TACOMA HOUSING AUTHORITY

THE HOUSING OPPORTUNITY PROGRAM:
Analysis & Possible Program Changes

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EXECUTIVE SUMMARY

This analysis is an evaluation of Tacoma Housing Authority's (THA) Housing Opportunity Program (HOP). The HOP is an activity approved under the agency's Moving to Work (MTW) flexibility and was adopted by THA's Board of Commissioners in 2012. The HOP helps low-income families pay rent on the private rental market. HOP replaced THA's Section 8 Housing Choice Voucher (HCV) program for newly assisted households as of 2013. HOP differs from the HCV program in the following main ways:

- fixed subsidies for all admissions to the HOP;
- five year time limits for work-able households; and
- enhanced community services for HOP households.

The time limit and fixed subsidies serve two separate purposes. First, they give households a reason to strive to increase their earned income so they are better prepared to return to the unsubsidized rental market. THA offers them supportive services to help do that. Second, THA cannot serve more than a fraction of the households that need help paying the rent. A 5-year time limit and a shallower subsidy give other needy households their turn to receive rental assistance.

This analysis examines the extent to which households and the agency are meeting outcome expectations. This evaluation will compare the outcomes of HOP participants with recipients of the Housing Choice Voucher (HCV). There are two key differences between the HOP and the HCV program:

- There is no time limit attached to the HCV subsidy for work-able households.
- The HCV housing assistance payment (HAP) is based on a percentage of household income and in some cases a utility allowance is also provided.

The HOP was implemented in April 2013, when all newly assisted Housing Choice Voucher households joined the HOP. The time limits will begin to expire in the spring of 2018 for the first cohort of participants. To date, participants of the HOP have not been closely monitored. Community Services has conducted outreach to participants. THA's Community Services staff met with HOP recipients when the recipients joined the program. Staff emphasized the 5-year time limit and the recipients' need to prepare for the end of the assistance. Staff offered them supportive services to help them do that. Few HOP recipients responded to this offer. Each year, recipients received a letter reminding them of the ever-approaching expiration date. In the last year, the letters came more frequently and with scheduled appointments. THA has seen an increase in engagement with community services following the implementation of appointment letters. THA has not adequately monitored the year over year shelter burdens, income and self-sufficiency outcomes of these participants. Therefore, obtaining historical data for this analysis proved difficult and at times incomplete.

Results from this analysis will provide THA with information to evaluate program policies and whether it is achieving its goals. For that purpose, this analysis seeks to answer the following questions:

Has THA served more families?

As a result of the fixed subsidy, THA has served more families than we would be able to serve without it. The average monthly HAP for HOP households is $508 compared to $648 for HCV participants. **The HOP's monthly HAP savings of $140 per household means that for every four HCV households served, THA can serve five HOP families with the same expenditure**. This would be a 20% increase. When compared to 2012, THA has not been able to serve more families. In 2012, THA served 3,487 families with housing assistance payments compared to 3,494 in 2017. THA is essentially serving the same number of families as a result of the rising costs of HAPs. Yet, without the HOP's fixed subsidy, THA would have assisted 138 fewer households.

Does a fixed-subsidy and the five-year time limit provide incentives to work-able households to increase their earned income?

The HOP has a population of work-able cohorts who are more likely to be earning wages at admission when compared to HCV households (67% vs. 51%). These households also earn higher wages when compared to HCV households (+37%). The average 2013 work-able HOP participant has increased its earned income by 45% and reduced its reliance on welfare by 53%. The number of work-able households with wages has also increased to 83% (up from 67% at admission). HOP households have not increased their earned income significantly more than 2012 HCV households who increased their earned income by 90%. Wage gains across both programs increased household earnings to similar dollar amounts (within $550). Because fewer HCV households are working at admission, their wage gains are more significant. HOP households have, however reduced their reliance on welfare at a higher rate than HCV households (53% vs. 19%).

Does a fixed-subsidy reduce administrative burden?

It is clear from feedback from staff, participants and landlords that the fixed subsidy is easier to administer and understand when compared to the HCV program. A lack of data makes it hard to quantify the staff time and cost savings to the agency.

Does the HOP create any disparate impacts on protected classes or extremely low income households?

Participants in the HOP program have a similar racial breakdown when compared to HCV participants (race of head of householder) and mapping proves that there is no apparent clustering of lease up locations for households of color. HOP households are primarily headed by women and this is consistent with participants in the HCV program and in fact THA's other programs as well.

HOP participants have slightly higher incomes and are much more likely to have wages at admission when compared to HCV participants. The HOP has slightly fewer participants with AMIs <30% (-6%) and slightly more households in the 30-50% AMI range (+10%)[1] when compared to HCV participants admitted in 2012. Overall, the HOP is serving slightly fewer extremely low income households but continues to serve both extremely low and low income households. Characteristics of those unable to lease with a HOP voucher indicate that lower income households struggle to find housing. As of November, 33% of HOP vouchers issued to new participants in 2017 were returned to THA unused.

Elderly/disabled households seem to be disproportionately disadvantaged by the fixed subsidy. The percentage of HOP elderly/disabled households with current shelter burdens greater than fifty percent is 30% higher than HCV households and 24% higher than HCV households admitted in 2012.

Overall, the HOP serves households with slightly higher incomes, is inaccessible to zero income households and causes extreme shelter burden in elderly/disabled households.

Are HOP households "ready to exit" when their five-year term ends?

The average 2013 work-able HOP participant has increased its earned income by 45% and reduced its reliance on welfare by 53% and the vast majority of households have wages (83%, up from 67% at admission). However, these households are not yet ready to exit. Exiting households have an average market shelter burden[2] of 68%. The majority of these households would be considered extremely shelter burdened (>50%) and will be considered at-risk of homelessness upon exit.

The Tacoma of 2013 is not the Tacoma of today. An increasingly hot rental market resulted in double digit rental rate increases between 2015 and 2016 and rates continue to rise year over year. Although HOP households have made strides to increase their earned income, market rents are rising quickly.

[1] Participant's current AMI levels.
[2] Market Shelter Burden is the household's shelter burden without rental assistance. Calculated as: Contract Rent + Utility Allowance / monthly income

Based on the findings of this analysis, THA is considering a number of program changes. THA would not and could not make all of these changes. THA will use a public comment and consultation period to solicit comment about which changes it should make to the HOP program to make it more successful while still meeting the goals of the program. This list of possible program changes are just ideas and possibilities, meant to spur conversations about what changes THA should make. THA's Board of Commissioners will make the final decisions.

1. **Permit HOP Households With A Market Shelter Burden >50% To Apply For A One Year Extension (up to 3 times)**

The time limit allows THA to serve more unique households and encourages households to make strides toward self-sufficiency. The majority of HOP households in the final year of the program are not yet ready to exit. THA must consider whether to serve more unique households at the cost of exiting households who are not yet prepared to rent on their own in the private rental market.

THA should consider permitting those who will be extremely shelter burdened[3] without rental assistance to apply for a one year extension of rental assistance. Households should be permitted to reapply for a one year extension up to three (3) times. The maximum number of years of rental assistance provided on the HOP will be eight (8) years under this possible program change.

In order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families[4] partner at least twice per year in their fourth and fifth year on the program. When granted an extension, households will be required to continue these meetings or they may not apply for an additional extension. In considering these possible program changes THA should carefully deliberate the following:

1.1 Not Ready to Exit

When THA developed the HOP in 2013 it identified two main purposes for the time limit: (i) it gives a turn at rental assistance faster to people on its waiting list and (ii) it gives work-able households a greater reason to increase earned income to be ready for the private rental market in five years. In 2013, THA recognized that the 5 year time limit might not be enough time for a household to earn enough income to comfortably pay the rent. This is true. Today, the average "market" shelter burden for the 59 households exiting the program in 2018 would be 68% (median=65%). Only 34% of households will have shelter burdens at or below 50% if they were to assume their contract rents.

[3] Extremely sheltered burdened households will pay greater than 50% of their income toward rent and utilities.
[4] Centers for Strong Families are funded by United Way and have a variety of community partners. This financial planning program is a complete wrap around service that provides Pierce County residents with a multitude of services from financial coaching, workforce development, access to basic services, parenting resources and asset accumulation.

1.2 Alternative Time Limit Terms

Any time limit has an arbitrary quality to it. Among PHA's who have implemented time limits of varying lengths the reasoning behind many of the 3 to 7 year time limits has more to do with aligning with TANF or with the agency's MTW contract rather than a study of self-sufficiency outcomes.[5] THA is unable to identify research that quantifies the amount of time it may take for a household to achieve some measure self-sufficiency while receiving rental assistance. The best metric THA has is the average tenure on the HCV program prior to the HOP; this was 8.1 years.[6]

Five years may be arbitrary. THA chose it for several reasons. Five years is time enough for a toddler to get into elementary school, for a parent to get a GED, a two or four year college degree or job training. Five years also provides for turnover, giving other needy households their turn at receiving rental assistance. Any potential extension of the time limit must acknowledge the impact on those who are waiting and who are just as needy. An extension of the time limit will increase wait times for those households. A shorter time limit would decrease their wait.

1.3 A Lack of Data & Monitoring

Without implementing metrics for program participant success, THA has been unable to track the progress of households on an annual basis. THA has resorted to reporting on outcomes late in its program administration. Identifying clear metrics earlier on in the program's administration would have assisted THA in identifying at-risk households and developing improved mechanisms for capturing data. This is further explored in section twelve.

1.4 Advantages Of Permitting An Extension Of Rental Assistance:

- THA will not exit households who will be extremely market shelter burdened.
- Permitting an extension gives households more time to earn income and work toward self-sufficiency.
- THA (and other PHA's) five year time limits are not based on social science research identifying self-sufficiency outcomes expected within a five year time period.
- Permitting an extension will not hurt utilization, at a time when THA's utilization numbers are falling. Permitting an extension could potentially help maintain utilization by preventing an influx of shopping vouchers.

[5] Applied Real Estate Analysis, Inc., and The Urban Institute. "The Experiences of Public Housing Agencies That Established Time Limits Policies Under the MTW Demonstration." May 2007 https://www.urban.org/sites/default/files/publication/31876/411701-The-Experiences-of-Public-Housing-Agencies-That-Established-Time-Limits-Policies-Under-the-MTW-Demonstration.PDF

[6] "Housing Opportunity Program (HOP) Policy Decisions" Memo. January 2013.

- Permitting an extension will not impact THA's ability to serve substantially the same number of people. The fixed subsidy affords THA the ability to continue to serve more households by "thinning the soup."
- Permitting an extension will not increase HAP costs.
- Permitting an extension will not impact landlords. Permitting an extension may cause landlords to be less reluctant to rent to HOP households.

1.5 Disadvantages Of Permitting An Extension:

- Permitting an extension will impact THA's ability to serve new households.
- Permitting an extension will increase the amount of time a household spends on the waitlist.
- Permitting an extension may be a disincentive for work-able households to increase their earned income and exit the program.

1.6 Incentivize Case Management

Very few HOP households engage with case workers or enroll in FSS. THA recommends that in order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families partner at least twice per year in their fourth and fifth year on the program.

When granted an extension, households will be required to meet with a THA caseworker or designated THA partner at least twice per year or they may not apply for an additional extension. Community Services can use this requirement as a "carrot" to entice participants to engage with case management and conduct a Bridge[7] assessment if one has yet to be completed. To support this requirement, consider remote case management technologies and extending the hours of THA caseworkers (depending on demand). Over 70% of work-able households are wage earners and 80% have children under the age of 18.

1.7 Monitoring & Compliance

If a HOP household meets the shelter burden criteria for an extension of rental assistance but has not engaged with services in year four and five, the household will not be granted an extension of their rental assistance. THA can justify the denial of an extension of rental assistance for three reasons. First, the household joined a time limited program. Second, the household refused the opportunity to be housed in a portfolio unit and third, the household did not engage with community services.

[7] EMPath's Bridge to Self-Sufficiency® is a theory of change that takes a comprehensive, multi-faceted approach to fostering economic mobility. The theory describes a person's advancement from poverty to economic self-sufficiency as a journey across a bridge supported by five critical pillars—family stability, well-being, education and training, financial management, and employment and career management. To successfully cross this bridge and reach economic self-sufficiency, the traveler must attain explicitly defined objectives in each of these five areas.

2. **Revise The Interim Hardship Policy**[8]

If possible program change one (an opportunity for three 1-year extensions of rental assistance) is not implemented, the Hardship Policy should be revised. An interim Hardship Policy was devised in August of 2017. The evaluation of hardship applications and feedback from households to date suggest that further revision is necessary.

THA should simplify the hardship language to make it easier to understand and should permit households who are engaged in a "qualifying self-sufficiency activity" that will not be completed within 1 year to apply for a one year hardship extension of their rental assistance. The existing policy does not permit a hardship extension for households engaged in self-sufficiency activities that may take more than one year to complete.

3. **Offer an Income Based Subsidy and a THA Portfolio Unit to At-Risk Households**

Recent changes to the waitlist permit new admissions to choose between a HOP voucher and an income based subsidy in one of THA's portfolio[9] units. For new admissions that chose a HOP voucher instead of a portfolio unit, THA should monitor and identify households who are projected to be extremely shelter burdened and re-offer them the opportunity to be housed in a portfolio unit through their third year on the program. THA should do so with existing households as well.

4. **Expand The Definition Of A Successful Program Exit To Include A "Ready To Exit Benchmark" Of <50% Shelter Burden Post Subsidy**

THA has no metric for a successful program exit aside from a household achieving an income at or above 80% of AMI. If a household's income rises to 80% of AMI, THA considers the family a success and transitions them off the program. HUD has set a standard that a household should pay no more than 30% of their income toward rent. Unfortunately, in increasingly competitive housing markets, 50% is the new 30%. In a recent report, HUD acknowledged that the number of HCV assisted households remained flat 2013-2015, but the number of shelter burdened households increased by over 50%.[10] In 2015, over a quarter of Tacomans were paying over 50% of their income toward rent and utilities.

THA should develop an additional metric of success for households who do not achieve 80% AMI. Achieving 80% AMI could be considered "model success." A second definition, "ready to exit," might be measured by a household's market shelter burden. Based on the shelter burdens of the average Tacoman and similar metrics adopted by the Alaska Housing Finance Corporation (AHFC) it may be amenable to define "ready to exit" as a household with

[8] This possible program change should only be implemented if there is no adjustment to the time limit. If the time limit is adjusted to 5-8 years, this possible program change is not applicable.
[9] Portfolio refers to properties that THA owns.
[10] *Rent Burden in the Housing Choice Voucher Program.* U.S. Department of Housing and Urban Development Office of Policy Development and Research. October 2017. https://www.huduser.gov/portal/sites/default/files/pdf/Rent-Burden-HCV.pdf

a market shelter burden under 50%. Several years ago, the Delaware State Housing Authority adopted a 40% shelter burden metric as a measure of self-sufficiency.

A shelter burden of 50% is considered to be at the upper boundary of a 'moderately burdened' household according to "State of the Nation's Housing 2016" by Harvard University's Joint Center for Housing Studies (JCHS). According to JCHS, more than a 1/3 of all U.S. households were either moderately or severely rent burdened in 2014. HOP households with a shelter burden between 30 and 50% may not be the model of success, but they will be better off than one quarter of Tacomans. If adopted, this "ready to exit" metric should be revisited as the housing market changes.

5. Revisit The Policy Regarding Households That May Transition To Work-Able

If an elderly/disabled household adds a work-able member to their household or if a minor in that household turns 18, the household immediately becomes work-able. The time limits for that household reverts back to the date the household was admitted to the program. If the household has been on the program longer than five years they would receive a 90 day notification.

One troubling aspect of this policy relates to the educational aspirations of children living in elderly/disabled households. 14% of elderly/disabled households have children under the age of 18 and 7% of elderly/disabled households contain children between the ages of 13 and 17. A high school aged student turning 18 would immediately change the household's status to work-able. If this person decided to attend college, under the current program policy they would need to move out or jeopardize the household's rental assistance. Ironically, this person could then potentially qualify for THA's College Housing Assistance Program (CHAP) program. This is wrong and contradicts THA's strategic objectives.

THA should consider exempting households from transitioning to work-able if a child who turns 18 is pursuing an education or a self-sufficiency activity. Tracking this may become administratively burdensome. Alternatively, THA could consider beginning the clock on the five year time limit when a work-able person joins the household; this gives all work-able household members a five year term.

6. Expand HOP's Elderly/Disabled Criteria To Include TANF Recipients Whom DSHS Has Determined Are Exempt From WorkFirst Participation

THA defines an elderly/disabled household as one where all adult members of the household are 57 years of age or older at the time of admission or all adult members' income comes from a source that qualifies them as being a senior or disabled. By doing this, THA relies on the designation of agencies with more expertise in determining the household's disability status. Households in the process of applying for disability or appealing a decision are considered work-able.

The Northwest Justice Project (NJP) and staff have expressed concerns that some households considered to be work-able may not truly be work-able. NJP recommends that THA

expand its elderly/disabled criteria to include TANF recipients whom DSHS has determined are exempt from WorkFirst participation.

THA should consider expanding its definition to include any of the reasons listed in WAC 388-301-0350.[11] The approved exemptions are further defined in the WAC and include: an adult (55+) caretaker relative providing kinship care for a child, an adult with a documentable severe and chronic disability, an adult required in the home to care for a child with special needs and an adult required to be in the home to care for another adult with disabilities.

7. Consider an Income Based Subsidy For Elderly/Disabled Households

HOP elderly/disabled households are much more likely to be extremely shelter burdened when compared to HCV participants. The average shelter burden for HOP elderly/disabled households is 45%. This is 9% greater than HCV households and 4% greater than HCV households admitted in 2012. When examining for extreme shelter burden (>50%), 45% of elderly/disabled HOP households currently pay over 50% of their income toward rent. Only 15% of HCV households pay over 50% of their income toward rent and 21% of HCV households admitted in 2012. Shelter burdens for elderly/disabled HOP households continue to trend up. The average shelter burden for the 2017 cohort jumped to 58%, up 13% over 2016 admits. These households are more likely to be on a fixed income and have fewer options to address increasing housing costs in a hot rental market.

THA should consider offering elderly/disabled households an income based subsidy. The annual additional HAP costs associated with this change are estimated to be $326,000[12]. This increased cost represents 54 HOP households that could be served annually with a fixed subsidy.

8. Require Supportive Services And Engagement With The Center For Strong Families (CSF)

The Community Services team has struggled to engage HOP households with case management. This possible program change suggests that new admissions to the HOP should be required to engage in a minimum level of case management. At admission, families would sign a participation agreement similar to the Elementary Housing Assistance Program. This agreement would stipulate that the household's rental assistance is contingent on their engagement with the CSF. Feedback from other public housing authorities experimenting with mandates has been mixed (see section 10.4).

The CSFs focus on improving the financial bottom line for low- to moderate-income families and helping people in a way that encourages a long-term commitment to increasing income, decreasing expenses, building credit and acquiring assets. The CSFs provide on-site employment services, financial coaching and income supports (public benefits, tax credits etc.).

[11] *WorkFirst – Other Exemptions From Mandatory Participation.* Washington State Legislature. WAC 388-310-0350. http://app.leg.wa.gov/wac/default.aspx?cite=388-310-0350.
[12] Calculation: Average contract rent minus average of 28.5% of elderly/disabled household incomes plus utility allowance

8.1 Advantages Of Requiring Supportive Services

- THA and its partners will closely monitor the progress of program participants
- THA will identify struggling households earlier on
- THA can study the impact of mandatory case management on self-sufficiency outcomes (income progression, educational attainment etc.)
- CSF may be equip to provide case management for HOP households

8.2 Disadvantages Of Requiring Supportive Services

- THA lacks the staffing and capacity to conduct case management for all work-able HOP households (300). THA also lacks the administrative capacity to monitor each household's engagement with supportive services.
- If HOP is expanded to all work-able HCV participants, THA also lacks the staffing and capacity to conduct case management for 1200 work-able households. THA lacks the administrative capacity to monitor each household's engagement with supportive services.
- If CSF is able to monitor the engagement of THA families, a strong data sharing agreement and relationship with various CSF locations may become administratively burdensome when THA must make decisions about program compliance.
- THA must clearly define "engagement" in order to evaluate a household's engagement with supportive services. It will be difficult to develop a one size fits all definition of engagement, particularly for households on either end of the Bridge Assessment. Without a one size fits all definition, it would be hard to justify terminating households for non-compliance. A lack of a clear definition raises the potential for unequal application of the policy.
- THA will terminate households for not complying with mandates.
- THA lacks internal data to prove that increased or mandated case management improves participant outcomes.
- There are no high performing Public Housing Authorities that have demonstrated evidence that mandating supportive services leads to improved outcomes for program participants.

9. Develop a HOP Communications Plan

Clear and consistent guidelines should be developed for communicating with participants, landlords and the general public about the HOP. Currently, Rental Assistance and Community Services communicate separately with HOP households. These points of communication should be streamlined and must be easy to understand and administer. The end of participation communication process with participants and landlords should be automated to reduce the opportunity for error. Components of this plan should address engaging waitlist households in a ready to rent program and engaging existing participants with FSS/caseworkers. This

communication plan should also address how to present the HOP to the media as THA begins to exit households off the program. THA should consider developing communication guidelines for HOP participants, HOP landlords and for the general public.

10. Improve Data Collection

THA should expand participant data collection to capture and improve metrics for educational attainment, full & part-time employment, year five income and self-sufficiency related gains, early exits, shared housing households, race demographics and voucher utilization.

A lack of data regarding educational achievement makes it difficult for THA to identify if households are using their time on the program to advance their education. Additionally, THA obtains wage data for households but is unable to determine if the wages are derived from full or part time employment. Without a final certification, THA has no way to capture the progress of time limited households in the final year of the program. Similarly, THA has no way to capture the progress of early exits and the relevant reasons for their exit. Finally, THA has an opportunity to improve its tracking of households searching for housing (shoppers) and voucher utilization and should track shared housing voucher utilization separately.

11. Create A Mechanism For Bi-Annual Data Reporting On Key Metrics For HOP Households. Automate This Reporting In OpenDoor And Memorialize Historical Data

Conduct twice a year reporting on HOP households for key metrics. These metrics should include progression of income, wages, welfare, employment, educational attainment, shelter burden and contract rents.

12. Consider Limiting a Household's Ability to Reapply to the HOP

There are no specific policies regarding the ability to reapply for assistance on the HOP once a household has exited the program. THA should create reapplication criteria in order to serve more unique households.

13. Prepare Waitlisted Households To Be "Ready to Rent"

HOP households are struggling to secure housing in the private rental market. A number of households expressed frustration about not knowing where to look for housing and being overwhelmed with the process. THA's Landlord Advisory Committee expressed strong interest in supporting a "ready to rent" program. These landlords suggested that participants graduating from a ready to rent program would be more appealing tenants. THA should consider a ready to rent program for individuals approaching the top of the waitlist. Efforts to educate clients about successful lease-up habits could be tested to improve client outcomes and increase voucher utilization.

14. Strengthen Relationships with Landlords

To attract new landlords, to solicit existing landlord engagement and to educate landlords about the HOP, THA should improve landlord engagement. HOP landlords were much more willing to communicate with THA about the HOP when compared to program participants. THA received feedback that landlords appreciated receiving THA's Community Impact Report (new as of 2017). THA is underutilizing landlords as a resource and has an opportunity to improve engagement and outreach. THA should develop methods to engage landlords in program design and solicit new landlords.

15. Adopt A Data Driven Approach To Outreach To At-Risk & End Of Participation Households

Other Housing Authorities conduct strategic outreach to at-risk program participants. THA began to explore expanding the targeted outreach conducted by the Community Services team in the development of the Interim Hardship Policy. THA has experienced an increase in engagement with HOP households as a result of implementing these changes.

THA should consider developing a limited number of straightforward metrics for data driven targeted outreach. Recommended metrics include households with no wages, households who are currently over 50% shelter burdened and households in their 4th and 5th year who will be over 50% market shelter burdened. THA should invite all households in their final year on the program to an end of participation meeting to prepare for life after rental assistance. THA has already started implementing some of these possible program changes.

16. Monitor The Impact of Exiting Households On Voucher Utilization

THA will need to closely monitor the exit process. THA should consider over issuing vouchers in advance of months when there will be a large number of HOP households exiting the program. THA recently lowered its voucher utilization targets for 2018 to 95%. Exiting HOP households means that currently housed vouchers will be replaced with shopping vouchers at a time when 33% of HOP families turn vouchers back in unused.

17. Clarify The End of Participation Date

THA developed HOP as a five year time limited program but did not define five years. Currently, when a household enters the HOP, the voucher expiration date is the household's date of admission plus five years (4/17/2013 admit date = 4/17/2018 voucher expiration date). THA has not developed guidelines defining when the final HAP payment will be made. If a household joined the program on 4/17/2013, it is currently unclear if their final HAP payment will be made on 4/1/2018 or 5/1/2018.

THA should consider issuing the final HAP payment for the HOP on the first of the month five years after the household was first admitted to the program. In the example, the last payment would be on 4/1/2018. Households admitted to the program at the earlier end of a month will receive slightly over five years of assistance. More importantly, households

admitted toward the end of a month will not receive rental assistance short of five years. THA should also consider revising the language used when referring to the end of a HOP program term. THA should refer to the end date as the final housing assistance payment date. This will reduce confusion.

18. Examine Long-Term HCV Households

Analysis revealed that 70% of HCV households have been on the program for at least 10 years and 35% have been on the program for 15+ years. At the current rate of natural transition off the program, housing assistance for HCV households will end in nine years. Further analysis is required to understand the characteristics of this population and to examine the impact of a potential fixed subsidy on these households. 60% of these households are elderly/disabled.

19. Consider Extending the Fixed-Subsidy and Time Limits of the HOP Program to the HCV Participation

At the current rate of "natural' transition of served households from HCV to HOP, the transition will be complete in nine years. Focused solely on work-able households, the transition will take ten years. Consider extending the fixed-subsidy and time limits of the HOP to the HCV participants now.

19.1 The advantages of doing so include:

- It would expand the numbers of households served in two ways. **First**, it would continue to save money and allow THA to serve 5 HOP families for every four HCV families. Once the HCV population is fully transitioned to HOP it would allow THA to serve an additional 481 families.[13] If all elderly/disabled households receive an income based subsidy[14] and work-able households receive a fixed subsidy (possible program change 6), the transition of HCV households to HOP would serve an additional 117 families.[15] **Second**, the five year time limit will turn over the housing assistance from one set of work-able households who have benefited from it for at least five years to other households, who are just as needy, waiting their turn.

- It would unify THA's mainline rental assistance programs from two to one.

[13] An additional 498 families would be served if all families received a fixed subsidy.
[14] Including HOP elderly/disabled households currently on a fixed subsidy
[15] 883 existing work-able HCV households exist. THA can serve an additional 221 with a fixed subsidy. Converting existing HOP elderly/disabled households to an income based subsidy reduces the number served by 79, which equals 142 additional households served.

- The HOP program is easier than the HCV program for landlords and tenants to understand and for THA to administer.

- If HOP does have the effect of spurring work-able households to strive, we should extend this effect to the HCV participants. This effect may become more pronounced with other recommended HOP changes that would more fully and directly engage work-able households in support services to help them increase their earned income.

19.2 The disadvantages of extending HOP to the HCV population include:

- It would increase the rent burden on families who do not increase their earned income.
- It would end the assistance for work-able families, after generous extensions, whether or not they are ready to return back to the private unsubsidized rental market.

Some of the other possible program changes in this report will mitigate the effects on some of these advantages.

19.3 Options For Extending HOP to the HCV population: Time Limits

Extending the HOP time limits to work-able HCV households can occur on one of the following schedules:

- THA can apply the time limits to all work-able HCV households starting at zero, as if they were newly joining the HOP program. Their prior years on the HCV won't count.

- In applying the time limits to all work-able HCV households, count their years on the HCV program. This would mean that such families that have been on the program for 5 years would lose their assistance after a reasonable notice period, perhaps extending at least to the end of a current lease and subject to the normal HOP hardship extensions.

19.4 Extending HOP to the HCV population: Fixed Subsidy

- Begin the fixed-subsidy for all HCV families after a reasonable notice period, perhaps extending at least to the end of a current lease
- If a fixed-subsidy would mean a decrease in rental assistance, allow for an extension of the income based subsidy for the same time period and on the same terms as the

hardship policy allows for time limit extension. No such extensions would be necessary for cases where a fixed-subsidy would increase the rental assistance.

THA conducted outreach with program participants, landlords, staff and the Northwest Justice Project to inform our analysis of participant outcomes. A number of recommendations from these stakeholders align with the data behind participant outcomes. In January 2018, THA will release this full analysis for public comment and will meet with THA families, landlords, community groups and advocates to solicit their views on the possible program changes.

Time limited participants considered five years to be too short, one household remarked "I am just starting to gain momentum." Participants also seek assistance utilizing their vouchers, many participants found the housing search to be incredibly difficult.

Landlords seek solutions to mitigate damages caused by tenants and suggest that addressing this issue will prevent landlords from leaving the program and may attract new landlords.

THA staff believe that the majority of work-able program participants will not be prepared to exit after five years. Staff are also concerned about the increasing rent burdens of elderly/disabled households. Staff recommends experimenting with mandates or opt-in casework and considering eliminating the fixed subsidy for elderly/disabled households.

FULL EVALUATION & REPORT

1. BACKGROUND

To understand more about the background of the HOP, this section will review the history and goals of the HOP and provide an overview of the changes made to the HOP.

1.1 History & Program Goals

Under its Moving to Work flexibility, THA launched the HOP as a rent reform program for new admissions to the tenant based Housing Choice Voucher (HCV) program beginning in April 2013. The program is a fixed subsidy time limited program and the core tenets of the HOP are as follows:

- Fixed subsidies for all admissions to the HOP.
- Five year time limits for work-able households admitted to the HOP.
- Offer of enhanced community services for HOP households.

All households on the HOP are on a fixed subsidy including senior/disabled households. Work-able households have a five-year time limit on their assistance. The five-year time limit does not apply to senior/disabled households. Work-able is defined as a household that contains at least one person who is 56 years or younger who does not receive income due to the person being classified as senior and/or disabled.

HOP households complete annual reexaminations so THA can monitor earned income progression and program eligibility. There are no interim examinations. Fixed subsidies are determined by bedroom size and are calculated at 50% of the payment standard. There are no adjustments to the household subsidy for a change of circumstances with the exception of a household size decrease. If a household size decreases the fixed subsidy will decrease according to the assigned bedroom size.

Table 1: HOP Payment Standards (Effective 1/01/2017)

HOP BEDROOM SIZE	FIXED SUBSIDY AMOUNT
0	$383
1	$443
2	$571
3	$831
4	$1,006
5	$1,157
6	$1,308
7	$1,459
8	$1,610

THA introduced the HOP as an alternative to an income based subsidy non time limited program in order to:

(1) Serve more households (an estimated 20-30 additional households per year).
Time limits and the fixed subsidy allow THA to serve more families and to predict and plan for HAP.

(2) Reduce the amount of time a household spends on the waitlist.
Serving more families results in a decrease in the amount of time households spend waiting for a voucher.

(3) Provide incentives to work-able households to increase their earned income without having a rent increase.
The fixed subsidy is not based on income and will not decrease if a household reports an increase in income. This incentivizes families to maximize household earnings while on the program.

(4) Reduce the administrative burden of complex rent calculations and interims.
The fixed subsidy and no interim certifications reduce the amount of time staff spends calculating the HAP. The fixed subsidy also reduces the opportunity for error in HAP calculations. The staff time savings are reinvested to provide additional subsidies and services for households. In addition to administrative ease, the fixed subsidy makes it easier for households and landlords to understand what THA will pay.

Prior to HUD's approval of the HOP in the 2013 annual MTW Plan, HOP was the subject of extensive discussion and study among THA staff. THA conducted extensive community outreach, including 16 public meetings.

1.2 Changes to the HOP

Since its inception the program requirements and administration of the HOP has remained unchanged with the exception of the hardship policy. The existing policy lacked a definition of hardship. That would make it hard to apply and hard to explain or defend any application of it. In August of 2017, the Board of Commissioners adopted an interim hardship policy change. THA will offer work-able households facing hardship two types of limited extensions of the rental assistance, as follows:

- **Unforeseen Loss of Income Hardship: 90 day Extension**
  Within three (3) months prior to the voucher expiration, households may request a 90 day hardship extension by showing:

  (1) an extraordinary change in circumstances resulting in an unforeseen loss of income that occurs within the three months prior to voucher expiration; and

  (2) the unforeseen loss of income must cause the household, once the rental assistance ends, to experience a shelter burden requiring more than 50% of its income for rent and utilities

- **Hardship Plus Completing a Qualifying Self-Sufficiency Activity: Up to 1 year Extension**

  Within 6 months prior to the voucher expiration households may request up to a 1 year extension by showing:

  (1) the household once the assistance ends would experience a shelter burden requiring more than 50% of its income for rent and utilities; and

  (2) the household must be engaged in the qualifying self-sufficiency activity at least six months prior to voucher expiration; and

  (3) the household must remain engaged in the qualifying self-sufficiency activity until the earlier of the end of the shelter burden or the end of the extension.

  "Qualifying activities" are any activity for which all the following is true: (i) will be completed within a period of 1 to 12 months; (ii) must likely result in the reduction of shelter burden to below 50% by the end of the extension and for a

sustained period beyond that end. Examples of qualifying self-sufficiency activities include: degree, vocational certificate, or homeownership programs and completion of FSS.

Any adult member of the household may be engaged in the qualifying activity. This is not restricted to the head of household(s).

THA staff, in consultation with the household, will determine the duration of the extension but in no case shall it last longer than 1 year beyond the expiration of the 5 year time period.

This revision was adopted as an interim change to leave room to make adjustments based on the findings of this analysis.

2. EVALUATION FRAMEWORK

This report seeks to evaluate the HOP using many of the performance measures outlined in the 2013 MTW Report as well as other metrics recommended by staff. This analysis seeks to evaluate the extent to which HOP participants are meeting outcome expectations, to determine whether the program has disparate impact on certain groups and to recommend program revisions. For these purposes, this analysis will evaluate household outcomes and financial performance. To do this, THA has reviewed program performance data as well as sources and uses of funding for HOP and for HCV participants. This data analysis coupled with qualitative feedback from program participants, landlords and staff will help THA understand the impacts of this program and determine if the first work-able cohort will be ready to exit.

3. FINANCIAL ANALYSIS

The primary reason THA implemented the HOP is to serve more households. This section explores whether THA has succeeded in doing so and examines program costs. Utilizing a fixed subsidy, THA is able to serve more households with the same expenditure.

3.1 Costs Per Household

The average monthly HAP for HOP households is $508 compared to $648 for HCV participants. The average HAP for HCV households who joined the program around the time of the first HOP cohort (2012) is $667. HOP's monthly HAP savings of $140 per household means that for every four HCV households served, THA can serve five HOP households with the same expenditure.[16]

[16] "October 2017 Voucher Utilization Report." Oct. 2017.

Table 2. Average HAP Costs: HOP vs. HCV[17]

YEAR	HOP	CHG	HCV	CHG
2013	$451		$618	
2014	$444	-2%	$622	1%
2015	$444	0%	$616	-1%
2016	$493	11%	$657	7%
2017	$502	2%	$667	2%
2013-2017	$51	11%	$49	8%

HAPs are rising across programs and have increased 8% for HCV participants ($49 per household) since 2013, compared to 11% ($51 per household) for HOP households. Contract rents for the 2013 HOP cohort have increased 9%. In 2016 and 2017, THA adjusted the payment standard which resulted in a cumulative average HAP increase of 15% across all bedroom sizes. This is further explored in section five. If funding remains flat or decreases and HAPs continue to rise, THA will serve fewer households. This is true for households across all of THA's programs.

3.2 Is THA Serving More Households?

THA is not serving more households when compared to 2013. Much of this can be attributed to Tacoma's hot rental market and the increase in HAPs. However, based on the expenditures per household outlined above, THA would serve 138 fewer households without the HOP. If THA expanded the fixed subsidy to HCV participants, the agency could serve an additional 498 households per year.

HUD's statutory obligation requires each MTW housing authority to serve "substantially the same" number of families as it would serve if it did not have the MTW status. ("Sts"). In 2013, HUD defined this obligation to require MTW housing authorities to serve 100% of the baseline number of families that HUD has assigned to each housing authority. Tacoma's increasingly competitive rental market is making this harder to achieve. In 2016, THA was at 100%. In October of 2017, THA was at 93.7%.[18] THA households are having a tough time competing in a rental market where landlords can be selective about their tenants. This is reflected in THA's turn-back rate: about 40% of households who receive a voucher, are unable to lease-up.[19]

[17] "THA's HAP Management Report." Finance Department. Received September 2017. (HAP by bedroom size. Used Avg December HAPs for each year. Used July for 2017)
[18] "Tacoma Housing Authority's Board of Commissioners Packet." October 2017.
[19] "Tacoma Housing Authority's Board of Commissioners Packet." October 2017.

By design, HOP's shallower subsidy helps THA serve more households in the face of stagnant funding. However, a tight rental market is making it increasingly difficult for all households, regardless of subsidy to use their vouchers.

When compared to 2012, THA has not been able to serve more families. In 2012, THA served 3,487 families with housing assistance payments compared to 3,494 in 2017. THA is essentially serving the same number of families. "In 2016, THA's aggregate voucher costs increased by $600,000 over 2015, just one year earlier. In 2017, costs have increased by another $600,000. Even with this increase our utilization rates have lowered from 100% to about 95%, and we had to redirect dollars from other parts of our activities. We do not see an end to this accumulating increase as Tacoma's rental market continues to rise."[20]

3.3 Will THA Be Able to Serve More Households in the Future?

Across programs, THA is not serving more households due to rising rents and increasing HAPs. We can say for certain that without HOP, THA would serve even fewer households. The HAP savings for each HOP household become a part of HAP excess funds that are reprogrammed to other areas including rental assistance and community services.

At the current rate of "natural' transition of served households from HCV to HOP, the transition will be complete in nine years. Focused solely on work-able households, the transition will take ten years.

If THA extended the fixed-subsidy and time limits of the HOP to the HCV participants now it would expand the numbers of households served. It would save money and allow THA to serve five HOP families for every four HCV families. Once the HCV population is fully transitioned to the HOP that would allow THA to serve an additional 498 families.[21] If all elderly/disabled households are given an income based subsidy[22] and all work-able households receive a fixed subsidy (possible program change 6), THA would still serve many more households than are served today. The ability to serve more households should inform THA's consideration of expanding the HOP subsidy to the HCV participation.

[20] "Tacoma Housing Authority's Board of Commissioners Packet." November 2017.
[21] An additional 498 families would be served if all families received a fixed subsidy.
[22] Including HOP elderly/disabled households currently on a fixed subsidy

4. HOP PARTICIPANT DEMOGRAPHICS

Over 500 households are currently enrolled in the HOP, 60% of households are work-able and are subject to the five year time limit. Overall, HOP households represent 11% of THA's program participants.[23] This section explores HOP household characteristics.

4.1 HOP & HCV Households

508 currently housed HOP households joined the program between 2013 and 2017. 2,109 currently housed HCV households joined the program between 1978 and 2017. The majority of HCV households joined prior to 2012 (65%), and 35% percent of HCV households have been on the program for 15+ years. 153 currently housed HCV households joined the program the year prior to the HOP. Throughout this analysis it will be necessary to use 2012 HCV households as a baseline to compare the outcomes of HOP.

In the following sections, 2013 and 2014 HOP cohort self-sufficiency outcomes will be compared to those of all traditional voucher holders (HCV) and to traditional voucher holders who joined the program in 2012 (2012 HCV).

4.2 Cohort Size

Averaged across HOP cohorts, 60% of HOP households are work-able and 40% are elderly/disabled. The 2012 HCV cohort has the same breakdown of work-able and elderly/disabled households. The 2015 through 2017 HOP cohorts have been trending toward more work-able participants. Across all HCV participants (admits '78-'17) the breakdown differs significantly, 46% of HCV households are work-able and 54% are elderly/disabled.

Table 3. HOP Cohort Size

YEAR	WORK-ABLE	ELDERLY / DISABLED	TOTAL
2013	63	56	119
2014	40	36	76
2015	75	39	114
2016	71	48	119
2017	54	26	80
	303	**205**	**508**

[23] "OpenDoor data - active voucher households with leases." 17 Oct. 2017. (498 HOP households / 4,411 active voucher households)

4.3 Household Size

The average household size for HOP households is 2.3 members, which is the consistent with the HCV program. The average household size in the City of Tacoma is 2.5 persons.[24]

4.4 Head of Household

The majority of households are female headed (81%) and this is consistent with the HCV program.

4.5 Race

The race demographics of HOP and HCV households are nearly the same when "unknowns" are excluded from the HOP population. Beginning in 2016, the number of HOP households with an "unknown" race increased dramatically. It is unclear why. The 2013 and 2015 HOP application forms both included an optional question about race. The 2013 application permitted the applicant to skip the question entirely, where the 2015 application, forced the applicant to select "decline" if they preferred not to answer. On the 2015 application there was a slightly more noticeable notification box alerting the applicant that the question about race was optional. However, this is subjective. THA was unable to determine a root cause for this discrepancy. THA is investigating whether the upload of race data from Visual Homes to OpenDoor in 2016/2017 may have been compromised.

Table 4. Households by Race of Head of Household: HOP vs. HCV

RACE	HOP 2013	HOP 2014	HOP 2015	HOP 2016	HOP 2017	ALL HOP	HOP (EXCLUDE UNKNOWN)	HCV
American Indian/Alaska	2%	1%	2%	0%	0%	1%	1%	2%
Asian	3%	5%	3%	2%	0%	3%	4%	5%
Black / African American	36%	38%	37%	25%	17%	30%	42%	40%
Multi-Racial	7%	7%	5%	0%	0%	4%	5%	2%
Native Hawaiian/ Pacific	2%	1%	4%	2%	0%	2%	2%	2%
Unknown	2%	7%	14%	52%	64%	28%	-	1%
White	48%	41%	36%	20%	19%	33%	46%	48%
Total Count	116	76	112	118	72	494	357	2,123

[24] 2016 ACS Survey. United States Census Bureau / American FactFinder. American Community Survey 2016. U.S. Census Bureau's American Community Survey Office. Web. 1 September 2017.

The racial breakdown of HOP households differs from the racial breakdown of extremely low, very low and low income households in Tacoma. When examining incomes for extremely low, very low and low income households of 2 persons (the average household size in Tacoma is 2.3), Census data reveals that the majority of these households are white (67%) followed by African American/Black (13%) and Asian (8%).[25] HOP is serving a larger percentage of African American/Black households and a smaller percentage of White households when compared to low income households in the City of Tacoma.[26]

4.6 Children

A greater percentage of HOP households have household members under the age of 18 when compared to HCV participants (+10%). The vast majority (80%) of work-able households have children.

4.7 Cohort Demographic Comparisons

The demographics above are consistent among all HOP cohorts with some exceptions for the most recent cohort. The 2017 cohort includes more households with children (+10%), and accordingly, those households have larger average household sizes (+0.4%).

Table 5. Demographics HOP vs. HCV

	HOP	HCV
Average Household Size	2.3	2.3
Households with Children	52%	42%
Female Head of Household	81%	81%
Male Head of Household	19%	19%
Race of Head of Household:		
White	34%	48%
Black / African American	30%	40%
Unknown	26%	1%
Multi-Racial	4%	2%
Asian	3%	5%
Native Hawaiian/Pacific	2%	2%
American Indian/Alaska	1%	2%

[25] This analysis of low income households by race is an imprecise estimate because the census data does not exact household size by race, therefore the average household size was assumed and rounded down.
[26] "Age of Householder By Household Income In The Past 12 Months (In 2016 Inflation-Adjusted Dollars)."United States Census Bureau / American FactFinder. 2012-2016 American Community Survey 5-Year Estimate. U.S. Census Bureau's American Community Survey Office. Web. 8 December 2017.

5. HOP PARTICIPANT OUTCOMES

To determine participant outcomes, this section examines HOP household certification data at admission and compares that to the most recent certification data available. Historical data mining was limited at times due to the migration of Visual Homes data to the OpenDoor Salesforce system. Sections with incomplete or insufficient data were noted.

5.1 Waiting List Times

HCV participants admitted to the program in 2012 spent an average of 4.6 years waiting for a voucher. HOP households spent an average of 1.6 years waiting for a voucher. This is a 65% reduction in wait time. THA exhausted its 2013 waitlist in 2015 and its 2015 waitlist in 2017. The administration of the HOP and HCV waitlists was fundamentally different which resulted in the dramatic decrease in waiting time. 10,000+ households applied to each HOP waitlist and THA used a lottery system to reduce the number of applicants to 1,500. The waitlists for the traditional program did not use any mechanism to limit the number of participants on the waitlist.

In future evaluations and following the exit of the initial HOP cohorts, THA will study the impact of the time limit on wait list times.

5.2 Income at Admission

HOP households pay a larger percentage of their income toward rent (50% of the payment standard). HOP participants also have higher incomes at admission. Average household incomes at admission for HOP participants in the 2013 cohort were 7% higher when compared to households admitted to the HCV program in 2012 ($14,122 vs. 13,213). Incomes at admission for elderly/disabled households were 9% higher.

Across HOP cohorts, incomes at admission for all households have fluctuated and have no detectable trends. Both work-able and elderly/disabled household incomes at admission have not yet trended positive or negative. Between 2013 and 2016 the HOP admitted households at similar income levels. A recent atypical trend indicates that this metric must be closely monitored; the average income at admission grew by 24% year over year in 2017. Further analysis of this data reveals a large, but less startling increase (13%) when median incomes were examined. Incomes at admission must be monitored.

Table 6. Income At Admission

YEAR OF ADMIT	ADMIT	CHG YR/YR	CHG SINCE 2013
ALL HOP	$ 14,220		
HOP 2013	$ 14,122		
HOP 2014	$ 12,915	-9%	-9%
HOP 2015	$ 13,391	4%	-6%
HOP 2016	$ 13,424	0%	-6%
HOP 2017	$ 16,644	24%	17%
HCV	$ 12,612		
HCV 2012	$ 13,213		

The recent increase in income at admission comes at a time when Tacoma is experiencing a very tight rental market with a 10% year over year increase in rental rates (since 2015). Households across Tacoma are paying more of their incomes to rent. As rental rates rise, fewer households may be able to afford 50% of the payment standard. Median household incomes are growing at a much slower pace (2% between 2014 & 2015). Voucher holders have experienced difficulty leasing up and it is worth exploring if those who are successful are households with higher incomes (or if successful lease ups are beginning to trend that way. This is explored in section seven.

5.3 HOP Household AMI Levels

Program requirements dictate that households admitted to the HOP must have incomes below 50% of area median income (AMI) at the time of program entry. For one person 50% of AMI is $26,100, for a family of four it is $37,250.[27]

59% of HOP households have current incomes below 30% of AMI compared with 73% of all HCV participants. This suggests that HOP households have higher incomes. When compared to 2012 HCV households HOP households still have higher incomes with fewer households in the less than 30% AMI range (-6%) and more households (+11%) in the 30-50% AMI range.

With the exception of the 2016 cohort, AMI levels for HOP households across cohorts have not fluctuated significantly since program inception.

[27] "Pierce County 2017 Median Income." Washington State Housing Finance Commission, www.wshfc.org/limits/detail.aspx?County=pierce&Year=2017.

Table 7. Current AMI Levels by Program Admission Year

HOP AMI	ALL HOP	2013	2014	2015	2016	2017
<30%	59%	61%	61%	59%	53%	61%
30-50%	33%	33%	30%	30%	41%	30%
50-80%	13%	6%	8%	10%	5%	9%

HCV AMI	ALL HCV	2010	2011	2012
<30%	73%	79%	79%	65%
30-50%	19%	15%	19%	22%
50-80%	6%	5%	2%	10%

5.4 Income & Wage Growth All Households

THA introduced a fixed subsidy to serve more households and to give incentives to work-able households to increase their earned income without having a rent increase. The introduction of the fixed subsidy removed the manipulation and concealing of income that some households committed to lower their share of the rent.

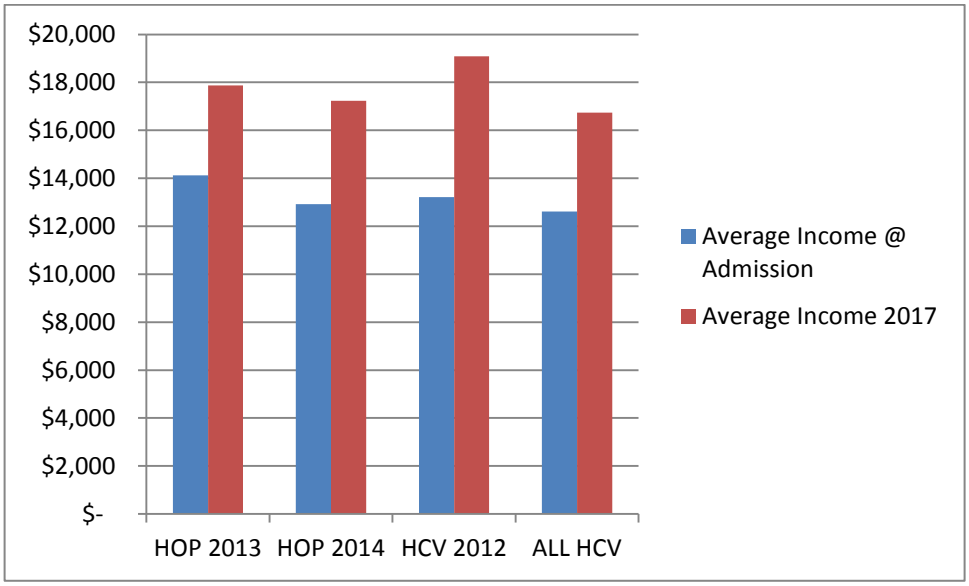
The 2013 and 2014 HOP cohorts are experiencing income and wage growth and it is unsurprising that work-able households are experiencing the largest income gains. However, the growth that HOP households experience does not outpace that of HCV households.

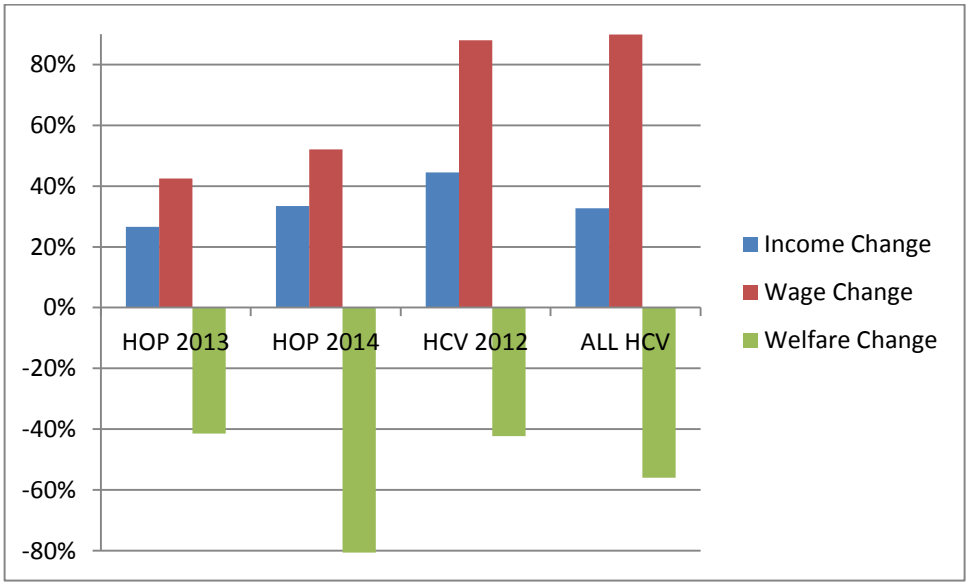
The HOP 2013 and 2014 cohorts are experiencing similar increases in income, but the 2014 cohort is experiencing more wage growth (+10%) and two times the decrease in dependence on welfare.

When compared with all HCV participants the 2013 and 2014 HOP cohorts are experiencing similar increases in overall income. However, the 2012 HCV cohort has experienced a much higher increase in overall income (+10%).

The HCV participants (including 2012 HCV) experience far greater wage gains when compared to HOP participants (90% vs. 42%). This may be because HCV participants enter the program with wages far lower than HOP participants.

Table 8. Income Progression For All Households (Work-able & Elderly/Disabled)





It is also important to consider rent increases when examining income progression. The 2013 HOP cohort experienced a 27% percent increase in income but as indicated in section three, they also experienced a 9% increase in contract rents.

5.5 Income & Wage Growth Work-able Households

HOP households are more likely to be working when compared to traditional voucher holders and their wages at admission are significantly higher (37%).

Table 9. Wage Progression for Work-Able Households

WORK-ABLE HOUSEHOLDS	WAGES @ ADMISSION	WAGES 2017	WAGE CHG	HHS WITH WAGES CHG
HOP ADMIT 2013	$ 11,827	$ 17,109	45%	+16%
HOP ADMIT 2014	$ 12,074	$ 18,330	52%	+9%
HCV ADMIT 2012	$ 8,734	$ 16,564	90%	+15%

5.5.1 Number of Households Working At Admission

51% percent of work-able 2012 HCV households entered the program with wages compared to 67% and 69% of 2013 and 2014 HOP households.

5.5.2 Wages of Working Households at Admission

Wages at admission for HCV households were on average 37% less than 2013/2014 HOP cohorts ($8,734 vs $11,827).

5.5.3 Change in the Number of Working Households

The number of work-able wage-earning households increased at almost the same rate for 2012 HCV households and the 2013 HOP cohort (16% and 15%). 67% of the 2013 of the work-able HOP cohort had wages at admission and 83% had wages in 2017.

5.5.4 Wage Progression of Working Households

Because HCV wage earning households entered the program with wages far below HOP households, those households experience much larger increases in their actual wage amounts. Wages for 2012 HCV households increased 90% compared to 45% for the HOP 2013 cohort and 52% for the HOP 2014 cohort. Wage gains across both programs increased household earnings to similar dollar amounts (within $550).

This suggests that 2012 HCV households are increasing their wages by obtaining higher paying jobs. HOP households enter the program with jobs that pay more than 2012 HCV households. This could be an impact of the fixed subsidy and market conditions, HOP households must earn more to pay their higher portion of the rent.

Table 10. Income Progression for Work-Able Households

WORK-ABLE HOUSE HOLDS	INCOME @ ADMIT	INCOME 2017	INCOME CHG	WAGE CHG	WELFARE CHG	HHS	HHS WITH WAGE CHG
HOP 2013	$ 16,222	$ 21,989	36%	45%	-53%	57	16%
HOP 2014	$ 15,202	$ 22,508	48%	52%	-79%	35	9%
HCV 2012	$ 14,649	$ 22,804	56%	90%	-19%	71	15%

It is clear that the majority of work-able HOP households are working. However their incomes are not rising as quickly as households on the HCV program. Strategies should be developed to assist these already wage-earning households to increase their earned-income.

5.6 Income & Wage Growth Elderly/Disabled Households

Somewhat surprisingly, HOP elderly/disabled households in the 2013 cohort are experiencing a median income growth of 13% (due to an increase in benefits). The 2014 cohort's income progression of 2% aligns with the 2012 HCV cohort's 0% income growth. When this analysis of elderly/disabled income progression was expanded to include all HOP cohorts the median[28] household income increase was 14% (average = 10%). Most elderly/disabled households are on a fixed income so we would expect to see very limited income growth.

Table 11. Income Progression for Elderly/Disabled Households

	MEDIAN INCOME @ ADMISSION	MEDIAN INCOME CHG ADMIT - 2017	MEDIAN WAGE CHG ADMIT - 2017	MEDIAN WELFARE CHG ADMIT - 2017	MEDIAN BENEFIT CHG ADMIT - 2017	COUNT
Elderly/Disabled 2013 HOP	$ 11,947	13%	0%	0%	17%	55
Elderly/Disabled 2014 HOP	$ 10,629	2%	0%	0%	3%	35
Elderly/Disabled 2012 HCV	$ 10,946	0%	0%	0%	8%	45

Average incomes for elderly/disabled households at admission are similar among 2012 HCV and 2013/2014 HOP households. Current incomes are also very similar for

[28] This section considers median incomes (vs. averages) more significant for elderly/disabled households due to outliers.

these cohorts. The income increases among HOP households represent increases in benefits.

5.7 Reliance on Welfare

HOP households and HCV households significantly reduced their reliance on welfare. 2012 HCV households decreased reliance by 42% for all households, but only 19% for work-able households. HOP households experience a significant reduction in welfare, especially work-able households (see table 10). The 2013 cohort reduced dependence by 41% and the 2014 cohort reduced dependence by 82% (all households). Work-able households experienced reductions of 53% (2013) and 79% (2014).

The decreases in dependence on welfare may correlate with the Department of Social and Health Service's narrowing of the qualifications for TANF time limit extensions which occurred in 2011. This change limits most families to 60 months of assistance.

5.8 Contract Rents

HOP households across cohorts lease up in less expensive units when compared to HCV households. The average contract rent for HOP households ($920) is 7% less than HCV households. When 2013 HOP households are compared to HCV households who entered the program more recently (2012) HOP contract rents are 15% less. Contract rents for the HOP 2013 cohort have increased 9% since admission. The 2012 HCV cohort has also experienced a considerable increase in average contract rents (16%). In 2016 and 2017, THA adjusted the payment standard which resulted in a cumulative average HAP increase of 15% across all bedroom sizes. The fact that HOP households lease up in less expensive units coupled with the increase in contract rents is reflective of the increasingly competitive housing market.

5.9 Shelter Burdens

The analysis above highlights the progress HOP households have made toward achieving self-sufficiency. However, rents are rising fast in Tacoma and have increased dramatically since the inception of the HOP. It is critical to consider shelter burden when assessing a work-able household's readiness to exit the program. It is also important to consider shelter burden to evaluate the impact of the fixed subsidy on all households regardless of whether they are subject to the time-limit. To account for extreme outliers, this analysis examines median shelter burdens. For the sections below, the following calculations were used:

- **Utility Allowance**: Although HOP households do not receive a utility allowance, the Utility Allowance schedule (effective 1/1/2017) was used to estimate tenant utility costs according to voucher size.

- **Total Tenant Payment (TTP)**: Contract Rent – HAP + Utility Allowance
- **Current Shelter Burden**: TTP / monthly income
- **Market Shelter Burden:** Contract Rent + Utility Allowance / monthly income

5.9.1 Current Shelter Burdens: HOP vs. HCV

It is unsurprising that HOP households pay a larger percentage of their income toward rent since they receive a shallower subsidy. However, all HOP households have median shelter burdens only 5% higher when compared to all HCV households (41% vs 36%).

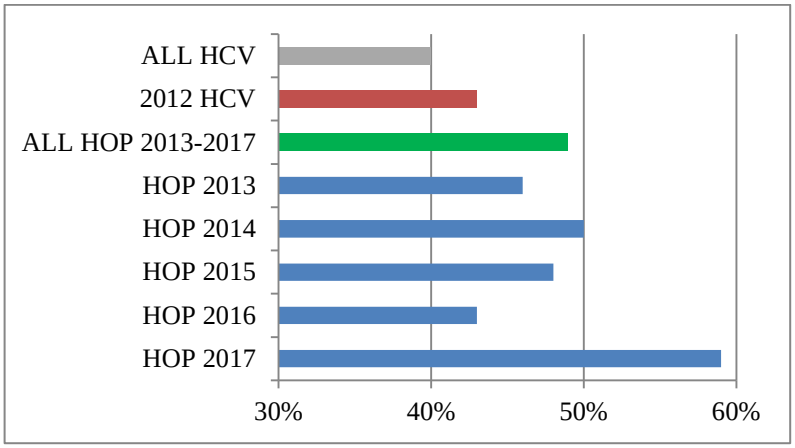
Extreme shelter burden is defined as households that pay over 50% of their income toward rent and utilities. When examining for extreme shelter burden, 36% of HOP households have shelter burdens greater than 50% compared to only 18% of all HCV households and 21% of the 2012 HCV cohort.

Higher shelter burdens disproportionately impact elderly/disabled households. These households are more likely to be on a fixed income and have fewer options to address increasing housing costs in a hot rental market. This is explored further in the sections below.

5.9.2 Elderly/Disabled Household Shelter Burdens: HOP vs. HCV

Elderly/disabled households account for the largest discrepancy in shelter burdens between HOP and HCV households. The median shelter burden for all elderly/disabled HOP households is 9% higher than all elderly/disabled HCV households. However when compared to these HCV households housed in 2012, HOP elderly/disabled households have only slightly higher shelter burdens (+4%). This is likely a reflection of the competitive housing market, as households who have leased up more recently have been subject to higher rents.

Table 12. Elderly/Disabled Median Current Shelter Burdens



Further analysis indicates that data on extreme shelter burdens for elderly/disabled HOP households is worth close monitoring. 45% of the 205 elderly/disabled HOP households have extreme shelter burdens (greater than 50%). When compared to HCV elderly/disabled households who leased in 2012, only 21% experience extreme shelter burden.

5.9.3 Work-able Household Shelter Burdens: HOP vs. HCV

HOP work-able households have slightly higher shelter burdens when compared to HCV households (including the 2012 HCV cohort). The median work-able shelter burden for HOP is 38% and for HCV is 34%.

5.9.4 HOP Market Shelter Burdens

Examining market shelter burden helps THA determine if households are prepared to assume all of their housing costs. Throughout this analysis the calculation of shelter burden includes an assumption for the cost of utilities.[29] The median market shelter burden for households exiting the program in 2013 is 65%. This suggests that the majority of households will be unable to maintain their current housing without rental assistance. Although the 2014 cohort is making more wage gains, it is not enough to reduce their shelter burdens. The median market shelter burden for the 2014 cohort is 68%.

[29] Shelter Burden = Contract Rent – HAP + Utility Allowance / Monthly Income

Table 13. Household Shelter Burdens: HOP

ALL HOP Households (497 COUNT)	Average Current Shelter Burden	Median Current Shelter Burden	Average Market Shelter Burden
2013	45%	41%	75%
2014	46%	43%	77%
2015	47%	39%	75%
2016	44%	40%	75%
2017	54%	46%	79%
All HOP	47%	41%	76%

Workable (292 COUNT)	Average Current Shelter Burden	Median Current Shelter Burden	Average Market Shelter Burden
2013	44%	34%	68%
2014	41%	38%	67%
2015	46%	38%	72%
2016	42%	39%	69%
2017	51%	38%	73%
All Work-able HOP	45%	38%	70%

Elderly/Disabled (205 COUNT)	Average Current Shelter Burden	Median Current Shelter Burden	Average Market Shelter Burden
2013	46%	43%	82%
2014	50%	48%	88%
2015	48%	40%	79%
2016	43%	45%	83%
2017	59%	58%	92%
All E/D HOP	49%	45%	84%

Table 14. Household Shelter Burdens: HCV

ALL HCV Households (1998 COUNT)	Average Current Shelter Burden	Median Current Shelter Burden	Average Market Shelter Burden
2012 HCV	43%	37%	88%
ALL HCV	40%	36%	91%

Workable ALL HCV Households	Average Current Shelter Burden	Median Current Shelter Burden	Average Market Shelter Burden
2012 HCV	42%	33%	83%
ALL HCV	41%	34%	86%

Elderly/Disabled ALL HCV Households	Average Current Shelter Burden	Median Current Shelter Burden	Average Market Shelter Burden
2012 HCV	44%	41%	96%
ALL HCV	39%	36%	96%

5.10 Households Participating in Case Management

A critical component of the HOP is a continued offer of support via THA's Community Services team. Staff emphasized the 5-year time limit and the recipients' need to prepare for the end of the assistance. Staff offered them supportive services to help them do that. Each year, recipients received a letter reminding them of the ever-approaching expiration date. In the last year, the letters came more frequently. Few HOP recipients responded to these offers.

Households who do respond may enroll in the Family Self-Sufficiency program and work with case managers to achieve milestones in a structured program or they can opt into case management outside of the FSS model.

Beginning in 2016, households enrolled in FSS or who participate in general case management are invited to participate in the Bridge Assessment. THA's Bridge to Economic Stability is adapted from EMPath's Bridge to Self-Sufficiency. "EMPath's Bridge to Self-Sufficiency® is a theory of change that takes a comprehensive, multi-faceted approach to fostering economic mobility. The theory describes a person's advancement from poverty to economic self-sufficiency as a journey across a bridge supported by five critical pillars—family stability, well-being, education and training, financial management, and employment and career management. To successfully cross this bridge and reach economic self-sufficiency, the traveler must attain explicitly defined objectives in each of these five areas. The five areas are: housing stability,

well-being, education and training, financial planning and management, income and employment."[30]

This section examines the outcomes of participants engaged with case management and those enrolled in the FSS program.

5.10.1 Case Management Outcomes

Over 160 unique cases have been opened for HOP households (130 when FSS participants are excluded). In order to track outcomes, THA sought to examine households that had engaged with a Case Worker for greater than five hours. This would eliminate households who only came in to meet with a case worker once. Unfortunately, THA only began tracking the number of hours spent on each case in 2015. For future cohorts, we will be able to conduct an analysis of outcomes for households who have received a baseline number of case management hours. Data limitations prevent an analysis of 2013/2014 HOP households who participated in case management.

30 households admitted to the HOP in 2013 and 16 households admitted in 2014 enrolled in case management. Both cohorts have seen significant increases in incomes and wages. Because we cannot determine how much case management was administered (hours) we cannot directly correlate these outcomes to enhanced case management. Improvements in data collection will allow THA to conduct a robust analysis of case management outcomes beginning with the 2015 cohort. THA staff report that general case management with HOP households has been minimal.

5.10.2 FSS Outcomes

Thirty-five HOP households are enrolled in the Family Self-Sufficiency program (FSS). Participants in the FSS program meet with case workers to develop an individual development plan that they strive to complete within the program's term. The plan consists of goals, each with a monetary value for which the participant receives credit in their individual development account (IDA). Participants can remain in the program for five years or until they complete all the goals in their Individual Training and Service Plan (ITSP), whichever is earlier.

30 "Bridge to Self-Sufficiency." EMPath Economic Mobility Pathways, www.empathways.org/our-work/our-approach/bridge-to-self-sufficiency.

The vast majority of FSS participants are work-able households. Ten percent of work-able HOP household are enrolled in FSS, this participation rate is consistent with other programs.

The sample size is small (35 households) and smaller for those admitted to the program in 2013 and 2014 (nine and five households), but the outcomes are promising.

Table 15. HOP FSS Participants

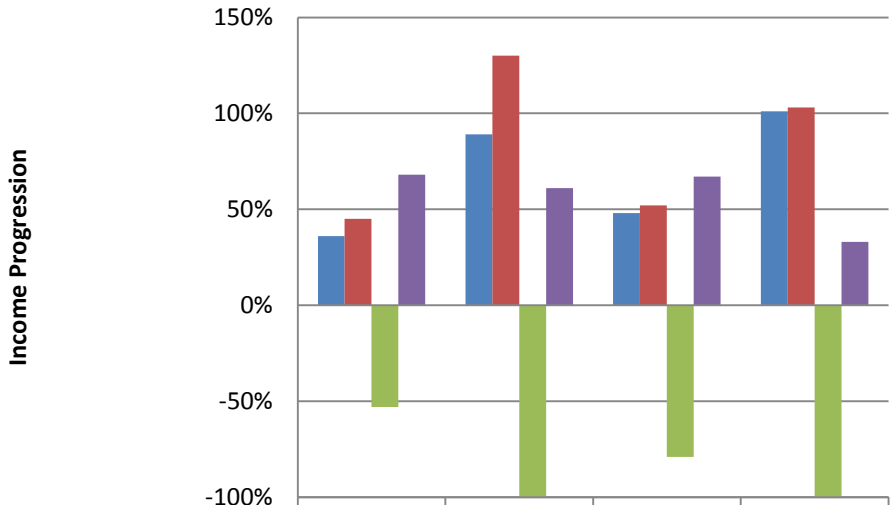
HOP FSS PARTICIPANTS	35
% of HOP Households in FSS	7%
% of Work-able HOP Households	10%
% of Elderly/Disabled HOP Households	2%
2013 Admits	9
2014 Admits	5
2015 Admits	11
2016 Admits	6
2017 Admits	4

The 2013 FSS cohort experienced a 90% increase in income, 130% increase in wages and a 100% reduction in reliance on welfare. This cohort has a 61% market shelter burden.

Even with significantly more income and wage gains the 2013 FSS cohort will be extremely market shelter burdened. These households will be 4% less shelter burdened than work-able 2013 HOP households who did not enroll in FSS. The incomes at admission for FSS and non FSS participants were nearly the same. 2013 FSS participants have incomes 3% higher than those not enrolled.

The 2014 FSS cohort experienced a 101% increase in income, 103% increase in wages and a 100% reduction in reliance on welfare. This cohort has a 33% market shelter burden. The five 2014 FSS participants were admitted with incomes that were 36% higher than work-able 2014 HOP participants not enrolled in FSS. These households are significantly less shelter burdened at present and therefore experience dramatically lower market shelter burdens following income gains.

Table 16. FSS Participant Outcomes



	HOP 2013	FSS HOP 2013	HOP 2014	FSS HOP 2014
Income	36%	89%	48%	101%
Wage	45%	130%	52%	103%
Welfare	-53%	-100%	-79%	-100%
Market Shelter Burden	68%	61%	67%	33%

Participation in FSS leads to significant income and wage gains and will likely completely remove a household from its reliance on welfare. However, only households with higher than average incomes at admission seem to make significant gains toward self-sufficiency, achieving market shelter burdens under 50%. This may suggest that the positive outcomes of FSS have more to do with the types of households who join rather than the program itself.

56% of the 2013 HOP FSS cohort has an escrow balance and 20% of the 2014 HOP FSS cohort has an escrow balance. The estimated costs of the FSS program are $835 per household.[31]

[31] Per Community Services. December 2017. Costs per household for all THA households.

Table 17. HOP FSS Escrow Balances

COHORT YEAR	TOTAL BALANCE	PARTICIPANTS
2013	$ 13,848	9
2014	$ 1,250	5
2015	$ 8,800	13
2016	$ 50	6
2017	$ 50	4
	$ 23,998	**37**

The FSS program was developed in 1990 and is active in numerous PHAs across the country. Enrollment in this program is relatively small and a large percentage of program participants exit the program prior to completion.[32] Of those who graduate, a 2011 study found that successful households have higher incomes and more years of schooling at admission when compared to those who left the program.[33] This is consistent with the successful outcomes of HOP households.

5.11 Early Exits

143 HOP households have exited the program early which is 23% of program participants. Only 12% of those exits were for reasons THA considers to be positive. These reasons include households who were over income, no longer needed assistance, moved for a job, moved in with family, purchased a home or moved into an assisted living facility. Half of program exits were not negative, but cannot be considered positive. These reasons include households who moved out of the area, were accepted into another housing program, passed away, ported out or exited for unknown reasons. 38% of households exited for negative reasons. These included eviction or non-payment of rent, shopping voucher expiration, or a move out without proper notice.

[32] Rohe, William H, et al. Work Requirements in Public Housing: Impacts on Tenant Employment and Evictions. University of North Carolina at Chapel Hill. Center for Urban and Regional Studies. September 2015. http://curs.unc.edu/files/2015/09/Work-Requirements-in-Public-Housing.pdf.

[33] Planmatics, Inc., and Abt Associates Inc. "Evaluation of the Family Self-Sufficiency Program: Prospective Study." U.S. Department of Housing and Urban Development Office of Policy Development and Research, Feb. 2011. https://www.huduser.gov/portal/publications/FamilySelfSufficiency.pdf

6. MARKET CONDITIONS

It is important to review the macroeconomic trends that impact the outcomes of program participants. The Tacoma of 2013 is not the Tacoma of today. Population has been increasing year over year since the inception of the HOP. Between 2013 and 2016 Tacoma's population increased by 4% with the majority of that growth, 1.7% occurring within the past year.[34] Puget Sound Regional Council projects the population of Tacoma will reach 247,963 by 2025.[35]

6.1 Rental Market Conditions

Since the inception of the HOP Tacoma's vacancy rate has reduced by more than half. In 2013 the vacancy rate was 4.7% compared to 2% today.[36] According to the Census Bureau, rents in Tacoma have increased 14% between 2013 and 2016 ($906 to $1054). Rent have continued to rise year over year. Varying sources differ on the precise increase, but they all cite a double digit increase. "From December 2015 to December 2016, rents increased at one-bedroom flats in Tacoma by more than 16 percent to a median of $1,085, with an increase in rent on the median single-bedroom apartment of $153 per month. Two years ago, Tacoma renters paid $780 for that median-priced single-bedroom unit — nearly a 40 percent jump, according to Zillow."[37]

In Tacoma, the FMR for a 2 bedroom unit increased 18% from $964 to $1,142 between 2013 and 2018. During the same period, median family incomes rose 6% from 70,200 to 74,500.[38] As of 2017, extremely low income households (30% of AMI) have incomes under $24,600.[39]

Although it still remains cheaper to rent in Tacoma when compared to Seattle, in 2017 rent increases in Tacoma outpaced Seattle. Many suspect that Seattle residents are relocating to Tacoma to seek reprieve from even higher rents.[40]

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[34] Office of Financial Management. April 2017
[35] "Land Use Vision Version 1." Puget Sound Regional Council, www.psrc.org/data-and-resources/data-psrc.
[36] 2016 ACS Survey. Selected Housing Characteristics. United States Census Bureau / American FactFinder. American Community Survey 2011-2015. U.S. Census Bureau's American Community Survey Office. Web. 1 September 2017.
[37] Martin, Kate. "Tacoma apartment rents see steep rise in 2016, data show." The News Tribune, 27 Jan. 2017, www.thenewstribune.com/news/business/real-estate-news/article128811929.html.
[38] U.S. Department of Housing and Urban Development. "FY 2016 Fair Market Rent and Income Limits Summary, Tacoma, WA HUD Metro FMR Area."
[39] U.S. Department of Housing and Urban Development. "FY 2016 Income Limits Summary, Tacoma, WA HUD Metro FMR Area."
[40] Lloyd, Sarah Anne. "Tacoma rent is rising faster than Seattle rent." *Curbed.com*, 16 Aug. 2017, seattle.curbed.com/2017/8/16/16157530/tacoma-rent-cost-increase-prices.

Table 18. Seattle-Tacoma Annual Effective Rent Growth[41]

HUD defines rent (or shelter) burdened households as those who spend over 30% of their income toward rent and utilities. In 2015, 53% of Tacomans paid more than 30% of their income toward rent and utilities. Extremely rent burdened households spend over 50% of their income on rent and utilities. In 2015, 27% of Tacomans paid more than 50% of their income toward rent and utilities.[42] The 30% rule is currently being reexamined by housing policy experts and researchers.[43] For example, Alaska Housing Authority considers a household participating in their time limited program "successful" if they exit the program with a shelter burden less than 50%.

6.2 Employment Market Conditions

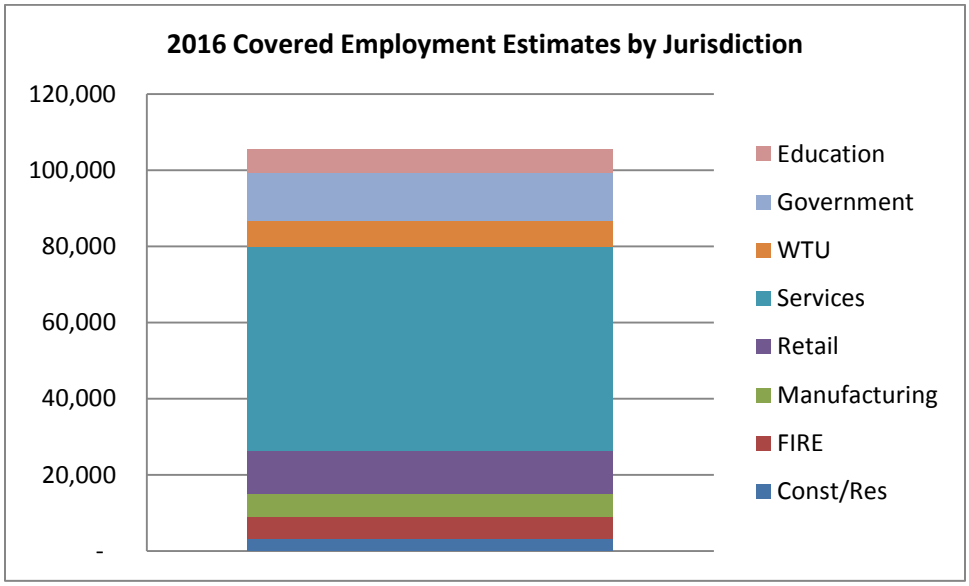
In 2010, the unemployment rate in Pierce County began a steady decline and job growth has continued to improve. Since then, total nonfarm employment has grown by 9.5 percent with the private sector growing by 12.9 percent.[44] In 2013, the unemployment rate in Tacoma was 7.6%. In August of 2017 the

[41] Stiles. Mark. "Think Seattle apartment rents are rising fast? Check out what's going on in Tacoma." *Puget Sound Business Journal*. 4 March. 2016.
[42] 2016 ACS Survey. Selected Housing Characteristics. United States Census Bureau / American FactFinder. American Community Survey 2011-2015. U.S. Census Bureau's American Community Survey Office. Web. 1 September 2017.
[43] "Rental Burdens: Rethinking Affordability Measures." *PD&R Edge* , 22 Sept. 2014. https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html
[44] Vleming, Jim. "Pierce County Profile." *Employment Security Department Washington State,* Jan. 2016, fortress.wa.gov/esd/employmentdata/reports-publications/regional-reports/county-profiles/pierce-county-profile.

unemployment rate was 5%.[45] A base unemployment rate between 5.0-5.2% is considered "full employment" by the Federal Reserve.[46]

The City of Tacoma conducted a Needs Assessment in August of 2016. The report examined unemployment and workforce participation rates demographically to identify communities facing the largest barriers to workforce participation.[47] Tacoma's economy is dominated by jobs in the service sector (51%) followed by government (12%) and retail (11%). Of the service sector jobs, accommodation and food service jobs represent the greatest number of jobs. Covered employment includes all employees for the State's unemployment insurance program, this accounts for 90-95% of all jobs.

Table 19. Tacoma 2016 Covered Employment Estimates[48]



The Urban Land Institute anticipates that service employment will continue to grow, although potentially slower in the trade and transportation industries due to the level of activity at the Port slowing as a result of less traffic from China. [49]

[45] Bureau of Labor Statistics . "Civilian labor force and unemployment by selected metropolitan area and metropolitan division, seasonally adjusted." https://www.bls.gov/web/metro/ssamatab2.txt.
[46]Bureau of Labor Statistics . "Alternative measurer of labor underutilization." https://www.bls.gov/news.release/empsit.t15.htm.
[47] BERK. *City of Tacoma Community Needs Assessment. 2016, City of Tacoma Community Needs Assessment.* http://cms.cityoftacoma.org/CommunityNeedsAssessment/Tacoma%20Community%20Needs%20Assessment.pdf
[48] "2016 Covered Employment Estimates by Jurisdiction." Puget Sound Regional Council, www.psrc.org/data-and-resources/data-psrc. (WTU = Washington Teachers Union.)
[49] Urban Land Institute, and Pwc. *Emerging Trends in Real Estate® United States and Canada 2017. 2017, Emerging*

The City of Tacoma identifies a number of barriers to employment including lack of academic achievement, lack of English proficiency and a lack of transportation. High school graduation rates fell below 60% in 2010 and have been rising ever since. In 2016, Tacoma Public Schools graduation rate was 85%. The graduation rates of children living in poverty align with overall graduation rates having also dramatically improved.[50]

7. VOUCHER UTILIZATION

This section examines housed HOP households and how long it has taken those households to secure housing. Maps in this section visualize HOP lease up locations to examine patterns and potential disparate impacts. This section also examines the characteristics of the unhoused for disparate impacts.

7.1 Housed HOP Households

Tacoma's tight rental market makes it extremely difficult for low income households to secure housing. This section examines the amount of time it takes for households to secure housing once they have been issued a voucher. THA refers to this time as "shopping time."

7.1.1 Time to Lease

Shopping time was analyzed as the time between first voucher issuance and the household's date of admission to the program. This data does not take into account households who relocated while on the program. A file audit was also conducted examining the same data and it resulted in the same number of average shopping days.

For the past five years it has proved extremely difficult for HOP households to find housing. Over the past five years, the average shopping time for HOP households was 75 days or two and a half months. Between 2016 and 2017, the average number of shopping days increased by over 90% to 119 days or four months.

Trends in Real Estate® United States and Canada 2017. https://uli.org/wp-content/uploads/ULI-Documents/ET17.pdf
[50] Graduate Tacoma. "Cradle to Career: Student and Community Indicators 2017."https://graduatetacoma.org/data/.

Table 20. Average Number of Shopping Days

ISSUE YR	SHOP DAYS	YR/YR CHANGE
2013	60	
2014	55	-9%
2015	75	38%
2016	62	-18%
2017	119	93%
All HOP	**75**	

To determine if the fixed subsidy is making it more difficult for HOP households to find housing an analysis of traditional HCV household shopping times was conducted. In November of 2017, unhoused HOP households were shopping for 29 more days when compared to unhoused HCV participants. This does suggest that HOP households have more difficulty leasing up.

7.1.2 Relocations

A quarter (26%) of all HOP households have moved at least once. Fewer households in the 2017 and 2016 cohorts have relocated (9% and 3%). One third of 2015 and 2014 households (32% and 35%) and 40% of the 2013 cohort have moved at least once while on the program. A HOP landlord who rents to 2-5 HOP households indicated that they believed HOP participants relocate more often than households receiving other forms of rental assistance. 57% of 2012 HCV participants moved at least once which indicates that the experience of this landlord is not the norm. Even when adjusting for HCV 2012's additional year on the program, HCV 2012 households have moved more often when compared to the HOP 2013 cohort.

7.1.3 Where do HOP households live?

Through GIS mapping THA is able to identify where HOP households lease up. THA analyzed the maps in the following pages to answer the following questions:

- **Where do HOP households lease up?**

HOP households are leasing in areas throughout Tacoma and are leasing in similar areas when compared to HCV participants (refer to Maps 1 & 2). However, a greater percentage of HOP households are leasing up outside of Tacoma. As of October 2017, 39% of HOP participants lease up outside of the Tacoma city limits compared to 26% of HCV participants.

- **Are HOP households able to lease up in the same areas as households?**

  HOP and VCHR households are leasing up in similar locations within and outside of the city limits. The number of HOP households leasing up outside of city limits has increased since program inception. 40% of the 2013 HOP cohort leased up outside the city limits compared to 47% of the 2017 cohort (refer to Map 3). In 2013 there was moderate clustering of HOP vouchers around Pearl & 6th Ave. In 2017, that clustering declined dramatically and clusters developed much further south in areas of Lakewood and Parkland.

  Further analysis reveals that concentrations of HOP voucher holders are more likely to occur on the periphery of the city limits when compared to concentrations of VCHR households (refer to Map 2.1).

- **Are HOP households leasing up in the same areas today as they were in 2013?**

  In order to hypothesize whether the trend toward leasing up outside of the city limits is reflective of the fixed subsidy or the competitive rental market we analyzed the lease up patterns of 2012 VCHR participants and 2013 HOP participants. Map 4 visualizes 2012 VCHR participants who leased up in 2012 or 2013 and compares those locations to HOP households who leased up in 2013. Both groups leased up within a similar time period but differed by subsidy type. The 2012 VCHR households had subsidies that required the tenant to pay 30% of their income toward rent compared to the 2013 HOP cohort that was responsible for paying 50% of the payment standard.

  Map 4 highlights that 2012 VCHR households and 2013 HOP households were leasing up in very similar locations within and outside of the city limits. This suggests that the fixed subsidy did not limit HOP households' lease up options in 2013.

It is likely that the increasingly hot rental market is pushing voucher holders (regardless of subsidy) farther south and outside of the city limits in search of cheaper rents.

- **Are there any identifiable patterns of segregation for elderly/ disabled households?**

  Map 5 indicates that work-able and elderly/disabled households are able to secure housing throughout Tacoma. A larger percentage of elderly/disabled households live within the city limits (+7%).

- **Are there any identifiable patterns of segregation based on race?**

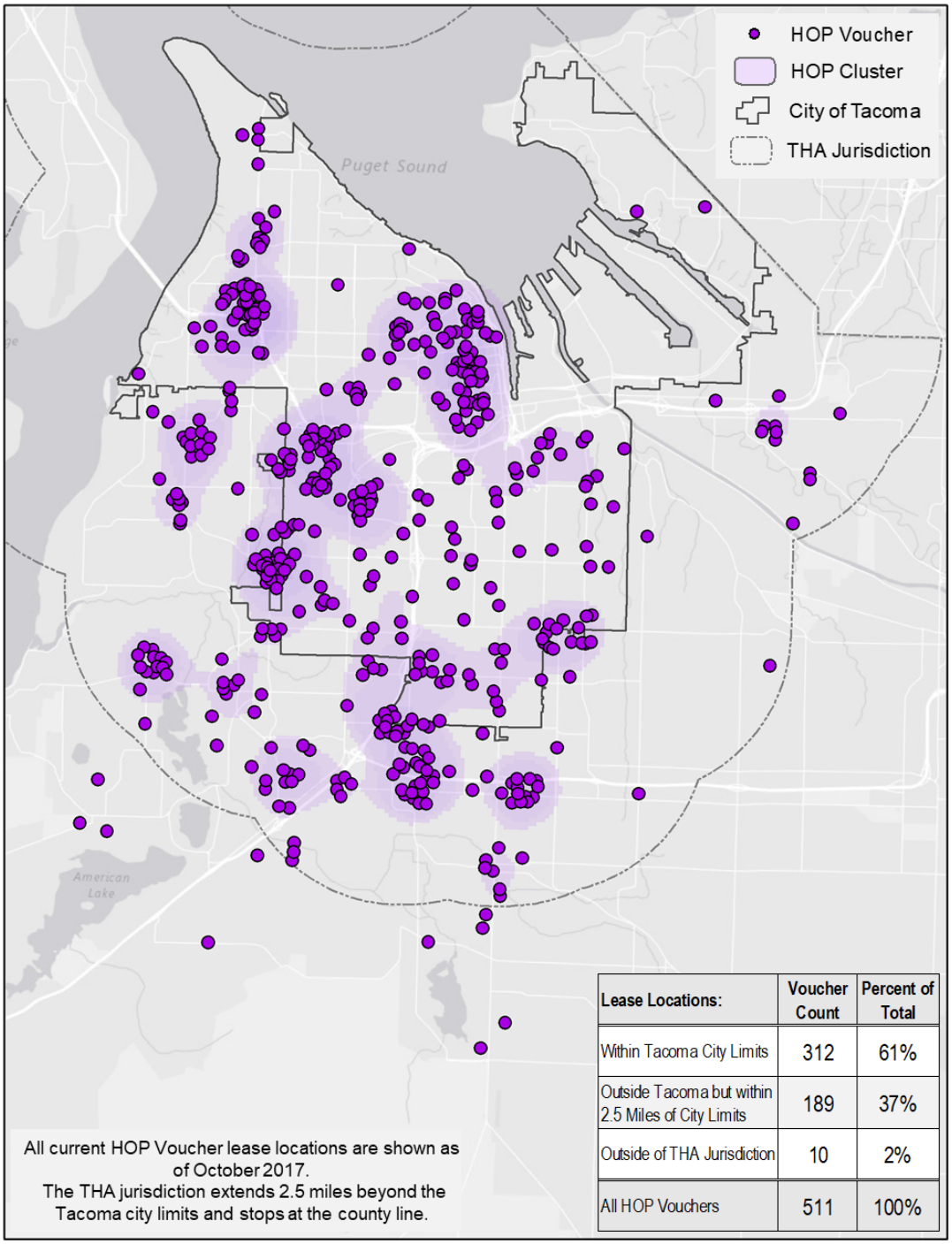
  Section four highlights the lack of race data available for HOP households. Map 6 and 6.1 visualize the available data but the proliferation of households with an unknown race makes it difficult to draw any solid conclusions. Based on households with a stated race, there are no clear signs of segregation and nearly identical percentages of households of color live inside and outside of the city limits when compared to white households. Examining Map 6.1, white households may be less likely to lease up in the South End, but there are a number of unknowns that could distort that assumption.

- **Are HOP households able to lease up in areas of high opportunity at the same rate as VCHR households?**

  Maps 7 and 7.1 are based on a methodology put forth by the Kirwan Institute to illustrate where opportunity rich communities exist and to identify who has access to these communities. When all cohorts are examined VCHR and HOP households lease up in locations with similar opportunity indicators. Approximately one quarter of HOP and VCHR participants lease up in areas of the highest or high opportunity and half lease up in areas of the lowest or low opportunity.

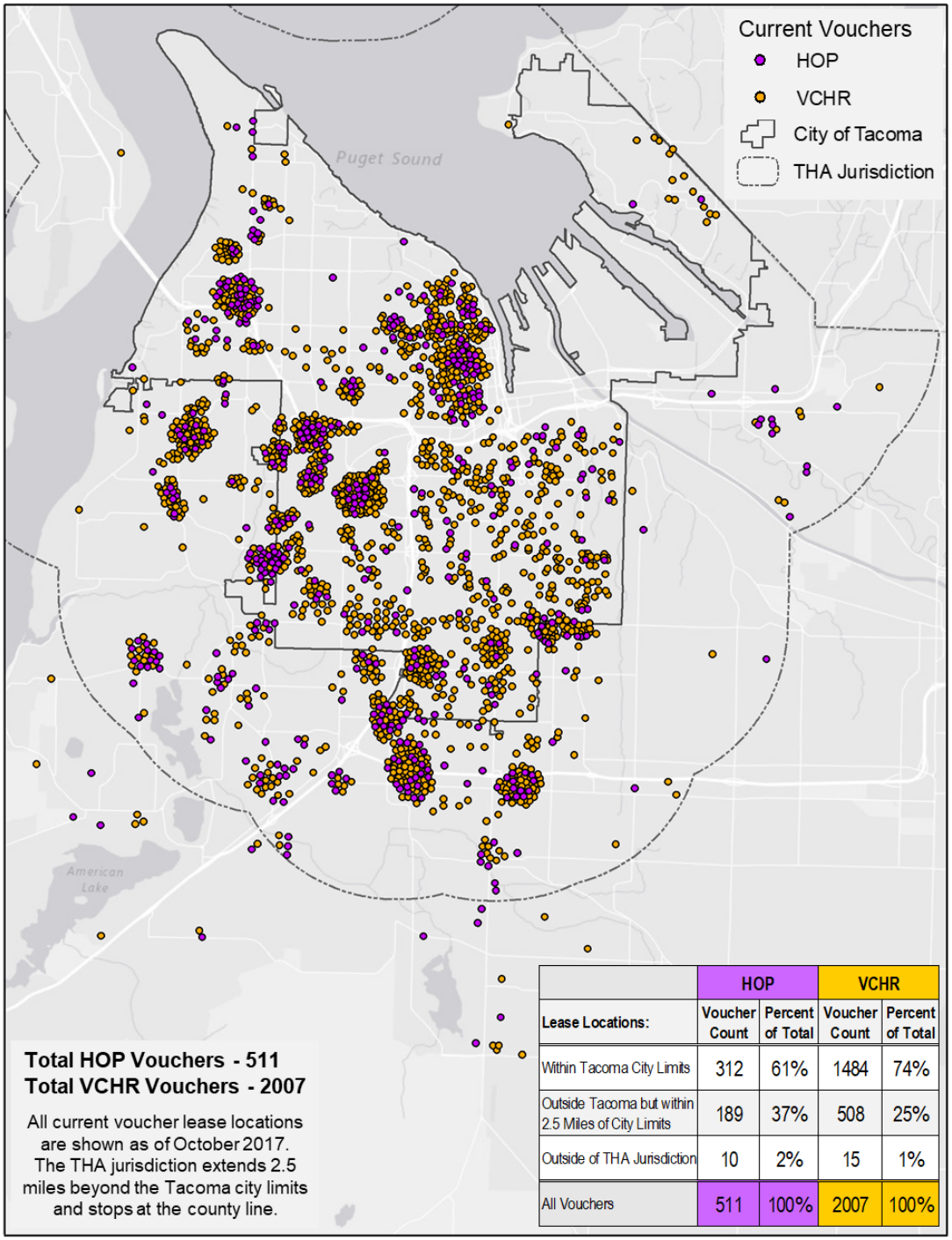
  The lowest opportunity areas including parts of Lakewood and Parkland are where HOP household lease-up rates are growing. In 2013, 31% of HOP households leased up in the lowest opportunity areas. In 2017 that percentage grew to 44%. Because HOP households were able to lease up in areas of opportunity comparable to VCHR participants in 2013, this shift toward lowest opportunity areas is likely a reflection of the housing market.

Map 1. HOP Households Lease-up Locations



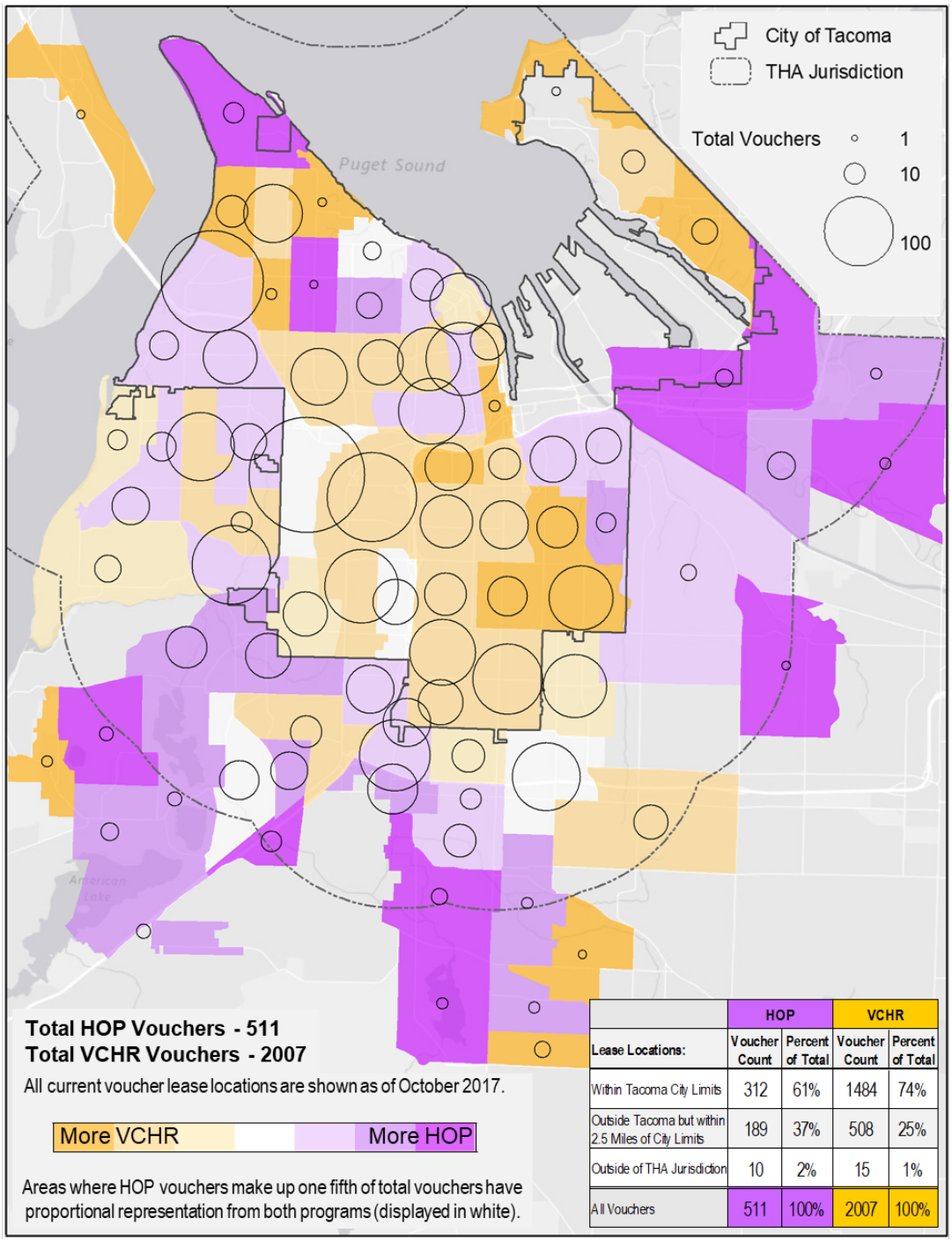
Lease Locations:	Voucher Count	Percent of Total
Within Tacoma City Limits	312	61%
Outside Tacoma but within 2.5 Miles of City Limits	189	37%
Outside of THA Jurisdiction	10	2%
All HOP Vouchers	511	100%

Map 2. HOP vs. VCHR Households Lease-up Locations



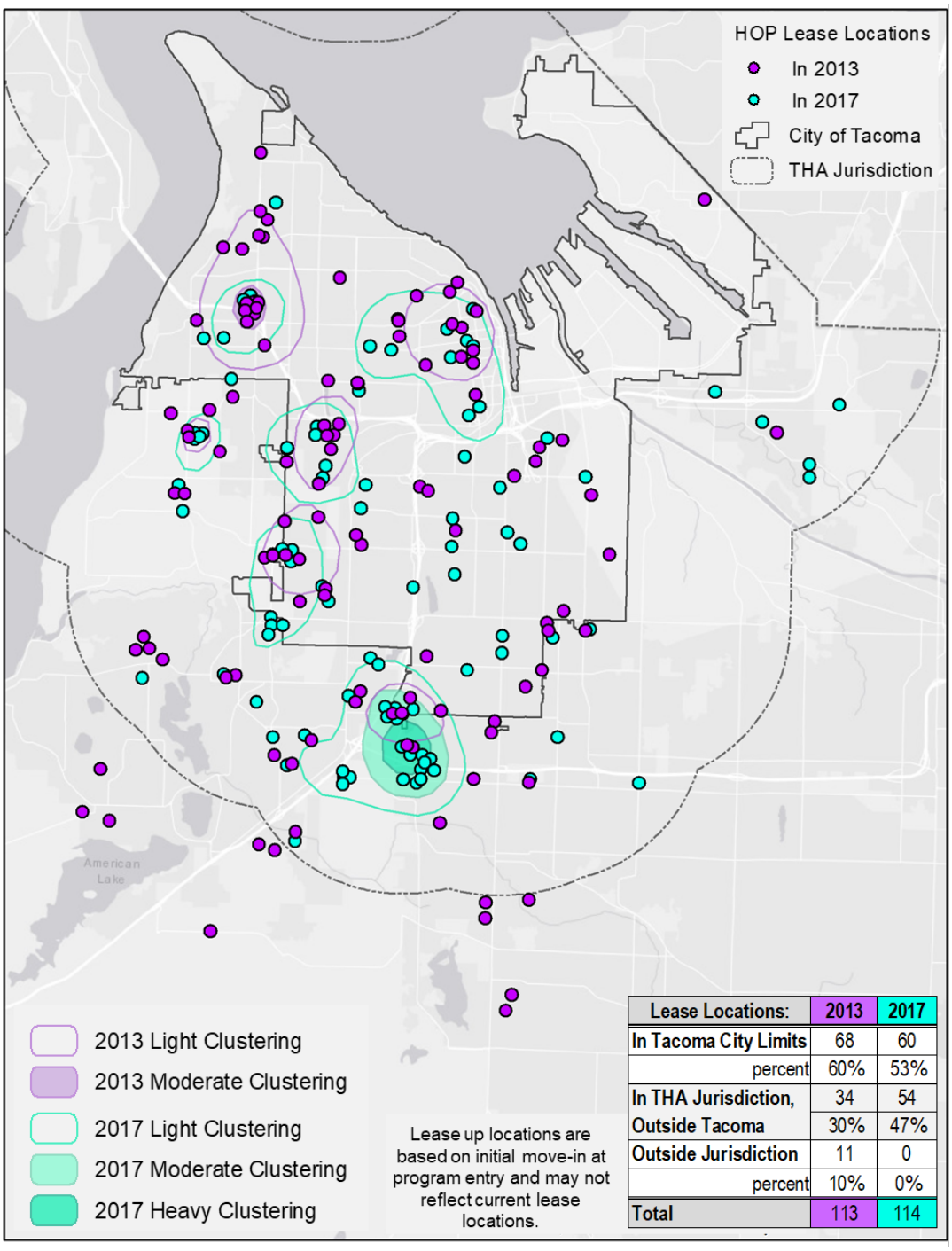
	HOP		VCHR	
Lease Locations:	Voucher Count	Percent of Total	Voucher Count	Percent of Total
Within Tacoma City Limits	312	61%	1484	74%
Outside Tacoma but within 2.5 Miles of City Limits	189	37%	508	25%
Outside of THA Jurisdiction	10	2%	15	1%
All Vouchers	511	100%	2007	100%

Map 2.1 HOP vs. VCHR Households Lease-up Locations



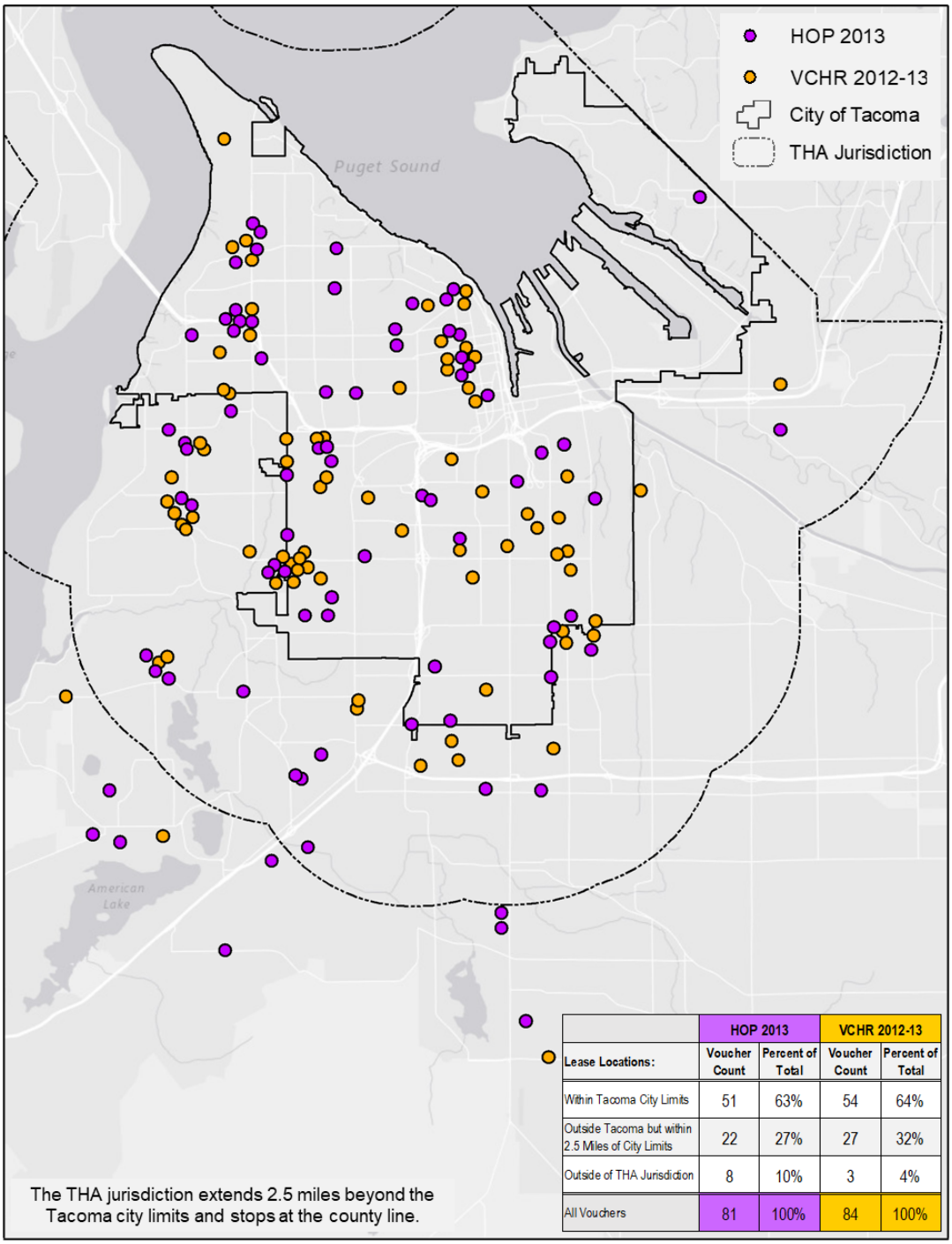
	HOP		VCHR	
Lease Locations:	Voucher Count	Percent of Total	Voucher Count	Percent of Total
Within Tacoma City Limits	312	61%	1484	74%
Outside Tacoma but within 2.5 Miles of City Limits	189	37%	508	25%
Outside of THA Jurisdiction	10	2%	15	1%
All Vouchers	511	100%	2007	100%

Map 3. HOP 2013 vs. HOP 2017



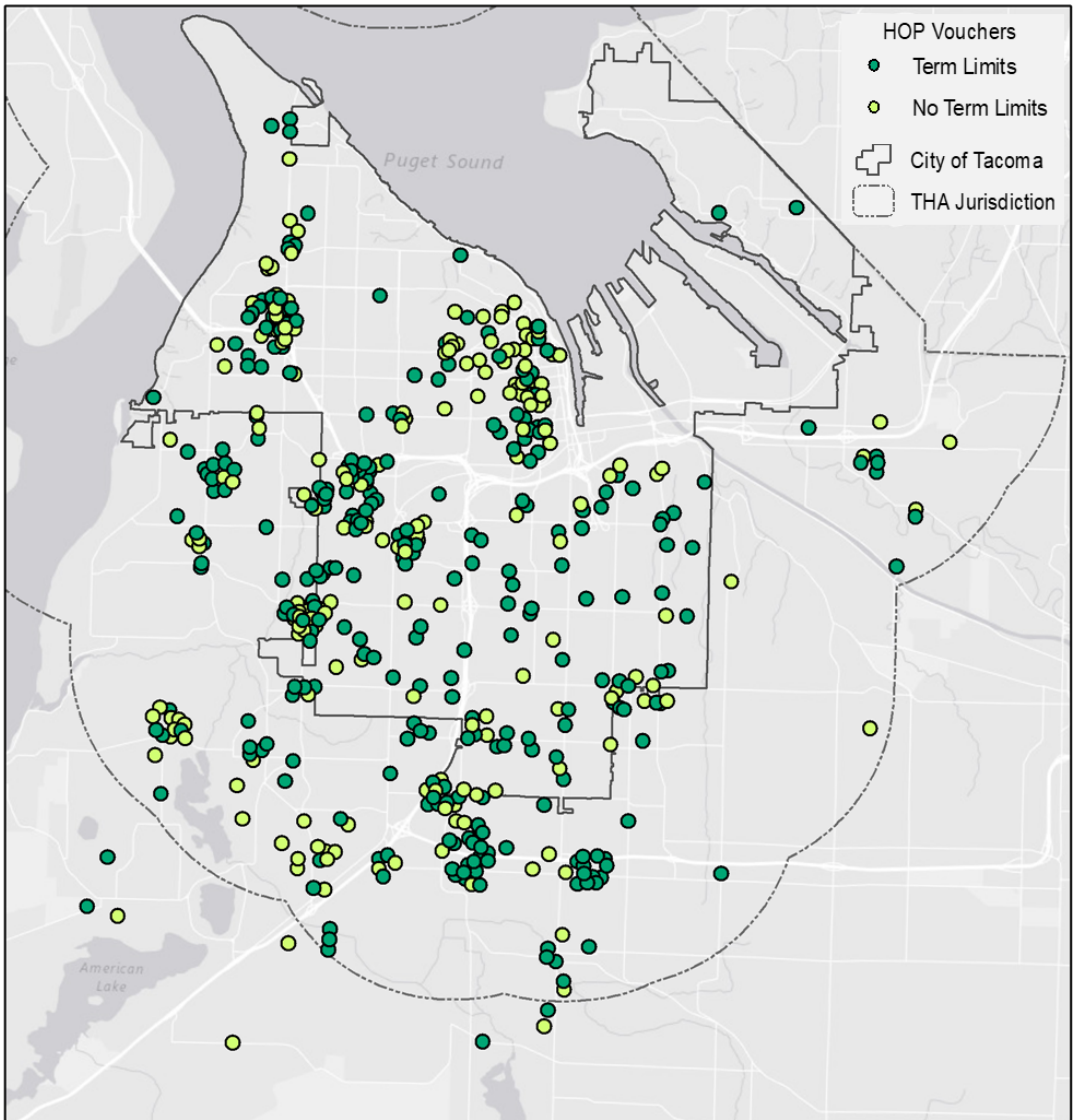
Lease Locations:	2013	2017
In Tacoma City Limits	68	60
percent	60%	53%
In THA Jurisdiction,	34	54
Outside Tacoma	30%	47%
Outside Jurisdiction	11	0
percent	10%	0%
Total	113	114

Map 4. HOP 2013 vs. VCHR 2012 Lease-up Locations



	HOP 2013		VCHR 2012-13	
Lease Locations:	Voucher Count	Percent of Total	Voucher Count	Percent of Total
Within Tacoma City Limits	51	63%	54	64%
Outside Tacoma but within 2.5 Miles of City Limits	22	27%	27	32%
Outside of THA Jurisdiction	8	10%	3	4%
All Vouchers	81	100%	84	100%

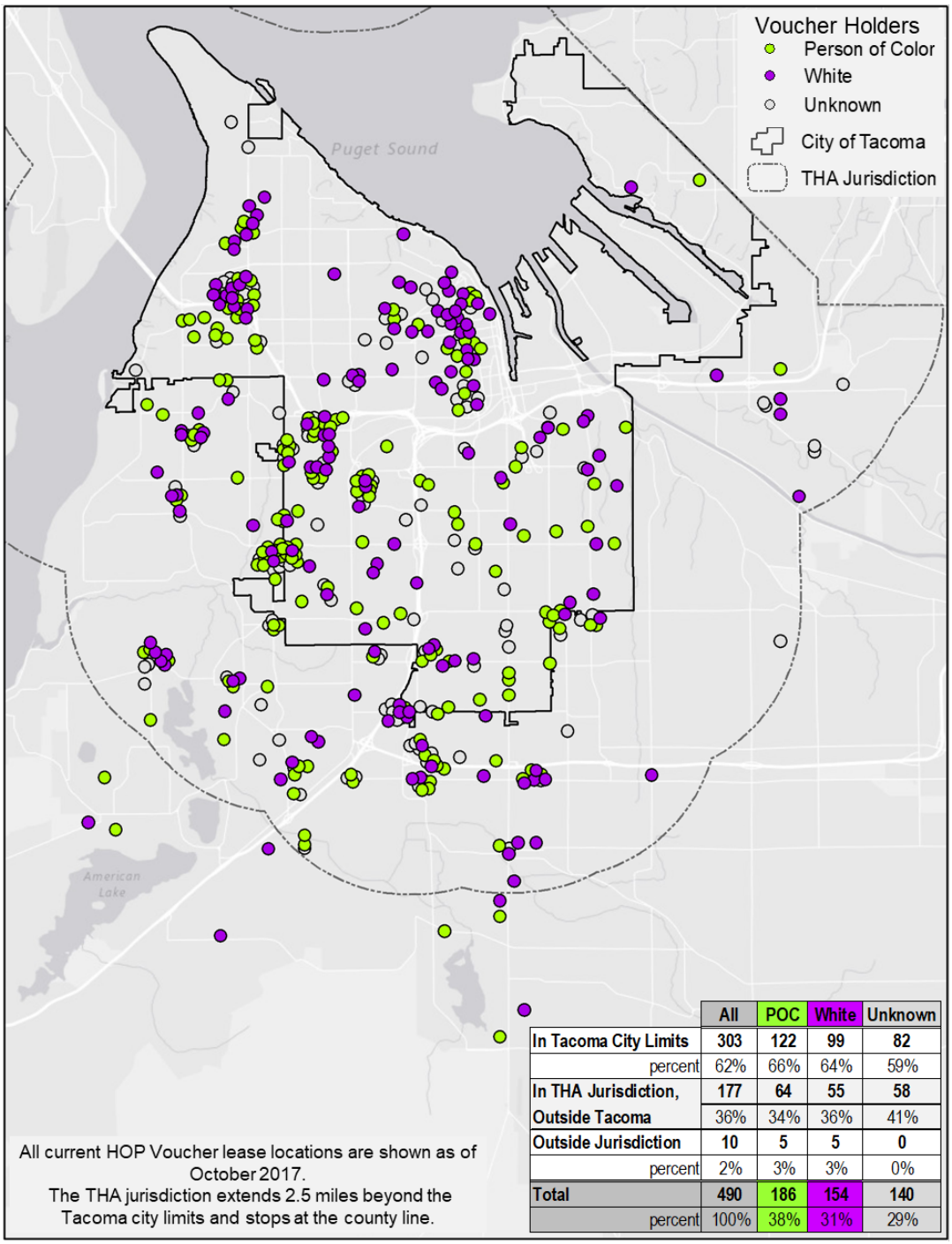
Map 5. HOP Elderly/Disabled vs. Work-able Lease-up Locations



	All HOP Vouchers		Term Limits		No Term Limits	
Lease Locations:	**Voucher Count**	**Percent of Total**	**Voucher Count**	**Percent of TL**	**Voucher Count**	**Percent of NTL**
Within Tacoma City Limits	312	61%	177	58%	135	65%
Outside Tacoma but within 2.5 Miles of City Limits	189	37%	121	40%	68	33%
Outside of THA Jurisdiction	10	2%	6	2%	4	2%
All HOP Vouchers	511	100%	304	59%	207	41%

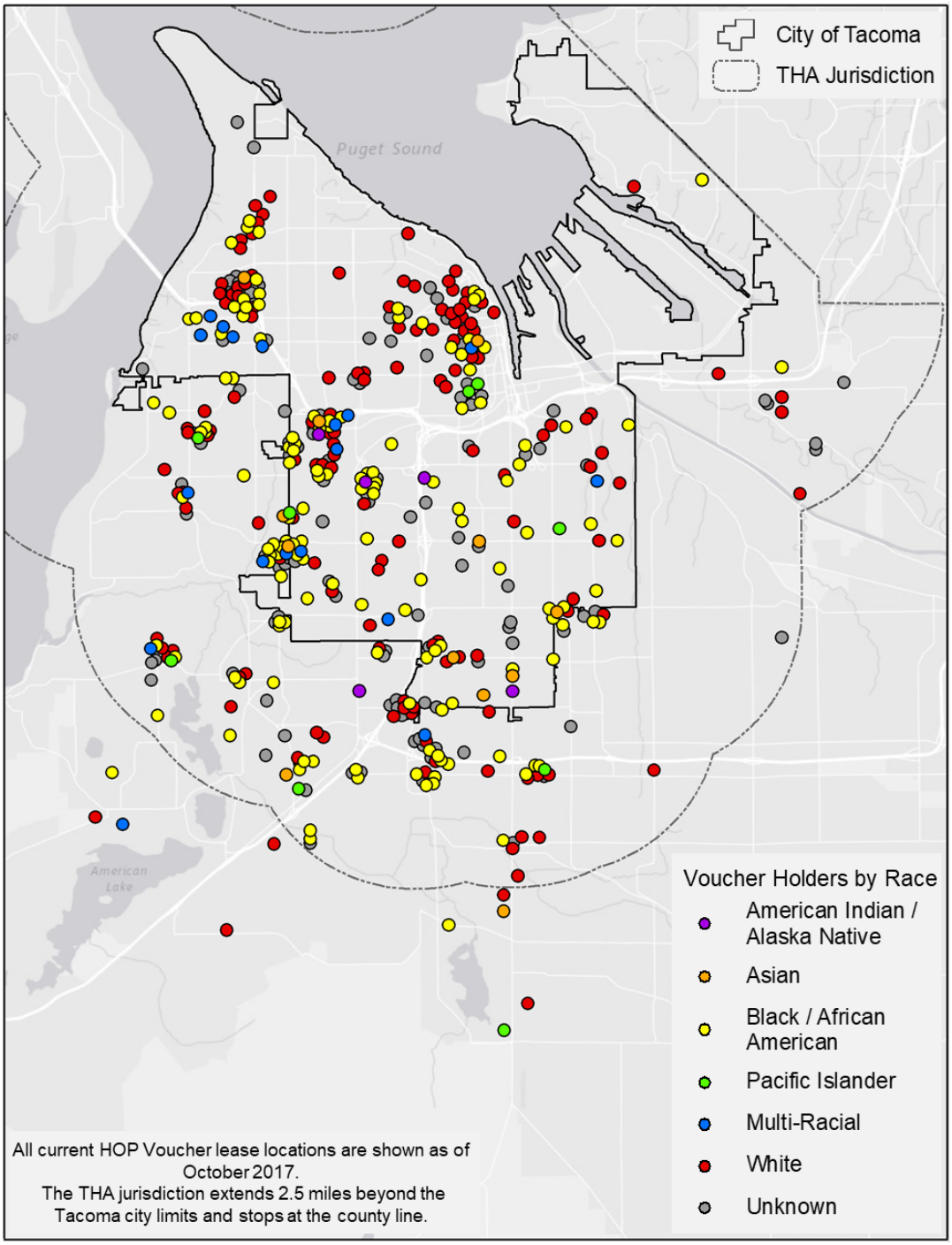
All current HOP Voucher lease locations are shown as of October 2017.
The THA jurisdiction extends 2.5 miles beyond the Tacoma city limits and stops at the county line.

Map 6. HOP Lease-up Locations By Race

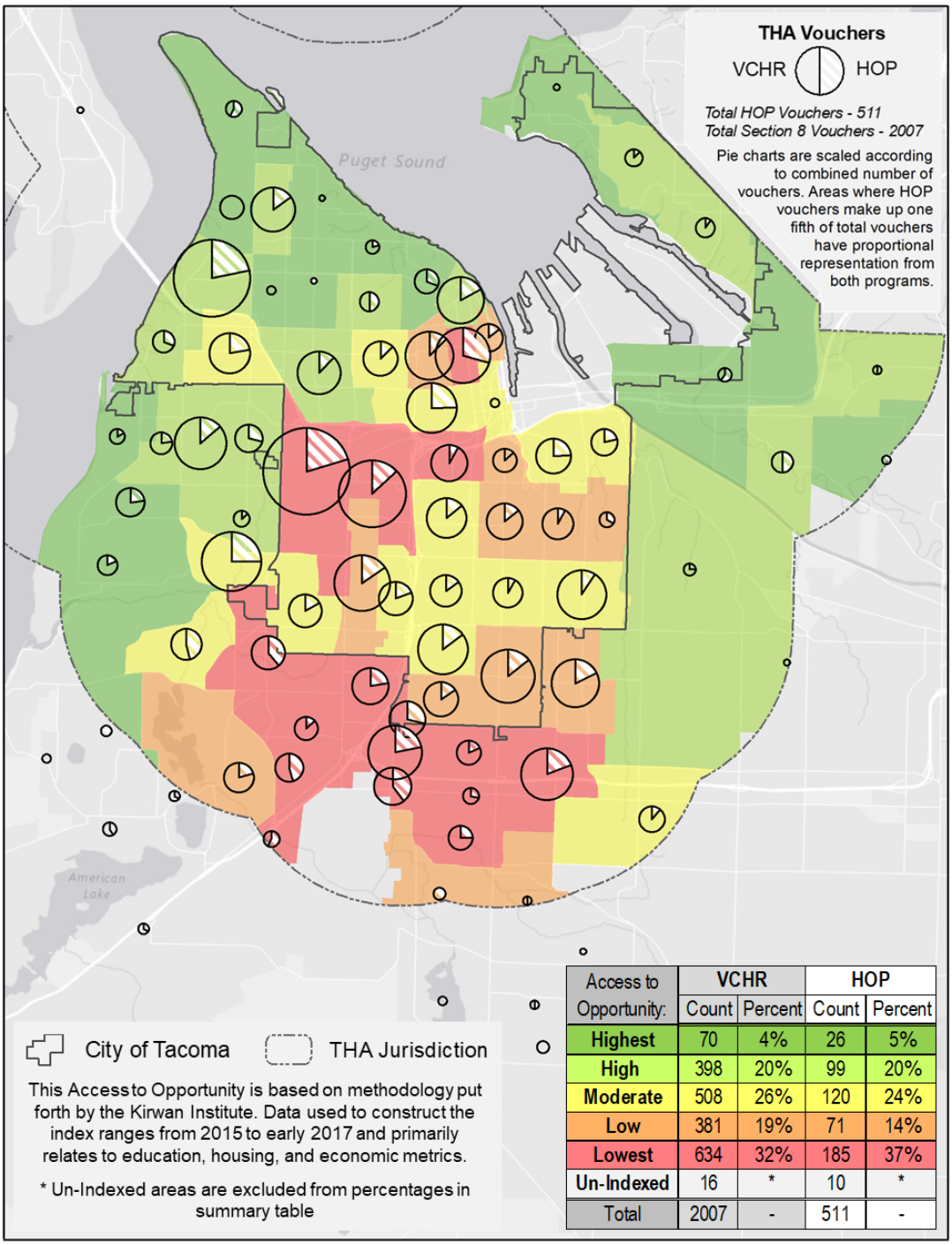


	All	POC	White	Unknown
In Tacoma City Limits	303	122	99	82
percent	62%	66%	64%	59%
In THA Jurisdiction, Outside Tacoma	177	64	55	58
	36%	34%	36%	41%
Outside Jurisdiction	10	5	5	0
percent	2%	3%	3%	0%
Total	490	186	154	140
percent	100%	38%	31%	29%

Map 6.1 HOP Lease-up Locations By Race

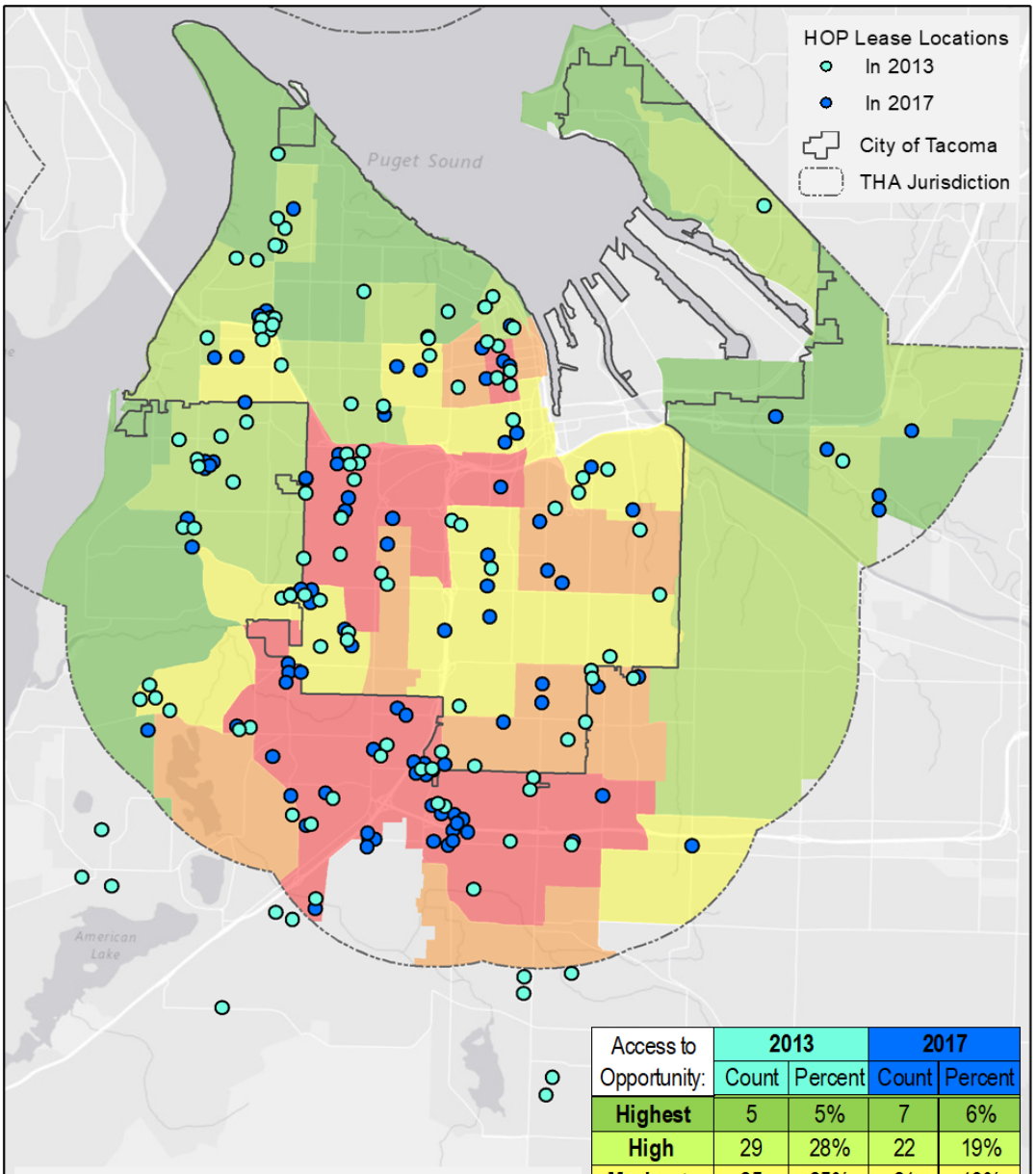


Map 7. Access to Opportunity Map: HOP vs. VCHR



Access to Opportunity:	VCHR		HOP	
	Count	Percent	Count	Percent
Highest	70	4%	26	5%
High	398	20%	99	20%
Moderate	508	26%	120	24%
Low	381	19%	71	14%
Lowest	634	32%	185	37%
Un-Indexed	16	*	10	*
Total	2007	-	511	-

Map 7.1: Access to Opportunity Map: HOP 2013 vs. HOP 2017



Access to Opportunity:	2013		2017	
	Count	Percent	Count	Percent
Highest	5	5%	7	6%
High	29	28%	22	19%
Moderate	25	25%	21	18%
Low	11	11%	14	12%
Lowest	32	31%	50	44%
Un-Indexed	11	*	0	*
Total	113	-	114	-

Lease up locations are based on initial move-in at program entry and do not necessarily reflect current lease locations. This Access to Opportunity is based on methodology put forth by the Kirwan Institute. Data used to construct the index ranges from 2015 to early 2017 and primarily relates to education, housing, and economic metrics.

* Un-Indexed areas are excluded from percentages in summary table

7.2 Unhoused HOP Households

The data above examines the characteristics and outcomes of successfully housed HOP households. It is important to examine the unhoused, or those who have been lucky enough to be granted a voucher but are unable to utilize it. Due to data limitations including instances when the same voucher number was reissued to new households it is difficult to obtain a clear picture of historical voucher utilization statistics. Therefore in the sections below, 2017 utilization data was examined.

As of November 2017, 67 never previously housed HOP households were issued a voucher in 2017[51]. 40% of these households are housed, 33% had their vouchers expire and 27% are still shopping. Of those shopping, the average number of shopping days is 122.

Table 21. HOP Vouchers Issued In 2017 To New Participants

	Households	%	Average Income	Race	Elderly/Disabled Households
Housed	27	40%	$ 17,594	N/A	37%
Voucher Expirations	22	33%	$ 300	N/A	36%
Shoppers	18	27%	$ 6,643	N/A	13%
Total	67				

7.2.1 Turnback Rate

In 2017, 33% of HOP households who receive vouchers, after waiting years for them, turn them back unused because they cannot find a landlord to rent to them.

7.2.2 Race: Unhoused Vs Leased Up

Race data was captured for only one household with an expired voucher. Therefore we are unable to identify any potential disparate impacts based on race.

7.2.3 Income: Unhoused Vs Leased Up

22 not previously admitted HOP households were granted a voucher in 2017 and had their voucher expire. 60% of these households received an extension and were shopping for at least 210 days. An analysis of these 22 households revealed that nearly 95% of them had zero income. It is unsurprising that the HOP is inaccessible to zero income households since the family's portion of the rent is 50% of the payment standard,

[51] As of November 2017, 92 HOP households joined the program in 2017. Only 33 of these households were issued a voucher in 2017.

although on those grounds even the lesser subsidy would have a comparatively greater value because of the greater need.

8. ADMINISTRATIVE BURDEN & PROGRAM OPERATIONS

Administrative operations for the HOP are considerably less burdensome when compared to the traditional voucher program (HCV). This reduced burden is felt by THA staff, clients and landlords. The primary source of the reduction of administrative burden is the fixed subsidy which simplifies the rent calculation and is easy to explain and understand. On the HOP, there is no uncertainty about what THA will pay. A lack of data makes it hard to quantify the staff time and cost savings to the agency.

8.1 Rental Assistance

The Rental Assistance department benefits from the majority of the cost savings. Although HOP households are required to recertify annually (vs. biennially & triennially for the HCV program) the fixed subsidy eliminates the need for a complicated rent calculation. There are no utility allowance calculations with the HOP. Staff, landlords and participants indicate that the HOP rent calculation is easy to explain and to understand.

8.2 Community Services

The Community Services team conducts outreach to work-able households to engage them with self-sufficiency activities. Community Services also currently manages the end of participation communications with HOP participants. Monthly letters are sent beginning 18 months prior to exit reminding households to meet with case workers to prepare for life after HOP. OpenDoor's ability to automate portions of the outreach process (letters, at-risk reporting) will reduce staff time in the future.

9. COMMUNITY CONSULTATION

THA conducted outreach with program participants, landlords and the Northwest Justice Project to inform our analysis of participant outcomes.

9.1 Participant Reflections

In July, THA revised the HOP hardship policy and reached out to 40 households for comment and participation in focus groups. 2 households attended. In October THA conducted outreach to over 200 households in their fourth and fifth year on the program (elderly/disabled and work-able households). These households were invited to attend a listening session to discuss the HOP. They were also provided a link to complete an online survey to share information about their experiences on the HOP. A total of 7 households attended listening sessions and 9 households completed the online survey.

This reflects a 5% participation rate in the listening sessions and in the completion of online surveys. In addition, THA interviewed three households on site who were participating in EOP (end of participation) preparation meetings. The feedback obtained from surveys, EOP interviews and listening sessions was categorized into five topics: housing search, housing affordability now, housing affordability in the future, progress toward self-sufficiency and client recommendations.

9.1.1 Housing Search

Securing housing using the HOP voucher is difficult, but it was easier for households who leased up in 2013 and have not moved. Households who indicated they had an easier time had the support of other community organizations or friends assisting them with their search. Those who searched for housing on their own found it to be extremely difficult. Barriers to housing include cost of housing, source of income discrimination, lack of transportation to look for housing and not enough resources or information about who accepts the HOP voucher. Households that moved did so because of living in a bad area, rent increases or issues with a landlord.

9.1.2 Housing Affordability Now

All households expressed that they were comfortable or "ok for now" paying their portion of their housings costs with rental assistance. One elderly/disabled household indicated that the rent has increased and that they are concerned about paying the difference because of the fixed subsidy.

9.1.3 Housing Affordability in the Future

Households without time limits feel "ok" about paying their portion of the rent in the future as long as rents do not increase. Households approaching the end of their time on the program express varying levels of distress about their future housing prospects. One household expressed that they are "not at all confident" in being able to pay the full contract rent. This household is aware of the full cost of the rent and notes that the rent has increased 40% in four years. Another household indicated that they will be unable to stay in their current unit, and another said "without rental assistance I would be out on the street." Two households indicated that they would be "ok" after rental assistance ends.

Households participating in the focus groups that are nearing the end of their rental assistance did not have a plan for life after subsidy. Surveyed households indicated they were saving (33%), planning to move (33%), participating in education and training (33%) and increasingly their hourly wage (17%) in order to prepare for life after subsidy. Only one household indicated that they would stay in place and assume the full contract rent, the majority did not know. It is

important to note that interviewed and surveyed households had more than 6 months of rental assistance remaining when this feedback was obtained.

9.1.4 Progress Toward Self-Sufficiency

Work-able households have been working while on the HOP (83% of survey respondents are employed full or part time). Barriers to work include transportation, finding a living wage job that suits one's skill level and childcare. During the focus groups, one household expressed that she is unable to increase her income too much or she risks losing her other benefits. One household was able to secure a better job. A few households made educational gains while on the program. One household finished a medical assistant program and another received an Associate's degree and began work toward a bachelor's. All households indicated that they made some type of financial management improvement while on the HOP. These improvements include improving credit, working on a debt management plan, paying on student loans, creating a monthly budget and taking money management classes.

Table 22. Participant Survey Responses:

Did participation in the HOP motivate your household to do any of the following things? Choose one or multiple.		
	%	**Household Count**
Set goals	50%	3
Participate in job training	33%	2
Attend classes	33%	2
Job search	17%	1
Create a budget	17%	1
Seek support from other community organizations	17%	1
Participate in THA's FSS (the Family Self Sufficiency) Program	0%	0
Seek support from other government agencies	0%	0
Create a debt management plan	0%	0

9.1.5 Participant Recommendations

This section contains responses to the question, "what would you CHANGE about the HOP?" Participant recommendations in bold were made by more than one household.

- Revert back to Section 8 – tenant paying 30% of income toward rent. "I want a good life, I want to be able to contribute to society and I feel like I cannot with how much I need to pay."
- Do a better job explaining how to use the voucher and what households will pay, the briefing is overwhelming.
- **Reconsider the time limit**. 5 years is too little, "I am just starting to gain momentum."
- Host events or family gathering for HOP participants to get to know one another.
- **Increase the payment standard to respond to the rise in rents.**
- When a child exits the household the reduction in the subsidy should not occur.
- Conduct yearly meetings to check in about how we are doing. "An inspector comes to my house every year, but no one asks me how I am doing."
- Develop a good way to advertise available listings or provide a housing locator service to help with lease up.
- Increase services for households 18 months prior to exit.
- Accept walk-ins for help.
- Provide tenant landlord help, not just referrals.
- If a household size increases the subsidy amount should increase.
- The time limit should be expanded to other programs
- Provide an extension of rental assistance for households in good standing
- Provide education about purchasing a home with a low income.
- Post what properties will accept HOP

9.2 Landlord Reflections

THA surveyed 294 HOP landlords and received an 11% response rate. The survey respondents were a good sample of owners (63%) and property managers (37%). The respondents included a broad range of landlords who house between one (41%) and five or more (16%) THA assisted households.

Table 23. Landlord Survey Responses – Number of THA Assisted Tenants Housed

How many THA-assisted Households Do You Rent To (Households on any THA Program)?	
1	41%
2 to 3	31%
4 to 5	13%
5+	16%

Interestingly, only 57% of respondents were aware of how many HOP participants they housed. Only 47% of respondents were aware of their tenants' time limited status, 16% were unfamiliar with the time-limit and 38% did not know if any of their tenants had a time limit.

Over 75% of respondents indicated that they agreed or strongly agreed with the statement, "it is easy to understand what THA's portion of the rent is." Landlords or property owners were largely neutral when asked if they would be more likely to rent to a HOP household if THA increased the amount of subsidy it pays. 38% of respondents agreed or strongly agreed while 53% were neutral and 9% strongly disagreed.

Responses to whether a landlord would rent to a HOP household with fewer than two years remaining on the program were mixed but leaned positive. 41% of respondents would rent to the household, 31% would not and 28% did not know. However, as indicated above only 47% of these respondents were aware of the time limited status of their tenants.

Respondents reported varying lengths for tenant tenures, but 55% indicated that the typical length of tenancy is less than 5 years.

Table 24. Landlord Survey Responses – Typical Tenancy Length

Typical length of tenancy of your tenants (subsidized and unsubsidized)?	
1 year	3%
2 to 3 years	28%
4 to 5 years	16%
5+ years	34%
Unknown	19%

9.2.1 Landlord / Property Manager Recommendations

This section contains responses to the questions, "if you rent to households using other forms of rental assistance (THA or other agencies) how does the

HOP compare and "is there anything that you would change about THA's HOP?"

65% of respondents did not answer the question asking them to compare HOP to other rental assistance programs. Of those who answered, 50% indicated that HOP is comparable or the same to other rental assistance programs. Other responses included:

- HOP pays less than other rental assistance programs.
- HOP is more straightforward to understand than the other programs, but I have not yet experienced a tenant aging out of the HOP subsidy, which I think will be the most important determinant of my opinion on how well it works. I worry that increasing the amount of assistance would make it more likely to cause families hardship when the 5 years run out.
- Only difference we notice is that those with HOP move around more frequently therefore we are less likely to rent if they are nearing the end of their contract.
- I really like the thought of the HOP for numerous reasons. In the years I have been involved with our rentals, I have only seen one person (through their own fruition) get off government housing, and they still rent from us 20+ years later. It seems to be a program that is set to promote people to better their position in life rather than balancing advancement in a career with how much assistance they are getting. With many people on the waiting list in need of housing, any program (should be able to) help more families in the long run as others cycle off of assistant is great in my book.

75% of respondents did not answer the question asking them what they would CHANGE about the HOP. Other responses included:

- Stay rigid with standards and timelines for those in the program.
- Help in making the tenants respect the property that they rent. I am considering no longer accepting your program.
- Tenant should lose assistance program for non-payment of damage cost at the time of move-out.
- Section 8 tenants are judgement proof. We can't collect money owed for damages and evictions. Therefore we cannot rent to future section 8 clients.
- I would change nothing. I think it a wonderful program for seniors since there is no time limit for participation. It is also a good program for participants not yet seniors as it gives them a time limit to get on their feet and improve their financial condition.

- When they come for an inspection they should follow through. It is not ok to take a day off of work to because that is the day we were told (we have no say in it) and then they do not come during the scheduled time and say the last one took longer than they thought.
- The Email that comes out about the monthly payment should have the address with rental number.
- Increase time notifications on the tenant portion of rent change

9.3 Northwest Justice Project

THA met with the Northwest Justice Project (NJP) in July of 2017 to discuss proposed changes to the hardship policy. This meeting resulted in feedback on the hardship policy as well comments on the program design of the HOP. THA will consult with NJP in early 2018 to obtain input on the possible program changes put forth in this analysis.

9.3.1 HOP Hardship Policy

NJP supported the interim hardship policy change but suggested that THA should simplify the process and eligibility criteria to qualify for a hardship extension. NJP suggests that households with an established shelter burden could request either the short-term 90-day extension, or the longer term hardship extension with a qualifying self-sufficiency activity, depending on their individual circumstances; or allow all HOP households to request an extension of up to one year based on hardship plus either a qualifying self-sufficiency activity or an unforeseen loss of income. If a household who has been working and increasing their income, or has been engaged in qualifying self-sufficiency activity over time, but still experiences an unforeseen loss of income near the end of their five-year limit, they could receive the additional time needed (be it 30 days, 90-days or up to a year). Under this approach, NJP also recommends ensuring that "qualifying self-sufficiency activity" includes efforts made by working families to increase their income to levels that would remove them from the "shelter-burdened" category.

A simplified HOP hardship extension policy would be easier to administer and less prone to the possibility of unequal application, yet still achieve THA's announced goals of offering limited additional assistance to at-risk households, and engaging households for whom slightly longer term additional assistance would be beneficial, while still enforcing the five- year limit on work-able households who either do not request an extension, or cannot demonstrate that the termination of HOP housing assistance will cause a shelter burden.

9.3.2 The HOP's Definition of Work-able Households

NJP recommends that THA review and consider revising its policy governing which HOP recipients are determined "work-able," and therefore subject to the five year time limit. NJP suspects that there are many HOP households who do not meet THA's very narrow definition, yet are nevertheless not realistically "work-able." NJP strongly encourages THA to consider revising its current definition of "work-able."

There are likely, for example, HOP households that include at least one adult who receives TANF assistance who has been determined by the state WorkFirst program to be unable to work or engage in work activities, and is therefore exempt from the five year lifetime limit for TANF. See WAC 388-484-0006(2)(a), WAC 388-301-0350.[52] THA's HOP policy should recognize that TANF recipients whom DSHS has determined are exempt from WorkFirst participation for any of the reasons listed in WAC 388-484-0006(2)(a), are not "work-able" for purposes of the HOP.

The approved exemptions are further defined in the WAC and include: an adult (55+) caretaker relative providing kinship care for a child, an adult with a documentable severe and chronic disability, an adult required in the home to care for a child with special needs and an adult required to be in the home to care for another adult with disabilities.

9.4 Voices of the Unserved

The voices of the unserved households are harder to consult. The ones who cannot even get on our waiting list are harder to find. Indeed, they are generally absent from these sorts of discussions. Ignoring them makes some of these policy questions easier. For example, if we consulted only the people presently on the program or focused only on their interests, we would more easily eliminate the time limits of the fixed subsidy. Yet doing so would mean we would serve fewer families or others would wait longer for their turn. For this reason, THA will regard itself and others as a proxy voice for those unserved families who are just as needy but harder to hear.

10. PEER CONSULTATION

This section explores the outcomes of other Housing Authorities who have implemented five year time-limited programs similar to the HOP. These include the Housing Authority of the County of San Bernardino's fixed subsidy program, Alaska Housing Finance Corporation's stepped subsidy program and the Housing Authority of

[52] "WorkFirst—Other exemptions from mandatory participation." *Washington State Legislature*, app.leg.wa.gov/wac/default.aspx?cite=388-310-0350.

the County of San Mateo's mandatory FSS program. This section also explores research on mandates, examining Charlotte Housing Authority's work requirements and mandatory case management.

10.1 The Housing Authority of the County of San Bernardino (HACSB)[53]

Established in 2012, HACSB operates a five year program for work-able households with a fixed subsidy based on 50% of the payment standard.[54] San Bernardino is the only Housing Authority with a recently implemented five year time limit that has started to exit households off the program. A successful household is one that exits the program with an income that is greater than 50% of AMI. HACSB requires all families to complete an annual assessment with a caseworker to examine income progression, employment status, and educational attainment and review progress toward achieving stated goals. 18 months prior to exit, HACSB flags "at-risk" households and mandates their participation in monthly check-ins with caseworkers to develop a plan to become self-sufficient by the end of their time limit.

When compared to a local voucher program without time limits and additional supports, HACSB households showed a 26.7% wage increase from year 1 to 4 in comparison to a 19.7% increase.[55] HOP household are experiencing greater wage and income gains when compared to San Bernardino. However, 39% of HACSB participants exited between year 1-4. Of the 61% of families that remain in the program for a fifth year 17% are >50% AMI and are "ready to exit," 51% are 30-50% AMI and are "close to exit" and 32% are "not ready to exit."

HACSB's hardship policy for time limited program participants is as follows:

- Unforeseen loss of income: Households experiencing a significant unforeseen loss of income such as loss of employment, within the last six months of participation. This one-time exception will provide six additional months of assistance.

- Completion of Activity Related to Self-Sufficiency: This exception will apply to families who need additional time to complete a self-sufficiency goal. The family must be actively working toward meeting the goal at the time the exception is requested (enrolled in the activity at least 6 months prior to time expiration), and the

[53] The Housing Authority of the County of San Bernardino. *Term-Limited Lease Assistance Program Face Sheet. 2017, Term-Limited Lease Assistance Program Fact Sheet.* http://ww2.hacsb.com/files/pdf/news-reports/fact-sheets/term-limited-program-2017-web-2.pdf.
[54] HACSB abandoned fixed subsidies in Summer of 2017 and reverted income based rental assistance.
[55] The Housing Authority of the County of San Bernardino. *Term-Limited Lease Assistance Program Face Sheet. 2017, Term-Limited Lease Assistance Program Fact Sheet.* http://ww2.hacsb.com/files/pdf/news-reports/fact-sheets/term-limited-program-2017-web-2.pdf.

goal must be achievable within the time of the extension. This one-time exception will provide up to two years of additional assistance.

The first wave of time limited participants began to exit the program in April of 2017. As of October, 24% of eligible work-able households requested a hardship and 75% were approved. Approximately 18% of households are receiving an extension to their time of assistance.

After five years, San Bernardino considers the program a success but has recently abandoned its fixed subsidy and is reverting new admissions to an income based subsidy. There were two reasons behind the change, "the main reason was that the fixed subsidy was precluding extremely low income and some very low income families from initially leasing, because even with HACSB paying 50% of our payment standard as subsidy, the family's income was too low to afford the remaining rent. We initially attempted to address this via a hardship option for ELI families that would set their initial tenant rent portion at 30% of their gross income for up to two years, followed by a conversion to the fixed subsidy for the remainder of their term. We ultimately requested authority to change the rent subsidy for all families to the income-based formula and did not implement the hardship option for the second reason – administrative burden. It didn't make sense to add another layer of complexity for families to understand and HACSB to administer. We already have another rent reform activity that utilizes the 30% of gross income methodology, and it made sense for us to expand that rather than create something different."[56]

10.2 Alaska Housing Finance Corporation (AHFC)

Established in 2014, AHFC operates "Step," a five year stepped subsidy program for work-able households. In year one, household TTP is income based and then gradually increases from 40-70% percent by year five. A successful household is one that exits the program with <50% shelter burden. AHFC uses annual certifications as a mechanism to flag fledgling households. Households will begin exiting the program in 2019.

AHFC's first wave of Step participants have experienced a 58% increase in earned income when compared to the baseline year. These households have experienced a decrease in shelter burden and a 13% increase in working households. As of November 2017, 75% of households in their final year of assistance will have a market shelter burden greater than 50%. HOP participants are experiencing wage increases similar to AHFC's first cohort (45%) and a

[56] The Housing Authority of the County of San Bernardino. Nov. 2017. Email Communication.

similar increase in the percentage of households working (15%), but market shelter burdens for HOP households are slightly lower. AHFC households in their final year pay 70% of their income toward their rent compared to HOP households who pay 50% of the payment standard. Additionally, 50% of Step participants are enrolled in AHFC's version of FSS.

If households meet rigorous requirements, AHFC's current hardship policy affords households an additional term of rental assistance (60 days to 6 months).

- The family must have an extraordinary change in life circumstances that significantly impacts the family's income; AND
- the hardship must be of long-term or permanent duration (at least 90 days); AND
- the hardship event must cause the family to experience a shelter burden in excess of 50 percent of gross or adjusted monthly income; AND
- As of November 2016 - in order to receive assistance in excess of 60 days (up to 6 months), households must be enrolled in FSS (Jumpstart).

AHFC has utilized the hardship policy above for current program participants "stepping up" (i.e. from 30% to 40% tenant portion) but has <u>not used</u> this policy for participants who are exiting the program. In the second year of the Step program, AHFC experienced an increase of over 150% in hardship applications. AHFC anticipates revising the hardship policy for exiting households by October 2018. The current hardship policy was designed to give immediate relief for households experiencing an extraordinary change in life circumstance. To receive a longer period of relief the household must be engaged in self-sufficiency activities.

AHFC built the tiered hardship structure around the most common reasons families were historically applying for hardship assistance (unexpected income loss, medical circumstances that prevent work or decrease income from wages, and loss of family members with income). For families experiencing an unexpected income loss, AHFC saw that many simply needed a couple of months of relief to get back on their feet, but others had significant barriers to overcome to replace the lost income or just did not appear to be making an effort. Though it is always offered, AHFC did not want to force participation in Jumpstart (FSS) for those who were able to meet their own needs during the initial hardship period (90 days). AHFC wanted to focus their efforts for those families with barriers to replacing the income.[57]

[57] Alaska Housing Finance Corporation. July. 2017. Email Communication with Amy Hiley.

AHFC's first cohort is entering their final year on the program. AHFC calculates market shelter burden based on the payment standard plus utilities and has determined that 75% of households will be shelter burdened over 50% upon exit. AHFC has not developed any program changes but is considering a two year extension to their time-limited program. After the two years, AHFC may consider continuing to "Step" the households up to paying a greater percentage of the rent until they are unsubsidized.[58]

10.3 The Housing Authority of the County of San Mateo (HACSM)

In 2010, HACSM expanded and restructured its time limited program to a five year tiered subsidy program for all newly admitted households. Elderly/disabled households are subject to the time limit but may apply for a hardship each year to extend their rental assistance every year. All households are required to participate in FSS and elderly/disabled households are removed from the FSS contract after five years. Households are required to meet with a case worker at least once a year. HACSM targets at-risk households (unemployed, receiving welfare etc.) to meet with case workers once per quarter. Households that do not comply with mandates are reminded of their meeting obligations at 60 days, 6 months and 9 months. At 12 months of non-compliance the rental assistance is terminated. HACSM has not had to terminate assistance due to non-compliance.

Since 2013, HACSM has operated a hardship policy that essentially extends the five year time limit to seven years for work-able households. The hardship policy allows work-able households to extend their rental assistance for a maximum time period of two additional years. The hardship policy has specific criteria:

- Households enrolled in an educational or vocational activity certified by a case manager may apply for a one year hardship extension after five years. Households may only receive a one year extension and can only apply once.
- All households may apply for a "tight rental market hardship" if the following criteria are met: the San Mateo County vacancy rate is under 4%; the HACSM voucher utilization rate is under 95%; the household income is below 80% AMI; and the household agrees to participate in self-sufficiency activities. Households may receive a one year extension and can apply twice.
- Elderly/disabled households may apply for a one year hardship extension each year following five years of assistance with no limit on their extensions as long as they continue to meet program requirements.

[58] Alaska Housing Finance Corporation. November. 2017. Email Communication with Mandi Manning.

- Sole caretakers of a disabled child may apply for a one year hardship extension each year following five years of assistance with no limit on their extensions as long as they continue to meet program requirements.

In 2015/16, 35 households exited the program due to self-sufficiency. In 2016/17 45 households exited. Due to data limitations HACSM does not track self-sufficiency outcomes based on cohorts of entry year so it is hard to qualify the annual program exits since households joined the program at different times.

10.4 Charlotte Housing Authority (CHA)[59]

Charlotte Housing Authority (CHA) is one a several housing authorities that implemented work requirements as an MTW activity. "Many PHAs couple work requirements with supportive services like job training, education assistance, and childcare and transportation subsidies to help residents obtain and maintain employment." [60] CHA's requirements mandate that heads of households at five sites are required to work at least 15 hours per week or face sanctions. For a portion of these households, CHA provides on-site case managers to assist households with meeting this requirement. Work related activities including job training, educational courses etc. can also fulfil the requirement. CHA was able to analyze and compare the outcomes of three populations: case management with no work requirements, case management and work requirements and a control group requiring neither. Results were mixed, case management alone did not result in increases in work, but case management with work requirements resulted in employment gains. Work requirements did not increase average incomes or the average number of hours worked. Employment gains were likely due to an increase in part-time work. Overall, CHA has found that work requirements have resulted in part-time employment gains but have not resulted in the kind of financial improvement that would lead households to exit the program.

Work requirements imposed under Temporary Assistance to Needy Families (TANF) showed that sanctioned families often had significant barriers to employment such as more children, less work experience and health issues. These households also experienced lower earnings and more hardship after leaving the program.

[59] Rohe, William H, et al. Work Requirements in Public Housing: Impacts on Tenant Employment and Evictions. University of North Carolina at Chapel Hil. Center for Urban and Regional Studies. September 2015. http://curs.unc.edu/files/2015/09/Work-Requirements-in-Public-Housing.pdf.

60 Rohe, William H, et al. Work Requirements in Public Housing: Impacts on Tenant Employment and Evictions. University of North Carolina at Chapel Hil. Center for Urban and Regional Studies. September 2015. http://curs.unc.edu/files/2015/09/Work-Requirements-in-Public-Housing.pdf.

11. STAFF CONSULTATION

This analysis solicited feedback from THA staff, particularly Rental Assistance and Community Services staff members who have the most experience interfacing with HOP households at various points during their time on the program. Five years ago these team members were supportive of adopting a time limited program with the goal of providing assistance to more households. After reviewing outcomes from the initial cohort, staff has conflicting opinions about what they consider to be the successes and failures of the HOP.

11.1 The Fixed Subsidy

Some staff questions the metric of shelter burden as a measure of success. "The fixed subsidy wasn't designed to alleviate a higher shelter burden so why are we using that as a metric of success?" It was noted that oftentimes people living in units over the payment standards are those that complain about housing costs. Many staff members lament that the fixed subsidy is not enough. This opinion was echoed and repeated particularly for elderly/disabled households. Staff is concerned about the rent increases for elderly/disabled households. One staff member suggests that subsidies should increase as families grow (by birth). One staff member wants to know more about the demographics of HOP households who are unable to lease up. Several staff recommends removing the fixed subsidy for elderly/disabled households.

11.2 The Time Limits

All staff recognizes and appreciates that the time limit was put into effect to give more households a turn. Staff is concerned about households who are not prepared to exit. Staff also highlights the "benefits cliff" and THA not doing enough to prepare households for self-sufficiency. Others strongly believe that THA is doing a lot to outreach to families, but that households do not engage. The five year time limit is perceived as arbitrary by many. Some staff questioned what outcomes we would expect after five years of assistance. "Most will fail and likely lean on other service providers in the community." One staff member recommends simplifying and renaming the hardship policy because it is too hard to explain and understand.

11.3 Case Management

Staff acknowledges that Community Services regularly reaches out to households but that most do not engage. Many staff indicates that the time between briefing and lease up is too long and households lose the enthusiasm for engaging with services and FSS. Staff agrees that mandates are controversial, but many think THA should experiment with some type of mandate to do better at improving self-sufficiency outcomes. Staff spent some time discussing the merits of an opt-out case management

approach. Many were in favor but some were concerned about the administrative burden that would fall on the community services team.

12. POSSIBLE PROGRAM CHANGES

THA is considering a number of program changes. THA would not and could not make all of these changes. THA will use a public comment and consultation period to solicit comment about which changes it should make to the HOP program to make it more successful while still meeting the goals of the program. This list of possible program changes are just ideas and possibilities, meant to spur conversations about what changes THA should make.

12.1 Permit HOP Households With A Market Shelter Burden >50% To Apply For A One Year Extension (up to 3 times)

The time limit allows THA to serve more unique households and encourages households to make strides toward self-sufficiency. The majority of HOP households in the final year of the program are not yet ready to exit. THA must consider whether to serve more unique households at the cost of exiting households who are not yet prepared to rent on their own in the private rental market.

THA should consider permitting those who will be extremely shelter burdened[61] without rental assistance to apply for a one year extension of rental assistance. Households should be permitted to reapply for a one year extension up to three (3) times. The maximum number of years of rental assistance provided on the HOP will be eight (8) years under this possible program change.

In order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families partner at least twice per year in their fourth and fifth year on the program. When granted an extension, households will be required to continue these meetings or they may not apply for an additional extension. In considering these possible program changes THA should carefully deliberate the following:

12.1.1 Not Ready to Exit

When THA developed the HOP in 2013 it identified two main purposes for the time limit: (i) it gives a turn at rental assistance faster to people on its waiting list and (ii) it gives work-able households a greater reason to increase earned income to be ready for the private rental market in five years. In 2013, THA recognized that the 5 year time limit might not be enough time for a household to earn enough income to comfortably pay the rent. This is true. Today, the average "market" shelter burden for the 59 households exiting the program in 2018 would be 68% (median=65%). Only

[61] Extremely sheltered burdened households will pay greater than 50% of their income toward rent and utilities.

34% of households will have shelter burdens at or below 50% if they were to assume their contract rents.

12.1.2 Arbitrary Time Limit Terms

Among PHA's who have implemented time limits of varying lengths the reasoning behind many of the 3 to 7 year time limits has more to do with aligning with TANF or with the agency's MTW contract rather than a study of self-sufficiency outcomes.[62] THA is unable to indentify research that quantifies the amount of time it may take for a household to achieve some measure self-sufficiency while receiving rental assistance. The best metric THA has is the average tenure on the HCV program prior to the HOP; this was 8.1 years.[63]

Five years may be arbitrary but it provides for turnover, giving other needy households their turn at receiving rental assistance. Any potential extension of the time limit must acknowledge the impact on those who have not been served. An extension of the time limit will increase wait times for those households. THA recommends permitting "not ready to exit" households to apply for a maximum of three one year extensions beyond the five year term.

12.1.3 A Lack of Data & Monitoring

Without implementing metrics for program participant success, THA has been unable to track the progress of households on an annual basis. THA has resorted to reporting on outcomes late in its program administration. Identifying clear metrics earlier on in the program's administration would have assisted THA in identifying at-risk households and developing improved mechanisms for capturing data. This is further explored in section twelve.

12.1.4 Positive Impacts Of Permitting An Extension Of Rental Assistance:

- THA will not exit households who will be extremely market shelter burdened.
- Permitting an extension gives households more time to earn income and work toward self-sufficiency.

[62] Applied Real Estate Analysis, Inc., and The Urban Institute. "The Experiences of Public Housing Agencies That Established Time Limits Policies Under the MTW Demonstration." May 2007 https://www.urban.org/sites/default/files/publication/31876/411701-The-Experiences-of-Public-Housing-Agencies-That-Established-Time-Limits-Policies-Under-the-MTW-Demonstration.PDF

[63] "Housing Opportunity Program (HOP) Policy Decisions" Memo. January 2013.

- THA (and other PHA's) five year time limits are not based on social science research identifying self-sufficiency outcomes expected within a five year time period.
- Permitting an extension will not hurt utilization, at a time when THA's utilization numbers are falling. Permitting an extension could potentially help maintain utilization by preventing an influx of shopping vouchers.
- Permitting an extension will not impact THA's ability to serve substantially the same number of people. The fixed subsidy affords THA the ability to continue to serve more households by "thinning the soup."
- Permitting an extension will not increase HAP costs.
- Permitting an extension will not impact landlords. Permitting an extension may cause landlords to be less reluctant to rent to HOP households.

12.1.5 Negative Impacts Of Permitting An Extension:

- Permitting an extension will impact THA's ability to serve new households.
- Permitting an extension will increase the amount of time a household spends on the waitlist.
- Permitting an extension may be a disincentive for work-able households to increase their earned income and exit the program.

12.1.6 Incentivize Case Management

Very few HOP households engage with case workers or enroll in FSS.

THA recommends that in order to qualify for an extension of rental assistance, households must meet with a THA caseworker or designated Center for Strong Families partner at least twice per year in their fourth and fifth year on the program.

When granted an extension, households will be required to meet with a THA caseworker or designated THA partner at least twice per year or they may not apply for an additional extension. Community Services can use this requirement as a "carrot" to entice participants to engage with case management and conduct a Bridge[64] assessment if one has yet to be completed. To support this requirement, consider remote case management technologies and extending the hours of THA caseworkers (depending on

[64] EMPath's Bridge to Self-Sufficiency® is a theory of change that takes a comprehensive, multi-faceted approach to fostering economic mobility. The theory describes a person's advancement from poverty to economic self-sufficiency as a journey across a bridge supported by five critical pillars—family stability, well-being, education and training, financial management, and employment and career management. To successfully cross this bridge and reach economic self-sufficiency, the traveler must attain explicitly defined objectives in each of these five areas.

demand). Over 70% of work-able households are wage earners and 80% have children under the age of 18.

12.1.7 Monitoring & Compliance

If a HOP household meets the shelter burden criteria for an extension of rental assistance but has not engaged with services in year four and five, the household will not be granted an extension of their rental assistance. THA can justify the denial of an extension of rental assistance for three reasons. First, the household joined a time limited program. Second, the household refused the opportunity to be housed in a portfolio unit and third, the household did not engage with community services.

Possible program change: Permit extremely market shelter burdened HOP households to apply for a one year extension if they have engaged with THA or a designated partner in their final years on the program. Offer an income based subsidy and a THA portfolio unit to struggling households through their third year on the program.

12.2 Revise The Interim Hardship Policy[65]

If possible program change one (an opportunity for three 1-year extensions of rental assistance) is not implemented, the Hardship Policy should be revised. An interim hardship policy was devised in August of 2017. The evaluation of hardship applications and feedback from households to date suggest that further revision is necessary.

Possible program change: THA should simplify the hardship language to make it easier to understand and should permit households who are engaged in a "qualifying self-sufficiency activity" that will not be completed within 1 year to apply for a one year hardship extension of their rental assistance. The existing policy does not permit a hardship extension for households engaged in self-sufficiency activities that may take more than one year to complete.

12.3 Offer an Income Based Subsidy and a THA Portfolio Unit to At-Risk Households

Recent changes to the waitlist permit new admissions to choose between a HOP voucher and an income based subsidy in one of THA's portfolio[66] units.

Possible program change: For new admissions that chose a HOP voucher instead of a portfolio unit, THA should monitor and identify households who are projected to be extremely shelter burdened and re-offer them the opportunity to be housed in a portfolio

[65] This possible program change should only be implemented if there is no adjustment to the time limit. If the time limit is adjusted to 5-8 years, this possible program change is not applicable.
[66] Portfolio refers to properties that THA owns.

unit through their third year on the program. THA should do so with existing households as well.

12.4 Expand The Definition Of A Successful Program Exit To Include A "Ready To Exit Benchmark" Of <50% Shelter Burden Post Subsidy

THA has no metric for a successful program exit aside from a household achieving an income at or above 80% of AMI. If a household's income rises to 80% of AMI, THA considers the family a success and transitions them off the program. HUD has set a standard that a household should pay no more than 30% of their income toward rent. Unfortunately, in increasingly competitive housing markets, 50% is the new 30%. In a recent report, HUD acknowledged that the number of HCV assisted households remained flat 2013-2015, but the number of shelter burdened households increased by over 50%.[67] In 2015, over a quarter of Tacomans were paying over 50% of their income toward rent and utilities.

THA should develop an additional metric of success for households who do not achieve 80% AMI. Achieving 80% AMI could be considered "model success." A second definition, "ready to exit," might be measured by a household's market shelter burden. Based on the shelter burdens of the average Tacoman and similar metrics adopted by the Alaska Housing Finance Corporation (AHFC) it may be amenable to define "ready to exit" as a household with a market shelter burden under 50%. Several years ago, the Delaware State Housing Authority adopted a 40% shelter burden metric as a measure of self-sufficiency.

A shelter burden of 50% is considered to be at the upper boundary of a 'moderately burdened' household according to "State of the Nation's Housing 2016" by Harvard University's Joint Center for Housing Studies (JCHS). According to JCHS, more than a 1/3 of all U.S. households were either moderately or severely rent burdened in 2014. HOP households with a shelter burden between 30 and 50% may not be the model of success, but they will be better off than one quarter of Tacomans. If adopted, this "ready to exit" metric should be revisited as the housing market changes.

Possible program change: Adopt a <50% market shelter burden benchmark for "ready to exit." Shelter burdens should be calculated as monthly income/monthly rent + utilities. Monthly rent and utilities should be calculated using the payment standard that aligns with the household's voucher size.

[67] *Rent Burden in the Housing Choice Voucher Program.* U.S. Department of Housing and Urban Development Office of Policy Development and Research. October 2017. https://www.huduser.gov/portal/sites/default/files/pdf/Rent-Burden-HCV.pdf

12.5 Revisit The Policy Regarding Households That May Transition To Work-Able

If an elderly/disabled household adds a work-able member to their household or if a minor in that household turns 18, the household immediately becomes work-able. The time limits for that household reverts back to the date the household was admitted to the program. If the household has been on the program longer than five years they would receive a 90 day notification.

One troubling aspect of this policy relates to the educational aspirations of children living in elderly/disabled households. 14% of elderly/disabled households have children under the age of 18 and 7% of elderly/disabled households contain children between the ages of 13 and 17. A high school aged student turning 18 would immediately change the household's status to work-able. If this person decided to attend college, under the current program policy they would need to move out or jeopardize the household's rental assistance. Ironically, this person could then potentially qualify for THA's College Housing Assistance Program (CHAP) program. This is wrong and contradicts THA's strategic objectives.

THA should consider exempting households from transitioning to work-able if a child who turns 18 is pursuing an education or a self-sufficiency activity. Tracking this may become administratively burdensome. Alternatively, THA could consider beginning the clock on the five year time limit when a work-able person joins the household; this gives all work-able household members a five year term.

Possible program change: THA should exempt households from transitioning to work-able if a child who turns 18 is pursuing an education or a self-sufficiency activity. Tracking this may become administratively burdensome. Alternatively, THA could begin the clock on the five year time limit when a work-able person joins the household; this gives all work-able household members a five year term.

Regardless of whether THA changes the current policy it is recommended that Rental Assistance improve communication with households regarding their time limited status. Presently, there is no mechanism in place to flag a household or alert a housing specialist that a child has become work-able. It is not adequate to wait until this household completes an annual certification. Because a household's work-able status in the system will automatically changes, the household may appear in work-able reports. Appearing in these reports will result in the household receiving notifications from Community Services about job training or worse, how much time they have remaining on the program.

Possible program change: THA should communicate with households immediately if there are changes to their time limited status to avoid confusion and distress.

12.6 Expand HOP's Elderly/Disabled Criteria To Include TANF Recipients Whom DSHS Has Determined Are Exempt From WorkFirst Participation

THA defines an elderly/disabled household as one where all adult members of the household are 57 years of age or older at the time of admission or all adult members' income comes from a source that qualifies them as being a senior or disabled. By doing this, THA relies on the designation of agencies with more expertise in determining the household's disability status. Households in the process of applying for disability or appealing a decision are considered work-able.

The Northwest Justice Project (NJP) and staff have expressed concerns that some households considered to be work-able may not truly be work-able. NJP recommends that THA expand its elderly/disabled criteria to include TANF recipients whom DSHS has determined are exempt from WorkFirst participation.

THA recommends expanding its definition to include any of the reasons listed in WAC 388-301-0350.[68] The approved exemptions are further defined in the WAC and include: an adult (55+) caretaker relative providing kinship care for a child, an adult with a documentable severe and chronic disability, an adult required in the home to care for a child with special needs and an adult required to be in the home to care for another adult with disabilities.

Possible program change: Consider the NJP recommendation described in section nine. NJP recommends that THA expand its elderly/disabled criteria to include TANF recipients whom DSHS has determined are exempt from WorkFirst participation for any of the reasons listed in WAC 388-301-0350.[69]

12.7 Consider an Income Based Subsidy For Elderly/Disabled Households

HOP elderly/disabled households are much more likely to be extremely shelter burdened when compared to HCV participants. The average shelter burden for HOP elderly/disabled households is 45%. This is 9% greater than HCV households and 4% greater than HCV households admitted in 2012. When examining for extreme shelter burden (>50%), 45% of elderly/disabled HOP households currently pay over 50% of their income toward rent. Only 15% of HCV households pay over 50% of their income toward rent and 21% of HCV households admitted in 2012. Shelter burdens for elderly/disabled HOP households continue to trend up. The average shelter burden for the 2017 cohort jumped to 58%, up 13% over 2016 admits. These households are more likely to be on a fixed income and have fewer options to address increasing housing costs in a hot rental market.

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[68] *WorkFirst – Other Exemptions From Mandatory Participation.* Washington State Legislature. WAC 388-310-0350. http://app.leg.wa.gov/wac/default.aspx?cite=388-310-0350.
[69] *WorkFirst – Other Exemptions From Mandatory Participation.* Washington State Legislature. WAC 388-310-0350. http://app.leg.wa.gov/wac/default.aspx?cite=388-310-0350.

THA should consider offering elderly/disabled households an income based subsidy. The annual additional HAP costs associated with this change are estimated to be $326,000.[70] This increased cost represents 54 HOP households that could be served annually with a fixed subsidy.

Possible program change: THA should offer elderly/disabled households an income based subsidy. The annual additional HAP costs associated with this change are estimated to be $326,000. The increased cost represents 54 HOP households that could be served annually with a fixed subsidy.

12.8 Require Supportive Services And Engagement With The Center For Strong Families (CSF)

The Community Services team has struggled to engage HOP households with case management. This possible program change suggests that new admissions to the HOP should be required to engage in a minimum level of case management. At admission, families would sign a participation agreement similar to the Elementary Housing Assistance Program. This agreement would stipulate that the household's rental assistance is contingent on their engagement with the CSF. Feedback from other public housing authorities experimenting with mandates has been mixed (see section 10.4).

The CSFs focus on improving the financial bottom line for low- to moderate-income families and helping people in a way that encourages a long-term commitment to increasing income, decreasing expenses, building credit and acquiring assets. The CSFs provide on-site employment services, financial coaching and income supports (public benefits, tax credits etc.).

12.8.1 Advantages Of Requiring Supportive Services

- THA and its partners will closely monitor the progress of program participants
- THA will identify struggling households earlier on
- THA can study the impact of mandatory case management on self-sufficiency outcomes (income progression, educational attainment etc.)
- CSF may be equip to provide case management for HOP households

12.8.2 Disadvantages Of Requiring Supportive Services

- THA lacks the staffing and capacity to conduct case management for all work-able HOP households (300). THA also lacks the administrative capacity to monitor each household's engagement with supportive services.

[70] This calculation does not include the cost of utility allowances.

- If HOP is expanded to all work-able HCV participants, THA also lacks the staffing and capacity to conduct case management for 1200 work-able households. THA lacks the administrative capacity to monitor each household's engagement with supportive services.
- If CSF is able to monitor the engagement of THA families, a strong data sharing agreement and relationship with various CSF locations may become administratively burdensome when THA must make decisions about program compliance.
- THA must clearly define "engagement" in order to evaluate a household's engagement with supportive services. It will be difficult to develop a one size fits all definition of engagement, particularly for households on either end of the Bridge Assessment. Without a one size fits all definition, it would be hard to justify terminating households for non-compliance. A lack of a clear definition raises the potential for unequal application of the policy.
- THA will terminate households for not complying with mandates.
- THA lacks internal data to prove that increased or mandated case management improves participant outcomes.
- There are no high performing Public Housing Authorities that have demonstrated evidence that mandating supportive services leads to improved outcomes for program participants.

Possible program change: THA should evaluate the capacity of the Community Services Team and the CSF and consider requiring engagement with case management.

12.9 Develop a HOP Communications Plan

Clear and consistent guidelines should be developed for communicating with participants, landlords and the general public about the HOP. Currently, Rental Assistance and Community Services communicate separately with HOP households. These points of communication should be streamlined and must be easy to understand and administer. The end of participation communication process with participants and landlords should be automated to reduce the opportunity for error. Components of this plan should address engaging waitlist households in a ready to rent program and engaging existing participants with FSS/caseworkers. This communication plan should also address how to present the HOP to the media as THA begins to exit households off the program.

Possible program change: THA should consider developing communication guidelines for HOP participants, HOP landlords and for the general public.

12.10 Improve Data Collection

THA should expand participant data collection to capture and improve metrics for educational attainment, full & part-time employment, year five income and self-sufficiency related gains, early exits, shared housing households, race demographics and voucher utilization.

A lack of data regarding educational achievement makes it difficult for THA to identify if households are using their time on the program to advance their education. Additionally, THA obtains wage data for households but is unable to determine if the wages are derived from full or part time employment. Without a final certification, THA has no way to capture the progress of time limited households in the final year of the program. Similarly, THA has no way to capture the progress of early exits and the relevant reasons for their exit. Finally, THA has an opportunity to improve its tracking of households searching for housing (shoppers) and voucher utilization and should track shared housing voucher utilization separately.

12.10.1 Track Educational Outcomes

Currently, THA can only track educational outcomes for households participating in the FSS program. Only 10% of HOP households participate in that program. A lack of access to data surrounding educational achievement makes it difficult for THA to identify if households are using their time on the program to advance their education.

Possible program change: Request educational attainment information from participants by adding a field to the annual review form.

12.10.2 Track Full Time & Part Time Employment

Currently, THA obtains wage data for households but is unable to determine if the wages are derived from full or part time employment.

Possible program change: Request that participants designate if wage income is from full or part time employment by adding a field to the annual review form.

12.10.3 Track Year 5 Gains

Without an annual certification in year five, THA has no way to capture the progress of time limited households in the final year of the program.

Possible program change: Conduct exit interviews and/or require the completion of a program exit annual review.

12.10.4 Track Early Exits

Without an annual certification THA has no way to capture the progress of early exits and the reasons for their exit.

Possible program change: Conduct exit interviews and/or require the completion of a program exit annual review.

12.10.5 Identify & Track Shared Housing Households

The HOP permits households to use their voucher in shared housing situations. THA has no method of easily identifying these households without drilling down to the lease. It is critical to identify these households because if their shelter burdens are calculated with the entire HOP population they will skew the data. THA is unable to calculate shelter burden for a shared housing tenant's portion of the shared rent, therefore these shelter burdens should not be considered with households who are not in shared housing. It is also important to track the number of households living in shared housing situations.

Possible program change: Add a field to identify home sharing households in OpenDoor.

12.10.6 Track Shopping Households & Voucher Utilization

Due to data limitations including instances when the same voucher number was reissued to new households it is difficult to obtain a clear picture of historical voucher utilization statistics.

Possible program change: THA should track voucher issue date, the number of extensions, the reason for the extension and the reason the voucher expired. THA should generate monthly reports of "the unhoused." These reports should identify the household size, race and income of those unable to utilize a voucher. These households should be monitored for disparate impacts.

12.10.7 Capture Race Data

Revisit how THA inquiries about race and ethnicity on the HOP application.

Possible program change: Develop optional questions in a way that encourages a response.

12.11 Create A Mechanism For Bi-Annual Data Reporting On Key Metrics For HOP Households. Automate This Reporting In OpenDoor And Memorialize Historical Data

Possible program change: Conduct twice a year reporting on HOP households for key metrics. These metrics should include progression of income, wages, welfare, employment, educational attainment, shelter burden and contract rents.

12.12 Consider Limiting a Household's Ability to Reapply to the HOP

There are no specific policies regarding the ability to reapply for assistance on the HOP once a household has exited the program. THA should create reapplication criteria in order to serve more unique households. The language in Administrative Plan in Chapter 5, Section 2E discusses the expiration of a voucher, but it is written in the context of the expiration of a shopping voucher. Under that section of the Administrative Plan, a household is permitted to reapply to the program when the voucher expires.

Possible program change: Limit reenrollment options in order to serve more unique households.

12.13 Prepare Waitlisted Households To Be "Ready to Rent"

HOP households are struggling to secure housing in the private rental market. A number of households expressed frustration about not knowing where to look for housing and being overwhelmed with the process. THA's Landlord Advisory Committee expressed strong interest in supporting a "ready to rent" program. These landlords suggested that participants graduating from a ready to rent program would be more appealing tenants.

Possible program change: Consider a ready to rent program for individuals approaching the top of the waitlist. Efforts to educate clients about successful lease-up habits can be tested to improve client outcomes and increase voucher utilization.

12.14 Strengthen Relationships with Landlords

To attract new landlords, to solicit existing landlord engagement and to educate landlords about the HOP, THA should improve landlord engagement. HOP landlords were much more willing to communicate with THA about the HOP when compared to program participants. THA received feedback that landlords appreciated receiving THA's Community Report (new as of 2017). THA is underutilizing landlords as a resource and has an opportunity improve engagement and outreach.

Possible program change: Develop methods to engage landlords in program design and solicit new landlords.

12.15 Adopt A Data Driven Approach To Community Services Outreach To At-Risk And End Of Participation Households

Other Housing Authorities conduct strategic outreach to at-risk program participants. THA began to explore expanding the targeted outreach conducted by the Community Services team in the development of the Interim Hardship Policy. THA has experienced an increase in engagement with HOP households as a result of implementing these changes.

Possible program change: THA should consider developing a limited number of straightforward metrics for data driven targeted outreach. Recommended metrics include households with no wages, households who are currently over 50% shelter burdened and households in their 4th and 5th year who will be over 50% market shelter burdened. THA should invite all households in their final year on the program to an end of participation meeting to prepare for life after rental assistance.

12.16 Monitor The Impact of Exiting Households On Voucher Utilization

THA will need to closely monitor the exit process. THA should consider over issuing vouchers in advance of months when there will be a large number of HOP households exiting the program. THA recently lowered its voucher utilization targets for 2018 to 95%. Exiting HOP households means that currently housed vouchers will be replaced with shopping vouchers at a time when 33% of HOP families turn vouchers back in unused.

Possible program change: THA should consider over issuing vouchers in advance of months when there will be a large number of HOP households exiting the program.

12.17 Clarify The End of Participation Date

THA developed HOP as a five year time limited program but did not define five years. Currently, when a household enters the HOP, the voucher expiration date is the household's date of admission plus five years (4/17/2013 admit date = 4/17/2018 voucher expiration date). THA has not developed guidelines defining when the final HAP payment will be made. If a household joined the program on 4/17/2013, it is currently unclear if their final HAP payment will be made on 4/1/2018 or 5/1/2018.

THA should consider issuing the final HAP payment for the HOP on the first of the month five years after the household was first admitted to the program. In the example, the last payment would be on 4/1/2018. Households admitted to the program at the earlier end of a month will receive slightly over five years of assistance. More

importantly, households admitted toward the end of a month will not receive rental assistance short of five years.

Possible program change: THA should consider revising the language used when referring to the end of a HOP program term. THA should refer to the end date as the final housing assistance payment date. This will reduce confusion.

12.18 Examine Long-Term HCV Households

Analysis revealed that 70% of HCV households have been on the program for at least 10 years and 35% have been on the program for 15+ years. At the current rate of natural transition off the program housing assistance for HCV households will end in nine years.

Possible program change: Further analysis is required to understand the characteristics of this population and to examine the impact of a potential fixed subsidy on these households. 60% of these households are elderly/disabled.

12.19 Consider Extending the Fixed-Subsidy and Time Limits of the HOP Program to the HCV Participation

At the current rate of "natural' transition of served households from HCV to HOP, the transition will be complete in nine years. Focused solely on work-able households, the transition will take ten years. Consider extending the fixed-subsidy and time limits of the HOP to the HCV participants now.

12.19.1 The advantages of doing so include:

- It would expand the numbers of households served in two ways. **First**, it would continue to save money and allow THA to serve five HOP families for every four HCV families. Once the HCV population is fully transitioned to HOP it would allow THA to serve an additional 481 families.[71] If all elderly/disabled households receive an income based subsidy[72] and work-able households receive a fixed subsidy (possible program change 6), the transition of HCV households to HOP would serve an additional 117 families. **Second**, the five year time limit will turn over the housing assistance from one set of work-able households who have benefited from it for at least five years to other households, who are just as needy, waiting their turn.

- It would unify THA's mainline rental assistance programs from two to one.

[71] An additional 481 families would be served if all families received a fixed subsidy.
[72] Including HOP elderly/disabled households currently on a fixed subsidy

- The HOP program is easier than the HCV program for landlords and tenants to understand and for THA to administer.

- If HOP does have the effect of spurring work-able households to strive, we should extend this effect to the HCV participants. This effect may become more pronounced with other recommended HOP changes that would more fully and directly engage work-able households in support services to help them increase their earned income.

12.19.2 The disadvantages of extending HOP to the HCV population include:

- It would increase the rent burden on families who do not increase their earned income.
- It would end the assistance for work-able families, after generous extensions, whether or not they are ready to return back to the private unsubsidized rental market.

Some of the other possible program changes in this report will mitigate the effects on some of these advantages.

12.19.3 Options For Extending HOP to the HCV population: Time Limits

Extending the HOP time limits to work-able HCV households can occur on one of the following schedules:

- THA can apply the time limits to all work-able HCV households starting at zero, as if they were newly joining the HOP program. Their prior years on the HCV won't count.
- In applying the time limits to all work-able HCV households, count their years on the HCV program. This would mean that such families that have been on the program for 5 years would lose their assistance after a reasonable notice period, perhaps extending at least to the end of a current lease and subject to the normal HOP hardship extensions.

12.19.4 Extending HOP to the HCV population: Fixed Subsidy

- Begin the fixed-subsidy for all HCV families after a reasonable notice period, perhaps extending at least to the end of a current lease
- If a fixed-subsidy would mean a decrease in rental assistance, allow for an extension of the income based subsidy for the same time period and on the same terms as the hardship policy allows for time limit extension. No such extensions would be necessary for cases where a fixed-subsidy would increase the rental assistance.