanent and may not continue into the future. MTW agencies are responsible for being aware of each year's appropriations act and shall maintain careful recordkeeping to ensure they remain in compliance with the requirement. HUD will monitor the status of this flexibility closely, and will maintain an updated webpage at https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/MTW-flex-reserves-status to inform MTW agencies if this flexibility is continued by Congress.

[19] Section 238 of title II, division H of the *Further Consolidated Appropriations Act, 2020* (Public Law 116-94, approved December 20, 2019) provides: "Any public housing agency designated as a Moving to Work agency pursuant to section 239 of (Public Law 114–113) may, upon such designation, use funds (except for special purpose funding, including special purpose vouchers) previously allocated to any such public housing agency under section 8 or 9 of the United States Housing Act of 1937, including any reserve funds held by the public housing agency or funds held by the Department of Housing and Urban Development, pursuant to the authority for use of section 8 or 9 funding provided under such section and section 204 of title II of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104–134), notwithstanding the purposes for which such funds were appropriated."

**b. Calculation of Funding**

*i. Public Housing Operating Grants*

(a) Funding Calculation. The calculation of an MTW agency's Operating Fund subsidy grant eligibility will continue in accordance with operating subsidy formula law, regulations, and appropriations act requirements, as they may be amended.

(b) Eligible Uses. The MTW agency may use these funds for any eligible activity permissible under Section 9(e)(1) of the 1937 Act or, if the agency proposes to use the funding under its MTW flexibility, it may also use these funds for any eligible activity permissible under Section 8(o), Section 9(d)(1), and for the local, non-traditional activities specified in Appendix I of this notice.

(c) Central Office Cost Center (COCC). For an MTW agency's COCC, which collects fees for administrative services, an MTW agency may freely use the earned fees for any eligible activity but cannot move non fee-based funds into the COCC.

*ii. Public Housing Capital Fund Formula and Grants*

(a) Funding Calculation. The MTW agency's public housing Capital Fund formula characteristics and grant amounts, including DDTF and RHF, will continue to be calculated in accordance with public housing law, regulations, and appropriations act requirements, as they may be amended.

(b) Financial Management Requirements Apply. MTW agencies must continue to follow the immediate need requirements applicable to all Capital funds and may not accelerate their drawdown of Capital funds for the purpose of funding reserves or for any other purpose.[20] All Capital funds, including funds in Budget Line Item (BLI) 1410 (Administrative Costs) and BLI 1492 (MTW), must be drawn down only when funds are due and payable.

(c) Eligible Uses. The MTW agency may use these funds for any eligible activity permissible under Section 9(d)(1) of the 1937 Act or, if the MTW agency proposes to use the funding under its MTW flexibility, it may also use these funds for any eligible activity permissible under Section 8(o), Section 9(e)(1), and for the local, non-traditional activities specified in Appendix I of this notice. CFP funds used for activities under Section 9(d)(1) are subject to all requirements relevant to non-MTW agency CFP funding, including eligible activities and cost limits.

(d) Requisitioning Funds. In requisitioning Capital Fund grant funds, the MTW agency will request funds using traditional Capital Fund BLIs for funds to be used for activities under section 9(d) and using the available MTW Budget Line

[20] HUD will publish a rule that will govern the establishment and maintenance of a Capital Reserve pursuant to Section 109 of HOTMA that may give PHAs authorization to draw down funds in advance of need in certain limited circumstances.

(BLI 1492) items for activities under section 9(e), section 8(o), or local, non-traditional activities. MTW agencies shall not use the Transfer to Operations Budget Line (BLI 1406) since funds for all non-Section 9(d) activities shall be included in the MTW Budget Line (BLI 1492). The MTW agency will provide to HUD information on all capital activities funded by the MTW Funding as necessary to ensure compliance with requirements outside the scope of MTW, including environmental review requirements and Energy and Performance Information Center (EPIC) reporting requirements.

(e) Obligation and Expenditure Requirements. The MTW agency remains subject to the requirements of Section 9(j) of the 1937 Act with respect to Capital Fund grants. Section 9(d) funds remain subject to the obligation and expenditure deadlines and requirements provided in Section 9(j) despite the fact that they may be used flexibly. Capital Funds awarded to MTW agencies must be obligated within two years and expended within four years of award. Funds not obligated or expended within those timeframes will be subject to recapture. As with all agencies, an MTW agency may requisition CFP funds from HUD only when such funds are due and payable, unless HUD approves another payment schedule.

*iii. Housing Choice Voucher Funding*

(a) Funding Calculation. As is the case for non-MTW PHAs under current appropriations law, the HAP renewal funding eligibility for MTW agencies will be calculated based on each MTW agency's actual expenses for the previous calendar year (known as the re-benchmark year). Unique to MTW agencies, however, the MTW agency's actual expenses are: 1) the previous Calendar Year's HAP expenses reported in the Voucher Management System (VMS), and 2) the previous CY's eligible non-HAP MTW expenses reported in VMS.[21] For both HAP and non-HAP MTW expenses, the reported expenses must have been paid from an eligible source of funds as described in paragraph (c) below in order to be included in the HAP renewal funding formula. In addition, MTW HAP renewal funding is subject to an MTW Renewal Eligibility Cap derived from the number of units authorized under the MTW agency's ACC, as described in paragraph (d) below. The lower of the total combined HAP and non-HAP expenses or the MTW Renewal Eligibility Cap will then be adjusted by the Renewal Funding Inflation Factor (RFIF) and any national proration that applies to the HCV renewal appropriation to determine the MTW agency's actual CY HAP renewal funding.

- *Example:* An MTW agency executes its MTW ACC Amendment in September 2020. In CY 2020, the MTW agency expended $3,600,000 on HAP and $400,000 on eligible non-HAP MTW expenses. The MTW

[21] MTW funds awarded to an MTW agency under Sections 8, 9(d), and 9(e) of the 1937 Act can be utilized per statute and regulation on the eligible activities listed at Sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act and for local, non-traditional activities.

agency's HCV HAP renewal funding for CY 2021 will be $4 million (assuming the HAP Renewal Eligibility Cap is greater than $4 million), adjusted by the RFIF and any applicable national proration.

(b) Eligible Uses. The MTW agency may use these funds for any eligible activity permissible under Section 8(o) of the 1937 Act or, if the MTW agency proposes to use the funding under its MTW flexibility, it may also use these funds for any eligible activity permissible under Section 9(e)(1), Section 9(d)(1), and for the local, non-traditional activities specified in Appendix I of this notice.

(c) HAP Renewal Sources of Funds. The only HAP and non-HAP MTW expenses that will be included in the MTW HAP renewal formula are those paid for with the same sources of funds that would be included in the non-MTW HAP renewal formula for a non-MTW agency except as otherwise provided herein (see PIH Notice 2013-28 and any future successor notices).[22] Accordingly, HAP expenses and non-HAP MTW expenses must be paid from the following sources of funds to be included in the HAP renewal formula calculation:

*(i)* HCV budget authority,

*(ii)* HUD-held HAP reserves (undisbursed budget authority),

*(iii)* PHA-held HAP reserves (i.e., Restricted Net Position (RNP)),

*(iv)* Any funds from the HAP Set-aside (if available after PHA application and approval), and

*(v) For HAP expenses only:* Administrative fee reserves (i.e., Unrestricted Net Position). The administrative fee reserve is an eligible source of funds to be included in the MTW agency's MTW HAP renewal calculation, but only if the administrative fee reserve is used for HAP expenses. .. MTW PHAs must report the use of HCV Unrestricted Net Position (UNP) for HAP and the use of HCV UNP for non-HAP expenses in the Expense 1-5 fields in VMS. Non-HAP MTW expenses paid from the administrative fee reserve are not eligible for renewal funding. Furthermore, when determining HAP renewal eligibility, the use of the administrative fee reserves is always first attributed to the MTW agency's non-HAP MTW expenses incurred during the calendar year before the expenditure of those reserves may be considered to be the source of funds for HAP expenses. If HAP expenses covered by the MTW Agency's administrative fee reserve exceed non-HAP MTW expenses for the calendar year, then the difference is applied to the HAP renewal calculation. Note that there is no restriction against using administrative fee reserves for non-HAP MTW expenses, just that those non-HAP MTW expenses are not eligible for inclusion in the MTW HAP renewal calculation. Expansion MTW PHAs may not

[22] For more information about VMS Reporting, please see the VMS User Manual at: https://www.hud.gov/sites//dfiles/PIH/documents/INSTRUCTIONS.pdf.

bring in outside sources of funds to cover administrative costs in order to increase their HCV Administrative Fee Reserves and then use those increased HCV Administrative Fee Reserves to cover HAP costs.[23]

HAP expenses or non-HAP MTW expenses that were paid for with any other funding source (for example, public housing Operating Funds and Capital Funds, and current year HCV Administrative Fee funds) will not be included in the MTW agency's HCV renewal funding calculation.

(d) HAP Renewal Eligibility Cap. The MTW agency's renewal eligibility for all MTW Years will be limited by the HAP Renewal Eligibility Cap. The calculation multiplies (1) the MTW agency's total number of MTW-eligible ACC authorized units[24] in the re-benchmark year (the CY immediately preceding the CY for which the MTW agency's renewal eligibility is being calculated)[25] by (2) the MTW agency's pre-MTW monthly per-unit cost (PUC) inflated to the re-benchmark year.

*(i)* The number of MTW-eligible ACC authorized units is measured in unit months available (UMAs).[26]

*(ii)* The inflated pre-MTW PUC is projected using, as a base, the monthly PUC for the CY in which the MTW agency signed its MTW ACC Amendment. HUD applies the RFIF to this base PUC to estimate what the MTW agency's HCV PUC would be, had the MTW agency not joined the MTW program, as of the re-benchmark year.

After the calculation of the HAP Renewal Eligibility Cap, it is compared with the MTW agency's actual total combined HAP and non-HAP MTW expenses. The lower of these two amounts – (1) the HAP Renewal Eligibility Cap or (2) the MTW agency's actual total combined HAP and non-HAP MTW expenses adjusted by the RFIF and any national proration factor – is then used to determine the MTW agency's CY renewal funding. If HAP expenses alone exceed the HAP Renewal Eligibility Cap, any HAP expenses over the cap will also be included in the MTW agency's renewal eligibility.

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[23] Please see PIH Notice 2013-28 for more guidance on the use of outside funding sources for Expansion MTW PHAs.

[24] "MTW-eligible ACC authorized units" means the MTW agency's number of ACC authorized units, regardless of whether the units are leased, after excluding the number of authorized units that would not be subject to the MTW renewal formula. In other words, special purpose vouchers that are renewed separately and are not part of the MTW HAP renewal formula are not included in the formula used to calculate the HAP Renewal Eligibility Cap. See section VI.9 of this Notice for further information on these special purpose vouchers that are renewed separately outside the MTW renewal formula.

[25] As noted above, the re-benchmark year is also the source year for the actual expense data used in the MTW agency's HAP renewal formula.

[26] Authorized units in the HCV program context are measured in terms of unit months available. For example, if an authorized unit is under ACC as of January 1, the authorized unit equals twelve unit months available for that CY. On the other hand, if the authorized unit was added to the ACC under a new funding increment effective March 1, the authorized unit is equal to ten unit months available for that CY.

*(iii)* Example*:* If an MTW agency signs its MTW ACC Amendment in September 2020, CY 2021 will be the MTW agency's first full Calendar Year in the MTW demonstration. In calculating the MTW agency's HCV renewal funding for CY 2021, the following information applies:

- The MTW PHA's average monthly PUC for CY 2019 was $700.
- The CY 2020 inflation rate is two percent.
- The number of MTW-eligible ACC authorized units during CY 2020 is 800 units. (In this example all units were under ACC as of 1/1/2020, so the number of UMAs is simply 800 units multiplied by twelve months, or 9,600 UMAs).
- The HAP Renewal Eligibility Cap for CY 2021 is calculated by first determining the estimated PUC for CY 2020, which is $714 (the monthly PUC for CY 2019 inflated for CY 2020, or $700 x 1.02). The estimated PUC for CY 2020 is then multiplied by the MTW agency's CY 2020 MTW-eligible ACC authorized UMAs[27] ($714 x 9,600 UMAs) to determine the HAP Renewal Eligibility Cap, which is $6,854,400.
- The HAP Renewal Eligibility Cap ($6,854,400) is then compared to the MTW agency's total combined HAP and non-HAP MTW expenses for the re-benchmark year that originated from the eligible funding sources described earlier in this notice. If the total combined HAP and non-HAP MTW expenses do not exceed $6,854,400, the MTW agency's CY 2021 renewal funding will be the total combined HAP and non-HAP MTW expenses adjusted by the RFIF and any national proration. If the total combined HAP and non-HAP MTW expenses exceed $6,854,400, the MTW agency's CY 2021 renewal funding will be $6,854,400 plus an adjustment for HAP expenses if HAP expenses alone exceeded $6,854,400 adjusted by the RFIF and any national proration.

(e) Financial Management Requirements Apply. The same financial management requirements that apply to non-MTW agencies also apply to MTW agencies (e.g. Cash Management Requirements for the HCV Program with Notice PIH 2017-06 and successor notices).

(f) Administrative Fees. The Administrative Fee rates used to calculate fee eligibility for MTW agencies shall be established according to the same methodology used to establish Administrative Fee rates for all agencies, including non-MTW agencies. Under current appropriations law, as is the case for all agencies, administrative fees will be calculated on the basis of units

[27] As noted earlier, these are the MTW agency's CY 2019 UMAs that are subject to the MTW renewal formula. UMAs attributable to special purpose vouchers such as HUD-VASH and FUP that are renewed separately are not included in this count.

leased as of the first day of each month; this data will be extracted from VMS at the close of each reporting cycle. Administrative fees for MTW agencies are also subject to the national proration factor and any other appropriations act requirements.

(g) Adjustments for the First-Time Renewal of Certain Vouchers. If the MTW agency receives incremental HCV vouchers and funding (including tenant protection vouchers), other than special purpose vouchers, renewal funding for those vouchers will be included in the MTW HCV renewal funding eligibility calculation for the following year. (See section VI.9 of this notice for further discussion of tenant protection and other special purpose vouchers.) The renewal amount for the following year is based on HAP costs reported for these increments in VMS in the prior year, which will be adjusted by the RFIF. Should the initial increment(s) be funded for less than twelve months due to lack of appropriations, HUD will adjust for the missing months upon renewal, by selecting the funded PUC for the initial increment times the number of units,[28] then adjusted by the RFIF. The aggregate renewal eligibility is always subject to the national proration factor.

(h) Applicable Inflation Factor and Proration. The same applicable RFIFs that apply to non-MTW agencies will be applied each CY to determine the MTW agency's HAP funding renewal eligibility. Likewise, the MTW agency's HAP funding renewal eligibility is subject to the same national proration as non-MTW agencies' renewal eligibility.

(i) Reserves. Reserves are subject to offsets as part of future Congressional appropriations acts.

(j) Local, Non-Traditional Activities. The MTW agency may spend up to ten percent of its HCV HAP funding on local, non-traditional activities, as described in Appendix I, without prior HUD approval. The MTW agency may spend more than ten percent of its HCV HAP funding on local, non-traditional activities by seeking HUD approval through a Safe Harbor Waiver.

(k) Rental Assistance Demonstration (RAD). Any vouchers received as part of a RAD Component I conversion shall be added to the ACC for the remainder of the CY in which they are awarded. HUD will issue a new increment of voucher funding in support of those vouchers for the first full CY following a RAD Component I conversion. In subsequent years, voucher funding for RAD-converted units will be renewed under the MTW HCV renewal funding calculation, adjusted by the Operating Cost Adjustment Factor (OCAF) and the applicable proration factor. Tenant protection vouchers provided for RAD Component II conversions are renewed in accordance with section VI.5.b.iii.g of this notice, Adjustment for the first-time renewal of certain vouchers, above. Administrative fees for RAD vouchers will be calculated based on the same

[28] The MTW PUC is equal to MTW HAP expenses divided by the number of MTW units leased. (Non-HAP MTW expenses are not included in the MTW PUC calculation).

methodology used to establish administrative fees for non-MTW agencies. Fees for RAD vouchers will be prorated at the same level that applies to all non-MTW agencies.

(l) Voucher Programs Not Included in MTW Program. Vouchers and funding provided for special purpose vouchers, including any new special purpose vouchers provided in future appropriations acts, whether for new allocations or renewal of existing increments, shall not be included in the HCV MTW renewal calculation: HUD-VASH, FUP, FYI, NED, Mainstream, Emergency Housing Vouchers (EHV), and Stability Vouchers (SV). These vouchers will be renewed under the regular voucher renewal requirements as provided under the appropriations acts. Special purpose vouchers are discussed in more detail in section VI.9 of this notice. In addition, funding provided for the Section 8 Moderate Rehabilitation Program is not part of the MTW program and may not be used for MTW activities.

**c. Financial Reporting and Auditing**

MTW agencies must submit year-end unaudited financial information to the Department no later than two months after their fiscal year end using the Financial Data Schedule (FDS) contained in the Real Estate Assessment Center's (REAC) Financial Assessment Subsystem (FASS-PH), or its successor system. Current financial reporting requirements for MTW agencies are posted on the REAC website at: https://www.hud.gov/sites/documents/DOC_11833.PDF. These requirements may be updated in the future.

MTW agencies are also required to electronically submit their audited financial information, if applicable, to HUD no later than nine months after their fiscal year end. MTW agencies must include public housing project level financial information in the FDS and must follow the Asset Management guidelines established in PIH Notice 2007-9 Supplement to Financial Management Handbook Office of Public and Indian Housing (PIH) Revised April 2007, and any subsequent updates to this Handbook or PIH Notice. MTW agencies will conform to the cost requirements of 2 CFR part 200 and any HUD implementation thereof.

MTW agencies must procure an Independent Public Accountant (IPA) to perform an annual audit pursuant to federal requirements at 2 CFR part 200 and 24 CFR 990.190, or successor, as well as any audit compliance supplements developed specifically for use with the MTW demonstration.

Completed IPA audits must be submitted to HUD in accordance with current HUD regulations. HUD will review the IPA audits of MTW agencies to determine appropriate action relative to any findings, prepare recommendations for audit finding resolution, and follow up with MTW agencies to assure finding closure. If there are audit findings related to the MTW program itself, HUD will monitor the resolution of all audit findings.

## 6. Evaluation

As a condition of participating in the MTW demonstration, MTW agencies agree to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration. MTW agencies shall keep records and submit reports and other information as required by HUD. This includes any data collection required for the use of waivers and associated activities, for the uses of MTW funds within and across funding streams, and any evaluation efforts that HUD undertakes. Any additional information requests will follow the Paperwork Reduction Act requirements. HUD envisions three types of evaluation: program-wide evaluation, cohort-specific evaluation, and ad hoc evaluation.

### a. Program-wide Evaluation

An MTW demonstration-wide evaluation would seek to assess whether or not, and to what extent, MTW agencies achieve the statutory objectives of the MTW demonstration by using federal dollars more efficiently, helping residents find employment and become self-sufficient, and/or increasing housing choices for low-income families. Program-wide evaluation would also seek to determine any effects, positive or negative, of MTW waivers and funding flexibilities on residents. HUD intends to develop a method for program-wide evaluation that is based, to the extent possible, on information already being collected through existing HUD administrative data systems, although additional reporting may be necessary to effectively evaluate MTW.

### b. Cohort-specific Evaluation

The specific evaluation methods and requirements for participating MTW agencies will vary in each cohort based on the policy changes to be tested in that cohort.[29] The cohort-specific policy change and evaluation methods will be described in the applicable Selection Notice such that the MTW agency is aware, in advance of application to the MTW demonstration program, of the policy it will be required to implement and the evaluation requirements. The MTW agency is required to participate in the evaluation for the full timeframe designated by HUD. HUD's Office of Policy Development and Research will take the lead on evaluating cohort-specific policy changes, and separate funds are appropriated by Congress for these evaluations. In all cases, the purpose of the evaluation will be to measure the outcomes associated with the specific policy change(s) in order to offer policy recommendations for implementing the policy change(s) across all PHAs.

### c. Ad Hoc Evaluation

HUD reserves the right to request, and the MTW agency shall provide, any additional information required by law or required for the sound administration or evaluation of the MTW agency.

## 7. Program Administration and Oversight

In general, MTW agencies will be subject to the same planning and reporting protocols as non-

[29] For example, some cohorts of MTW agencies may be required to participate in randomized control trials, while others may be required to participate in detailed process studies or ethnographic research.

MTW agencies, including the PHA Plan (5-Year Plan and Annual PHA Plan) and Capital Fund planning. MTW agencies must also report data into HUD data systems, as required.

New protocols and instruments will be developed for assessing an MTW agency's performance and will be incorporated into PHAS and SEMAP, or successor assessment systems, or an alternative assessment system developed by HUD, explained further in section VI.7.b of this MTW Operations Notice. In addition, HUD will employ standard program compliance and monitoring approaches including assessment of relative risk and on-site monitoring conducted by HUD or by entities contracted by HUD.

**a. Planning and Reporting**

*i. The Annual PHA Plan*

MTW agencies must adhere to Annual PHA Plan regulations at 24 CFR part 903, any implementing HUD Notices and guidance, as well as any succeeding regulations. The Annual PHA Plan consists of the 5-Year Plan that a PHA must submit to HUD once every five PHA fiscal years and the Annual PHA Plan that the PHA must submit to HUD for each PHA fiscal year. Annual and 5-Year Plans must be submitted in a format prescribed by HUD. Currently, submission format requirements are outlined in Notice PIH 2015-18, issued October 23, 2015, which is effective until amended, superseded or rescinded.

Any HUD assistance that the MTW agency is authorized to use under the MTW demonstration must be used in accordance with the Annual PHA Plan, as applicable.

*ii. MTW Supplement to the Annual PHA Plan (under development)*

As an MTW agency, all Annual PHA Plan information must be provided in the context of the agency's participation in the MTW demonstration. This includes taking into account the MTW Waiver(s), Safe Harbor Waiver(s), Agency-Specific Waiver(s) and Cohort-Specific Waiver(s), and associated activity(s), afforded to the MTW agency. To this end, MTW agencies will submit an MTW Supplement to the Annual PHA Plan.[30] The MTW Supplement form has not been finalized at the time of the publication of this MTW Operations Notice; it has been made available for public review and comment, per PRA requirements.[31]

Non-MTW PHAs that are qualified under 24 CFR 903.3(c) and that are not designated as troubled under PHAS and that do not have a failing score under SEMAP are exempt from the requirement to submit the Annual PHA Plan. Per this MTW Operations Notice, while MTW agencies that are qualified under 24 CFR 903.3(c) are not required to submit the Annual PHA Plan, they are required to submit the MTW Supplement on an annual basis.

MTW agencies must submit to HUD the Annual PHA Plan, including any required attachments, and the MTW Supplement no later than 75 days prior to the start of the agency's fiscal year. HUD will notify the MTW agency in writing if HUD objects to any provisions or information in the Annual PHA Plan or the MTW Supplement. When the MTW agency submits its Plan 75 days in advance of its fiscal year, HUD will respond to the MTW agency within 75 days or the

[30] MTW agencies designated pursuant to the 2016 Expansion Statute are not required to submit the Annual MTW Plan or Annual MTW Report (i.e., Form 50900).
[31] 83 Fed. Reg. 50676 (October 9, 2018)

Annual PHA Plan and the MTW Supplement are automatically approved.

Prior to submitting to HUD, the MTW Supplement must go through a public process along with the Annual PHA Plan. This will allow the MTW agency to inform the community of any programmatic changes and give the public an opportunity to comment. The MTW agency must have at least a 45-day public review period of its plan, after publishing a notice informing the public of its availability and conducting reasonable outreach to encourage participation in the plan process, followed by a public hearing. MTW agencies must consider, in consultation with the RABs and tenant associations, as applicable, all of the comments received at the public hearing. The comments received by the public and RABs and tenant associations must be submitted by the agency as a required attachment to the Plan. MTW agencies must also include a narrative describing their analysis of the recommendations and any decisions made based on these recommendations.

*iii. Admissions and Continued Occupancy Policy and Administrative Plan*

The MTW agency must update its ACOP and/or Administrative Plan, as applicable, to be consistent with the MTW activities and related waivers that it implements. The MTW agency may not implement an MTW activity or waiver until the relevant sections of the ACOP and/or Administrative Plan are updated. MTW agencies must provide HUD with electronic versions of the ACOP and/or Administrative Plan upon request. If the MTW agency implements an activity using the local, non-traditional uses of funds waiver, the MTW agency must create and update an implementing document specifically for such activity. Additionally, the MTW agency must update its ACOP and/or Administrative Plan upon terminating an MTW activity.

*iv. Capital Planning and Reporting*

MTW agencies must adhere to CFP regulations at 24 CFR part 905, any implementing HUD Notices and guidance, as well as any successor regulations. As noted previously, MTW agencies are funded in accordance with CFP regulations and formula funds are calculated and distributed in the same manner as non-MTW agencies.

MTW agencies have the authority and flexibility to utilize their CFP funds for expanded uses as part of their MTW funding flexibility. HUD will award Capital Fund grants to MTW agencies in keeping with the standard process for all PHAs. The Department will spread budget line items in eLOCCS in accordance with Annual Statements/Budgets submitted in EPIC for Capital Fund grants awarded. As with all PHAs, an MTW agency may draw down Capital Funds from HUD only when such funds are due and payable, unless HUD approves another payment schedule.[32] To the extent that the MTW agency plans to use CFP funding for other MTW-eligible (non-CFP) activities, the agency must create a separate work activity (or activities) in the EPIC system that select the "MTW (1492)" work category. CFP funds entered on BLI 1492 would not need to be broken out and itemized in the part II supporting pages of the HUD-50075.1. However, regardless of the BLI utilized, funds may not be drawn down until the PHA has an immediate need for the funds. An MTW agency may not accelerate drawdowns of funds in order to fund

[32] HUD will publish a rule that will govern the establishment and maintenance of a Capital Reserve pursuant to Section 109 of HOTMA that may give PHAs authorization to draw down funds in advance of need in certain limited circumstances.

reserves or to otherwise increase locally held amounts, as discussed in section 5.a. of this notice.

An MTW agency is not required to use all or any portion of its CFP grant for non-CFP activities. To the extent that the MTW agency wishes to dedicate all or a portion of its CFP grant to specific capital improvements, the agency shall record CFP funding in work activities in EPIC as in the standard program.

*v. Inventory Management System/PIH Information Center Reporting*

Data from HUD's Inventory Management System/PIH Information Center (IMS/PIC), or successor systems, is critical to all aspects of program administration, including HUD monitoring and tracking of MTW agency progress in meeting the MTW statutory objectives. IMS/PIC data is used to establish funding eligibility levels for both Operating Subsidy Fund and Capital Fund grants. Further, HUD relies on IMS/PIC data to provide a thorough and comprehensive view of PHA program performance and compliance.

MTW agencies are required to submit the following information to HUD via IMS/PIC (or its successor system):

- Family data to IMS/PIC using Form HUD-50058 MTW Expansion (or successor forms) or Form HUD-50058 for special purpose voucher purposes, and in compliance with HUD's standard 50058 submission requirements for MTW agencies. MTW agencies must report information on all families receiving some form of tenant-based or project-based housing assistance, either directly or indirectly, as well as all public housing families, to be current to at least a 95 percent level.

- Current building and unit information in the development module of IMS/PIC (or successor system).

- Basic data about the PHA (address, phone number, e-mail address, etc.).

HUD will monitor MTW agency reporting to IMS/PIC (or successor system) to ensure compliance and provide technical assistance to MTW agencies as needed. In order to participate in the MTW expansion, PHAs must have the information technology capability to upgrade their IMS/PIC software to accommodate MTW flexibilities. PHAs that currently use HUD Family Reporting Software (FRS) must upgrade their software to an approved system that supports the submission of MTW IMS/PIC data. HUD does not anticipate modifying the FRS to accommodate the submission of MTW data.

*vi. Voucher Management System Reporting*

MTW agencies are required to report voucher utilization in VMS, or its successor system. There are several areas in which VMS reporting is different for MTW agencies. These areas are highlighted in the VMS User's Manual (http://portal.hud.gov/hudportal/documents/huddoc?id=instructions.pdf) which details the VMS reporting requirements.

HUD will monitor each MTW agency's VMS reporting to ensure compliance and provide technical assistance to MTW agencies as needed.

*vii. General Reporting Requirement*

In addition to the reporting requirements outlined in this MTW Operations Notice, MTW agencies are required to comply with any and all HUD reporting requirements not specifically waived by HUD for participation in the MTW demonstration program.

**b. Performance Assessment**

Assessing the performance of PHAs (both MTW and non-MTW) helps with the delivery of services in the public housing and voucher programs and enhances trust among PHAs, assisted households, HUD, and the general public. To facilitate this effort, HUD will provide management tools for effectively and fairly assessing the performance of a PHA in essential housing operations and program administration.

Currently, HUD uses PHAS and SEMAP to assess risk and identify underperforming PHAs in the traditional public housing and voucher programs. However, since some of the MTW flexibilities make it difficult to accurately assess the performance of MTW agencies under the existing systems, HUD will develop an alternative, MTW-specific assessment system, which may be incorporated into PHAS and SEMAP (or successor assessment system(s)). MTW agencies may not opt out of the MTW-specific successor system(s). Until the successor system is implemented, HUD will monitor MTW agency performance through PHAS sub-scores. Additionally, HUD may consider data provided through other HUD systems in its assessment of an MTW agency's activities.

*i. Public Housing Assessment System*

MTW agencies will not be scored in PHAS unless and until such time as HUD develops an MTW-specific system that is incorporated into PHAS, or successor system, but they can elect to be scored if they choose to opt in. (MTW agencies continue to receive PHAS sub-scores even if they do not to receive the overall score.) An MTW agency will maintain its PHAS performance designation (i.e., high performer, standard performer, substandard performer, troubled, Capital Fund-troubled) at the time of MTW designation, up until a successor system is established. If an MTW agency elects to receive its overall PHAS score, the agency must continue to be scored for the duration of the demonstration, or until the agency is assessed under the alternative, MTW-specific assessment system(s), whichever comes first. Once developed, all MTW agencies, including MTW agencies that elect not to receive an overall PHAS score, must be assessed under the MTW-specific assessment system(s).

Pursuant to the 1996 MTW Statute, when providing public housing, the MTW agency must ensure that the housing is safe, decent, sanitary, and in good repair, according to the physical inspection protocols established and approved by HUD. Thus, MTW agencies continue to be subject to HUD physical inspections. To the extent that HUD physical inspections reveal deficiencies, the MTW agency must continue to address these deficiencies in accordance with existing physical inspection requirements. If an MTW agency does not maintain public housing adequately, as evidenced by the physical inspection performed by HUD, and is determined to be troubled in this area, HUD will determine appropriate remedial actions.

*ii. Section 8 Management Assessment Program*

MTW agencies will not be scored in SEMAP unless and until such time as HUD develops an MTW-specific system that is consistent with SEMAP, or successor system, but they can elect to be scored if they choose to opt in. An MTW agency will maintain its SEMAP performance designation (i.e., high performer, standard performer, troubled) at the time of MTW designation, up until a successor system is established. If an MTW agency elects to receive its overall SEMAP score, the agency must continue to be scored for the duration of the demonstration, or until the agency is assessed under the MTW-specific assessment system, whichever comes first. Once developed, all MTW agencies, including MTW agencies that opt out of SEMAP, must be assessed under the MTW-specific assessment system(s).

**c. Monitoring and Oversight**

MTW agencies remain subject to the full range of HUD monitoring and oversight efforts including, but not limited to, annual risk assessments, on-site monitoring reviews, monitoring reviews relating to VMS reporting and rent reasonableness, review of the accuracy of data reported into HUD data systems, and use of HUD data systems to assess agency program performance, among other activities.

*i. Five Statutory MTW Requirements*

Throughout participation in the MTW demonstration program, all MTW agencies must continue to meet five statutory MTW requirements established under the 1996 MTW Statute. Specific enforcement processes of the five statutory MTW requirements will be included in the MTW ACC Amendment (see also, section VI.12 of this notice). HUD will monitor and determine MTW agencies' compliance with these five statutory MTW requirements as follows:

(a) Very Low-Income Requirement. MTW agencies must ensure that at least 75 percent of the families assisted are very low-income families, in each fiscal year, as defined in Section 3(b)(2) of the 1937 Act.

- *HUD Verification Approach:* Initial household certification data recorded in IMS/PIC will be used for both the PH and HCV programs for compliance monitoring purposes. The initial certification is comprised only of new admissions in the MTW agency's given fiscal year. Initial household certification data for families housed through local, non-traditional activities will be provided in a manner specified by the Department. An MTW agency's portfolio will then be weighted with respect to the number of households being served by each housing program type (i.e., public housing, HCV, and local, non-traditional). While the verification approach for this statutory requirement will be conducted based on initial certification in the MTW agency's given fiscal year, MTW agencies must continue to assist low-income families, which MTW agencies must monitor through the reexamination process, as may be amended per Appendix I.

(b) Reasonable Rent Policy. MTW agencies must establish a reasonable rent policy which shall be designed to encourage employment and self-sufficiency by

participating families, consistent with the purpose of this demonstration, such as by excluding some or all of a family's earned income for purposes of determining rent.

- *HUD Verification Approach:* HUD defines rent reform as any change in the regulations on how rent is calculated for a household. Upon designation into the MTW demonstration, MTW agencies are to submit their planned policy to implement a reasonable rent policy in the MTW Supplement. All activities falling under any of the activities in the Tenant Rent Policies waiver or the Alternate Reexamination Schedule waiver, as detailed in Appendix I, meet the definition of a reasonable rent policy because these activities constitute a change from regulations on how rent is calculated for a household. In addition, implementation of any voluntary alternative rent calculation that is available for all PHAs would count towards meeting this statutory requirement. Finally, an MTW agency may propose, for HUD's approval, an Agency-Specific Waiver to establish a rent policy that is different from those listed in Appendix I. If approved, this alternate rent policy approved through an Agency-Specific Waiver would also meet this statutory requirement. An MTW agency must implement one or multiple reasonable rent policies during the term of its MTW designation.[33]

(c) Substantially the Same Requirement. MTW agencies must continue to assist substantially the same total number of eligible low-income families as would have been served absent the MTW demonstration.

- *HUD Verification Approach:* Appendix III details the requirements for the Substantially the Same (STS) methodology which: ensures substantially the same number of families are housed; allows for local flexibility; is responsive to changing budgetary climates; is feasible for HUD to administer; is easy for MTW agencies to predict compliance; is straightforward to understand; is calculated each year; and has publicly available results. Please refer to Appendix III for the specific requirements.

(d) Comparable Mix Requirement. MTW agencies must maintain a comparable mix of families (by family size) as would have been provided had the amounts not been used under the demonstration.

- *HUD Verification Approach:* In order to establish a comparable mix baseline, HUD will pull data, by family size, for occupied public housing units and leased vouchers at the time of entry into the demonstration. HUD will rely upon MTW agency-reported data into HUD systems (i.e., IMS/PIC, VMS). This information will be used to establish baseline percentages, by family size, to which the agency is measured by for the remainder of participation. Following entry into the demonstration,

[33] MTW agencies in the rent reform cohort may have prescribed deadlines to implement their reasonable rent policies.

agencies will provide comparable mix data and, if applicable, associated justifications in the MTW Supplement. HUD deems an acceptable level of variation to be no more than 10 percent from the baseline. Justifications or explanations for fluctuations greater than 10 percent are required and subject to HUD's review.

(e) Housing Quality Standards (HQS). MTW agencies must ensure that housing assisted under the demonstration meets HQS established or approved by the Secretary.

- *HUD Verification Approach:* In order to demonstrate that the MTW agency meets housing quality standards, HUD will verify compliance for each housing program type as follows:

  - HCV – Program regulations at 24 CFR part 982 set forth basic HQS for housing assisted under the HCV program. These housing quality standards, or successor regulations, are the standards used to determine if the MTW agency is fulfilling its responsibilities to ensure owners are maintaining the units in accordance with HQS in the evaluation of an agency. MTW agencies with an HCV program must certify in the MTW Supplement that they have fulfilled their responsibilities to comply with and ensure enforcement of HQS under this requirement in accordance with the HQS regulations in 24 CFR part 982, as modified where applicable through the implementation of the discrete MTW Waivers approved by HUD provided in Appendix 1 or through an Agency-Specific Waiver.

  - Public Housing – HUD will verify this requirement through its review of public housing physical inspection scores. Overall scores falling below 60 percent will be identified as non-compliant with the statutory requirement.

  - Local, Non-Traditional – In the MTW Supplement, MTW agencies must certify that local, non-traditional units meet HQS performance requirements (as provided in 24 CFR 982.401) as required in PIH Notice 2011-45, or successor notice.

*ii. Income Integrity and Enterprise Income Verification System (EIV) Reviews*

MTW agencies are required to comply with the final rule regarding EIV issued December 29, 2009, or successor, and utilize EIV for all income and employment verifications. EIV has been modified for MTW agencies so that family information submitted in IMS/PIC will not expire for 40 months in order to accommodate agencies choosing to extend recertification periods for up to three years.

MTW agencies are subject to HUD review to ensure compliance with EIV requirements as well as monitor the accuracy and integrity of the MTW agencies' income and rent determination policies, procedures, and outcomes.

*iii. MTW Site Visit*

HUD will periodically conduct site visits to monitor the implementation of MTW flexibilities provided under the MTW Operations Notice, provide guidance, discuss the MTW agency's

activities, and offer any needed technical assistance regarding its program. The purpose of a site visit will be to monitor agency-reported MTW activities, to review the status and effectiveness of the MTW agency's strategies, to provide technical assistance, to problem-solve regarding any local barriers the agency is facing, and to identify and resolve outstanding MTW related issues.

The MTW agency shall give HUD access, at reasonable times and places, to all requested sources of information including access to files, access to units, and an opportunity to interview agency staff and assisted participants.

Where travel funding or staff resources are not available to facilitate in-person site visits, HUD may exercise the option to conduct remote site visits via telephone, videoconference, or webinar. To the extent possible, HUD will coordinate the MTW site visit with other site visits to be conducted by HUD.

*iv. Housing Choice Voucher Utilization*

HUD will monitor HCV utilization at MTW agencies and will ensure that HCV funds are utilized in accordance with section VI.5.b.iii and Appendix III of this notice. At its discretion, HUD may take any appropriate actions to direct an MTW agency to increase HCV leasing and utilization.

*v. Public Housing Occupancy*

HUD will monitor public housing occupancy rates for MTW agencies. In instances where the MTW agency's public housing occupancy rate falls below 96 percent, HUD may require, at its discretion, that the MTW agency enter into an Occupancy Action Plan to address the occupancy issues. The Occupancy Action Plan will include the cause of the occupancy issue, the intended solution, and reasonable timeframes to address the cause of the occupancy issue.

*vi. Additional Monitoring and Oversight*

HUD may, based on the MTW agency's risks and at HUD's discretion, conduct management, programmatic, financial, or other reviews of the MTW agency. The MTW agency shall respond to any findings with appropriate corrective action(s).

In addition, HUD will make use of all HUD data systems and available information to conduct ongoing remote monitoring and oversight actions for MTW agencies, consistent with the results of the PIH risk assessment.

## 8. Rental Assistance Demonstration Program

MTW agencies converting public housing program units to Section 8 assistance under the RAD program are able to retain MTW regulatory and statutory flexibilities in the management of those units, subject to RAD requirements, if the conversion is to Section 8 PBV assistance. MTW agencies converting projects under RAD to PBV may continue to undertake flexibilities except to the extent limited by RAD, as described in the RAD Notice, Notice PIH 2012-32, REV-4 or

its successor notice.[34]

## 9. Applying MTW Flexibilities to Special Purpose Vouchers

Special Purpose Vouchers (SPVs) are specifically provided for by Congress in line item appropriations. Except for enhanced vouchers and tenant-protection vouchers (described below), SPVs are not part of the MTW demonstration and are not part of the MTW agency's total available flexible MTW Funding. The funding is renewed outside of the MTW HAP renewal formula and the funding (both the initial increment and renewal funding) for the SPVs may only be used for eligible SPV purposes.[35]

There are no MTW flexibilities available for using MTW funds to cover SPV shortfalls; MTW agencies may use non-HAP sources to cover shortfalls, following the procedures outlined in Notice PIH 2013-28, or successor. Despite SPV funding restrictions to cover regular voucher shortfalls, MTW agencies do have the ability/are permitted to use HAP reserve funds, including HAP originated reserves subject to fungibility provisions, to address SPV instances of shortfalls; where the SPVs are under the same appropriations allocation for renewal as their Section 8 vouchers.[36] Approved MTW flexibilities may be applied towards SPVs according to HUD's current guidance.[37]

### a. HUD-Veterans Affairs Supportive Housing (VASH) Vouchers

HUD-VASH vouchers have separate operating requirements and must be administered in accordance with the requirements listed at www.hud.gov/program_offices/public_indian_housing/programs/hcv/vash. The operating requirements waive and alter many of the standard HCV statutes and regulations at 24 CFR part 982. Unless stated in the HUD-VASH operating requirements, however, the regulatory requirements at 24 CFR part 982 and all other HUD directives for the HCV program are applicable to HUD-VASH vouchers. MTW agencies may submit a request to HUD to operate HUD-VASH vouchers in accordance with MTW administrative flexibilities.

### b. Family Unification Program (FUP) Vouchers

The FUP NOFA language allows vouchers to be administered in accordance with MTW flexibilities unless MTW provisions are inconsistent with the appropriations act or requirements of the FUP NOFA. In the event of a conflict between the MTW Operations Notice and the appropriations act or FUP NOFA language, the act and NOFA govern.

### c. Foster Youth to Independence (FYI) Vouchers

The FYI NOFA language allows vouchers to be administered in accordance with MTW flexibilities unless MTW provisions are inconsistent with the appropriations act or requirements

[34] Notices and laws related to RAD can be found at https://www.hud.gov/RAD/library/notices
[35] Expansion MTW PHAs' Renewal Enclosures does not separate out renewal SPV funding. Expansion MTW PHAs should maintain internal accounting records regarding SPV fund balances.
[36] https://portal.hud.gov/hudportal/documents/huddoc?id=DOC_10495.pdf
[37] This process is explained further in the SPV FAQ available at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/policyguidance.

of the FYI NOFA. In the event of a conflict between the MTW Operations Notice and the appropriations act or FYI NOFA language, the act and NOFA govern.

**d. Non-elderly Persons with Disabilities (NED) Vouchers**

The NED NOFA language allows vouchers to be administered in accordance with MTW operations unless MTW provisions are inconsistent with the appropriations act or requirements of the NED NOFA. In the event of a conflict between the MTW Operations Notice and the appropriations act or NED NOFA language, the act and NOFA govern.

**e. Mainstream Vouchers**

The Mainstream NOFA language allows vouchers to be administered in accordance with MTW flexibilities unless MTW provisions are inconsistent with the appropriations act or requirements of the Mainstream NOFA. In the event of a conflict between the MTW Operations Notice and the appropriations act or Mainstream NOFA language, the act and NOFA govern.

**f. Enhanced Vouchers and Tenant Protection Vouchers**

MTW agencies may apply any MTW flexibilities as authorized by this notice to replacement TPVs to the extent that the MTW flexibilities used do not infringe upon the protections applied to those families[38]. However, funding fungibility may only be applied to replacement TPV funds once the initial funding increment is renewed. No MTW flexibilities may be applied to relocation TPVs. MTW agencies should review PIH Notice 2020-04 and any future successor notices for more information on re-issuance of TPVs.

The statutory enhanced voucher requirements under Section 8(t) of the 1937 Act (e.g., the HAP calculation) apply to an enhanced voucher family until the family either moves from the project or leaves the HCV tenant-based program for any reason. MTW agencies must follow the procedures described in Notice PIH 2013-27, or its successor notice, for a recipient of an enhanced voucher to voluntarily agree to relinquish their tenant-based assistance in exchange for PBV assistance. When an enhanced voucher family moves from the project, either after initially receiving the voucher or anytime thereafter, the Section 8(t) enhanced voucher requirements no longer apply. The voucher is then administered in accordance with the regular HCV program requirements, as modified by the agency's individual MTW waivers and MTW policies for its tenant-based HCV program.

## 10. Applicability of Other Federal, State, and Local Requirements

Notwithstanding the waivers and associated activities provided in this MTW Operations Notice, the following provisions of the 1937 Act continue to apply to MTW agencies and the assistance received pursuant to the 1937 Act:

- The terms "low-income families" and "very low-income families" shall continue to be defined by reference to Section 3(b)(2) of the 1937 Act (42 U.S.C.

[38] For examples of restrictions in applying MTW flexibilities to tenant protection vouchers, please visit the MTW Special Purpose Voucher Q&A at https://www.hud.gov/sites/dfiles/PIH/documents/SpecialPurposeVouchersQA.pdf

§1437a(b)(2));

- Section 12 of the 1937 Act (42 U.S.C. § 1437j), as amended, shall apply to housing assisted under the demonstration, governing labor standards and community service requirements, other than housing assisted solely due to occupancy by families receiving tenant-based assistance;

- Section 18 of the 1937 Act (42 U.S.C. § l437p, as amended by Section 1002(d) of Public Law 104-19, Section 201(b)(1) of Public Law 104-134, and Section 201(b) of Public Law 104-202), governing demolition and disposition, shall continue to apply to public housing notwithstanding any use of the housing under MTW; and

- Section 8(r)(1) of the 1937 Act on HCV portability shall continue to apply unless provided as a cohort-specific waiver and associated activity(s) in an evaluative cohort as necessary to implement comprehensive rent reform and occupancy policies. Such a cohort-specific waiver and associated activity(s) would contain, at a minimum, exceptions for requests to port due to employment, education, health and safety and reasonable accommodation.

Notwithstanding anything contained in this notice, federal, state and local requirements applicable to public housing or HCV assistance other than those provisions of the 1937 Act or its implementing requirements that are specifically waived pursuant to the MTW Operations Notice will apply. MTW authority may also be limited by any laws promulgated in future years, which include without limitation: statutes, appropriations acts, notices implementing appropriations acts, regulations, and executive orders.

The MTW ACC Amendment will place in HUD the authority and discretion to determine whether any future law conflicts with any MTW-related agreement or notice. If a future law conflicts, the future law shall be implemented. Additionally, no money damages are contemplated for action by HUD with respect to the MTW demonstration program.

If any requirement applicable to PHAs, public housing, or HCV assistance other than those provisions of the 1937 Act or its implementing requirements that may be waived pursuant to MTW authority and that are specifically waived pursuant to the MTW Operations Notice, contains a provision that conflicts or is inconsistent with any MTW Waiver, Safe Harbor Waiver, and/or Agency-Specific Waiver granted by HUD, the MTW agency remains subject to the terms of that requirement. Such requirements include, but are not limited to:

- Requirements for Federal Funds: Notwithstanding the flexibilities described in this notice, the public housing and voucher funding provided to MTW agencies remain federal funds and are subject to any and all other federal requirements outside of the 1937 Act (e.g., including but not limited to competitive HUD NOFAs under which the MTW agency has received an award, state and local laws, federal statutes other than the 1937 Act (including appropriations acts), and OMB Circulars and requirements), as modified from time to time. The MTW agency's expenditures must comply with 2 CFR part 200 and other applicable federal requirements, which provide basic guidelines for the use of federal funds, including the requirements of this notice.

- National Environmental Policy Act (NEPA): MTW agencies must comply with NEPA, 24 CFR part 50 or part 58, as applicable, and other related federal laws and authorities identified in 24 CFR part 50 or part 58, as applicable. Information and guidance on the environmental review process and requirements is provided in PIH Notice 2016-22, or successor notice.

- Fair Housing and Equal Opportunity: As with the administration of all HUD programs and all HUD-assisted activities, fair housing, and civil rights issues apply to the administration of MTW demonstration programs. This includes actions and policies that may have a discriminatory effect on the basis of race, color, sex, national origin, religion, disability, or familial status (see 24 CFR part 1 and part 100 subpart G) or that may impede, obstruct, prevent, or undermine efforts to affirmatively further fair housing. Annual PHA Plans must include a civil rights certification required by Section 5A of the 1937 Act and implemented by regulation at 24 CFR 903.7(o) and 903.15, as well as a statement of the MTW agency's strategies and actions to achieve fair housing goals outlined in an approved Assessment of Fair Housing consistent with 24 CFR 5.154. If the MTW agency does not have a HUD-accepted Assessment of Fair Housing (AFH), it must still provide a civil rights certification and statement of the MTW agency's fair housing strategies, which would be informed by the corresponding jurisdiction's AFH and the MTW agency's assessment of its own operations.

  All PHAs, including MTW agencies, are obligated to comply with non-discrimination and equal opportunity laws and implementing regulation, including those in 24 CFR 5.105. Specific laws and regulations must be viewed in their entirety for full compliance, as this MTW Operations Notice does not incorporate a complete discussion of all legal authorities. For example, PHAs, including MTW agencies, are required to comply with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, Executive Order 11063: Equal Opportunity in Housing, Executive Order 13166: Improving Access to Services for Persons with Limited English Proficiency, HUD's Equal Access Rule (24 CFR 5.105(a)(2), Age Discrimination Act of 1975, and Title IX of the Education Amendments Act of 1972, as well as HUD and government-wide regulations implementing these authorities. MTW agencies should review PIH Notice 2011-31, or its successor, for more details.

- Court Orders and Voluntary Compliance Agreements: MTW agencies must comply with the terms of any applicable court orders or Voluntary Compliance Agreements that are in existence or may come into existence during the term of the MTW ACC Amendment. The MTW agency must cooperate fully with any investigation by the HUD Office of Inspector General or any other investigative and law enforcement agencies of the U.S. Government.

## 11. MTW Agencies Admitted Prior to 2016 MTW Expansion Statute

The 39 MTW agencies that entered the MTW demonstration prior to the 2016 MTW Expansion Statute adhere to an administrative structure outlined in the Standard MTW Agreement, an agreement between each current agency and HUD. The 2016 MTW Expansion Statute extended the term of the Standard MTW Agreement for these existing MTW agencies through each agency's 2028 fiscal year.

Some agencies that entered the MTW demonstration prior to the 2016 MTW Expansion Statute may wish to opt out of their Standard MTW Agreement and administer their MTW program pursuant to the MTW Expansion and the requirements in this MTW Operations Notice. HUD will support an existing MTW agency's request to join the MTW Expansion provided that the agency:

- makes the change at the end of its fiscal year, so that it does not have part of a fiscal year under the Standard Agreement and part under the MTW Operations Notice;
- follows the same public comment and Board resolution process as would be required for amending the Standard MTW Agreement;
- executes its MTW ACC Amendment to authorize participation in the MTW demonstration consistent with the MTW Operations Notice; and
- executes the MTW ACC Amendment and terminates its Standard MTW Agreement, thereby becoming subject to all the terms and conditions that apply to MTW agencies admitted pursuant to the 2016 MTW Expansion Statute, including all of the provisions of this Operations Notice and the accompanying MTW ACC Amendment.

Should an existing MTW agency elect to administer its MTW program pursuant to the framework described in this MTW Operations Notice, it will not be required to implement the cohort-specific policy change associated with any of the MTW cohorts and it will not be required to participate in the evaluation of that specific policy change. All other requirements in this MTW Operations Notice will apply.

## 12. Sanctions, Terminations, and Default

If the MTW agency violates any of the requirements outlined in this notice, HUD is authorized to take any corrective or remedial action permitted by law. Sanctions, terminations, and default are covered in the agency's MTW ACC Amendment.

## 13. Administrative and Contact Information

### a. Paperwork Reduction Act

The information collection requirements contained in this document are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S C. 2501-3520). The OMB control number is 2577-0216. In accordance with the Paperwork

Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

**b. Contact Information**

For further information, contact: John Concannon, Director, Moving to Work Demonstration Program; e-mail: mtw-info@hud.gov; telephone number 202-402-4306

(this is not a toll-free number), or visit the MTW demonstration program website at: www.hud.gov/mtw. Hearing- and speech-impaired persons may access this number through TTY by calling the Federal Relay Service at 800-877-8339 (this is a toll-free number).

# APPENDIX I - MTW Waivers

Appendix I, MTW Waivers, is a simplified guide for MTW agencies seeking to develop MTW initiatives that have already been executed by existing MTW agencies. MTW agencies may implement any activity contained in Appendix I without further HUD approval as long as it is included in the MTW Supplement (described in section VI.7 of this Notice) of an approved PHA Plan and implemented within the associated safe harbor(s). MTW activities are listed by specific waiver name in Appendix I; however, MTW agencies may use the MTW Supplement to combine activities together in order to create more comprehensive initiatives.

This appendix contains the MTW Waivers and their associated activities. The appendix includes the waiver name, waiver description, statutes and regulations waived, permissible activities, and safe harbors. The waiver description defines the authorization provided to the MTW agency, subject to the terms of this notice. The statutory and regulatory citations that may be waived by an MTW agency in order to implement an activity are included below the activity. The list of waivers and list of activities are organized by program type. The safe harbors contain the additional requirements (beyond those specified in the activity description) the agency must follow in order to implement the activity without additional HUD approval once it is included in an approved MTW Supplement to the PHA Plan. Consistent with applicable federal, state, and local lease requirements, MTW agencies should update their leases as necessary to adopt MTW flexibilities authorized by these MTW Waivers.

Appendix I is an exclusive list of activities an MTW agency can implement without further HUD approval once it is included in the MTW Supplement of an approved PHA Plan; however, is not intended to be the complete listing of what an MTW agency can and cannot do. If an MTW agency wishes to request the ability to implement an activity in a manner inconsistent with the safe harbor(s) of an MTW activity in this appendix, the MTW agency must go through the Safe Harbor Waiver request process explained in section VI.4 of the MTW Operations Notice. If an MTW agency wishes to implement activities or request waivers not included in this appendix, it must go through the Agency-Specific Waiver process explained in section VI.4 of the MTW Operations Notice. As described in Appendix II, the MTW agency shall submit an impact analysis for all Safe Harbor Waiver requests, and the MTW agency shall describe any hardship policy, as applicable.

***Safe harbors marked with an asterisk (*) cannot be waived through either the Safe Harbor Waiver process or the Agency-Specific Waiver process.***

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<table>
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<tr><td colspan="3">The agency is authorized to adopt and implement the activities listed below for setting tenant rents in public housing, including but not limited to establishing definitions of income and adjusted income that differ from those in the current 1937 Act and its implementing regulations. The agency is authorized to adopt and implement the activities listed below to establish total tenant payments (TTP)[1] in the HCV program, and/or tenant rents for tenant-based and project-based voucher (PBV) assistance that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. The agency is authorized to adopt and implement the activities listed below to calculate the tenant portion of the rent in a way that differs from the currently mandated program requirements in the 1937 Act and its implementing regulations. The agency must determine initial eligibility in accordance with 24 CFR 5.609 and must comply with section 3(b)(2) of the United States Housing Act of 1937 Act (1937 Act) (42 U.S.C. §1437). For voucher activities, the Department has developed a standard rider to the HAP contract that reflects any MTW authorizations that amend the current requirements of the HAP contract.</td></tr>
<tr><th colspan="3">1.a.,1.b. Tiered Rent</th></tr>
<tr><td>Activity</td><td>1.a. <u>Tiered Rent (PH)</u> - The agency may implement changes to the tenant rent calculation to create a system based upon income bands.</td><td>1.b. <u>Tiered Rent (HCV)</u> - The agency may implement changes to the TTP calculation to create a system based upon income bands.</td></tr>
<tr><td>Statutes and Regulations Waived</td><td><u>Tiered Rent (PH)</u> - Certain provisions of sections 3(a)(1)-(2) of the 1937 Act and 24 CFR 5.628, 5.634(b) and 960.253.</td><td><u>Tiered Rent (HCV)</u> - Certain provisions of sections 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.628.</td></tr>
<tr><td>Safe Harbors</td><td colspan="2">1.a. and 1.b.<br>i. Rents and/or TTP (as applicable) established under this system must be set using the lowest income in each band. For example, if an income band is $2,500-$5,000 then the rent for that band must be set using $2,500.<br>ii. The agency must adopt a flat rent and/or TTP (as applicable) policy within each income band instead of calculating rent based on adjusted or gross income.</td></tr>
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<tr><td>Activity</td><td>1.c. <u>Stepped Rent (PH)</u> – The agency may create a stepped rent model that increases the family’s rent payment on a fixed schedule in both frequency and amount. The fixed schedule/stepped rent model may be disaggregated from family income.</td><td>1.d. <u>Stepped Rent (HCV)</u> – The agency may create a stepped rent model that increases the family’s TTP on a fixed schedule in both frequency and amount. The fixed schedule/stepped rent model may be disaggregated from family income.</td></tr>
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[1] In the HCV tenant-based program, the housing assistance payment (HAP) is the lower of: (1) the payment standard minus the family’s TTP, or (2) the gross rent minus the TTP. The TTP is the minimum amount the family will pay das the family share. If the gross rent exceeds the payment standard, the family will pay TTP and the difference between the gross rent and the payment standard as the family share. In the HCV project-based program, the family always pays TTP minus any utility allowance (UA) as the tenant rent.

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| Statutes and Regulations Waived | **Stepped Rent (PH)** - Certain provisions of section 3(a)(1)-(2) of the 1937 Act and 24 CFR 5.628, 5.634(b) and 960.253. | **Stepped Rent (HCV)** - Certain provisions of sections 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.628. |
| Safe Harbor(s) | **1.c. and 1.d.**<br>• Rent increases may not occur more than once per year.<br>• Agency must conduct an annual impact analysis. *<br>• Agency must exclude elderly and disabled families from rent policy. *<br>• Agency must implement a hardship policy. *<br>• Services, or referrals to services, must be made available by the agency or a partner organization to support preparing families for the termination of assistance, if applicable.<br>• At the Department's request, the agency shall make available the method used to determine that rents charged to families are reasonable when compared to similar unassisted units in the market area. *<br>• Initial rents will be set at no more than 32% of a household's gross income, or 35% of a household's adjusted income.<br>• The PHA will establish a stepped rent increase by unit size. The increase may be no more than 4% of the Fair Market Rent for the applicable area. | |
| **1.e.,1.f. Minimum Rent** | | |
| Activity | **1.e. Minimum Rent (PH)** - The agency may set a minimum rent that is higher than allowed under current statute and regulation. | **1.f. Minimum Rent (HCV)** - The agency may set a minimum rent that is higher than allowed under current statute and regulation. |
| Statutes and Regulations Waived | **Minimum Rent (PH)** - Certain provisions of sections 3(a)(1)-(2) and 3(a)(3)(A) of the Act and 24 CFR 5.628 and 5.630. | **Minimum Rent (HCV)** - Certain provisions of sections 3(a)(3)(A) and 8(o)(2)( A)-(C) of the Act and 24 CFR 5.628 and 5.630. |
| Safe Harbor(s) | **1.e. and 1.f.**<br>**i.** Minimum rent must not exceed $130 per month.<br>**ii.** Agency must exclude elderly and disabled families from rent policy.<br>**iii.** Agency must conduct an impact analysis. *<br>**iv.** Agency must implement a hardship policy. * | |
| **1.g.,1.h. Tenant Payment as a Modified Percentage of Income** | | |
| Activity | **1.g. Tenant Payment as a Modified Percentage of Income (PH)** - The agency may modify the percentage of income used in the TTP calculation. | **1.h. Tenant Payment as a Modified Percentage of Income (HCV)** - The agency may modify the percentage of income used in the TTP calculation. |
| Statutes and Regulations Waived | **Tenant Payment as a Modified Percentage of Income (PH)** - Certain provisions of sections 3(a)(1)-(2) and 3(b)(4)-(5) of the 1937 of the Act and 24 CFR 5.609, 5.611, 5.628, 960.253 and 960.255. | **Tenant Payment as a Modified Percentage of Income (HCV)** - Certain provisions of sections 3(b)(4)-(5) and 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.609, 5.611, and 982.516. |

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| Safe Harbor(s) | **1.g. and 1.h.**<br>**i.** The Tenant Payment in public housing and the Tenant Payment in HCV must not exceed 32% of income for non-elderly/non-disabled families if the agency is utilizing flexibility under activities 1.r., 1.t. and/or 1.v. (for 1.g.) or 1.s., 1.u. and/or 1.w. (for 1.h.).<br>**ii.** The Tenant Payment in public housing and the Tenant Payment in HCV must not exceed 35% of income for non-elderly/non-disabled families if the agency is not utilizing flexibility under activities 1.r., 1.t. and/or 1.v. (for 1.g.) or 1.s., 1.u. and/or 1.w. (for 1.h.).<br>**iii.** Agency must exempt elderly and disabled families from rent policy.<br>**iv.** Agency must conduct an impact analysis. *<br>**v.** Agency must implement a hardship policy. * | |
| **1i.,1.j. Alternative Utility Allowance** | | |
| Activity | **1i. <u>Alternative Utility Allowance (PH)</u>** - The agency may create a utility schedule(s) for all units. | **1j. <u>Alternative Utility Allowance (HCV)</u>** - The agency may create a utility schedule(s) for all HCV units based upon bedroom size, the unit location and/or the types of utilities paid by participant. The agency may establish a site-based utility allowance in PBV. |
| Statutes and Regulations Waived | **<u>Alternative Utility Allowance (PH)</u>** - Certain provisions of 24 CFR. 965.503-506. | **<u>Alternative Utility Allowance (HCV)</u>** - Certain provisions of section 8(o)(2)(D)(i) of the 1937 Act and 24 CFR 982.517 and983.301(f)(2)(ii). |
| Safe Harbor(s) | **1.i. and 1.j.**<br>**i.** The utility schedule must be based upon number of bedrooms, the property location, and/or the types of utilities paid by participant.<br>**ii.** The agency must review its schedule of utility allowances each year and revise its allowance for a utility category if there has been a change of 10 percent or more of the cost from the prior year. The agency must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.<br>**iii.** The agency must not include items in the utility schedule that are excluded under HUD regulations. * | |
| **1.k.,1.l. Fixed Rents/Subsidies** | | |
| Activity | **1.k**. **<u>Fixed Rents (PH)</u>** - The agency may establish fixed rents based on bedroom size. | **1.l. <u>Fixed Subsidy (HCV)</u>** - The agency may establish a fixed subsidy based on bedroom size. Under this model, the family pays the difference between the gross rent for the unit and the fixed subsidy as the family share/tenant rent. |

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| Statutes and Regulations Waived | **Fixed Rents (PH)** - Certain provisions of sections 3(a)(1)- (2) and 3(a)(3)(A) of the 1937 Act and 24 CFR 5.628, 5.634(b), and 960.253. | **Fixed Subsidy (HCV)** - Certain provisions of sections 8(o)(2)(A)-(C) and 8(o)(3) of the 1937 Act and 24 CFR 5.628, 5.630, 982.505, 982.508, 983.351(c), 983.353(b)(1), and 983.353(d)(1). |
| Safe Harbor(s) | **1.k. and 1.l.**<br>**i.** Tenant rent under the public housing portion of this activity must not exceed 30% of income under the HUD rent calculation as defined by the 1937 Act.<br>**ii.** For the HCV portion of this activity, the fixed subsidy must not result in a family paying more than 30% of income under the HUD rent calculation as defined by the 1937 Act. | |
| **1.m.,1.n. Utility Reimbursements** | | |
| Activity | **1.m. Utility Reimbursements (PH)** - The agency may eliminate utility reimbursement payments in the public housing program when the utility allowance is greater than the total tenant payment. | **1.n. Utility Reimbursements (HCV)** - The agency may eliminate utility reimbursement payments in the HCV program when the utility allowance is greater than the total tenant payment. |
| Statutes and Regulations Waived | **Utility Reimbursements (PH)** - Certain provisions of section 3(a)(1) of the 1937 Act and 24 CFR 5.632. | **Utility Reimbursements (HCV)** - Certain provisions of sections 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 982.514 and 983.353(d). |
| **1.o. Initial Rent Burden (HCV only)** | | |
| Activity | N/A | **1o. Initial Rent Burden (HCV)** - The agency may waive the maximum family share at initial occupancy of 40% of the family's monthly income. |
| Statutes and Regulations Waived | N/A | **Initial Rent Burden (HCV)** - Certain provisions of section 8(o)(3) of the 1937 Act and 24 CFR 982.508. |
| Safe Harbor(s) | N/A | **1.o.**<br>**i.** Agency must implement an impact analysis. *<br>**ii.** Agency must not allow the family share at initial occupancy to exceed 60% of the family's monthly income. |
| **1.p.,1.q. Imputed Income** | | |
| Activity | **1.p. Imputed Income (PH)** - Agency may base rent on an assumed number of hours worked per week. | **1.q. Imputed Income (HCV)** - Agency may base TTP on an assumed number of hours worked per week. |

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| Statutes and Regulations Waived | **Imputed Income (PH)** - Certain provisions of sections 3(a)(1) and 3(b)(4)-(5) of the 1937 Act and 24 CFR 5.609, 5.611, 5.628, 960.255, 960.253, and 960.257. | **Imputed Income (HCV)** - Certain provisions of sections 3(b)(4)-(5) and 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.609, 5.611, 5.628, and 982.516. |
| Safe Harbor(s) | **1.p. and 1.q.**<br>**i.** The rent calculation must be based on no more than 15 hours worked per person, per week at the Federal Minimum Wage.<br>**ii.** The rent calculation must be based on no more than 30 hours worked per week per household at the Federal Minimum Wage.<br>**iii.** Agency must conduct an impact analysis. *<br>**iv.** Agency must exempt elderly and disabled families from rent policy. *<br>**v.** Agency must implement a hardship policy. * | |
| **1.r.,1.s. Elimination of Deduction(s)** | | |
| Activity | **1.r. Elimination of Deduction(s) (PH)** - The agency may eliminate one, some, or all deductions. | **1.s. Elimination of Deduction(s) (HCV)** - The agency may eliminate one, some, or all deductions. |
| Statutes and Regulations Waived | **Elimination of Deduction(s) (PH)** - Certain provisions of sections 3(a)(1), 3(b)(4)-(5) of the 1937 Act and 24 CFR 5.611, 960.253, 960.255, and 960.257. | **Elimination of Deduction(s) (HCV)** - Certain provisions of sections 3(a)(1), 3(b)(4)-(5) and 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.611, and 982.516. |
| Safe Harbor(s) | **1.r. and 1.s.**<br>**i.** Agency must conduct an impact analysis. *<br>**ii.** Agency must exempt elderly and disabled families from rent policy. *<br>**iii.** Agency must implement a hardship policy. * | |
| **1.t.,1.u. Standard Deductions** | | |
| Activity | **1.t. Standard Deductions (PH)** - The agency may replace existing deduction(s) with a standard deduction(s). | **1.u. Standard Deductions (HCV)** - The agency may replace existing deduction(s) with a standard deduction(s). |
| Statutes and Regulations Waived | **Standard Deductions (PH)** - Certain provisions of sections 3(a)(1) and 3(b)(4)-(5) of the 1937 Act and 24 CFR 5.611, 960.253, 960.255, and 960.257. | **Standard Deductions (HCV)** - Certain provisions of sections 3(a)(1), 3(b)(4)-(5), and 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.611, and 982.516. |
| Safe Harbor(s) | **1.t. and 1.u.**<br>**i.** Agency must conduct an impact analysis. *<br>**ii.** Agency must implement a hardship policy. * | |

| 1.v.,1.w. Alternative Income Inclusions/Exclusions | | |
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| Activity | **1.v. <u>Alternative Income Inclusions/Exclusions (PH)</u> -** The agency may establish alternative policies to include or exclude certain forms of participant income during the income review and rent calculation process. | **1.w. <u>Alternative Income Inclusions/Exclusions (HCV)</u>** - The agency may establish alternative policies to include or exclude certain forms of participant income during the income review and rent calculation process. |
| Statutes and Regulations Waived | **<u>Alternative Income Inclusions/Exclusions (PH)</u>** - Certain provisions of sections 3(a)(1) and 3(b)(4)-(5) of the 1937 Act and 24 CFR 5.609, 5.611, 960.253, 960.255, and 960.257. | **<u>Alternative Income Inclusions/Exclusions (HCV)</u>** - Certain provisions of sections 3(a)(1), 3(b)(4)-(5), and 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.609, 5.611, and 982.516. |
| Safe Harbor(s) | **1.v. and 1.w.**<br>**i.** Agency must exempt elderly and disabled individuals from this rent determination policy. | |

| 2. Payment Standards and Rent Reasonableness | |
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| The agency is authorized to adopt and implement any reasonable policy to establish payment standards or rent reasonableness that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. For voucher activities, the Department has developed a standard rider to the HAP contract that reflects any MTW authorizations that amend the current requirements of the HAP contract. | |
| **2.a. Payment Standards – Small Area Fair Market Rents** | |
| Activity | **2.a. <u>Payment Standards – Small Area Fair Market Rents (HCV)</u> -** The agency is authorized to adopt and implement any reasonable policy to establish payment standards based upon Small Area Fair Market Rents (SAFMR). In lieu of establishing a unique payment standard for each ZIP code area within its jurisdiction, a PHA may use this flexibility to establish payment standards for "grouped" ZIP code areas. |
| Statutes and Regulations Waived | **<u>Payment Standards – Small Area Fair Market Rents (HCV)</u>** - Certain provisions of section 8(o)(1)(B) and 8(o)(13)(H) of the 1937 Act and 24 CFR 982.503-505and 983.301. |
| Safe Harbor(s) | **2.a.**<br>**i.** Payment standard must be between 80% and 150% of the SAFMR.<br>**ii.** The payment standard in effect for each grouped ZIP code area must be within the basic range of the SAFMR for each ZIP code area in the group. *<br>**iii.** Agency must implement an impact analysis. *<br>**iv.** Agency must implement a hardship policy. * |

| **2.b. Payment Standards – Fair Market Rents** | |
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| Activity | **2.b. <u>Payment Standards – Fair Market Rents (HCV)</u> -** The agency is authorized to adopt and implement any reasonable policy to establish payment standards based upon Fair Market Rents (FMR). |
| Statutes and Regulations Waived | **<u>Payment Standards – Fair Market Rents (HCV- Tenant-Based Assistance)</u>** - Certain provisions of section 8(o)(1)(B) and 8(o)(13)(H) of the 1937 Act and 24 CFR 982.503-505and 983.301. |
| Safe Harbor(s) | **2.b.**<br>**i.** Payment standard must be between 80% and 120% of the FMR.<br>**ii.** Agency must implement an impact analysis. *<br>**iii.** Agency must implement a hardship policy. * |
| **2.c. Rent Reasonableness** | |
| Activity | **2.c. <u>Rent Reasonableness – Process (HCV)</u> -** The agency is authorized to develop a local process to determine rent reasonableness that differs from the currently mandated program requirements in the 1937 Act and its implementing regulations. |
| Statutes and Regulations Waived | **<u>Rent Reasonableness – Process (HCV)</u>** - Certain provisions of section 8(o)(10)(A) of the 1937 Act, 24 CFR 982.507 and 983.303. |
| Safe Harbor(s) | **2.c.**<br>**i.** Through the Administrative Plan, the agency shall make available the method used to determine that rents charged by owners to voucher participants are reasonable when compared to similar unassisted units in the market area. *<br>**ii.** At the Department's request, the agency must obtain the services of a third-party entity to determine rent reasonableness for PHA-owned units. * |
| **2.d. Rent Reasonableness – Third-Party Requirement** | |
| Activity | **2.d. <u>Rent Reasonableness – Third-Party Requirement (HCV)</u> -** The agency is authorized to perform rent reasonable determinations and to assist the family in negotiating the rent to owner on units that it owns, manages, and/or controls. |
| Statutes and Regulations Waived | **<u>Rent Reasonableness – Third-Party Requirement (HCV)</u>** - Certain provisions of section 8(o)(11) of the 1937 Act, 24 CFR 982.352(b), 982.506 and 983.303. |
| Safe Harbor(s) | **2.d.**<br>**i.** The agency shall establish and make available a quality assurance method to ensure impartiality. *<br>**ii.** The agency shall make available the method used to determine that rents charged by owners to voucher participants are reasonable when compared to similar unassisted units in the market area. *<br>**iii.** At the Department's request, the agency must obtain the services of a third-party entity to determine rent reasonableness for PHA-owned units. * |

| 3. Reexaminations | | |
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| The agency is authorized to implement a reexamination program that differs from the reexamination program currently mandated in the 1937 Act and its implementing regulations. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to section 3(b)(2) of the 1937 Act. MTW agencies must continue to determine the initial eligibility of the family in accordance with provisions of 24 CFR 5.609. | | |
| **3.a.,3.b. Alternative Reexamination Schedule for Households** | | |
| Activity | **3.a. Alternative Reexamination Schedule for Households (PH) -** The agency may establish an alternative reexamination schedule for households. | **3.b. Alternative Reexamination Schedule for Households (HCV) -** The agency may establish an alternative reexamination schedule for households. |
| Statutes and Regulations Waived | **Alternative Reexamination Schedule for Households (PH)** - Certain provisions of sections 3(a)(1) and 3(a)(2)(E) of the 1937 Act and 24 CFR 960.257(a)-(b). | **Alternative Reexamination Schedule for Households (HCV)** - Certain provisions of section 8(o)(5) of the 1937 Act and 24 CFR 982.516 (a)(1) and 982.516(c)(2). |
| Safe Harbor(s) | **3.a. and 3.b**.<br>**i.** Reexaminations must occur at least every three years.<br>**ii.** The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more.<br>**iii.** Agency must implement an impact analysis. *<br>**iv.** Agency must include a hardship policy. * | |
| **3.c.,3.d. Self-Certification of Assets** | | |
| Activity | **3.c. Self-Certification of Assets (PH) -** At reexamination, the agency may allow the self-certification of assets. | **3.d. Self-Certification of Assets (HCV) -** At reexamination, the agency may allow the self-certification of assets. |
| Statutes and Regulations Waived | **Self-Certification of Assets (PH)** - Certain provisions of sections 3(a)(1) and 3(a)(2)(E) of the 1937 Act and 24 CFR. 960.259(c)(2). | **Self-Certification of Assets (HCV)** - Certain provisions of section 8(o)(5) of the 1937 Act and 24 CFR. 982.516 (a)(3). |
| Safe Harbor(s) | **3.c. and 3.d.**<br>**i.** At reexamination, the agency may allow the self-certification of assets only up to $50,000. | |

| 4. Landlord Leasing Incentives |
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| The agency is authorized to determine a damage claim and/or vacancy loss policy and payment policy for units that differ from the policy requirements currently mandated in the 1937 Act and its implementing regulations. All policies are subject to state and local laws. The agency may combine activities 4a and 4b into one voucher leasing incentive. For voucher activities related to this waiver, the Department has developed a standard rider to the HAP contract that reflects MTW authorizations that amend the current provisions of the HAP contract. |

| 4.a.,4.b.,4.c. Vacancy Loss, Damage Claims, and Other Landlord Incentives | |
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| Activity | **4.a. <u>Vacancy Loss (HCV - Tenant-Based Assistance)</u> -** To incentivize a landlord's continued participation in the HCV program, the agency is authorized to make additional payments to the landlord. |
| Statutes and Regulations Waived | **<u>Landlord Voucher Leasing Incentives (HCV - Tenant-Based Assistance)</u>** - Certain provisions of section 8(o)(9) of the 1937 Act, and 24 CFR 982.311 and 982.352(c). |
| Safe Harbor(s) | **4.a.**<br>**i.** Payments made to the landlord must be equal to no more than one month of the contract rent.<br>**ii.** The payment must be made to the landlord when the next HAP contract is executed between the owner and the PHA. *<br>**iii.** The agency must update its Administrative Plan to reflect the vacancy loss policy. * |
| Activity | **4.b. <u>Damage Claims (HCV - Tenant-Based Assistance)</u> -** To incentive a landlord's continued participation in the HCV program, the agency may provide landlords with compensation. |
| Statutes and Regulations Waived | **<u>Landlord Voucher Leasing Incentives (HCV - Tenant-Based Assistance)</u>** - Certain provisions of section 8(o)(9) of the 1937 Act, and 24 CFR 982.311 and 982.352(c). |
| Safe Harbor(s) | **4.b.**<br>**i.** If the tenant leaves the unit damaged, the amount of damage claims must not exceed the lesser of the cost of repairs or two months of contract rent.<br>**ii.** In implementing this activity, the participant's security deposit must first be used to cover damages and the agency may provide up to two months of contract rent minus the security deposit to cover remaining repairs.<br>**iii.** The payment must be made to a landlord when the next HAP contract is executed between the owner and PHA. *<br>**iv.** The agency must update its Administrative Plan to reflect the damage claim policy. * |
| Activity | **4.c. <u>Other Landlord Incentives (HCV - Tenant-Based Assistance)</u>** - In order to incentivize new landlords to join the HCV program, the agency may provide incentive payments. Agencies may target incentive payments to landlords leasing properties in high opportunity neighborhoods or in areas located where vouchers are difficult to use as defined in an agency's Administrative Plan. |
| Statutes and Regulations Waived | **<u>Landlord Voucher Leasing Incentives (HCV - Tenant-Based Assistance)</u>** - Certain provisions of section 8(o)(9) of the 1937 Act, and 24 CFR 982.311 and 982.352(c). |
| Safe Harbor(s) | **4.c.**<br>**i.** Payments made to the landlord must be equal to no more than one month of the contract rent.<br>**ii.** The payment must be made to the landlord when the HAP contract is executed between the owner and the PHA. * |

| 5. Housing Quality Standards (HQS) | |
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| Subject to state and local laws, the agency is authorized by the Secretary to develop flexibilities around an HQS inspection's timing and frequency, the independent-entity requirement, and penalties for failing an HQS inspection, as detailed below. Implementation of any of the below discrete HQS activities meets the requirements of the 1996 MTW Statute, which requires housing to meet HQS established or approved by the Secretary. | |
| **5.a. Pre-Qualifying Unit Inspections** | |
| Activity | **5.a. <u>Pre-Qualifying Unit Inspections (HCV)</u> -** The agency may allow pre-qualifying unit inspections (also known as a pre-inspection). |
| Statutes and Regulations Waived | **<u>Pre-Qualifying Unit Inspections (HCV)</u>** - Certain provisions of section 8(o)(8) of 1937 Housing Act and 24 CFR 983.103, 24 CFR 982.405. |
| Safe Harbor(s) | **5.a.**<br>**i.** The pre-inspection must have been conducted within 90 days of the participant occupying the unit.<br>**ii.** The participant must be able to request an interim inspection. *<br>**iii.** HQS inspection standards must not be altered as found at 24 CFR 982.401. * |
| **5.b. Reasonable Penalty Payments for Landlords** | |
| Activity | **5.b. <u>Reasonable Penalty Payments for Landlords (HCV)</u> -** The agency is authorized to establish a reasonable penalty fee for landlords who failed HQS inspections to encourage positive HQS inspection outcomes and to reduce costs associated with re-inspections. Examples may include a fee imposed at the agency's discretion on a landlord for failed initial, annual, or re-inspections, or for a submission of a Request for Tenancy Approval on a unit that has failed its most recent inspection within a specified timeframe. |
| Statutes and Regulations Waived | **<u>Reasonable Penalty Payments for Landlords (HCV)</u>** - Certain provisions of section 8(o)(8) of 1937 Housing Act and 24 CFR 983.101, 24 CFR 983.103, and 24 CFR 982.405. |
| Safe Harbor(s) | **5.b.**<br>**i.** The agency must establish its penalty process in its Administrative Plan. *<br>**ii.** HQS inspection standards must not be altered as found at 24 CFR 982.401. *<br>**iii.** All fees collected must be used for eligible MTW activities. * |
| **5.c. Third-Party Requirement** | |
| Activity | **5.c. <u>Third-Party Requirement (HCV)</u> -** The agency is authorized to perform HQS inspections on units that it owns, manages, and/or controls. |
| Statutes and Regulations Waived | **<u>Third-Party Requirement (HCV)</u>** - Certain provisions of section 8(o)(11) of the 1937 Act, 24 CFR 982.352(b)(iv) and 24 CFR 983.103(f). |

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| Safe Harbor(s) | **5.c.**<br>**i.** The agency shall establish and make available a quality assurance method to ensure an objective analysis. *<br>**ii.** The participant must be able to request an interim inspection. *<br>**iii.** HQS inspection standards must not be altered as found at 24 CFR 982.401. *<br>**iv.** At the Department's request, the agency must obtain the services of a third-party entity to determine if PHA-owned units pass HQS. * |
| **5.d. Alternative Inspection Schedule** | |
| Activity | **5.d. <u>Alternative Inspection Schedule (HCV)</u> -** The agency is authorized to establish a local inspection schedule for all or a portion of its HCV units. |
| Statutes and Regulations Waived | **<u>Alternative Inspection Schedule (HCV)</u>** - Certain provisions of 24 CFR 983.103. |
| Safe Harbor(s) | **5.d.**<br>**i.** Units must be inspected at least once every three years.<br>**ii.** The participant must be able to request an interim inspection. *<br>**iii.** HQS inspection standards as found at 24 CFR 982.401 must not be altered. *<br>**iv.** The Department must be able to conduct or direct the agency to perform an inspection at any time for health and safety, as well as accessibility, purposes. * |

| **6. Short-Term Assistance** |
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| The agency may develop and adopt a Short-Term Assistance Program in HCV or PH for specific populations (i.e., hard to house, at-risk, homeless, etc.).[39] The agency will ensure that these programs do not adversely affect participation in, benefits of, or otherwise discriminate against persons on the basis of race, color, national origin, sex, religion, familial status, or disability or other protected bases. The agency's programs shall be operated in a manner that is consistent with the requirements of nondiscrimination and equal opportunity authorities, and will be accessible to persons with disabilities in accordance with the Fair Housing Act, section 504 of the Rehabilitation Act, Titles II and III of the Americans with Disabilities Act, as applicable, and the Architectural Barriers Act. More specifically, under no circumstances will participants of such programs be required to participate in supportive services that are targeted to persons with disabilities in general, or persons with any specific disability. In addition, admission to any of the programs or priority for supportive services developed under this section will not be conditioned on a diagnosis or specific disability of a member of an applicant or participant family. This section is not intended to govern the designation of housing that is subject to section 7 of the 1937 Act. The agency must determine initial eligibility in accordance with 24 CFR 5.609 and must comply with section 3(b)(2) of the Act. |

[39] Agencies seeking to create a short-term program that goes beyond section 8 or section 9 as modified by MTW may propose an activity under the Local Non-Traditional Activities Rental Subsidy Program Waiver.

<table>
<tr><th colspan="3">6.a.,6.b. Short-Term Assistance</th></tr>
<tr><td>Activity</td><td>6.a. <u>Short-Term Assistance (PH)</u> - The agency may create a short-term housing assistance program with supportive services in one or more buildings in its public housing program.</td><td>6.b. <u>Short-Term Assistance (HCV)</u> - The agency may create a short-term housing assistance program with supportive services in its HCV program.</td></tr>
<tr><td>Statutes and Regulations Waived</td><td><u>Short-Term Assistance (PH)</u> - Certain provisions of sections 6(l)(1) and 6(l)(5) of the 1937 Act and 24 CFR 966.4(a)(2)(i).</td><td><u>Short-Term Assistance (HCV)</u> - Certain provisions of sections 8(o)(7)(A)-(C) of the 1937 Act and 24 CFR 982.303, 982.309(a)(1), 983.256(f), and 983.257.</td></tr>
<tr><td>Safe Harbor(s)</td><td colspan="2">6.a. and 6.b.<br>i. The term of assistance must not be shorter than 3 months.<br>ii. The term of assistance must not be longer than 36 months.<br>iii. The short-term housing assistance program must include supportive services in one or more buildings (which may be in collaboration with local community-based organization and government agencies).<br>iv. Subject to availability, successful participants of the short-term housing assistance program must be given the option of transferring into whichever program (section 8 or 9) the short-term housing assistance program falls under.<br>v. Under no circumstances will participants be required to participate in supportive services that are targeted to persons with disabilities in general, or persons with any specific disability. *<br>vi. The agency must not require participation in supportive services as a condition for housing subsidy for elderly and disabled families. *<br>vii. If the agency requires participation in supportive services as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *<br>viii. If the agency requires participation in supportive services as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *<br>ix. The activity cannot be extended to an entire public housing or HCV program and must only serve specific populations. *</td></tr>
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<table>
<tr><th colspan="3">7. Term-Limited Assistance</th></tr>
<tr><td colspan="3">The agency is authorized to implement term limits for families residing in public housing or receiving voucher assistance.</td></tr>
<tr><th colspan="3">7.a.,7.b. Term-Limited Assistance</th></tr>
<tr><td>Activity</td><td>7.a. <u>Term-Limited Assistance (PH)</u> - The agency may limit the duration for which a family receives housing assistance.</td><td>7.b. <u>Term-Limited Assistance (HCV)</u> - The agency may limit the duration for which a family receives housing assistance.</td></tr>
<tr><td>Statutes and Regulations Waived</td><td><u>Term-Limited Assistance (PH)</u> - Certain provisions of sections 6(l)(1) and 6(l)(5) of the 1937 Act and 24 CFR and 966.4(a)(2).</td><td><u>Term-Limited Assistance (HCV)</u> - Certain provisions of sections 8(o)(7)(A)-(C) of the 1937 Act and 24 CFR 982.303, 982.309(a), 982.552(a), 983.256(f), and 983.257.</td></tr>
<tr><td>Safe Harbor(s)</td><td colspan="2">7.a. and 7.b.<br>i. The term of assistance may not be shorter than 4 years.*<br>ii. Services, or referrals to services, must be provided by the agency or a partner organization to support preparing families for the termination of assistance.<br>iii. Agency must conduct an annual impact analysis.*<br>iv. Agency must exclude elderly and disabled families from term limit.*<br>v. Agency must implement a hardship policy.*</td></tr>
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| **8. Increase Elderly Age** | |
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| The agency is authorized to amend the definition of an elderly person to be an individual who is at most 65 years of age. The agency remains subject to HUD's regulations implementing the Age Discrimination Act of 1975 at 24 CFR part 146 in its entirety. | |
| **8. Increase Elderly Age** | |
| Activity | **8. <u>Increase Elderly Age (PH & HCV)</u>** - The agency may change HUD's definition of an elderly person to be at most 65 years of age. |
| Statutes and Regulations Waived | **<u>Increase Elderly Age (PH & HCV)</u>** - Certain provisions of section 3(b)(3)(D) of the 1937 Act to read "[63, 64, or 65] years of age" in relevant part, 24 CFR 5.100 to read "[63, 64, or 65] years of age" in relevant part of the definition of Elderly Person, and 24 CFR 5.403 to read "[63, 64, or 65] years of age" in relevant part of the definition of *Elderly family*. |
| Safe Harbor(s) | **8.**<br>**i.** The definition of an elderly person must not set a threshold (minimum) age above 65 years old. *<br>**ii.** The agency must still exclude persons 62 and older from activities for which the activity description or safe harbor exempts those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act (e.g. work requirements or mandatory FSS). *<br>**iii.** The agency must conduct an initial activity analysis consistent with 24 CFR part 146 and make the activity analysis available during the applicable public review period prior to the implementation of the MTW activity. The activity analysis must be updated at least annually during implementation of the activity and at the time the activity is closed out. *<br>**iv.** The agency must retain records available for HUD inspection that cover the waiver, tenant consultation and public comment, results of the activity analysis, and specific policies and procedures to implement the waiver. *<br>**v.** The implementation of this activity must apply only to new admissions after the effective date of the MTW Supplement in which the activity is authorized. * |

| 9. Project-Based Voucher Program Flexibilities | |
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| The agency is authorized to adopt and implement the activities listed below in the project-based voucher program. For voucher activities, the Department has developed a standard rider to the HAP contract that reflects any MTW authorizations that amend the current requirements of the HAP contract. | |
| **9.a. Increase PBV Program Cap** | |
| Activity | **9.a. Increase PBV Program Cap (HCV)** - The agency may increase the number of authorized units that it project-bases. |
| Statutes and Regulations Waived | **Increase PBV Program Cap (HCV)** - Certain provisions of section 8(o)(13)(B) of the 1937 Act and 24 CFR 983.6(a)-(b), as superseded by the Housing Opportunity through Modernization Act of 2016 (HOTMA) Implementation Notices at 82 FR 5458, and 82 FR 32461 (see implementation guidance in Notice PIH 2017-21). |
| Safe Harbor(s) | **9.a.**<br>**i.** The agency must not project-base more than 50% of the lower of either the total authorized units or annual budget authority. |
| **9.b. Increase PBV Project Cap** | |
| Activity | **9.b. Increase PBV Project Cap (HCV)** - The agency may raise the PBV cap within a project up to 100%. |
| Statutes and Regulations Waived | **Increase PBV Project Cap (HCV)** - Certain provisions of section 8(o)(13)(D) of the 1937 Act and 24 CFR 983.56(a)-(b), as superseded by HOTMA Implementation Notices at 82 FR 5458, and 82 FR 32461 (see implementation guidance in Notice PIH 2017-21). |
| Safe Harbor(s) | **9.b.**<br>**i.** The agency is subject to Notice PIH 2013-27 where applicable, or successor. * |
| **9.c. Elimination of PBV Selection Process for PHA-owned projects without improvement, development, or replacement** | |
| Activity | **9.c. Elimination of PBV Selection Process (HCV)** - The agency may eliminate the selection process in the award of PBVs to properties owned by the agency that are not public housing without engaging in an initiative to improve, develop, or replace a public housing property or site. |
| Statutes and/or Regulations Waived | **Elimination of PBV Selection Process (HCV)** - Certain provisions of 24 CFR. 983.51 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017-21). |
| Safe Harbor(s) | **9.c.**<br>**i.** A subsidy layering review must be conducted. *<br>**ii.** The agency must complete site selection requirements. *<br>**iii.** HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f), unless MTW waiver 5.c or an Agency-Specific Waiver is implemented. *<br>**iv.** The agency is subject to Notice PIH 2013-27 where applicable, or successor. *<br>**v.** Property must be owned by a single-asset entity of the agency, see Notice PIH 2017-21. * |

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| **9.d. Alternative PBV Selection Process** | |
| Activity | **9.d. <u>Alternative PBV Selection Process (HCV)</u>** - The agency may establish an alternative competitive process in the award of PBVs that are owned by non-profit, for-profit housing entities, or by the agency that are not public housing. |
| Statutes and/or Regulations Waived | **<u>Alternative PBV Selection Process (HCV)</u>** - Certain provisions of 24 CFR 983.51 as superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017-21). |
| Safe Harbor(s) | **9.d.**<br>**i.** If the selected project is PHA-owned, HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f), unless MTW waiver 5.c or an Agency-Specific Waiver is implemented. *<br>**ii.** The agency is subject to Notice PIH 2013-27 where applicable, or successor. * |
| **9.e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing)** | |
| Activity | **9.e. <u>Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)</u>** - The agency may attach and pay PBV assistance for shared housing units and/or manufactured housing. |
| Statutes and/or Regulations Waived | **<u>Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)</u>** - Certain provisions of 24 CFR 983.53(a)(1) as it was superseded by HOTMA Implementation Notices at 82 FR 5458, and 82 FR 32461 (see implementation guidance in Notice PIH 2017-21). |
| Safe Harbor(s) | **9.e.**<br>**i.** PBV units must comply with HQS. *<br>**ii.** PBV units must comply deconcentration and desegregation requirements under 24 CFR part 903. *<br>**iii.** A subsidy layering review must be conducted. *<br>**iv.** Shared housing units may not be owner occupied. * |
| **9.f. Increase PBV HAP Contract Length (HCV)** | |
| Activity | **9.f. <u>Increase PBV HAP Contract Length (HCV)</u>** - The agency may increase the term length of a PBV HAP Contract. |
| Statutes and/or Regulations Waived | **<u>Increase PBV HAP Contract Length (HCV)</u>** - Certain provisions of section 8(o)(13)(F) of the 1937 Act and 24 CFR 983.205 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017-21). |
| Safe Harbor(s) | **9.f.**<br>**i.** PBV HAP Contract length must not be shortened.<br>**ii.** PBV HAP Contract length must not be greater than 50 years, including any |

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| | extensions.<br>**iii.** PBV HAP Contract is subject to appropriations and the ending of an agency's MTW authorization. * |
| **9.g. Increase PBV Rent to Owner** | |
| Activity | **9.g. Increase Rent to Owner (HCV)**: The agency is authorized to develop a local process to determine the initial and re-determined rent to owner. |
| Statutes and Regulations Waived | **Increase Rent to Owner (HCV)** - See MTW Waiver #2.a. and 2.b. "Payment Standards" and associated activities, statutes and regulations waived, and safe harbors. |
| Safe Harbor(s) | **9.g.**<br>**i.** Any policy must comply with rent reasonableness, unless modified by waiver(s) 2.c. and/or 2.d. * |
| **9.h. Limit Choice Mobility for PBV Units** | |
| Activity | **9.h. Limit Choice Mobility for PBV Units (HCV)** - The agency is authorized to waive the requirement to provide a tenant-based voucher at 12 months when requested by a PBV household. |
| Statutes and Regulations Waived | **Limit Choice Mobility for PBV Units (HCV)** - Certain provisions of section 8(o)(13)(E) of 1937 Act and 24 CFR 983.261 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017-21). |
| Safe Harbor(s) | **9.h.**<br>**i.** Portability under this activity must not be restricted for more than 24 months.<br>**ii.** The agency must have a clear and uniform policy in place to address how move requests are received and how they are approved/denied for PBV households. *<br>**iii.** Participants must still retain the ability to request a tenant-based voucher for reasonable accommodation according to existing rules. * |

| **10. Family Self-Sufficiency Program with MTW Flexibility** |
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| The agency is authorized to operate its Family Self-Sufficiency (FSS) Program, and any successor programs, exempt from certain HUD program requirements. If the agency receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. Recruitment, eligibility, and selection policies and procedures must be consistent with the Department's nondiscrimination and equal opportunity requirements. An agency may make its Self-Sufficiency Program participation mandatory for any household member that is non-elderly/non-disabled by waiving the statutory and regulatory definition of FSS family or participating family which is "a family that resides in public housing or receives assistance under the rental certificate or rental voucher programs, and that elects to participate in the FSS program" (24 CFR 984.103(b)). To the extent that Family Self-Sufficiency activities include supportive services, such services must be offered to elderly and disabled persons who are participants in the covered program and eligible for such services. Notwithstanding the above, any funds granted pursuant to a competition must be used in accordance with the NOFA. |

| 10.a.-10.e. FSS Program With MTW Flexibility Activities | |
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| Activity | **10.a. <u>Waive Operating a Required FSS Program (PH & HCV)</u>** – If the agency is statutorily required to operate an FSS program, the agency is authorized to waive this requirement. |
| Activity | **10.b. <u>Alternative Structure for Establishing Program Coordinating Committee (PH & HCV)</u>** - The agency is authorized to create an alternative structure for securing local resources to support an MTW Self-Sufficiency Program. |
| Activity | **10.c. <u>Alternative Family Selection Procedures (PH & HCV)</u>** - The agency is authorized to develop its own recruitment and selection procedures for its MTW FSS Program. Alternatively, the agency may make participation in the MTW FSS Program mandatory for any household member that is non-elderly or non-disabled. |
| Activity | **10.d. <u>Modify or Eliminate the Contract of Participation (PH & HCV)</u> -** The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD-52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally-developed agreement that codifies the terms of participation. |
| Activity | **10.e. <u>Policies for Addressing Increases in Family Income (PH & HCV)</u> -** The agency is authorized to set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency's existing rent policy) or changing the amount of funds moved to escrow/savings through the program. |
| Statutes and Regulations Waived | **<u>FSS Program with MTW Flexibility (PH & HCV)</u>** - Certain provisions of sections 23(b)-(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)-(c), 984.203(a)-(c)(2), 984.303(b)-(d), (f)-(h). |
| Safe Harbor(s) | **10.a.-10.e.**<br>**i.** Agency must review FSS Guidance.[40] *<br>**ii.** The agency must execute a Contract of Participation, or other locally developed agreement, that is at least five years but not more than ten years, with each participant participating in their FSS program.<br>**iii.** The agency, if implementing an FSS program, even with MTW modifications, must have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. *<br>**iv.** The agency must not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families. * |

[40] As agencies are considering potential waivers to the FSS program, they are encouraged to consult the Promising Practices Guidebook and Online Training that can be found at https://www.hudexchange.info/programs/fss/#1-introduction. In addition, the HUD FSS team is available to review and provide feedback on proposed waivers. Please contact fss@hud.gov.

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| | **v.** If the agency requires MTW FSS Program participation as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *<br>**vi.** If the agency requires MTW FSS Program participation as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *<br>**vii.** The agency must not make MTW FSS Program participation mandatory for individuals that do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act. *<br>**viii.** If an agency terminates the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program participation, the family will be entitled to a hearing under the agency's Grievance Procedure (24 CFR part 966, subpart B) or the HCV informal hearing process (24 CFR part 982.555). *<br>**ix.** The agency must not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance. * |

| **11. MTW Self-Sufficiency Program** | |
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| The agency is authorized to operate any of its existing self-sufficiency and training programs, and any successor programs, exempt from certain HUD program requirements. The agency will ensure that these programs do not have a disparate impact on protected classes and will be operated in a manner that is consistent with the requirements of nondiscrimination and equal opportunity authorities, including but not limited to section 504 of the Rehabilitation Act. More specifically, under no circumstances will participants of such programs be required to participate in Self-Sufficiency Programs that are targeted to persons with disabilities in general, or persons with any specific disability. In addition, admission to any of the programs or priority for supportive services developed under this section will not be conditioned on a diagnosis or specific disability of a member of an applicant or participant family. This section is not intended to govern the designation of housing that is subject to section 7 of the 1937 Act. The agency must determine initial eligibility in accordance with 24 CFR 5.609 and must comply with section 3(b)(2) of the Act. | |
| **11.a.-11.b. MTW Self-Sufficiency Program Activities** | |
| Activity | **11.a. <u>Alternative Family Selection Procedures (PH & HCV)</u>** - The agency is authorized to develop its own recruitment and selection procedures for its MTW Self-Sufficiency Program(s). Alternatively, the agency may make participation in the MTW Self-Sufficiency Program mandatory for any household member that is non-elderly or non-disabled. Any supportive services provided in the Program must be offered to elderly and disabled household members that qualify for such services. |
| Activity | **11.b. <u>Policies for Addressing Increases in Family Income (PH & HCV)</u> -** The agency is authorized to set its own policies for addressing increases in family |

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| | income during participation in the MTW Self-Sufficiency Program. Consistent with the goals and structure of its MTW Self-Sufficiency Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency's existing rent policy) or changing the amount of funds moved to escrow/savings through the program. | |
| Statutes and Regulations Waived | **MTW Self-Sufficiency Program (PH)** - Certain provisions of section 3(a)(1), 6(l)(1), and 6(l)(5) of the 1937 Act 24 CFR 5.609, 5.611, 5.628, 960.255, 960.253, 960.257, and 966.4(a)(2). | **MTW Self-Sufficiency Program (HCV)** - Certain provisions of sections 8(o)(2)(A)-(C) of the 1937 Act and 24 CFR 5.609, 5.611, 5.628, 982.516, and 982.551. |
| Safe Harbor(s) | **11.a.-11.b.**<br>**i.** The agency must not require MTW Self-Sufficiency Program participation as a condition for housing subsidy for elderly and disabled families. *<br>**ii.** If the agency requires MTW Self-Sufficiency Program participation as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *<br>**iii.** If the agency requires MTW Self-Sufficiency Program participation as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *<br>**iv.** The agency must not make MTW Self-Sufficiency Program participation mandatory for individuals that do not meet the definition of an eligible family at section 23(n)(3) of the U.S. Housing Act of 1937 (1937 Act) and those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act. *<br>**v.** If an agency terminates the housing subsidy or tenancy of a family for alleged violation of mandatory MTW Self-Sufficiency Program participation, the family will be entitled to a hearing under the agency's Grievance Procedure (24 CFR part 966, subpart B) or the HCV informal hearing process (24 CFR part 982.555). *<br>**vi.** The agency must not use income increases during participation in the MTW Self-Sufficiency Program to change a family's eligibility status for purposes of participation in the MTW Self-Sufficiency Program or for the receipt public housing or HCV assistance. | |

| **12. Work Requirement** |
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| The agency is authorized to implement a requirement that a specified segment of its PH and/or HCV residents work or engage in an acceptable substitute for work as a condition of tenancy, subject to all applicable fair housing and civil rights requirements and the mandatory admission and prohibition requirements imposed by sections 576-578 of the Quality Housing and Work Responsibility Act of 1998 and Section 428 of P.L. 105-276. Work requirements shall not apply to persons with disabilities or the elderly. However, persons with disabilities or the elderly, and families that include persons with disabilities or the elderly, must have equal access to the full range of program services and other incentives. The agency must update its Administrative Plan |

<table>
<tr><td colspan="3">and/or Admissions and Continued Occupancy Plan (ACOP) to include a description of the circumstances in which families shall be exempt from the requirement. The Administrative Plan and/or ACOP should include a description of what is considered work as well as acceptable substitutes for work. The PHA Executive Director or Board may suspend the sanctions policy due to negative local economic conditions.</td></tr>
<tr><td colspan="3">12.a.,12.b. Work Requirement</td></tr>
<tr><td>Activity</td><td>12.a. <u>Work Requirement (PH)</u> - The agency may implement a work requirement for public housing residents who are at least 18 years old. Additionally, residents must be non-elderly and non-disabled.</td><td>12.b. <u>Work Requirement (HCV)</u> - The agency may implement a work requirement for HCV residents who are at least 18 years old. Additionally, residents must be non-elderly and non-disabled.</td></tr>
<tr><td>Statutes and Regulations Waived</td><td><u>Work Requirement (PH)</u> - Certain provisions of sections 6(l)(1) and 6(l)(5) of the 1937 Act and 24 CFR. 966.4(a)(2).</td><td><u>Work Requirement (HCV)</u> - Certain provisions of 24 CFR982.551.</td></tr>
<tr><td>Safe Harbor</td><td colspan="2">12.a. and 12.b.<br>i. If the work requirement policy applies to all eligible individuals—the maximum requirement would be 15 hours of work per week per individual.<br>ii. If the work requirement policy applies to all eligible households, the maximum requirement would be 30 hours of work per week per household.<br>iii. Prior to implementation, all residents shall be given notice six months in advance of the sanction policy for non-compliance.<br>vi. The work requirement may apply to non-elderly, non-disabled households or non-elderly, non-disabled adult household members.*<br>vii. Those individuals exempt from the Community Service Requirement in accordance with Section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act must be exempt from the agency’s work requirement in both the public housing and HCV programs.*<br>viii. Individuals who are the primary caretaker for a child under 6 years of age or who are pregnant must also be exempt from the agency’s work requirement.<br>ix. Supportive services shall be provided, either through the agency or a partner organization, to assist families in obtaining employment or an acceptable substitute, as defined by the MTW agency’s policy.<br>x. Work requirements shall not be applied to exclude, or have the effect of excluding, the admission into housing or participation in supportive services by persons with disabilities or elderly individuals, or families that include persons with disabilities or elderly individuals.*<br>iv. Agency must conduct an annual impact analysis.*<br>xi. Agency must implement a hardship policy, including a policy to address tenants seeking a determination of disability status.*<br>xii. The hardship policy in the ACOP and/or Administrative Plan must apply to families who are actively trying to comply with the agency's work requirement, but are having difficulties obtaining work or an acceptable substitute.*</td></tr>
</table>

| | |
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| | **xiii.** The ACOP and/or Administrative Plan must also describe the consequences of failure to comply with the work requirement.* |

| **13. Public Housing as an Incentive for Economic Progress (PH)** | |
|---|---|
| The agency is authorized to extend the period for which a household can be over-income while remaining in public housing, with its subsidy, as an incentive for the economic progress and the eventual self-sufficiency of the household. | |
| **13. Public Housing as an Incentive for Economic Progress** | |
| Activity | **13. <u>Public Housing as an Incentive for Economic Progress (PH)</u> -** The agency is authorized to extend the period for which a household can be over-income while remaining in a subsidized public housing unit with their subsidy as an incentive for the economic progress and the eventual self-sufficiency of the household. |
| Statutes and Regulations Waived | **<u>Public Housing as an Incentive for Economic Progress (PH)</u>** - Section 16(a)(5) of the 1937 Act and 24 CFR 960.261. |
| Safe Harbor(s) | **13.**<br>**i.** The over-income limit is set at 120% of AMI.<br>**ii.** The agency must set the grace period for a household to remain in a unit while over-income at no less than 2 and no more than 3 years.<br>**iii.** The agency must inform of the household of its over-income status no less than one year prior to the end of the grace period. *<br>**iv.** The agency must terminate the household's tenancy within one year of the end of the grace period or charge the household a monthly rent equal to the greater of: (1) the applicable Fair Market Rent (FMR); or (2) the amount of monthly subsidy for the unit, including amounts from the operating and capital fund, as determined by regulations. * |

| **14. Moving On Policy** | |
|---|---|
| Moving On enables individuals and families who are able and want to move on from permanent supportive housing (PSH) by providing mainstream housing options (i.e., PH, HCV, LNT) and resources necessary to maintain housing stability. | |
| **Moving On Activities** | |
| Activity | **14.a. <u>Waive Initial HQS Inspection Requirement (HCV)</u>** - For participants who will continue leasing the same unit, the agency is authorized to accept the most recent HQS inspection from the partner agency in place of an initial HQS inspection. |
| Activity | **14.b. <u>Allow Income Calculations from Partner Agencies (PH & HCV)</u>** - The agency is authorized to accept income calculations from the partner agencies. The agency is still required to complete all required fields in Form HUD-50058 MTW Expansion, or successor form. |

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| Activity | **14.c. <u>Aligning Tenant Rents and Utility Payments between Partner Agencies (PH & HCV)</u>**<br>The agency is authorized to set tenant rents and/or make adjustments to the total tenant payment to ensure that clients referred from the partner agency are not subject to an increase in rental payments or increase in utility payments due to transferring from a permanent supportive housing program to a public housing or HCV program. |
| Statutes and Regulations Waived | **<u>Moving On Activities (PH & HCV)</u>** - Certain provisions of sections 3(a)(1)-(3), 8(o)(2)(A), 8(o)(8)(A) of the Act, the definition of "responsible entity" in 24 CFR 5.100, 24 CFR 5.603, 24 CFR 5.628, 24 CFR 5.630, 24 CFR 5.634, 24 CFR 960.253, 24 CFR 982.405(a). |
| Safe Harbor(s) | **14.a.-14.c.**<br>**i.** Initial income eligibility must be determined in accordance with 24 CFR 5.609 of the 1937 Act. *<br>**ii.** Agencies must continue to allow participants to request an interim HQS inspection.<br>**iii.** Any income calculations that are accepted from partner agencies must have been calculated within the past year.<br>**iv.** Screenings for lifetime sex offender status and convictions of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing must continue and are not waivable. * |

| **15. Acquisition without Prior HUD Approval (PH)** | |
|---|---|
| The agency is authorized to acquire public housing sites without prior HUD approval. | |
| **15. Acquisition without Prior HUD Approval** | |
| Activity | **15. <u>Acquisition without Prior HUD Approval (PH)</u> -** The agency is authorized to acquire public housing sites without prior HUD approval. This activity allows MTW agencies flexibility around the timing of HUD's approval, but not the content of the approval. When acquiring the sites, the agency must have all submission materials in place as if HUD were approving the acquisition proposal prior to acquisition. The agency must provide the materials to the Field Office for approval within 30 days of acquisition. If the Department is unable to approve the acquisition based on the materials submitted, then the agency must repay the cost of acquisition with non-federal funds. |
| Statutes and Regulations Waived | **<u>Acquisition without Prior HUD Approval (PH)</u>** - Certain provisions of 24 CFR 905.608(a). |
| Safe Harbor(s) | **15.**<br>**i.** The agency must comply with and have documentation that the project is in compliance with local zoning as described in 24 CFR 905.608(e). *<br>**ii.** The agency must commission an independent appraisal of the site as described in 24 CFR 905.608(f). *<br>**iii.** Prior to acquisition, the agency must conduct an environmental assessment as described in 24 CFR 905.608(h). * |

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| | **iv.** The agency must provide all required documents to HUD within 30 days of the acquisition. * |

| **16. Deconcentration of Poverty in Public Housing Policy (PH)** | |
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| The agency is authorized to create an alternative policy in how it addresses deconcentration of poverty. | |
| **16. Deconcentration of Poverty in Public Housing Policy (PH)** | |
| Activity | **16. <u>Deconcentration of Poverty in Public Housing Policy (PH)</u>** – The agency is authorized to create an alternative policy in how it addresses deconcentration of poverty. |
| Statutes and Regulations Waived | **<u>Deconcentration of Poverty in Public Housing Policy (PH)</u>** - Certain provisions of 24 CFR 903.2. |
| Safe Harbor(s) | **16.**<br>**i.** All Fair Housing requirements continue to apply. *<br>**ii.** The agency must provide all justifications as to the local Deconcentration of Poverty in Public Housing Policy to HUD upon request. * |

| **17. Local, Non-Traditional Activities** | |
|---|---|
| MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. The agency is authorized to implement the local, non-traditional activities listed below to provide a rental subsidy to a third-party entity to provide housing and supportive services to eligible low-income participants, and to contribute MTW Funding to the development of affordable housing. Families served through the activities described below must be at or below 80% of Area Median Income. Implemented activities must meet one of the three MTW statutory objectives of increasing the efficiency of federal expenditures, incentivizing self-sufficiency of participating families, and increasing housing choice for low-income families. The use of MTW Funding must be consistent with the requirements of 2 CFR 200 and other basic requirements for the use of federal assistance. The agency must determine the eligibility of families in accordance with 24 CFR 5.609 and with section 3(b)(2) of the Act. Local, non-traditional activities must fall within one of the three categories below and comply with PIH Notice 2011-45 or any successor notice/and or guidance. | |
| **17.a. Rental Subsidy Programs** | |
| Activity | **17.a. <u>Rental Subsidy Programs</u> -** Programs that use MTW Funding to provide a rental subsidy to a third-party entity (other than a landlord or tenant) who manages intake and administration of the subsidy program to implement activities, which may include: supportive housing programs and services to help homeless individuals and families reach independence; supportive living; shallow subsidies; homeless/transitional housing programs; or programs that address special needs populations. |
| Statutes and Regulations Waived | **<u>Local, Non-Traditional Activities</u>** - MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. |

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| Safe Harbor(s) | **17.a.**<br>**i.** The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.<br>**ii.** Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. *<br>**iii.** The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance. *<br>**iv.** Any MTW Funding awarded to a third-party provider must be competitively bid. * |
| **17.b. Service Provision** | |
| Activity | **17.b. <u>Service Provision</u> -** The provision of HUD-approved self-sufficiency or supportive services using MTW Funding that are not otherwise permitted under the public housing and HCV programs, or that are provided to eligible low-income individuals who do not receive either public housing or HCV assistance from the PHA. Eligible activities may include: services for participants of other PHA-owned or managed affordable housing that is not public housing or HCV assistance; services for low-income non-participants; services and/or incentives to attract applicants to developments, or portions thereof, which can be difficult to market; or supportive services. |
| Statutes and Regulations Waived | **<u>Local, Non-Traditional Activities</u>** - MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. |
| Safe Harbor(s) | **<u>17.b.</u>**<br>**i.** The incentive must not be in the form of a deduction to the household's rent contribution. *<br>**ii.** The amount of the incentive must not equal more than one month of the applicable unit's rent. *<br>**iii.** The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.<br>**iv.** Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. *<br>**v.** The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance. *<br>**vi.** Any MTW Funding awarded to a third-party provider must be competitively bid. * |
| **17.c. Housing Development Programs** | |
| Activity | **17.c. <u>Housing Development Programs</u> -** Programs that use MTW Funding to acquire, renovate and/or build affordable units for low-income families that are not public housing units. Eligible activities may include: gap financing for non-PHA development of affordable housing or tax credit partnerships. |
| Statutes and Regulations Waived | **<u>Local, Non-Traditional Activities</u>** - MTW Funding can be utilized per statute and regulation for the eligible activities listed at sections 8(o), 9(d)(1), and 9(e)(1) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. |

| | |
|---|---|
| Safe Harbor(s) | **17.c.**<br>**i.** The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.<br>**ii.** Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. *<br>**iii.** The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance. *<br>**iv.** Agency must comply with section 30 of the 1937 Housing Act. *<br>**v.** Any MTW Funding awarded to a third-party provider must be competitively bid. * |

# APPENDIX II - Requirements for Safe Harbors

Specific requirements on safe harbors related to impact analyses and hardship policies are provided in this Appendix.

**IMPACT ANALYSIS**

The MTW agency must complete a written analysis of the various impacts of the MTW activity. The MTW agency must prepare this analysis: 1) prior to implementation of the MTW activity, if required as a safe harbor; 2) for certain activities (Work Requirements, Term-Limited Assistance, and Stepped Rent) on an annual basis during the implementation of the MTW activity; 3) prior to any Safe Harbor Waiver or Agency-Specific Waiver requests; and 4) at the time the MTW activity is closed out, if an impact analysis was previously required.

This analysis must consider the following factors, as applicable:

1. Impact on the agency's finances (e.g., how much will the activity cost, any change in the agency's per family contribution);
2. Impact on affordability of housing costs for affected families (e.g., any change in how much affected families will pay towards their housing costs);
3. Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist);
4. Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency);
5. Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program;
6. Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice;
7. Impact on the agency's ability to meet the MTW statutory requirements;
8. Impact on the rate of hardship requests and the number granted and denied as a result of this activity; and
9. Across the other factors above, the impact on protected classes (and any associated disparate impact).

The MTW agency must have the initial impact analysis, which analyzes potential impacts of the MTW activity, attached to the MTW Supplement during the applicable public review period prior to implementation of the MTW activity. For certain activities (Work Requirements, Term-Limited Assistance, and Stepped Rent), an updated impact analysis must be provided in each subsequent year. While MTW activities are listed by waiver and specific activity name in Appendix I, MTW agencies may combine activities together at the PHA level in order to create more comprehensive initiatives. For such comprehensive initiatives an MTW agency may submit a single impact analysis. Should a larger initiative undergo a substantial change, such as adding an activity, the MTW agency must reevaluate its impact with a new impact analysis. This information must be retained by the agency for the duration of the agency's participation in the MTW demonstration program and available for public review and inspection at the agency's principal office during normal business hours.

## HARDSHIP POLICY

The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate. The agency must review its hardship policy(s) with residents during its intake and recertification processes. The agency must consider if a resident qualifies for a hardship exemption at the time of a potential termination of assistance that is due to an MTW activity.

When a resident requests a hardship exemption from a required MTW activity, the agency must suspend the activity for the household, beginning the next month after the request, until the MTW agency has determined if the request is warranted. The agency shall make the determination of whether a financial or other hardship exists within a reasonable time after the family's request. If the agency determines that a financial or other hardship exists, the MTW agency must continue to provide an exemption from the MTW activity at a reasonable level and duration, according to the agency's written policy. If an agency determines that the request did not meet its hardship standards, they must resume the MTW activity and collect any retroactive rent, if applicable, through a reasonable repayment agreement.

The agency's written policy(s) for determining what constitutes financial hardship must include the following situations:

- The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance;
- The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items; and
- Such other situations and factors determined by the agency to be appropriate.

The agency's written policies shall include a grievance procedure that a family may request for second level review of denied hardship requests.

The agency shall keep records of all hardship requests received and the results of these requests and supply them at HUD's request. This information must be retained by the agency for the duration of the agency's participation in the MTW demonstration program and available for public review and inspection at the agency's principal office during normal business hours.

# APPENDIX III - Substantially the Same Requirement

The statutory requirement that MTW agencies continue to "serve substantially the same number of families" throughout participation in the MTW demonstration program (STS Requirement) will be monitored for MTW agencies in the MTW Expansion through the following methodology, which adheres to the main themes and principles described in the MTW Operations Notice. Since the funding calculation for public housing (including Operating and Capital Funds) is significantly different than the funding calculation in the Housing Choice Voucher (HCV) program, the methodology for calculating the STS Requirement for the public housing and HCV programs will differ.

## PUBLIC HOUSING

As described in Section 7.c.v of the MTW Operations Notice, HUD will monitor public housing occupancy rates for MTW agencies. The public housing occupancy rate will be determined by dividing the total number of "occupied" units by the total number of "standing" units:

| TOTAL OCCUPIED UNITS | ÷ | TOTAL STANDING UNITS | = | **MTW AGENCY OCCUPANCY RATE** |
|---|---|---|---|---|

The table below shows what public housing unit categories[41] are currently included in the numerator and what public housing unit categories are currently included in the denominator:[42]

| Public Housing Unit Category/Sub-Category | Total Occupied Units (Numerator) | Total Standing Units (Denominator) |
|---|---|---|
| Occupied – Assisted Tenant | X | X |
| Occupied – Employee | X | X |
| Occupied – Non-Assisted Tenant Over Income | X | X |
| Occupied – Police Officer | X | X |
| Occupied – Unauthorized | | X |
| Vacant – Undergoing Modernization | | X |
| Vacant – Court Litigation | | X |
| Vacant – Natural Disaster | | X |
| Vacant – Casualty Loss | | X |
| Vacant – Market Conditions | | X |
| Non-Dwelling – Anti-Drug Crime | X | X |
| Non-Dwelling – Self-Sufficiency Activities | X | X |
| Non-Dwelling – Other Resident Activities | X | X |
| Non-Dwelling – Moving to Work | X | X |
| Non-Dwelling – Administrative | | X |
| Non-Dwelling – Resident Amenities | | X |

[41] Public housing unit categories and unit reporting in IMS/PIC are provided in PIH Notice 2011-07, or successor notice.

[42] Current monitoring of public housing occupancy rates for all agencies is conducted according to the current HUD Agency Priority Goal (APG) reporting categories. Should this change, MTW agencies would be subject to the same monitoring of public housing occupancy rates as all non-MTW agencies.

| | | |
|---|---|---|
| Non-Dwelling – Authorized | | X |
| Demo-Dispo (Approved and Vacant) | | |
| Vacant – Vacant | | X |

Annual Public Housing STS Compliance

To be compliant with the public housing portion of the STS Requirement, the MTW agency's public housing occupancy rate must be at or above 96%, unless otherwise approved by HUD. HUD may consider the MTW agency's efforts to reposition its public housing as an allowable reason to temporarily dip below 96% occupancy. Any allowable dips must be time-limited and described in the MTW Supplement to the Public Housing Agency (PHA) Plan.

Each year, HUD will advise the MTW agency of its compliance under the STS Requirement in the public housing program for the prior calendar year. This information will also be made available on HUD's website. In instances where the MTW agency's public housing occupancy rate falls below 96%, HUD may require, at its discretion, that the MTW agency enter into an Occupancy Action Plan to address the occupancy issues. The Occupancy Action Plan will include at a minimum: the cause of the occupancy issue, the intended solution, and reasonable timeframes to address the cause of the occupancy issue.

The exception to the above is for MTW agencies that are below 96% public housing occupancy when they receive MTW designation. MTW agencies that are below 96% occupied when they are designated have two years, or more as determined by HUD, to come into compliance before they are required to enter into and adhere to an Occupancy Action Plan as described above.

Failure to adhere to the Occupancy Action Plan may result in enforcement processes detailed in the MTW amendment to the MTW agency's Annual Contributions Contract (ACC Amendment).

**HOUSING CHOICE VOUCHER PROGRAM**

To be compliant with the STS Requirement in the HCV program, the MTW agency will be required to house at least 90% of the families it would be able to house based on the HCV Housing Assistance Payment (HAP) dollars it receives each year.

*Establishing the Annual HCV STS Target*

In the first full calendar year that the agency is an MTW agency, the Annual HCV Capacity of the MTW agency will be calculated based on the total Budget Authority of HCV HAP funds (including Special Purpose Vouchers) in that year and the per unit cost (PUC) from the calendar year prior to the agency's entry into the MTW Demonstration Program, adjusted for inflation.

First Full Calendar Year in MTW - Step 1:

| | | | | |
|---|---|---|---|---|
| HCV PUC FROM CALENDAR YEAR PRIOR TO MTW | X | ANNUAL INFLATION FACTOR(S) | = | **"ADJUSTED BASELINE YEAR PUC"** |

First Full Calendar Year in MTW - Step 2:

| TOTAL BUDGET AUTHORITY OF HCV HAP FUNDS | ÷ | ADJUSTED BASELINE YEAR PUC | = | **"ANNUAL HCV CAPACITY"** |
|---|---|---|---|---|

For all subsequent MTW years, the PUC established from the calendar year prior to MTW designation will continue to be inflated annually to determine each MTW year's Annual Adjusted PUC. The Annual HCV Capacity of the MTW agency will be calculated based on the total Budget Authority of HCV HAP funds in that year and the Annual Adjusted PUC from the prior calendar year, adjusted for inflation.

Subsequent Calendar Year in MTW - Step 1:

| "ADJUSTED BASELINE YEAR PUC" (FROM PRIOR YEAR) | X | ANNUAL INFLATION FACTOR | = | **"ANNUAL ADJUSTED BASELINE YEAR PUC" (NEW FOR CURRENT YEAR)** |
|---|---|---|---|---|

Subsequent Calendar Year in MTW - Step 2:

| TOTAL BUDGET AUTHORITY OF HCV HAP FUNDS IN CALENDAR YEAR | ÷ | "ANNUAL ADJUSTED BASELINE YEAR PUC" (NEW FOR CURRENT YEAR) | = | **"ANNUAL HCV CAPACITY" (NEW FOR CURRENT YEAR)** |
|---|---|---|---|---|

Because MTW agencies must serve at least 90% of the current year Annual HCV Capacity to be compliant with the HCV portion of the STS Requirement, the Annual HCV STS Target will then be established.

| ANNUAL HCV CAPACITY | X | 90% | = | **"ANNUAL HCV STS TARGET"** |
|---|---|---|---|---|

*Establishing the Number of Families Housed in the HCV Program*

To determine the number of families that count towards the STS Requirement in the HCV program each year, HUD will consider families housed through both the HCV program and any local, non-traditional program.

The calculation for determining total families housed in the HCV program is the total unit months leased divided by twelve.

The calculation for determining total families housed in the local, non-traditional housing program includes two types of housing as provided in the waivers appendix of the MTW Operations Notice. These are also discussed in detail in PIH Notice 2011-45 (or its successor) titled "Parameters for Local, Non-Traditional Activities under the Moving to Work Demonstration Program."

- The first type of housing is a local, non-traditional rental subsidy program. Here, the total unit months of housing provided over the calendar year will be utilized and divided by twelve. Families that receive services only will not be included.

- The second type of housing is a local, non-traditional housing development program. Here, HUD will first take the total investment of MTW funds in developing these types of units. This total dollar amount will be divided by the applicable HUD-published Total Development Cost (TDC). The resulting number of units will then count as families housed each year from when a certificate of occupancy is issued through the term of the affordability restrictions. Families that receive services only will not be included.

*Annual HCV STS Compliance*

Consistent with the statutory language of serving "substantially" the same number of families, the MTW agency will be considered compliant with the STS Requirement in the HCV program if it houses families through the HCV and local, non-traditional program at or above the Annual HCV STS Target. Again, the Annual HCV STS Target is 90% of the Annual HCV Capacity. The MTW agency may dip below the Annual HCV STS Target for certain circumstances, as approved by HUD. Any allowable dips must be time-limited and described in the MTW Supplement to the PHA Plan.

Each year, HUD will advise the MTW agency of its compliance under the STS Requirement in the HCV program for the prior calendar year. This information will also be made available on HUD's website.

In the event an MTW agency does not meet the Annual HCV STS Target, the MTW agency will have two years from the date it is notified to come into compliance. If, two years after notification of the deficiency the MTW agency still does not meet the Annual HCV STS Target, then the MTW agency will be required to expend all HAP dollars only on HAP. Once the MTW agency achieves 93% expenditures of Budget Authority on HAP, the MTW agency will be able to again use its HCV HAP funds flexibly. Failure to adhere to this may result in enforcement processes detailed in the ACC Amendment.

*Adjustments to the HCV Annual Capacity*

If the MTW agency believes that its Annual Adjusted Baseline Year PUC is no longer accurate, it may request an adjustment to this figure. Such a request may not be made more than once every three calendar years. The MTW agency must submit such a request to HUD along with a justification for the adjustment (for example, rising costs, special market conditions, public housing repositioning). HUD will then review the request and either approve or deny it. If approved, HUD will change the PUC appropriate to the circumstances of the MTW agency (as determined by HUD). This new PUC will then be adjusted by the inflation factor every year and used to determine compliance with the HCV portion of the STS Requirement going forward.

# MOVING TO WORK AMENDMENT TO ANNUAL CONTRIBUTIONS CONTRACT(S)

**Section 1**. This Moving to Work (MTW) Amendment to the Annual Contributions Contract(s) (MTW ACC Amendment) is entered into between the United States Department of Housing and Urban Development ("HUD") and _____ (the "Public Housing Agency, "PHA").

**Section 2**. This MTW ACC Amendment is an amendment to any Annual Contributions Contract(s) ("ACC") or Annual Contributions Terms and Conditions ("ACC") in effect between the PHA and HUD for the Public Housing and Housing Choice Voucher programs.

**Section 3**. The ACC is amended in connection with the PHA's designation as a participant in the expansion of the MTW demonstration pursuant to Section 239 of the Consolidated Appropriations Act, 2016, P.L. 114-113; 129 Stat. 2897 (2016 MTW Expansion Statute) and Section 204 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996, P.L. 104-134; 110 Stat. 1321-281 (1996 MTW statute). The PHA's participation in the expansion of the MTW demonstration shall be governed by the MTW Operations Notice for the Expansion of the Moving to Work Demonstration as it is issued and may be amended in the future, or any successor notice issued by HUD ("the MTW Operations Notice").

**Section 4**. The term of this amendment shall be for 20 years from the beginning of the PHA's first full fiscal year following execution by the PHA and HUD or, until termination of this amendment, whichever is sooner.

**Section 5.** Requirements and Covenants

(A) As a participant in the MTW demonstration, the PHA must operate in accordance with the express terms and conditions set forth in the MTW Operations Notice. The MTW Operations Notice may be superseded or amended by HUD at any time during the twenty-year MTW term.

(B) The PHA will cooperate fully with HUD and its contractors for the duration of the HUD-sponsored evaluation of the cohort of the MTW Expansion for which the PHA was selected and shall comply with all aspects of its Cohort Study as outlined in the selection notice under which the PHA was designated.

(C) The PHA is only exempted from specific provisions of the Housing Act of 1937 ("the Act") and its implementing regulations as specified in the MTW Operations Notice. Each such exemption also extends to sub-regulatory guidance to the extent that the sub-regulatory guidance implements the provisions of the Act or its implementing regulations exempted pursuant to the MTW Operations Notice. The PHA remains subject to all other applicable requirements including, but not limited to, those in Title 24 of the Code of Federal Regulations and Title 42 of the U.S. Code, Appropriations Acts,

Annual Contributions Contracts, notices of funding availability under which the PHA has received funds, and the applicable requirements listed in the MTW Operations Notice (collectively, "the Requirements"), as they may be amended or implemented in the future. Accordingly, if any Requirement, other than the provisions of the Act and its implementing regulatory requirements or sub-regulatory guidance exempted pursuant to this MTW ACC Amendment and the MTW Operations Notice, conflicts with any exemption or authorization granted by this MTW ACC Amendment, the MTW Agency remains subject to that Requirement.

**Section 6**. At least one year prior to expiration of this MTW ACC Amendment[1], the PHA shall submit a transition plan to HUD. It is the PHA's responsibility to be able to end all MTW activities that it has implemented through its MTW Supplement to the PHA Plan upon expiration of this MTW ACC Amendment. The transition plan shall describe plans for phasing out such activities. The plan may also include any proposals of authorizations/features of the ACC Amendment and the MTW Operations Notice that the PHA wishes to continue beyond the expiration of the MTW ACC Amendment. The PHA shall specify the proposed duration and shall provide justification for extension of such authorization/features. HUD will review and respond to timely-submitted transition plans from the PHA in writing within 75-days or they are deemed approved. Only authorizations/features specifically approved for extension shall continue beyond the term of the MTW ACC Amendment. The extended features shall remain in effect only for the duration and in the manner specified in the approved transition plan and be subject to any necessary ACC Amendments as required by HUD.

**Section 7**. Termination and Default

(A) If the PHA violates or fails to comply with any requirement or provision of the ACC, including this amendment, HUD is authorized to take any corrective or remedial action described in this Section for PHA default or any other right or remedy existing under applicable law, or available at equity. HUD will give the PHA written notice of any default, which shall identify with specificity the measures, which the PHA must take to cure the default and provide a specific time frame for the PHA to cure the default, taking into consideration the nature of the default. The PHA will have the opportunity to cure such default within the specified period after the date of said notice, or to demonstrate within 10 days after the date of said notice, by submitting substantial evidence satisfactory to HUD, that it is not in default. However, in cases involving clear and apparent fraud, serious criminal behavior, or emergency conditions that pose an imminent threat to life, health, or safety, if HUD, in its sole discretion, determines that immediate action is necessary it may institute the remedies under Section 7(B) of this MTW ACC Amendment without giving the PHA the opportunity to cure.

[1] Should the PHA receive an extension(s) of its MTW participation (e.g. by extension or replacement of its MTW ACC Amendment) the transition plan will be due one year prior to the end of the extension(s).

(B) If the PHA is in default of this MTW ACC Amendment and/or the MTW Operations Notice and the default has not been cured, HUD may undertake any one or all remedies available by law, including but not limited to the following:

i. Require additional reporting by the PHA on the deficient areas and the steps being taken to address the deficiencies;
ii. Require the PHA to prepare and follow a HUD-approved schedule of actions and/or a management plan for properly completing the activities approved under this MTW ACC Amendment;
iii. Suspend the MTW waiver authorization for the affected activities;
iv. Require reimbursement by the PHA to HUD for amounts used in violation of this MTW ACC Amendment;
v. Terminate this MTW ACC Amendment and require the PHA to transition out of MTW;
vi. Restrict a PHA's ability to use its MTW funding flexibly; and/or
vii. Take any other corrective or remedial action legally available.

(C) The PHA may choose to terminate this MTW ACC Amendment at any time. Upon HUD's receipt of written notification from the PHA and a copy of a resolution approving termination from its governing board, termination will be effective. The PHA will then begin to transition out of MTW and will work with HUD to establish an orderly phase-out of MTW activities, consistent with Section 6 of this MTW ACC Amendment.

(D) Nothing contained in this ACC Amendment shall prohibit or limit HUD from the exercise of any other right or remedy existing under any ACC or available under applicable law. HUD's exercise or non-exercise of any right or remedy under this amendment shall not be construed as a waiver of HUD's right to exercise that or any other right or remedy at any time.

**Section 8**. Notwithstanding any provision set forth in this MTW ACC Amendment, any future law that conflicts with any provision of this ACC Amendment, as determined by HUD, shall not be deemed to be a breach of this ACC Amendment. Nor shall HUD's execution of any future law be deemed a breach of this ACC Amendment. Any future laws affecting the PHA's funding, even if that future law causes a decrease in the PHA's funding, shall not be deemed a breach of this ACC Amendment. No future law or HUD's execution thereof shall serve as a basis for a breach of contract claim in any court.

**Section 9.** If any clause, or portion of a clause, in this Agreement is considered invalid under the rule of law, it shall be regarded as stricken while the remainder of this Agreement shall continue to be in full effect.

In consideration of the foregoing covenants, the parties do hereby execute this MTW ACC Amendment:

PHA

_____

By:_____
Its:_____
Date:_____

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

_____

By:_____
Its:_____
Date:_____

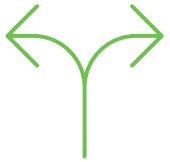


# MTW Conversion Considerations

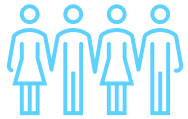
## Home Forward Board of Commissioners Work Session | November 13, 2026

Juhi Aggarwal, General Counsel
Ian Davie, Chief Operating Officer
Christina Dirks, Director of Policy & Planning

# Purpose & Objectives

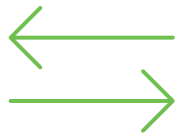


Understand the benefits, downsides, & unknowns in converting from a MTW Legacy Agency to a MTW Expansion Agency.

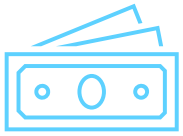


Assess whether conversion allows Home Forward to better fulfill its mission.

# Agenda



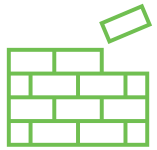
Moving to Work (MTW) & MTW Conversion Overview



Financial Considerations



Legal Considerations



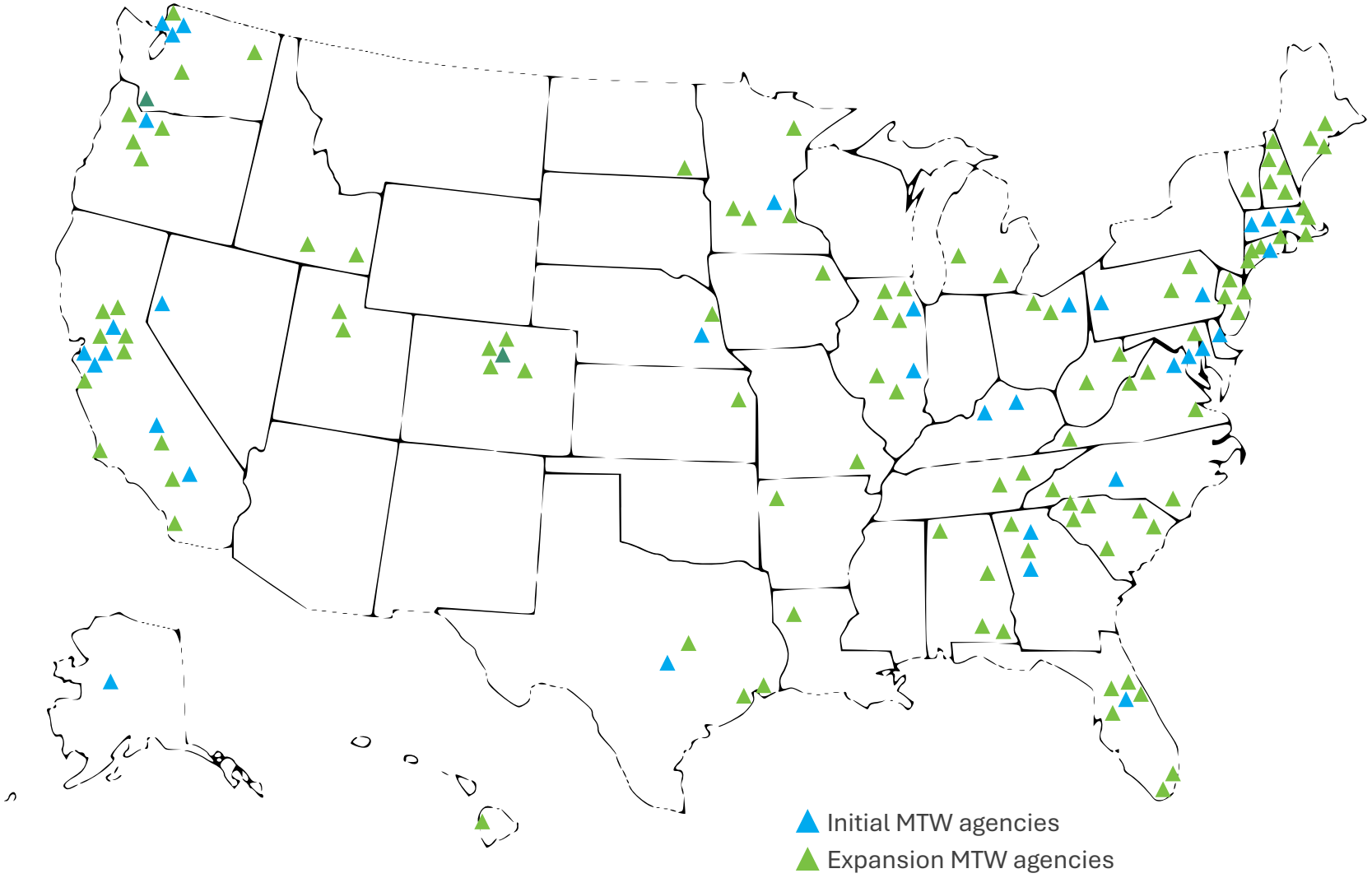
Policy Considerations

# What is Moving to Work?

Moving to Work (MTW) is a demonstration program for public housing authorities that provides the opportunity to design and test innovative, locally designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families.

Home Forward is one of the 37 initial MTW agencies.

Currently, there are 139 MTW agencies nationwide.



# Three MTW Statutory Objectives



Use Federal dollars more efficiently



Help residents find employment and become self-sufficient



Increase housing choices for low-income families

# Five Statutory MTW Requirements

- At least 75% of assisted families must be very low-income.
- Maintain a reasonable rent policy designed to encourage employment & self-sufficiency.
- Assist substantially the same total number of eligible low-income families.
- Maintain a comparable mix of families by family size.
- Ensure assisted housing meets applicable housing quality standards.

# Moving to Work Demonstration Program

## Home Forward's MTW journey

**1996**
MTW status authorized!

**1999**
Original Agreement signed

**2000**
First MTW Annual Report

**2012**
First MTW activity approved, implemented

**2024**
Congress extends MTW contracts through 2038

# MTW in Practice at Home Forward

## Single Fund Flexibility

Fungible use of major HUD grant funds

Public Housing & Housing Choice Voucher

## Waivers

Allowed to bypass HUD regulations to streamline operations

- Calculating income
- Inspections & recertifications

## Local, Non-Traditional Activities

Allowed to deploy resources more creatively

- Staff
- Rental assistance for community partners

# MTW in Practice at Home Forward

**Activity 1: Rent Reform**

Example: Home Forward recertifies households every 2 or 3 years, not every year

Impact: thousands fewer meetings save time for Home Forward staff, residents, and participants.

**Activity 9: Improving Voucher Holder Leasing**

Example: Home Forward pays new landlords $200 to lease to a voucher participant.

Impact: Home Forward has one of the highest “voucher success” rates in the country, assisting nearly 9 in 10 residents find a home.

**Activity 16: Housing Bond Deep Affordability**

Example: Home Forward may align vouchers with local publicly-financed housing construction

Impact: Home Forward has ensured deep affordability at nearly 2,000 homes sponsored by local community-based organizations

# MTW Expansion Program Overview

MTW Expansion adds 100 housing agencies to HUD's Moving to Work demonstration, in cohorts that each test one HUD-directed policy.

**100**
additional agencies added to MTW

**5**
cohorts, each with its own focus

**1**
HUD-directed policy tested per cohort

## Who participates

- High-performing agencies (PHAS or SEMAP)
- Admitted in cohorts over several years

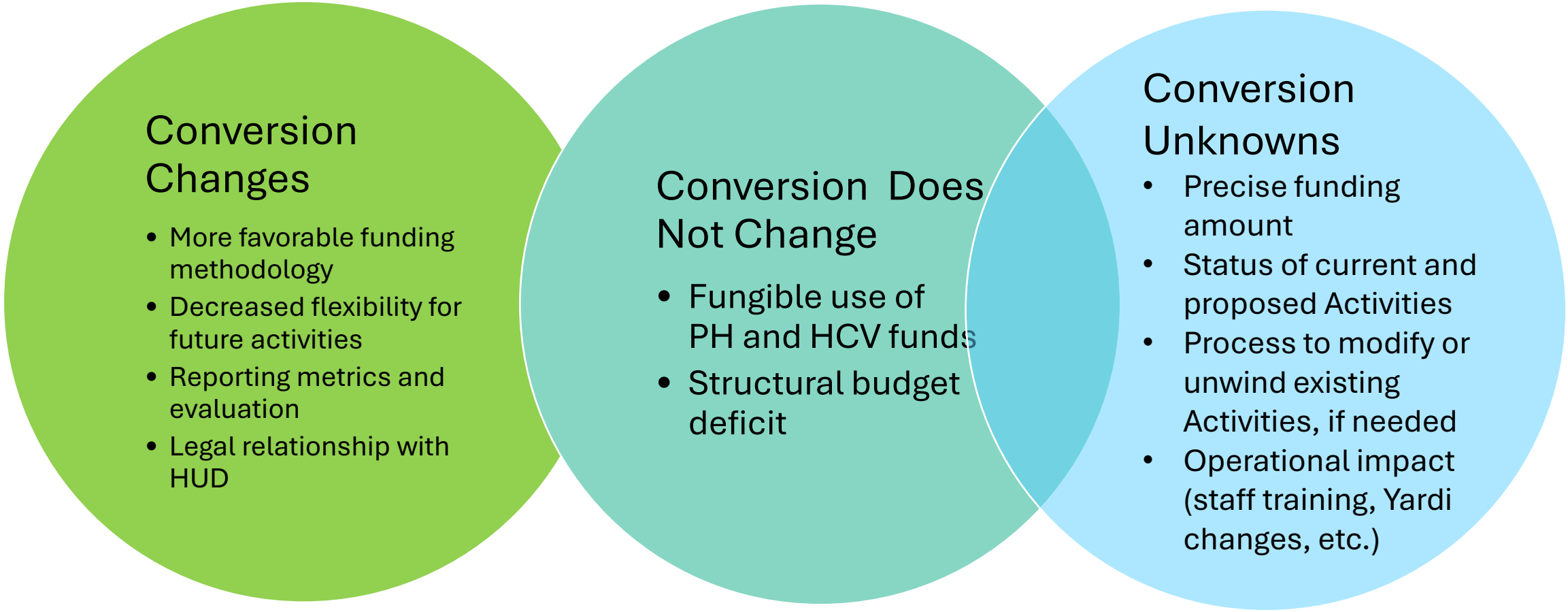
## How it works

- Governed by the MTW Operations Notice
- Each cohort tests one policy, such as rent reform or work requirements
- Waivers of certain federal rules

## Funding & evaluation

- Funding set by Operations Notice formulas
- Each cohort evaluated against comparison agencies

# Conversion Snapshot



# Conversion Consideration Steps Taken



HUD Engagement



Activity Analysis under Appendix I of the Operations Notice



Funding Formula analysis under Operations Notice



Staff Workgroup



Public Process

# Legacy to Expansion Conversion Process

If conversion occurs by end of a fiscal year, the funding formula will be applied in the next fiscal year.

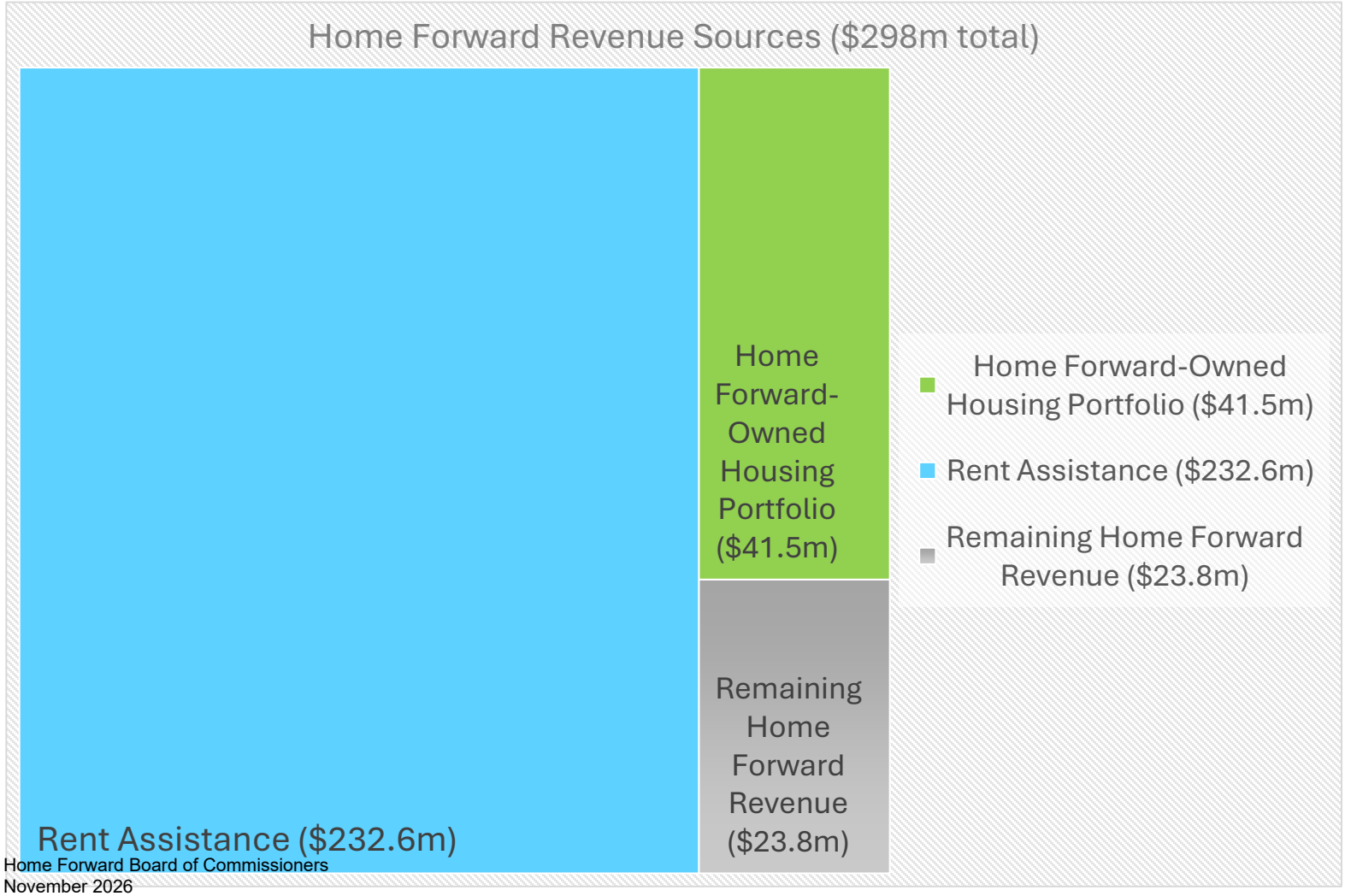
A PHA must follow the same public comment & Board resolution process required for amending the Standard MTW Agreement regarding the decision to convert.

Upon conversion, a PHA must execute a MTW ACC Amendment & terminate the Standard MTW Agreement.

No cohort focus or cohort-based evaluation will apply to Legacy MTW agencies that convert.

# Financial Considerations

# Financial Context: Rent Assistance is Home Forward's Largest Housing Program




About 78% of Home Forward's revenues derive from rent assistance, and the vast majority is federally-funded.

# Home Forward subsidizes around 11,400 households throughout the community through rent assistance

Support **tenant-based households** in the private rental market and regulated affordable housing (including Home Forward housing)

~5,000 vouchers

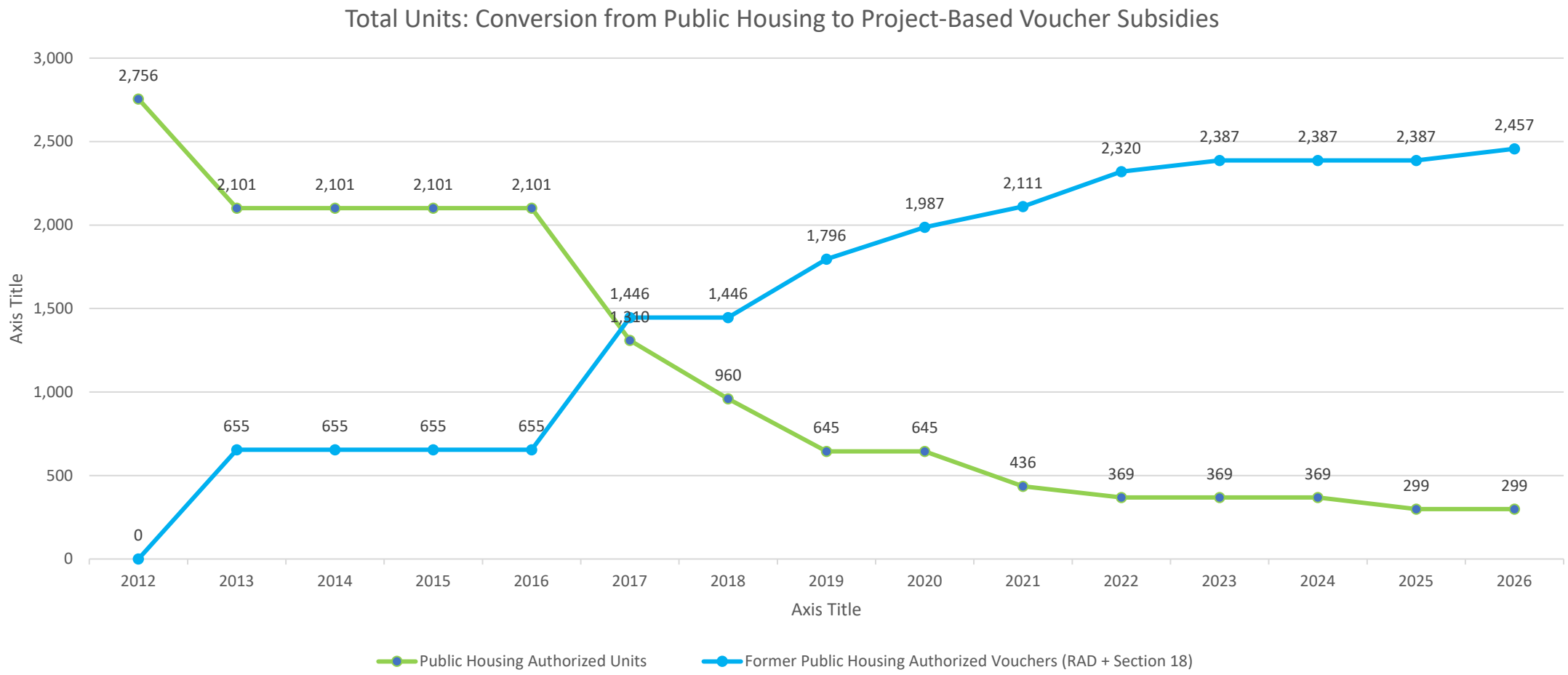
Support **project-based homes** in regulated affordable housing (some owned by outside sponsors like REACH, CCC, PCRI, some owned by Home Forward)

~2,000 vouchers

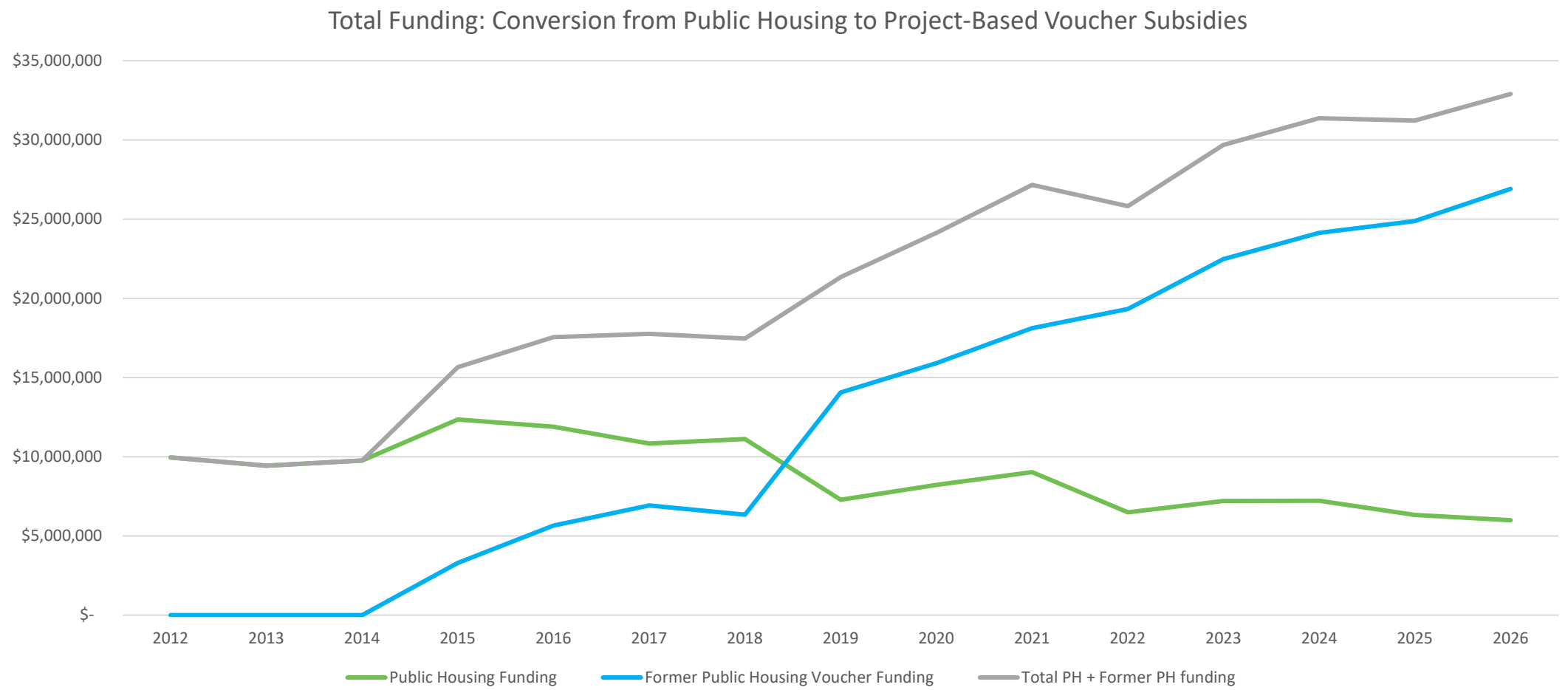
Provide **Special Purpose Vouchers** serving specific populations such as veterans, foster youth, chronically homeless, and individuals with disabilities.

~2,000 vouchers

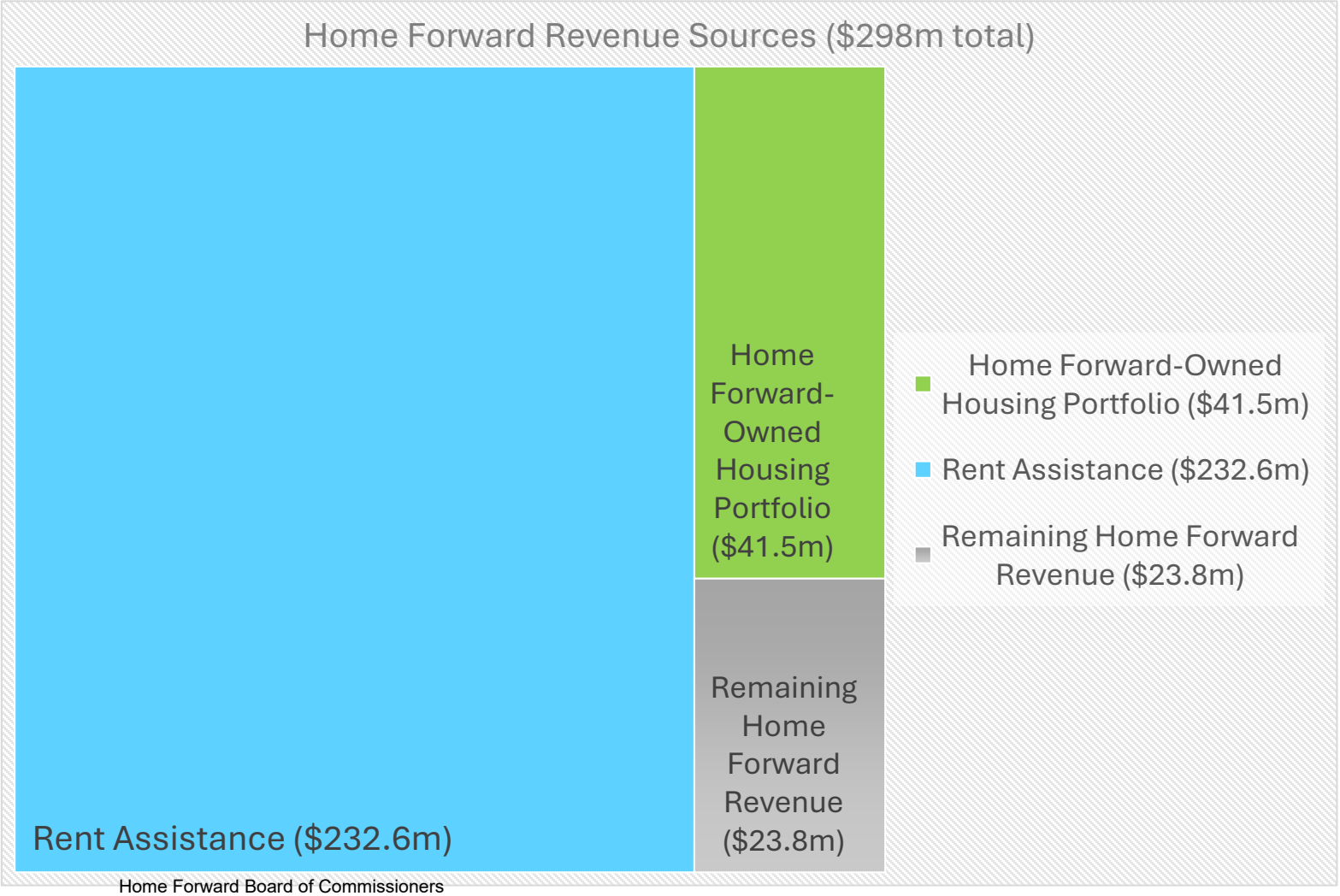
# Home Forward has transitioned over 2,400 public housing units onto a rent assistance subsidy model over the past 15 years

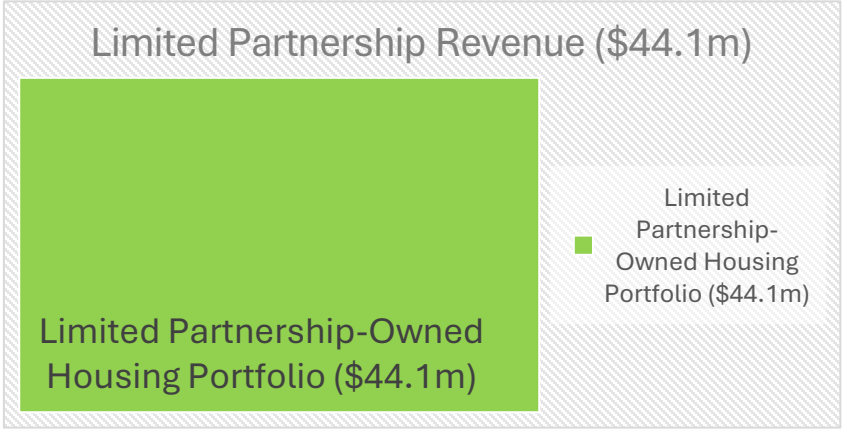


# Home Forward maintains a favorable public housing formula which keeps public housing funding disproportionately high



# Most of Home Forward's former public housing is outside of Home Forward's consolidated budget




Over 2,800 homes – covering over $44m in operating revenue – are not captured in Home Forward's consolidated budget.

In 2027, the consolidated budget reflects some of the expense overages (~$4.2m), but not corresponding cashflow (~$3.9m).

# As we contemplate a new expense-based funding model, HUD definitions matter

**Actual Expenses (Housing Choice Vouchers):**

- Housing Assistance Payments (HAP): rent assistance funds that Home Forward pays to subsidize a household.
- Per Unit Cost: The Housing Assistance Payment cost per voucher per month.
- Non-HAP MTW: rent assistance funds that Home Forward pays each month for non-program costs including resident services and safety staffing.

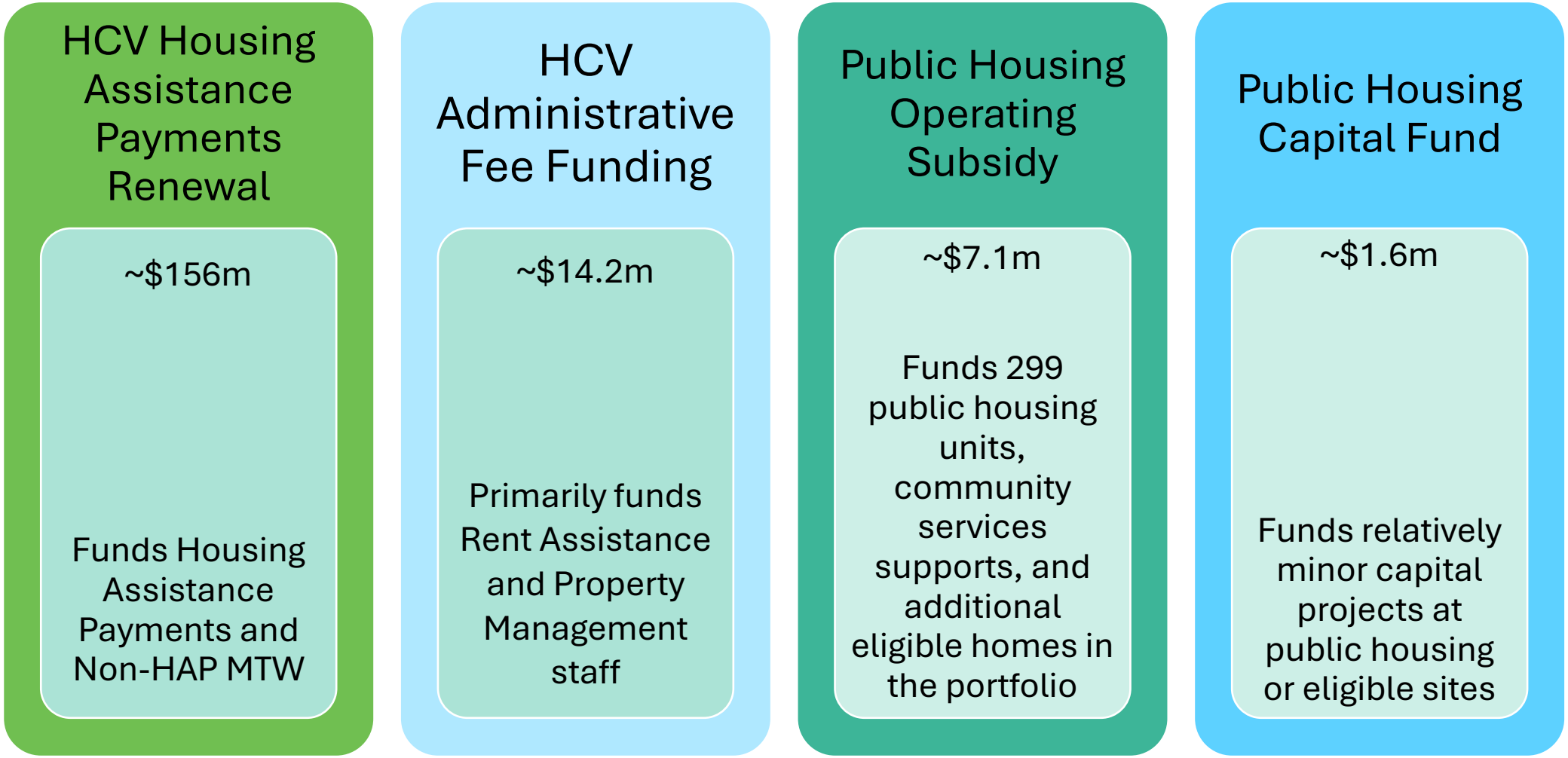
**Actual Expenses (Public Housing):**

- Project Expense Level: normal monthly operating costs, measured per unit.
- Utility Expense Level: cost of utilities based on actual consumption, measured per unit.

**Funding Multipliers:**

- Inflation: The amount HUD increases annual funding based on a region's housing costs increases.
- Proration: The amount HUD decreases annual funding based on Congressional under-funding.
- Eligible Units: The total units of federally-funded public housing or vouchers that Home Forward uses.

# Legacy Moving to Work Funding: How We Use It



# Housing Choice Voucher and Public Housing Funding Are Impacted by MTW Expansion

## Housing Choice Voucher Housing Assistance Payments Renewal

**(~$156m)**

Funds subsidized housing for ~11,400 households (tenant-based and project-based)

Funds non-HAP MTW efforts including Resident Services and Safety staffing

## Public Housing Operating Subsidy

**(~$7.1m)**

Funds 299 public housing units, community services supports, and additional eligible homes in the portfolio

# Housing Choice Voucher Funding: Legacy vs. Expansion

## Legacy MTW

STARTING POINT

**Prior-year HCV budget authority**

Then adjusted for:

- **Inflation**
- **Proration**

## Expansion MTW

STARTING POINT

**Prior-year eligible expenses**

(Per-unit costs × eligible units)

Then adjusted for:

- **Inflation**
- **Proration**

+ **Non-HAP MTW expenses**

Subject to an annual cap

# Housing Choice Voucher Funding: Legacy vs. Expansion

## Legacy MTW

Simplified and Estimated Numbers for Illustration Only

STARTING POINT

**Prior-year Budget Authority** **$156m**

Then adjusted for:

**Inflation 1.00** | **Proration .99** **$154.5m**

---

**Estimated renewal** **$154.5m***

***Illustration only; differs from anticipated total budget revenues due to Special Purpose Voucher and converted voucher impacts**

## Expansion MTW

Simplified and Estimated Numbers for Illustration Only

STARTING POINT

**Prior-year Eligible Expenses** **$174.8m**

Per unit costs × eligible units **($1277/mo * 12 * ~11,400)**

Then adjusted for:

**Inflation 1.00** | **Proration .99** **$173.1m**

\+ Non-HAP MTW Expenses **$14.3m**

---

**Subtotal** **$187.4m**

**Limit: Annual Cap (prorated @ .99)** **$185.6m**

Per unit costs × authorized vouchers **($1277/mo * 12 * ~12,200)**

# Housing Choice Voucher Funding: What about non-HAP MTW?

## Expansion MTW

HAP Renewal (Estimated) **(w/o non-HAP MTW expenses)**

STARTING POINT

**Prior-year Eligible Expenses** **$174.8m**

Per unit costs × eligible units ($1277/mo * 12 * ~11,400)

Then adjusted for:

| Inflation 1.00 | Proration .99 | $173.1m |
|---|---|---|

+ ~~Non-HAP MTW Expenses~~ **~~$14.3m~~**

**Subtotal** **$173.1m**

**Limit: Annual Cap (prorated @ .99)** **$185.6m**

Per unit costs × authorized vouchers ($1277/mo * 12 * ~12,200)

## Expansion MTW

HAP Renewal (Estimated)

STARTING POINT

**Prior-year Eligible Expenses** **$174.8m**

Per unit costs × eligible units ($1277/mo * 12 * ~11,400)

Then adjusted for:

| Inflation 1.00 | Proration .99 | $173.1m |
|---|---|---|

+ Non-HAP MTW Expenses **$14.3m**

**Subtotal** **$187.4m**

**Limit: Annual Cap (prorated @ .99)** **$185.6m**

Per unit costs × authorized vouchers ($1277/mo * 12 * ~12,200)

# Housing Choice Voucher Funding: Expansion Funding Beyond 2027

Under the Expansion funding formula, HCV funding may drop from the estimated $185.6m (or $173.1m without non-HAP MTW) in 2028 because:

1. The annual cap is based on our per-unit-costs. These costs are decreasing due to our successful cost containment efforts in the voucher program.

2. This means we need to be strategic with cost containment within this new paradigm, as it can have unintended consequences.

# Housing Choice Voucher Funding: We Need Additional Clarity Regarding HUD's Treatment of Non-HAP MTW expenses

Under the Expansion funding formula, it is unclear whether and how HCV funding considers non-HAP MTW expenses:

1. Non-HAP MTW expenses do not have a per-unit cost, so do not inflate the year-over-year funding. It remains unclear whether these expenses are added after calculating the Prior Year Eligible Expense. We have sought clarity from HUD.

2. When we add these non-HAP MTW expenses, our total expenses exceed our total funding, so we remain in shortfall, but at a significantly lower level than 2026.

# Housing Choice Voucher and Public Housing Funding Are Impacted by MTW Expansion

## Housing Choice Voucher Housing Assistance Payments Renewal

**(~$156m)**

Funds subsidized housing for ~11,400 households (tenant-based and project-based)

Funds non-HAP MTW efforts including Resident Services and Safety staffing

## Public Housing Operating Subsidy

**(~$7.1m)**

Funds 299 public housing units, community services supports, and additional eligible homes in the portfolio

# Public Housing Operating Subsidy: Legacy vs. Expansion

## Legacy MTW

STARTING POINT

**Prior-year Project Expense Level**

× actual units

**Prior-year Utility Expense Level**

× frozen 1998 units

Then adjusted for:

**Inflation** **Proration**

RAD Adjustment Factor is subtracted

## Expansion MTW

STARTING POINT

**Prior-year Project Expense Level**

× actual units

**Prior-year Utility Expense Level**

× actual units

Then adjusted for:

**Inflation** **Proration**

Rents received are subtracted

# Public Housing Operating Subsidy: Legacy vs. Expansion

## Legacy MTW

Simplified and estimated numbers for illustration only

STARTING POINT

**Prior-year Project Expense Level** **$1.7m**

$465.91 × actual units (299 × 12)

**Prior-year Utility Expense Level** **$6.9m**

$207.20 × frozen 1998 units (2,757 × 12)

**– RAD Adjustment Factor** **-$.5m**

Then adjusted for:

Inflation 1.00 | Proration 0.85 **$8.1m**

**Operating subsidy** **$6.9m**

## Expansion MTW

Simplified and estimated numbers for illustration only

STARTING POINT

**Prior-year Project Expense Level** **$1.7m**

$465.91 × actual units (299 × 12)

**Prior-year Utility Expense Level** **$0.7m**

$207.20 × actual units (299 × 12)

**– Rents Received** **–$1.2m**

Then adjusted for:

Inflation 1.00 | Proration 0.85 **$1.2m**

**Operating subsidy** **$1.0m**

# Public Housing Operating Subsidy: Impacts of Funding Reduction

Under the Expansion funding formula, PH Operating Subsidy drops by **~$5.9m** because Home Forward loses its favorable contractual formula related to (1) frozen utility allowance and (2) lack of rent offsetting.

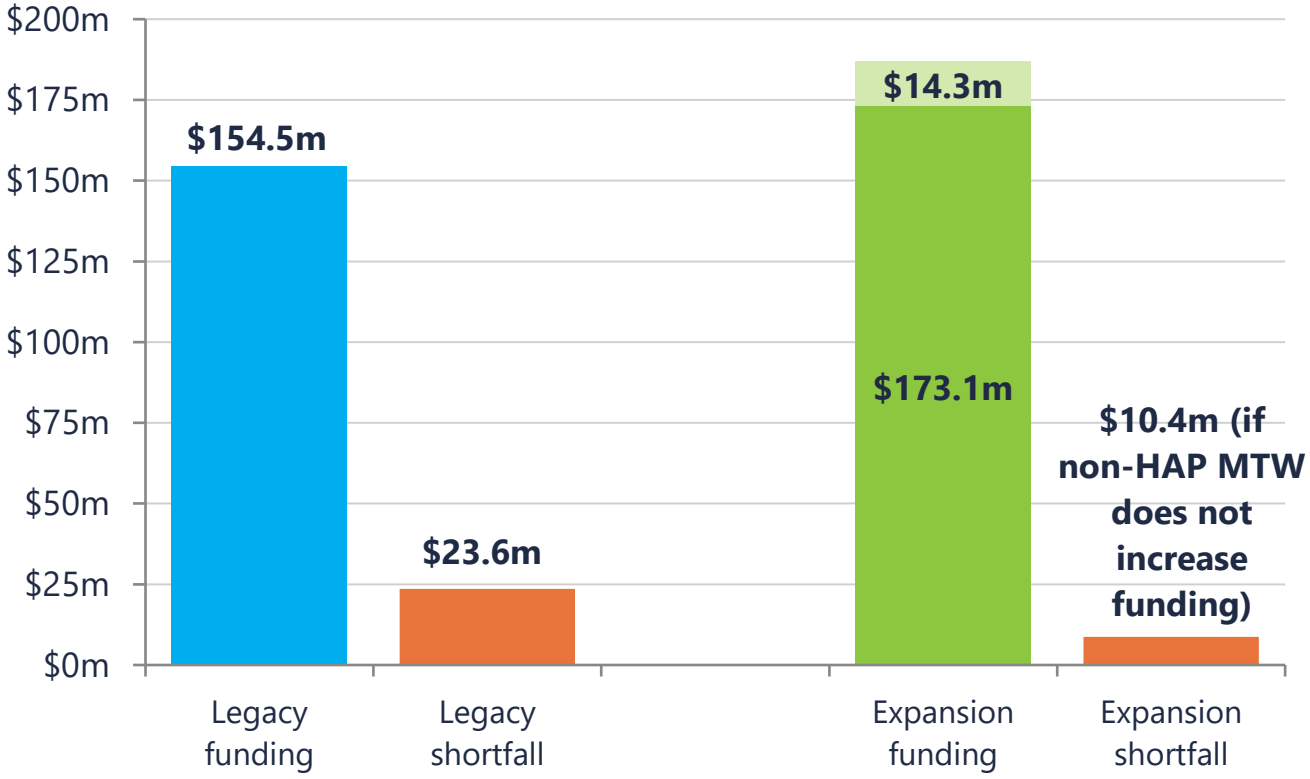
1. This decrease would impact the current portfolio which relies on PH Operating Subsidy for operations.

2. This decrease would impact the developments in progress, including Meadowlark Place and Rak Soon Park, which were underwritten in reliance on the receipt of higher PH Operating Subsidy.

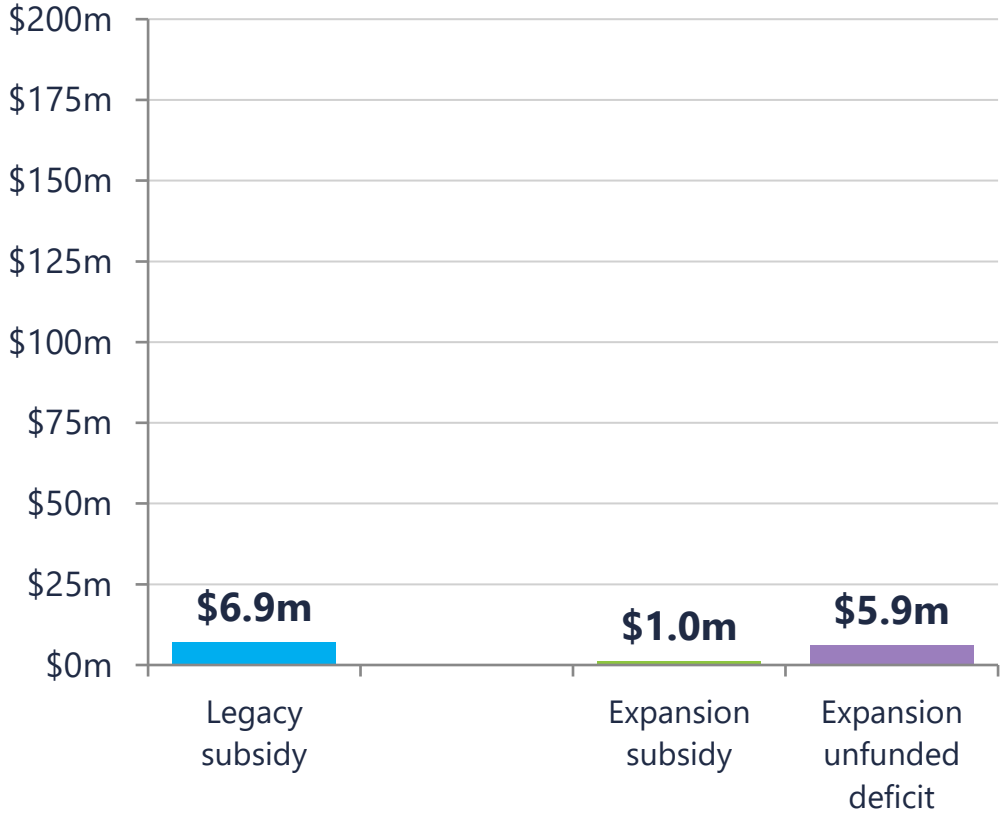
# Legacy vs. Expansion MTW funding, 2027 (est.)

Legacy MTW
Expansion MTW
Non-HAP MTW expenses
Shortfall
Unfunded portfolio deficit

## Housing Choice Voucher funding

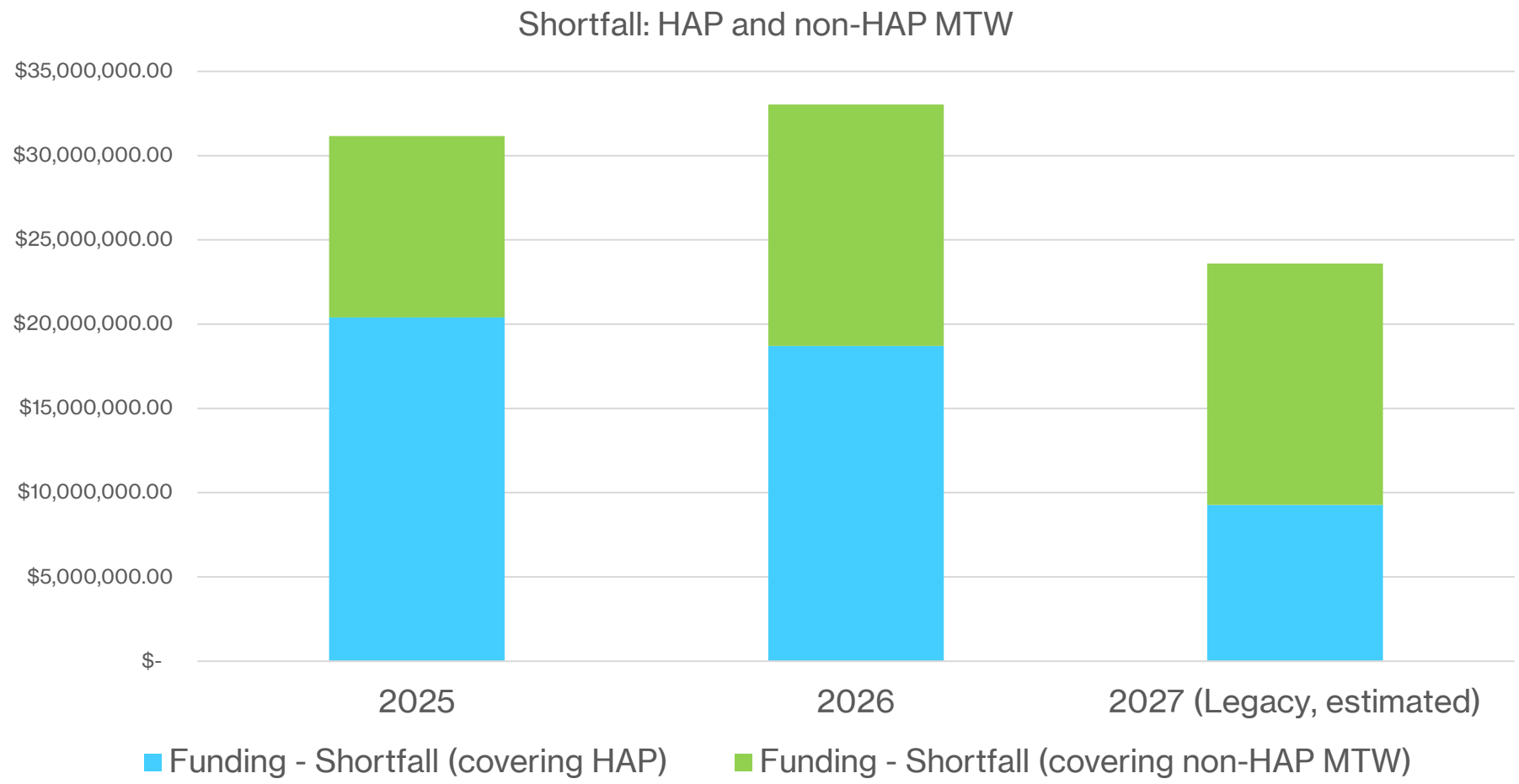



## Public Housing Operating Subsidy




Simplified and estimated numbers for illustration only. Funding, shortfall and deficit figures are 2027 estimates.

# Home Forward continues to receive HUD shortfall funds as we address deficits



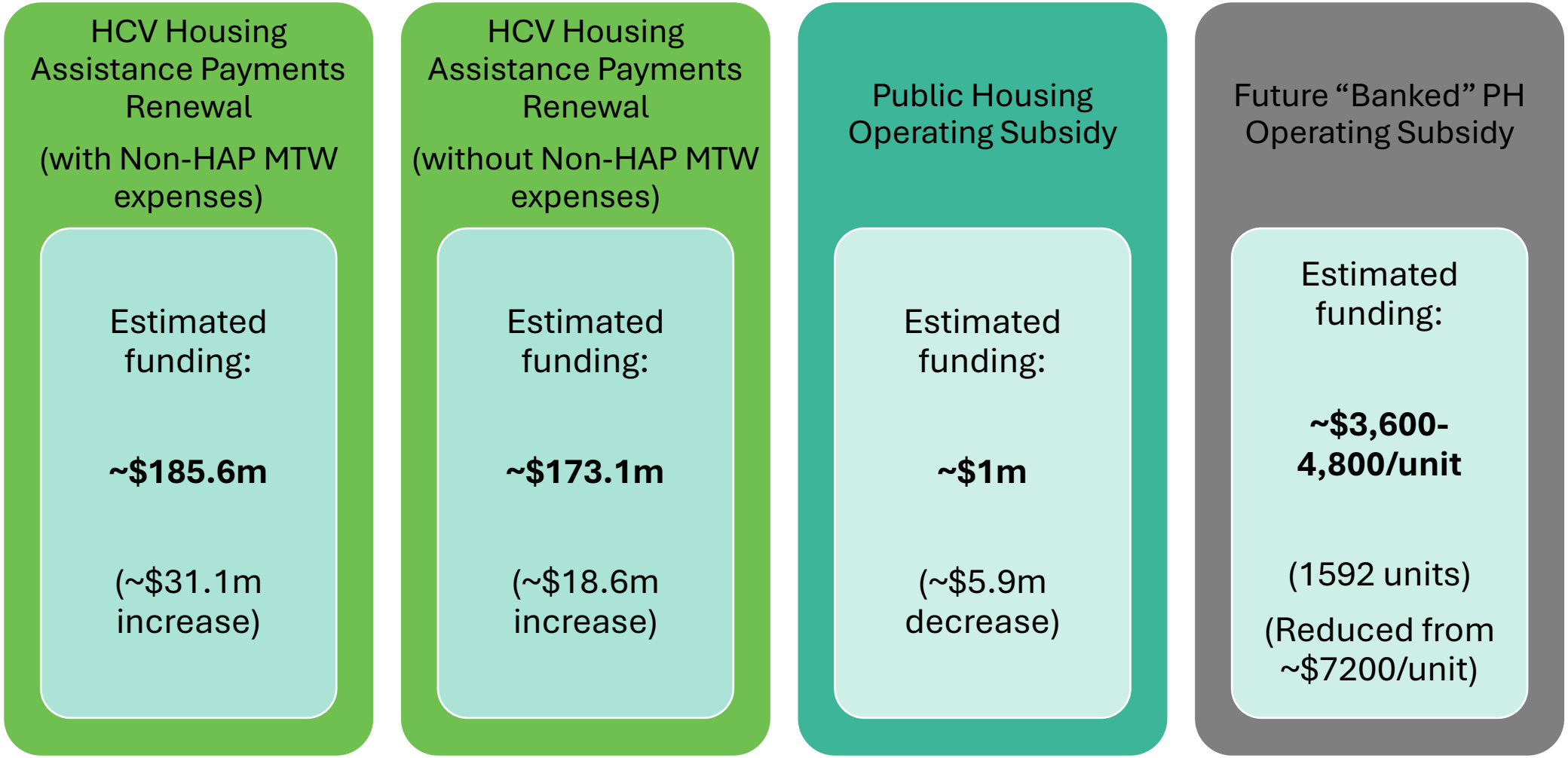
# Public Housing Operating Subsidy: Impacts on "Banked Public Housing"

Home Forward maintains 1,592 "banked" public housing units. We have a proposed MTW activity that would allow us to provide a shallow subsidy of ~$600/month/unit ($7,200/year) in certain properties.

1. It is not clear that we can use these "banked" public housing units in the Expansion context. We have asked HUD for clarity.

2. If we can use these "banked" public housing units, the subsidy would be based on the new Expansion PH Operating Subsidy calculation. This would likely reduce funding to an estimated $300-400/month/unit ($3,600-4,800/year).

# Overall Impacts of Converting from Legacy to Expansion MTW



# Financial reporting & auditing under Conversion

Legacy MTW and Expansion MTW have largely the same financial and auditing obligations.

- Year-end unaudited financial information
- Perform an annual audit by an Independent Public Accountant that is submitted to HUD

# Legal Considerations

# MTW Relationships with HUD

## Standard PHAs

Annual Contributions Contract (ACC)
- Funding calculation based on statute
- Must follow all applicable regulations

## Legacy MTW

MTW Agreement
(Individual **Contract** in addition to ACC)

- Funding calculation in Agreement
- Both parties must agree on contract amendments
- Broad regulatory and statutory waivers pre-authorized by Agreement
- Individual activities included in HF MTW Plan after approval

## Expansion MTW

MTW Amendment to ACC
(Uniform but being changed)

- Governed by MTW Operations Notice (regulation subject to change by HUD)
- Funding calculation in Ops Notice
- Limited rights
- Proscribed pre-approved activities, HF may propose modifications

# Increased Oversight Envisioned under Expansion Framework

**Reporting**

Legacy: MTW Plan and MTW Report

Expansion:
5 year PHA Plan, Annual PHA Plan, Annual MTW Supplement

**Unspecified Future Oversight**

"HUD may, based on the MTW agency's risks and at HUD's discretion, conduct management, programmatic, financial, or other reviews of the MTW agency. The MTW agency shall respond to any findings with appropriate corrective action(s)."

**Rating**
high performer, standard, substandard, or troubled

Legacy: "high performer" automatically

Expansion: performance monitored by PHAS sub-scores; eventually SEMAP & designation may change

# Litigation Considerations

Housing Authority Funding Conditions litigation

(filed October 2025)

## Expansion:

MTW Operations Notice states that MTW funding is subject to, and MTW authority may be limited by, "all future laws …including Executive Orders."

MTW ACC Amendment gives HUD sole authority to determine whether any future law conflicts with any MTW-related agreement or notice. If a future law conflicts, the future law shall be implemented.

This topic will be discussed in executive session as permitted by ORS 192.660(h): consultation with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

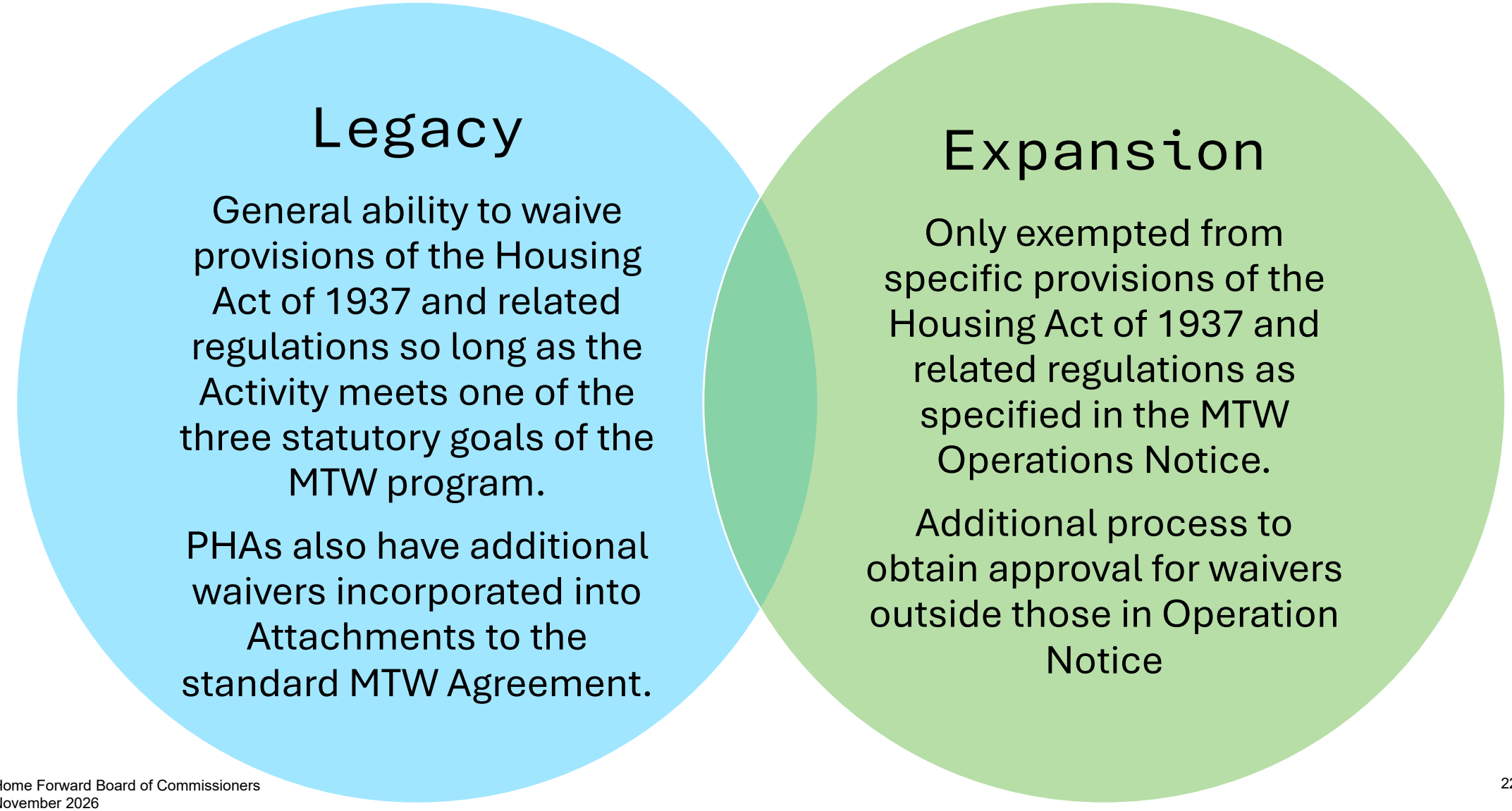
# Policy Considerations

# Legacy vs. Expansion MTW

| | LEGACY MTW<br>Original / pre-2016 MTW agencies | EXPANSION MTW<br>Agencies operating under the Expansion framework |
|---|---|---|
| HOW FLEXIBILITY IS DEFINED | Broad flexibilities from the MTW Agreement and Attachments; legacy & agency-specific provisions may apply | Prescribed flexibilities outlined in the Operations Notice: standard waivers, safe harbors, & agency-specific waiver requests |
| IMPLEMENTING POLICY CHANGES | 30-day public comment period. New initiatives are described in the Annual MTW Plan. | 45-day public comment period. Activities listed in the annual MTW Supplement; waivers require Impact Assessment. |
| OVERSIGHT & DOCUMENTATION | Annual MTW Plan and Report | Annual MTW Supplement to Annual PHA Plan & 5 Year Plan |

Expansion is not a different MTW mission but a more standardized, notice-based framework for exercising MTW flexibility.

# MTW Flexibilities



# MTW Operations Notice provides prescribed Activities

| 3. Reexaminations | | |
|---|---|---|
| The agency is authorized to implement a reexamination program that differs from the reexamination program currently mandated in the 1937 Act and its implementing regulations. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to section 3(b)(2) of the 1937 Act. MTW agencies must continue to determine the initial eligibility of the family in accordance with provisions of 24 CFR 5.609. | | |
| **3.a.,3.b. Alternative Reexamination Schedule for Households** | | |
| Activity | **3.a. Alternative Reexamination Schedule for Households (PH)** - The agency may establish an alternative reexamination schedule for households. | **3.b. Alternative Reexamination Schedule for Households (HCV)** - The agency may establish an alternative reexamination schedule for households. |
| Statutes and Regulations Waived | **Alternative Reexamination Schedule for Households (PH)** - Certain provisions of sections 3(a)(1) and 3(a)(2)(E) of the 1937 Act and 24 CFR 960.257(a)-(b). | **Alternative Reexamination Schedule for Households (HCV)** - Certain provisions of section 8(o)(5) of the 1937 Act and 24 CFR 982.516 (a)(1) and 982.516(c)(2). |
| Safe Harbor(s) | **3.a. and 3.b.**<br>**i.** Reexaminations must occur at least every three years.<br>**ii.** The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more.<br>**iii.** Agency must implement an impact analysis. *<br>**iv.** Agency must include a hardship policy. * | |
| **3.c.,3.d. Self-Certification of Assets** | | |
| Activity | **3.c. Self-Certification of Assets (PH)** - At reexamination, the agency may allow the self-certification of assets. | **3.d. Self-Certification of Assets (HCV)** - At reexamination, the agency may allow the self-certification of assets. |
| Statutes and Regulations Waived | **Self-Certification of Assets (PH)** - Certain provisions of sections 3(a)(1) and 3(a)(2)(E) of the 1937 Act and 24 CFR. 960.259(c)(2). | **Self-Certification of Assets (HCV)** - Certain provisions of section 8(o)(5) of the 1937 Act and 24 CFR. 982.516 (a)(3). |
| Safe Harbor(s) | **3.c. and 3.d.**<br>**i.** At reexamination, the agency may allow the self-certification of assets only up to $50,000. | |

# Every Legacy Activity Needs an Expansion Framework pathway

**Appendix 1 Safe Harbor**

Activity fits within Appendix 1 and safe harbors

No HUD approval needed if listed in MTW Supplement

**Safe Habor Waiver**

Activity fits within Appendix 1 but not within safe harbors

HUD approval needed

**Agency Specific Waiver**

Activity is outside Appendix 1

HUD approval needed

**Modify or Retire**

Revise to fit Appendix 1 or discontinue

# Current & Proposed Activities Pathway

Home Forward currently has **22** operational Activities, **1** paused Activity & **1** pending Activity

## Appendix 1 Activities

**8** Activities

## Safe Harbor Waiver

**1** Activity requires SHW

**2** Activities require SHW in part

## Agency Specific Waiver

**13** Activities require ASW

**2** Activities require ASW in part

## Modify or Retire

TBD

# Selected Activities' pathways

| Activity | Description | Expansion Pathway |
|---|---|---|
| Rent Reform | Simplifies calculation of rent by eliminating consideration of all deductions. Sets the percentage of income tenants pay based on whether they are senior (55+) or a person with disability or whether they are work focused. Biennial recertifications and more. | • SHW for most parts of Activity<br>• ASW for other parts |
| Project Based Voucher Program | Allows Home Forward to project based more vouchers to create deeply affordable home than typically allowed, allows building owners to manage the waitlist for the project-based units and more. | • Parts permissible under Appendix 1<br>• ASW for other parts |
| Suite of Activities to expedite lease up with an HCV | Allows owners to self-certify competition of minor repairs, rent assistance to be paid before initial inspection in some circumstances, Housing Assistance Payment Contract to be signed after the lease, and more. | • ASW needed for most of these Activities |
| Public Housing Shallow subsidy (proposed) | Allows activation of banked public housing unit subsidy to provide a shallow subsidy for LIHTC units to be used flexibly to stabilize and preserve property. | • ASW needed for this Activity |

# MTW Operation Notice is Under Revision

Proposed change are beneficial to Expansion PHAs but trade organizations stress they do not go far enough.  Public Comment period ended November 2.

Remove 10% cap on Local Nontraditional Activities

Minor improvements to Appendix I Activity on alternative income inclusion & exclusion policies, which would permit them to apply to elderly & disabled individuals if there is no detrimental effect

Streamline reporting

Overly prescriptive safe harbors remain that limit flexibility of Expansion MTW agencies

Activities of Legacy MTW PHAs set ceiling for possible activities of Expansion MTW PHAs

Unlike Standard MTW Agreements, timeline for HUD approval not outlined for Expansion MTW agencies

Need streamlined approval process for waivers that have already been approved by other PHAs

# Public Process on Possible Conversion

## Public Comment & Hearing

- Public comment period open from 10/16/26 through 10/15/26.
- Public Hearing held on 11/6/26. No member of the public attended.
- Received one public comment that expressed concern about conversion negatively impacting housing policies for people with disabilities and healthcare needs, especially those undergoing HIV treatment and members of the deaf community.

## TAC Feedback

- 40% of TAC members voted that we should convert with all but one member stated we should convert for FY27.
- 30% of TAC members voted that we should not convert.
- 40% of TAC members voted that they could not make a recommendation based on the information available.

# Public Process on Possible Conversion

## Additional TAC Feedback

- Of the TAC members that could not make a recommendation based on the information available, the additional information they would need included:
  - Other PHAs experience who have converted
  - Tangible financial impact
  - Exact pros/cons

- Of the TAC members that voted to not convert, additional feedback included:
  - Process feels rushed
  - Unclear why this is the first time this has been considered given financial challenges
  - Unclear how accountability for the agency and staff be factored into this decision and possible conversion
  - Unclear what the impact on conversion will be on tenants and how that impact is being factoring into decision

# Conclusion & Next Steps

# Conclusion

## Pros

- Net Increase in funding for FY27
- Annual rebaselining for HCV program

## Cons

- Reduction in PH Op Sub funding
- Limited future flexibility for new Activities
- Changed legal relationship with HUD as an MTW agency

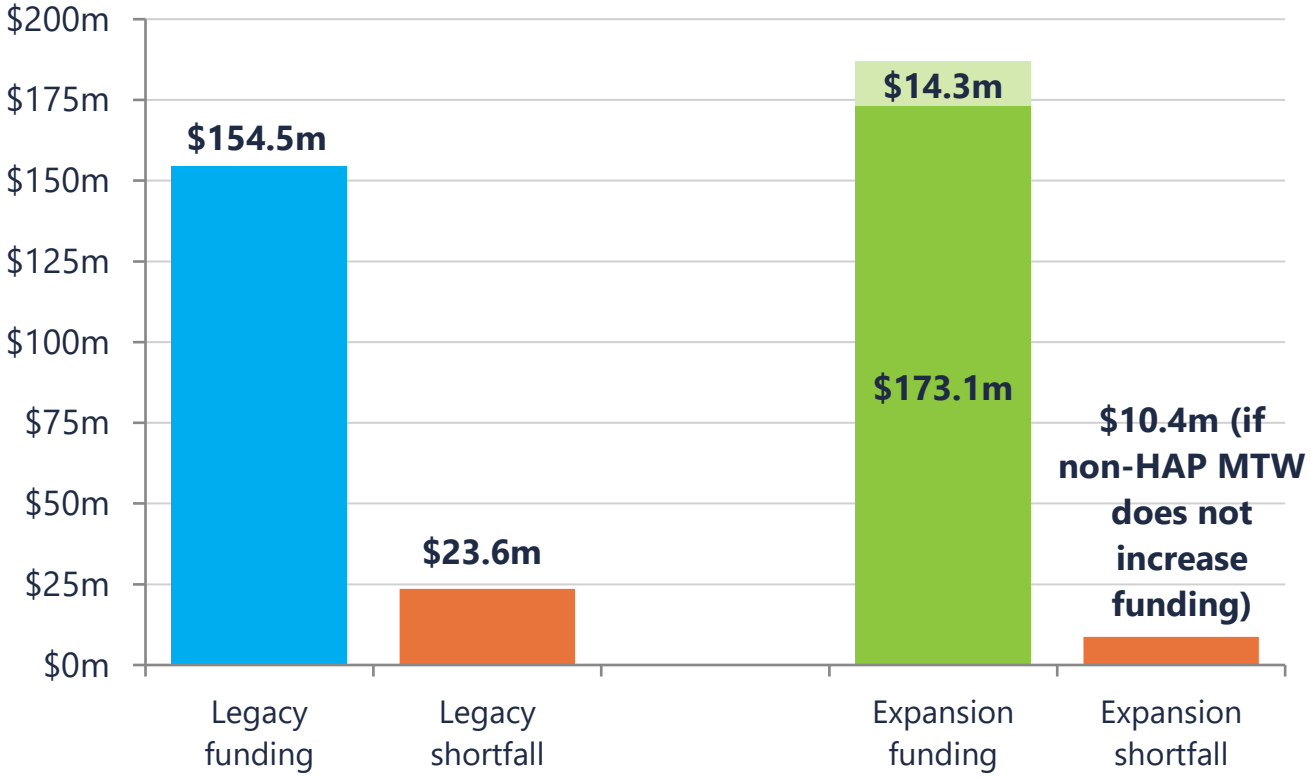
## Unknowns

- Status of existing and proposed Activities
- Role of non-HAP MTW in Expansion rebaselining
- Precise amount of funding increase
- Ongoing protection from litigation

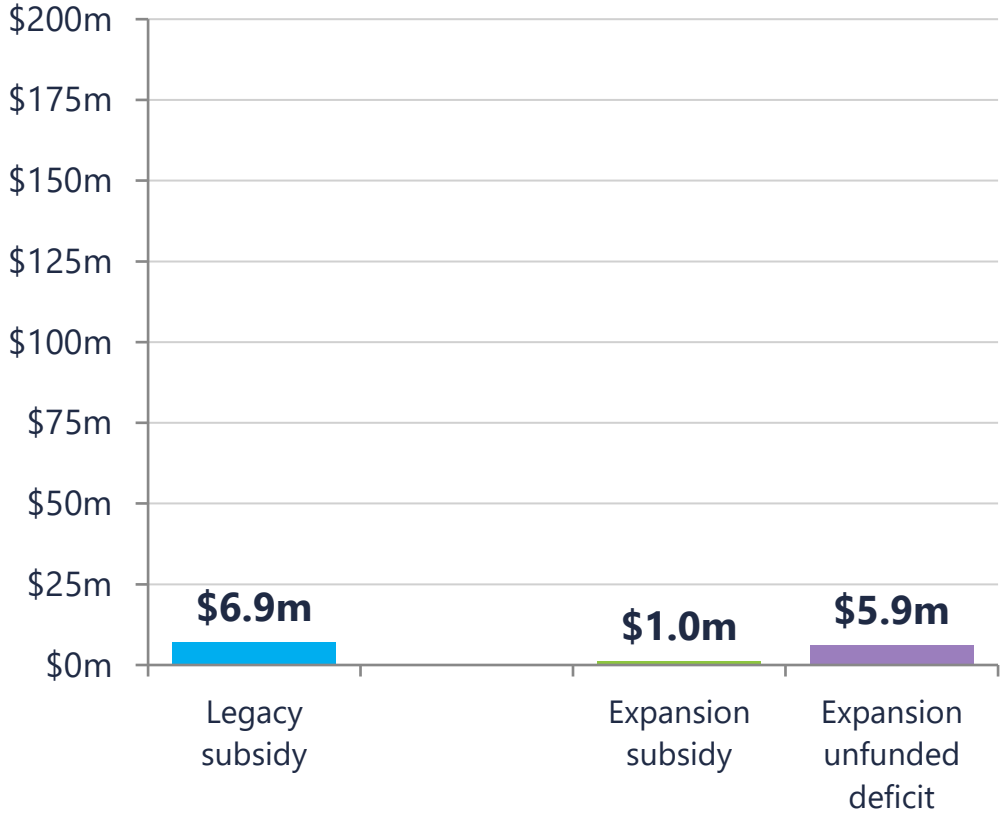
# Legacy vs. Expansion MTW funding, 2027 (est.)

Legacy MTW
Expansion MTW
Non-HAP MTW expenses
Shortfall
Unfunded portfolio deficit

## Housing Choice Voucher funding




## Public Housing Operating Subsidy




Simplified and estimated numbers for illustration only. Funding, shortfall and deficit figures are 2027 estimates.

# Workgroup Recommendations

**8**

Transition in FY28 after we receive confirmation from HUD on status of Activities, AOFF transition period, legal protections

**2**

Transition in FY27 based on what we know now

# Board of Commissioners Options at November Meeting



Approve Resolution to authorize Interim Executive Director to notify HUD of the decision to convert prior to December 31, 2026, and execute all necessary steps to convert.



Do not approve Resolution but direct Home Forward to continue investigating conversion for potential action after January 1, 2027.



Do not continue to explore or pursue conversion.

# STAFF REPORTS

**Procurement & Contracts Department**
**MONTHLY CONTRACT REPORT**
**Contracts Approved 09/01/26 - 10/31/26**

PUBLIC IMPROVEMENT
(CONSTRUCTION & MAINTENANCE SERVICES)

| Contract # | Amend # | Contractor | Contract Amount | Description | Dept. | Execution Date | Expiration Date |
|---|---|---|---|---|---|---|---|
| C4016 | | Rose Paving LLC | $10,000.00 | on-call parking lot striping | Property Management | 9/4/2026 | 8/31/2027 |
| C4049 | | Carbonell Cleaning Solutions | $39,793.00 | Emergency flood mitigation and build back and Sellwood | Property mgmt | 9/28/2026 | 12/31/2026 |
| C4069 | | Carbonell Cleaning Solutions | $4,375.00 | Installation of cedar fences and gate at Sellwood Center | Property Management | 10/1/2026 | 12/31/2026 |
| C4076 | | Professional Minority Group Inc | $211,089.00 | North maryland demolition | DCR | 10/15/2026 | 12/31/2026 |
| C4099 | | RP Painting | $10,630.00 | Bathroom drywall work in 2 units at NW Tower | Property Management | 10/21/2026 | 11/30/2026 |
| C4098 | | Prime Legacy GC | $85,454.00 | T Joyce Phillips flooding emergency dry out and build back | Property Mgmt | 10/26/2026 | 12/31/2026 |
| **Subtotal** | | | **$361,341.00** | | | | **6** |

GOODS & SERVICES

| Contract # | Amend # | Contractor | Contract Amount | Description | Dept. | Execution Date | Expiration Date |
|---|---|---|---|---|---|---|---|
| C3869 | | EV United | $42,645.00 | EV charger install at Floresta | IFS | 5/22/2026 | 12/31/2026 |
| C3870 | | EV United | $39,271.00 | EV charger install at Gallagher Plaza | IFS | 5/22/2026 | 12/31/2026 |
| C3871 | | EV United | $38,251.00 | EV charger install at Harold Lee Village | IFS | 5/22/2026 | 12/31/2026 |
| C3872 | | EV United | $48,855.00 | EV charger install at Hunter's Run | IFS | 5/22/2026 | 12/31/2026 |
| C3873 | | EV United | $40,754.00 | EV charger install at Townhouse Terrace | IFS | 5/22/2026 | 12/31/2026 |
| C3874 | | EV United | $31,446.00 | EV charger install at Northwest Tower | IFS | 5/22/2026 | 12/31/2026 |
| C3875 | | EV United | $38,045.00 | EV charger install at Powellhurst Woods | IFS | 5/22/2026 | 12/31/2026 |
| C3815 | | Eclipse Security Professionals LLC | $38,335.91 | Security at Cesar; amended to add funds to cover overage | Property Management | 9/1/2026 | 7/31/2026 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| C4030 | | Ever Clean NW LLC | $4,200.00 | Janitorial Services at Rosenbaum | Property Mgmt | 9/1/2026 | 11/1/2026 |
| C4037 | | Performance Systems Integration (PSI) aka Summit Fire & Security | $1,840.00 | Fire alarm monitoring services for unthank plaza, grace peck, and rosenbaum | property mgmt | 9/4/2026 | 9/1/2027 |
| C4027 | | first response inc | $9,500.00 | N Maryland security patrol | Asset mgmt | 9/11/2026 | 4/30/2027 |
| C4039 | | Alpha Environmental | $25,000.00 | on-call asbestos abatement services, no wages applied so for affordable housing/non federal only | property mgmt | 9/11/2026 | 9/6/2027 |
| C4041 | | Carbonell Cleaning Solutions | $24,856.00 | Humboldt Gardens common area cleaning | Property Management | 9/14/2026 | 8/31/2027 |
| C4046 | | Peterson Power Systems Inc | $2,970.86 | Grace peck emergency generator repair & annual service contract | Property mgmt | 9/14/2026 | 9/8/2027 |
| C4048 | | S&J Cutting Tree Service | $2,100.00 | Remove tree at floresta | Property mgmt | 9/16/2026 | 1/1/2027 |
| C4058 | | Carbonell Cleaning Solutions | $13,005.00 | Clean 9 vacant units across different properties including Humboldt Gardens, Carlton Court, Williams Plaza and Medallion Apartments | Property Mgmt | 9/22/2026 | 12/31/2026 |
| C4060 | | Eclipse Security Professionals LLC | $12,096.00 | Emergency security services at Holgate House | Property mgmt | 9/24/2026 | 10/22/2026 |
| C4064 | | Walsh Construction | $55,000.00 | Goose Hollow early materials procurement | Development | 9/24/2026 | 12/31/2027 |
| C4036 | | Kleen B | $4,000.00 | 3x/weekly janitorial services at Unthank Plaza | Property Management | 9/28/2026 | 11/1/2026 |
| C4070 | | Performance Systems Integration (PSI) aka Summit Fire & Security | $6,524.00 | Annual sprinkler test and service at Stephens Creek Crossing | property mgmt | 10/1/2026 | 12/31/2026 |
| C4066 | | Pulpstream | $23,000.00 | Leave of absence software to internally manage and track all forms of leave for Home Forward employees, to replace the full scope of services from outside provider. | Executive | 10/2/2026 | 1/1/2028 |
| C4067 | | Mt Hood Glass | $25,000.00 | On-call window repair | Property Management | 10/2/2026 | 9/23/2027 |
| C4055 | | NW Enforcement | $44,800.00 | Security at Hattie Redmond | Property Mgmt | 10/5/2026 | 2/1/2027 |
| C4081 | | Vince Building Maintenance LLC | $80,000.00 | on-call vacate cleaning | Property Management | 10/5/2026 | 10/4/2029 |
| C4045 | | Urban Timber Tree Service | $15,360.00 | York Terrace tree removal (and permits) | DCR | 10/7/2026 | 11/30/2026 |
| C4059 | | MJ General Contractor LLC | $80,000.00 | on-call tree maintenance service | Property mgmt | 10/7/2026 | 9/23/2029 |
| C4072 | | Gresham Glass | $25,000.00 | On-call window repair for the following properties: Rajo portfolio, Holgate House, Humboldt Gardens, Medallion, Williams Plaza and Sellwood Center | Property Management | 10/7/2026 | 10/1/2027 |
| C4074 | | Commercial Refrigeration Inc | $439.00 | freezer repair at BCC | Property Mgmt | 10/7/2026 | 10/21/2026 |
| C4034 | | Metro Protection | $7,987.00 | Security at Grace Peck | Property Management | 10/13/2026 | 3/31/2027 |
| C4028 | | Jen Fuller Studios | $8,500.00 | Art commission and installation at Peaceful Villa | Development | 10/19/2026 | 3/1/2027 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| C4092 | | Prime Legacy GC | $25,000.00 | Maintenance flooring on-call | Property Management | 10/19/2026 | 3/31/2026 |
| C4094 | | Carahsoft Technology DBA DocuSign | $12,085.32 | Electronic document signing 1 year 1300 envelopes | Procurement | 10/28/2026 | 10/14/2027 |
| C4108 | | Carbonell Cleaning Solutions | $13,873.00 | interior maintenance repairs | Property mgmt | 10/28/2026 | 11/30/2026 |
| **Subtotal** | | | **$839,739.09** | | | | **33** |

PERSONAL SERVICE CONTRACTS

| Contract # | Amend # | Contractor | Contract Amount | Description | Dept. | Execution Date | Expiration Date |
|---|---|---|---|---|---|---|---|
| C4032 | | CSG Advisors, Inc. | $50,000.00 | On-Call Consulting Services | DCR | 9/4/2026 | 8/31/2029 |
| C4047 | | Clair Company Inc | $99,000.00 | Special Inspection services for broadway corridor | DCR | 9/14/2026 | 12/31/2029 |
| C4038 | | Du & Associates | $135,000.00 | Organizational assessment | Executive | 9/22/2026 | 2/28/2027 |
| C4057 | | Yellena James | $28,000.00 | Design and install mural at Civic Station; design fence panels for Civic Station | DCR | 9/22/2026 | 9/30/2027 |
| C4054 | | Resolutions NW | $3,900.00 | Facilitate in-person deescalation and conflict resolution classes | T&OD | 9/29/2026 | 12/31/2026 |
| C4043 | | IRCO | $75,000.00 | On-Call Interpretation and Translation | Rent Assistance | 10/1/2026 | 9/2/2029 |
| C4082 | | Nicole Kriara Peterson | $10,000.00 | Design and produce two art works to hang at Gresham Civic Station | DCR | 10/7/2026 | 5/31/2027 |
| C4083 | | Salomee Souag | $4,800.00 | Design and produce two art works to hang at Gresham Civic Station | DCR | 10/7/2026 | 5/31/2027 |
| C4065 | | Faster Permits LLC | $50,000.00 | on-call faster permit acquisition services | DCR | 10/15/2026 | 9/23/2028 |
| C4093 | | Metro Access Controls DBA Metro Overhead Door Inc | $7,130.00 | Consulting and Programming of DSX System for Goose Hollow. | DCR | 10/19/2026 | 1/31/2027 |
| C4088 | | NARA | $104,870.00 | Admin of RLRA (26-27) | Rent Assistance | 10/21/2026 | 6/30/2027 |
| C3790 | | Our Just Future | $43,686.00 | Part time Resident services at Gateway Park, Sequoia Square, and Multnomah Manor | Community Services | 10/23/2026 | 12/31/2026 |
| C4104 | | Allison McClay | $25,000.00 | Art mural Chaku Kumtuks Haws | DCR | 10/28/2026 | 7/31/2027 |
| **Subtotal** | | | **$636,386.00** | | | | **13** |

PROFESSIONAL SERVICE CONTRACTS (A&E)

| Contract # | Amend # | Contractor | Contract Amount | Description | Dept. | Execution Date | Expiration Date |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **Total** | | | **$0.00** | | | | **0** |

AMENDMENTS TO EXISTING CONTRACTS

| Contract # | Amend # | Contractor | Contract Amount | Description | Dept. | Execution Date | Expiration Date |
|---|---|---|---|---|---|---|---|
| C3881 | 1 | Interstate Roofing | $1,429.00 | Preventative maintenance at Richmond Place | Asset Management | 9/1/2026 | 9/30/2026 |
| C4021 | 1 | Prime Legacy | $550.00 | Remove/replace flooring and install parking post at Fir Acres; amended to udpate scope | Property Mgmt | 9/8/2026 | 9/16/2026 |
| C3105 | 2 | Waste Management | $2,000,000.00 | Garbage & Recycling Services; amending to add funds and update scope | Property Management | 9/9/2026 | 3/31/2028 |
| C3606 | 1 | Neon One LLC | $1,000.00 | CRM Implementation and Impact Subscription; amended to extend contract | Executive | 9/14/2026 | 6/1/2028 |
| C3894 | 1 | Prime Legacy | $300.00 | Repair additional hole in shower at townhouse terrace | Property Management | 9/14/2026 | 12/1/2026 |
| C3554 | 4 | Walsh Construction | $7,323.00 | group 8 add permit restart fees for the design team to incorporate minor revisions to the permit set for BDS intake. | DCR | 9/16/2026 | 3/31/2027 |
| C3456 | 3 | KASA Architects, inc | $- | Extend contract time to address contractor close-out issues. | DCR | 9/22/2026 | 12/31/2026 |
| C3506 | 4 | Columbia West Engineering | $94,900.00 | Geotechnical Construction Administration services for Broadway Corridor | DCR | 9/22/2026 | 12/31/2028 |
| C3553 | 5 | Walsh Construction | $14,857.00 | Added design work and time to accommodate delay from hold on permitting application. | DCR | 9/22/2026 | 12/31/2027 |
| C3578 | 5 | VLMK Engineering + Design | $3,000.00 | Additional trash enclosure fire damage structural engineering | DCR | 9/22/2026 | 12/31/2026 |
| C3697 | 1 | NAYA | $118,450.00 | Resident services at chaku kəmtəks haws; amended to extend contract | Community Services | 9/22/2026 | 8/31/2027 |
| C3754 | 2 | Robert Half Inc. | $164,760.00 | Azure Architect - creation of apps; amended to extend contract | IT | 9/22/2026 | 1/15/2027 |
| C4002 | 1 | MTR Construction, LLC | $15,205.00 | Sequoia Square Trash Enclosure | Development | 9/22/2026 | 3/1/2027 |
| C4030 | 1 | Ever Clean NW LLC | $2,100.00 | Janitorial Services at Rosenbaum; amended to add scope | Property Mgmt | 9/22/2026 | 11/1/2026 |
| C3973 | 1 | Prime Legacy | $6,692.50 | "Demar down #2720<br>Installation of flooring entire unit, Remove and install new covebase, Detach and reset toilet for flooring installation, Remove debris and haul away. | Property Management | 9/23/2026 | 12/31/2026 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| C3700 | 3 | Somali American Council of Oregon | $22,682.00 | PSH services at the Cesar; amended to extend contract | Community Services | 9/23/2026 | 6/30/2027 |
| C3639 | 3 | Colas Construction | $182,423.00 | A133/201 | Development | 9/28/2026 | 1/31/2030 |
| C3950 | 1 | To Dos Maintenance | $2,775.00 | adding flooring in unit 1018 at HWE | Property Management | 9/29/2026 | 12/31/2026 |
| C3915 | 1 | LMC, Inc | $- | OHCS NOFA response phase - Madrona Rehab | DCR | 9/29/2026 | 12/31/2027 |
| C3685 | 1 | Cornerstone Community Housing | $72,096.00 | Resident services at Goose Hollow Apartments; amended to extend contract | Community Services | 10/1/2026 | 8/31/2027 |
| C3303 | 14 | Bremik Construction | $92,259.00 | GCS CO #08 | DCR | 10/2/2026 | 6/30/2027 |
| C3905 | 1 | Cosco Fire Protection Inc | $- | Sellwood center flow switch extending duration | Property Management | 10/2/2026 | 10/31/206 |
| C3980 | 1 | A-Absolute Comfort Mechanical | $31,980.00 | Emergency water heater replacement at NW Tower | Asset Management | 10/2/2026 | 10/20/2026 |
| C3674 | 1 | VDA Inc. | $12,500.00 | Elevator quality control, maintenance monitoring | Property Mgmt | 10/5/2026 | 9/30/2027 |
| C3397 | 1 | Anytime Plumbing & Drain Cleaning | $62,500.00 | On-call plumbing services; amended to add funds | IFS | 10/7/2026 | 7/23/2027 |
| C3454 | 1 | WordBIrd LLC | $- | Procedure writing and revision for PM dept; amended to extend contract | Property Mgmt | 10/7/2026 | 9/30/2027 |
| C3914 | 1 | CIDA | $- | OHCS NOFA response phase - Madrona Rehab; amended to extend contract | DCR | 10/8/2026 | 12/31/2027 |
| C3723 | 1 | Wildlight LLC | $1,500.00 | Career coaching and development for HF employees; amended to extend contract | T&OD | 10/13/2026 | 5/1/2027 |
| C3329 | 1 | Teragan & Associates | $6,300.00 | Added Arborist oversight and permit assistance with tree removal at Peaceful Villa. | DCR | 10/15/2026 | 1/30/2027 |
| C3195 | 1 | Pro-Tek Automotive LLC | $- | General maintenance and repairs to HF fleet vehicles; amended to extend contract | IFS | 10/19/2026 | 7/18/2028 |
| C3210 | 3 | West Coast Landscape LLC | $14,725.20 | Landscaping at Sellwood; amended to extend contract | Property Management | 10/19/2026 | 9/7/2028 |
| C3227 | 12 | Walsh Construction Co. | ($63,462.34) | PP/GK process allowance credit for peter paulson | Asset Mgmt | 10/19/2026 | 10/31/2026 |
| C3398 | 1 | Lovett Inc | $62,500.00 | On-call plumbing services; amended to add funds | IFS | 10/19/2026 | 7/23/2027 |
| C3303 | 15 | Bremik Construction | $41,755.00 | GCS CO #09 Unforeseen conditions at Gresham street/ stormwater scope | DCR | 10/20/2026 | 6/30/2027 |
| C3408 | 3 | Soluna Career Consulting | $1,600.00 | Career coaching; amended to extend contract | Talent & Organizational Development | 10/21/2026 | 5/31/2027 |
| C3863 | 1 | Peggie Hurst | $1,150.00 | Arts & Crafts Facilitator at Humboldt; amended to add funds | Community Services | 10/21/2026 | 12/31/2026 |
| C3639 | 4 | Colas Construction | $12,747.00 | PGE Fee for temp power | Development | 10/22/2026 | 1/31/2030 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| C3405 | 2 | Cascadia Health | $121,332.00 | Case management and mental health services for participants in the Shelter Plus Care (SPC) Program; amended to extend contract | Homeless Initiatives | 10/28/2026 | 3/31/2027 |
| C3406 | 2 | Cascadia Health | $107,937.00 | Rent assistance for participants in the Shelter Plus Care (SPC) Program; amended to extend contract | Homeless Initiatives | 10/28/2026 | 3/31/2027 |
| **Subtotal** | | | **$3,217,865.36** | | | | **39** |

OTHER AGREEMENTS (Revenue contracts, 3rd Party contracts, MOU's, IGA's)

| Contract # | Amend # | Contractor | Contract Amount | Description | Dept. | Execution Date | Expiration Date |
|---|---|---|---|---|---|---|---|
| M3966 | | Erika Arneson | $1,000.00 | Face painting for community celebration at Beech Street Apts; amended to add funds and extend date for on-call work | Community Services | 9/4/2026 | 12/31/2026 |
| M4050 | | People of Color Outdoors | $1,500.00 | Educational work Group | Community Services | 9/14/2026 | 12/31/2026 |
| M4056 | | Wholesome Health | $1,000.00 | Dietitian for CHSP residents | Community Services | 9/17/2026 | 12/31/2026 |
| M4009 | | Ticole Waller | $602.02 | DJ at the New Columbia 20th Year Celebration | Community Services | 9/17/2026 | 8/30/2026 |
| M4107 | | Prime Legacy GC | $925.00 | Kitchen repair (remove ceiling, install drywall, prime/paint, reinstall cabinets, and repair holes in bathroom) | Property mgmt | 10/27/2026 | 11/20/2026 |
| **Subtotal** | | | **$5,027.02** | | | | **5** |
| **Total** | | | **$5,060,358.47** | | | | **96** |

**Procurement & Contracts Department**
**FUTURE FORMAL PROCUREMENTS**
**Look Ahead - November 2026**

| Estimated Contract Amount | Description | Dept. | Solicitation Period |
|---|---|---|---|
| 250k | N Maryland Demolition | DCR | Finalizing Contract |
| $2.5 million | Garbage & Recycling Services | Property Management | Fall 2026 |
| TBD | Agency-wide legal services | Exec | Nov/Dec 2026 |
| TBD | Security at<br>Yards at Union Station<br>Lovejoy Station<br>Pearl Court<br>Helen Swindells<br>Gretchen Kafoury Commons<br>Fountain Place Apartments<br>Hamilton West Apartments<br>Peter Paulson Apartments<br>Goose Hollow<br>St. Francis<br>Katherine Gray Apartments<br>The Jeffery Apartments<br>Bud Clark Commons<br>Rosenbaum Plaza | Asset Mgmt | Nov/Dec 2026 |
| $1.5 million | CHSP Housekeeping & Personal Care | Community Services | TBD |