

Charlotte Housing Authority's Moving Forward Program: Interim Assessment Report



Moving  Forward
Families Advancing to Self-Reliance

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Executive Summary

The U.S. Department of Housing and Community Development (HUD) created the Moving to Work Demonstration program (MTW) to explore new ways of providing affordable housing to low- and moderate-income households. The program allows selected public housing authorities the flexibility to design and test innovative approaches to providing decent, affordable housing. Participating housing authorities are allowed to combine their federal public housing operating subsidies, tenant-based assistance, and administrative and capital grants into a single, flexible account. They can also request exemptions from HUD regulations governing both the public housing and Housing Choice Voucher programs. In return for this flexibility, participating housing authorities are expected to: (1) achieve greater cost-effectiveness; (2) increase the housing choices for low-income households; and (3) assist participating households in achieving self-sufficiency.

In December 2007, the Charlotte Housing Authority (CHA) was included in the MTW program. Since that time, it has enhanced its flexibility to undertake four major initiatives and a variety of smaller ones. The major initiatives include: (1) rent reforms that apply to all households; (2) work requirements that are being phased-in to selected developments; (3) case management and supportive services targeted to those subject to the work requirements; and (4) the development of new housing opportunities in mixed-income developments and neighborhoods. The more minor initiatives include the biannual recertification of elderly and disabled residents, good neighbor training, a modified project-based HCV new housing inspection process, enhancements to resident safety, and youth initiatives, among others.

As a demonstration program, it is important to assess the extent to which the CHA's Moving Forward (MF) program is furthering the three MTW objectives and to identify the facilitators and barriers to program implementation. This report updates our earlier report, *Charlotte Housing Authority's Moving Forward Program: Early Implementation and Baseline Data Evaluation* (May 2011), covering ongoing program implementation and providing early data on program outputs and impacts in the 2010 to 2012 time period.

Data Collection Methods

In assembling this report, we accessed a variety of primary and secondary data sources. Data sources include:

- interviews with CHA and Genesis case management staff in June 2012;
- interviews with CHA administrators in November 2009-January 2010, September 2010 and June 2012;
- interviews with CHA Board members in January 2013;
- analysis of CHA administrative records;
- a survey of residents living in the CHA's 15 conventional public housing developments; a total of 548 of 1,019 surveys were returned for a return rate of 53.8 percent; and
- secondary data drawn from the 2010 and 2012 Charlotte Quality of Life studies and the 2009 and 2011 American Community Surveys.

Moving Forward Program Implementation

The flexibility offered by the MTW program requires the CHA's board and staff to move beyond administering housing programs based on HUD regulations to developing and implementing their own programs. This requires new ways of thinking, new skills, and new levels of cooperation both within the housing agency and with community partners—all of which generate both opportunities and challenges. The CHA has embraced the flexibility offered by MTW and has adopted a variety of new initiatives and procedures. The pace of organizational change has been dramatic. Thus, it is not surprising that not all the initiatives have gone as planned, and that some plans had to be delayed or reconsidered.

Overall, CHA commissioners, administrative staff, case managers, and residents are supportive of the major MF program initiatives and believe their implementation has gone reasonably well. CHA board and staff members generally had positive things to say about program implementation, but they did identify several challenges to program implementation, including communication problems, differences in priorities,

staff turnover, and the Yardi software. Although most agreed that the rent reforms had gone relatively smoothly, the planned increase in minimum rents from \$75 to \$100 per month was delayed due to Charlotte's high unemployment rate. The implementation of the sanctions associated with the work requirement was also delayed, which was a major concern of both the administrative staff and the case managers.

Case management has been implemented in five pilot developments. Residents in two of those developments received case management from CHA case managers and residents in the remaining three received case management from an outside contractor. CHA case managers took over duties in those three sites in FY 14 after the contract for the outside contractor was not renewed.

Finally, the development of more mixed-income housing opportunities has gone well, due to funding from HOPE VI grants, the increased use of project-based Housing Choice Vouchers (HCV), and the financial flexibility offered by the MTW program.

The results from the interim resident survey suggest several areas needing further attention. First, a substantial percentage of residents still do not understand the new rent policies or know about the hardship exemptions, thus more education on these topics seems in order. Second, very few residents report having an incentive account, which limits their potential impact on work effort.

On the positive side, a full 82 percent of the residents felt that the work requirements were fair. Moreover, comparing the results of the baseline and interim surveys, we see modest increases in tenant satisfaction with perceptions of safety, and with the CHA's handling of maintenance requests, building maintenance, and rule enforcement.

Cost Effectiveness and Budget Flexibility

A key objective of the MTW program is increasing cost effectiveness, which goes hand-in-hand with the budget flexibility afforded participating authorities. Between FY 09 and FY 12, overall HUD support for the CHA's operations remained relatively stable, though there was a slight drop in overall funding in FY 12. During that four-year time

period, the CHA used its budget flexibility to shift funds from its Section 8 budget category to its public housing category and it used much of those funds to pay for case management and expanded services for residents in the developments subject to the work requirements. Thanks to an initial surplus in the Section 8 budget category as well as annual increases in HUD Section 8 allocations, the CHA was still able to increase its Housing Assistance Payments by 30 percent and increase the number of HCV and project-based Section 8 participants.

The CHA also used its budget flexibility to increase funding for capital projects. Capital projects relied on funding shifts from other budget categories and from under-spending the capital budget line during the first three years of the MF program (FY 09 through FY 11). The CHA drew on these reserves in the fourth year of the MF program (FY 12) to significantly increase spending on new housing developments. MTW's budget flexibility allowed the CHA to focus on purchasing and rehabilitating units instead of relying on new construction, which allowed for considerable per-unit cost savings.

Beyond HUD funding, the CHA's operating revenues and expenses have also changed over the past four years. Overall, tenant revenues increased by over 25 percent between FY 09 and FY 12. However, this increase masks a 17 percent decline in revenues from public housing residents, and is instead due to a 124 percent increase in revenues from Horizon Development, LLC, a subsidiary organization, which owns several mixed-income properties.

While overall expenses increased by 24 percent, the nature of expenses changed, with a shift towards direct expenses (such as maintenance, protective services, case management, etc.) and away from administrative expenses. This is in part due to administrative cost savings, such as the waiver of the requirement that newly constructed project-based HCV units be inspected by CHA staff, and by the extension of the recertification period of elderly and disabled households from one year to two.

Expanding Housing Choices

The second of the three MTW objectives is to increase housing choices for low- and moderate-income families. Since beginning the MTW program, the CHA has substantially increased the number of housing units available to low- and moderate-income households in Charlotte, and it has provided housing opportunities in neighborhoods with better social conditions.

Between 2008 and 2012, the CHA increased the number of housing units it owns or supports by 1,825 units. The largest increases were in the number of affordable and project-based HCV units, which were increased by 732 and 366 units, respectively. In addition, the number of new supportive housing units for the homeless increased from zero to 291 units. The CHA also developed 234 market rate units.

During the same 2008-2012 time period, the number of four and five bedroom units fell from 226 to 144, primarily due to the demolition of the Boulevard Homes development. Data on changes in types of housing developments show that the CHA added eight new family, mixed-income developments, five new senior/disabled developments, and five new supportive housing developments.

The neighborhood conditions surrounding CHA owned or supported housing showed improvements between 2008 and 2012. Neighborhoods with both conventional public housing and family mixed-income units experienced improvements in demographic characteristics, youth achievement, crime rates, and physical characteristics. Neighborhoods with HCV units, however, experienced a decline in many of these indicators. It is not entirely clear why HCV neighborhoods performed worse than their public and mixed-income equivalents, however the foreclosure crisis may have taken a larger toll on neighborhoods with HCV units, and increasing rents in better quality neighborhoods may have priced out HCV holders.

Helping Residents Achieve Self-Sufficiency

The third and final goal of the MTW program is to promote economic independence among residents. To achieve that goal, the CHA has offered supportive

case management services to residents living in the five pilot communities subject to the work requirement. MF case management began in Claremont and Victoria Square in October 2010. CHA case management staff served those developments. MF case management was introduced in the Cedar Knoll, Leafcrest, and Tarlton Hills developments in September 2011. A contracted organization, Genesis Project 1, provided case management in those sites.

The primary goal of case management is to help residents improve their employment options by connecting them to a range of services including childcare, education, and employment. Case managers also help connect residents to other supportive services such as crisis assistance, substance abuse treatment, and both physical and mental health care. Case managers were expected to work with all members of the households they were assigned.

Although offered to all residents, some chose not to take advantage of case management. Among survey respondents in the five pilot communities, 68 percent reported that they were currently working with a case manager or participating in employment or social service programs provided under the MF Program. The percentage of non-elderly, non-disabled households receiving case management was 78 percent, while the percentage among elderly or disabled households was 35 percent. Case managers reported that the residents who refused to participate in case management services did so for a variety of reasons including being too busy working or having significant life events, such as serious health problems or contentious divorces that took precedence over working with a case manager. Many elderly residents chose not to participate because they were not impacted by the work requirement and felt no need for additional services.

Two major assistance packages are available to households active in case management in the pilot communities: a per-child childcare subsidy for working parents, and transportation assistance. According to Client Services records, 26 childcare subsidies were given out to 20 different households, and a total of 864 bus passes were handed out to 116 unique households during the study period. Case managers also made 273 mental health referrals and 46 substance abuse referrals over the study period.

Occupational training and employment readiness skills are important for households hoping to secure employment. Based on EOM reports submitted by the case managers from the pilot communities, there were 37 enrollments in occupational training classes in fields such as: medical transcription, medical billing and coding, customer service, CPR/First Aid, and for Certified Nurses Assistants. Twenty-one heads of household completed the course, for a graduation rate of 57 percent. According to EOM-reports, thirteen heads of household enrolled in GED courses, but only one completed them. It is unclear if the remaining twelve dropped out or are still in their programs, as that data is not included in the reports. The CHA also offers two other training courses: homeownership training and health education ("With Every Heartbeat is Life"). Six heads of household enrolled in homeownership training, but according to the case management reports none completed the course. Fifteen residents enrolled in the health course and four finished, a completion rate of 27 percent.

Based on the EOM reports, employment rates among heads of household served by in-house case managers remained constant over the study period. In the Claremont and Victoria Square developments, employment rates were 70 percent of active heads of household in October 2010 and 70 percent in December 2012. There was a moderate but steady increase in employment rates for heads of household in the Cedar Knoll, Leafcrest, and Tarlton Hills developments, for which Genesis Project 1 provided the case management, but those increases were largely due to heads of households classified as unemployed in September 2011 being reclassified as elderly or disabled in December 2012. The actual number of employed heads of household in those sites only increased slightly. Thus, these data indicate that during the periods studied there has been only a slight increase in employment in the pilot sites.

In both the baseline and interim surveys, all respondents who reported having looked for work in the past year, whether they were currently employed or not, were asked if each of ten obstacles made it difficult for them to find a job. Among the respondents in the pilot developments, the percentage that indicated "not having work experience," "not having enough education," and "lack of transportation" were impediments to finding work increased between the baseline and interim surveys. Among respondents in developments without the additional case management support

services, substantially higher percentages reported that "lack of transportation" and "having a disability" were impediments in the second survey.

Moving out of public housing for positive reasons (e.g. homeownership or the private rental market) and not for negative reasons (e.g. evictions) is a key marker of self-sufficiency. Residents of the pilot communities had much higher rates of positive move-outs than residents of non-pilot communities; 36% of residents in pilot sites had positive move-outs, while only 13% of residents in non-pilot sites had positive move-outs.

Case Manager Perspectives

Case managers expressed several concerns in the interviews conducted with them. First, several argued that too much emphasis was being placed on resident employment in the short run. Many residents, they believed, did not have the skills to find and keep a job. Case managers felt that these individuals needed to focus on short-term, achievable goals, such as improving literacy and work readiness. They believed that achieving those short-term goals was critical to helping families make progress toward the longer-term goal of self-sufficiency. Case managers expressed frustration that the achievement of those short term goals were not recognized in their performance evaluations.

Second, several case managers expressed a desire to spend more time working with household children, who are in danger of becoming the next generation of public housing residents.

Third, virtually all the case managers expressed frustration in the CHA's reluctance to begin enforcing the sanctions associated with the work requirements. They felt that this undermined their credibility with their clients.

Finally, many case managers expressed frustration that they were unable to assist residents who had either broken rules or were late with their rent. Case managers were often not notified of the violations and/or pending eviction processes. Their inability to help residents was exacerbated by client reluctance to talk to case managers about their financial problems.

Recommendations

Based on the results of the commissioner, staff, and case manager interviews, our survey results, the EOM data, and our analysis of secondary data, we offer the following recommendations to the CHA:

- *Improve communication:* Given the complexity of the MF program, the CHA needs to focus on improving communication on a number of fronts, including with residents and the community, among CHA divisions, and between CHA administrative staff and case managers. Residents are still confused about some aspects of the MF program, such as the rent reforms. Commissioners should take a more active role in promoting the MF program to both citizens and professionals in the community. The CHA should hold ongoing, CHA-wide meetings to reacquaint CHA staff with the vision, purpose, and opportunities associated with the MF program. The CHA should also strengthen its inter-division communication mechanisms so that each division is aware of the activities of all others. Finally, periodic meetings should be held between the CHA administrative staff most closely involved in the MF program and the case managers who are working directly with residents.
- *Revisit Work Requirement and Enhanced Service Populations:* Now that the CHA has a new CEO, it should revisit the questions of who will be subject to the work requirement and receive case management and enriched services. There are clearly differences of opinion among those interviewed as to how best to target these elements of the MF program. The original assumption was that all residents would be subject to the work requirement and receive case management, but it quickly became clear that resources were not available to provide case management to all residents. The CHA should consider the relative merits of applying these conditions to developments or individuals who are either closer or further from achieving self-sufficiency.
- *Implement Work Requirement Sanctions:* CHA needs to follow through with a full implementation of the work requirements at its five pilot sites, including sanctions for residents who are not making a serious effort to meet them. CHA staff and case managers believe that not doing so will undermine both the

CHA's credibility with residents and its goal of increasing employment among residents.

- *Lower Incentive Account Thresholds, Provide Other Rewards:* The CHA might also want to take a fresh look at the incentive accounts. The current structure does not reward those who increase their work incomes but who don't yet meet the \$12,500 threshold, and the relatively small amounts added to the accounts at that threshold is not a powerful incentive to reach it. An approach that has shown some promise in other programs is to provide modest payments to clients who achieve certain benchmarks, such as completing a GED or completing a job training program.
- *Focus on Supportive and Large Family Housing Needs:* Continue to creatively leverage CHA housing subsidies to finance supportive housing opportunities. Assess the need for additional four and five bedroom units.
- *Expand Mixed-Income and HCV opportunities:* Continue to utilize the MTW budget flexibility to create more mixed-income housing developments and mixed-income housing opportunities for CHA clients, while expanding the number of HCV vouchers available to those who want to rent private units.
- *Increase Efforts to Help HCV Recipients Access High-Quality Neighborhoods:* Section 8 counselors should emphasize the importance of neighborhood quality when working with HCV clients and help them find housing opportunities in better neighborhoods. Additional outreach to landlords would also increase the number of units available in higher quality neighborhoods.
- *Emphasize Education and Training:* To support tenant self-sufficiency, more attention should be focused on enrolling clients in education programs and job training in high-demand fields, and on helping them successfully complete those programs. In addition, case management EOM reports should include fields for whether clients are continuing in those programs.
- *Brainstorm for Administrative Cost Reductions:* Continue to engage CHA staff in finding new ways of reducing CHA administrative costs.

- *Partner with Local Organizations:* CHA senior staff should continue their efforts to develop partnerships with other service providers to expand services to additional residents and increase supportive housing opportunities.
- *Improve Collection of Exit Addresses:* Additional attention should be focused on collecting addresses for departing residents. This information is important in order to follow residents who leave the CHA—for positive, neutral, and negative reasons—and better understand the impacts of those policies.
- *Change Scheduling of Monthly Property and Case Manager Meetings:* CHA should encourage property managers and case managers to schedule their monthly meetings within the rent grace period so that case managers can help residents avoid eviction.
- *Improve Supportive Services Data Collection:* Acquire a client-based case-management database to facilitate data collection and audits. Data should be collected and presented on a client-specific basis, not as a series of month-to-month collective snapshots. This database should be expanded to accommodate better tracking of the participation and completion of health, education and training programs as recommended by case managers.
- *Lobby for the Extension of MTW:* CHA participation in the MTW program is set to end in 2018. CHA commissioners and senior staff should lobby North Carolina's U.S. senators and representatives to push for an extension of the CHA's designation as a MTW housing authority.