TRANSFORMING HOUSING ASSISTANCE

Fourth Biennial
Moving Forward Assessment

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A. Fulton Meachem, CEO
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Table of Contents

Table of Contents ................................................................. i
Table of Figures ........................................................................ iii
Executive Summary .................................................................... iv
    Key findings........................................................................ iv
    Recommendations............................................................... v
Chapter 1: Introduction .............................................................. 1
Chapter 2: Moving Forward Program Update ................................. 3
    Introduction ......................................................................... 3
    Client satisfaction with CHA ................................................ 3
    Implementation update ......................................................... 4
    CHA staffing and management ............................................. 5
    Marketing and publicity ....................................................... 5
Chapter 3: Promoting Self-Sufficiency ......................................... 7
    Introduction ......................................................................... 7
    Work requirement expansion .............................................. 7
    Other initiatives to increase clients’ self-sufficiency ............... 11
    Client progress toward self-sufficiency ............................... 12
    Conclusions and recommendations .................................... 17
Chapter 4: Expanding Housing Choices ...................................... 20
    Introduction ......................................................................... 20
    Activities to expand housing choice .................................... 20
    HCV housing and neighborhood conditions ....................... 24
    Conclusions and recommendations .................................... 28
Chapter 5: Achieving Cost Savings and Use of Single-Fund Authority ........................................................................ 30
    Introduction ......................................................................... 30
    RAD conversions .............................................................. 30
    Financial impacts of MTW activities .................................. 31
    Conclusions and recommendations .................................... 32
Chapter 6: Conclusions and Recommendations ............................ 34
    Conclusions ......................................................................... 34
    Recommendations............................................................... 35
Table of Figures

Figure 2-A: Satisfaction with CHA services (those who responded to the 2014 and 2018 HCV surveys) .......................................................... 3
Figure 3-A: Respondents’ tenure at their current job ........................................... 13
Figure 3-B: Reported obstacles to finding employment among HCV survey respondents .......... 13
Figure 3-C: Survey respondents’ educational attainment ...................................... 14
Figure 3-D: Resident enrollment in or completion of job training services ............... 15
Figure 3-E: Respondent interest in various job training services ........................... 15
Figure 3-F: Respondents indicating they are receiving or interested in certain services ...... 16
Figure 3-G: How residents have responded to the work requirement ........................ 17
Figure 3-H: What respondents feel would help them fulfill the work requirement ........ 17
Figure 4-A: Time to find current housing ............................................................. 24
Figure 4-B: Reasons why respondents moved from their previous home .................. 25
Figure 4-C: How safe respondents feel alone outside their home at night .................. 26
Figure 4-D: Percentage of respondents reporting these are a ‘big problem’ or ‘some problem’ in their neighborhood ........................................... 26
Figure 4-E: Percentage of respondents either ‘strongly agreeing’ or ‘agreeing’ with the following dimensions of social cohesion ................................. 27
Figure 4-F: Percentage of survey respondents indicating their access to various amenities is ‘very good’ or ‘good’ ............................................................. 27
Figure 4-G: Respondents’ satisfaction with home, landlord, and neighborhood ............ 28
Executive Summary

This report provides an update on the Charlotte Housing Authority’s (CHA) Moving Forward program, with a special emphasis on activities that have been implemented or modified within the last two years. The report also details CHA initiatives outside the Moving Forward program that have had a significant impact on the agency’s operations.

This report draws upon two primary data sources. First, CURS staff conducted in-person interviews with 19 CHA staff members on July 25th and 26th, 2018 and in subsequent telephone calls. Second, CURS administered a survey of 1,000 work-able Housing Choice Voucher clients in spring 2018. A total of 505 households returned a useable survey. This is the second survey of HCV clients that CURS had administered and, where relevant, we have included responses from a matched sample of households who returned both the previous (2014) and most recent surveys (172 households).

The report contains six chapters: introduction, Moving Forward program update, promoting self-sufficiency, expanding housing options, achieving cost savings and use of single-fund flexibility and summary and recommendations.

Key findings

Moving Forward implementation

- Overall, implementation of the Moving Forward program appears to be going well, and client satisfaction with the CHA remains high.
- For the past two years, CHA staff have focused considerable attention to the RAD conversions which, while not a part of the formal Moving Forward program, have numerous impacts on the program and its activities.
- Major implementation challenges over the past two years include the effort required to complete the RAD conversions, the reorganization of CHA’s operations necessitated by RAD, greater work burdens for property managers after the RAD conversions, and getting systems and staff in place to expand the work requirement.

Helping clients move toward self-sufficiency

- Staff report that the work requirement expansion is going well overall, although its implementation is going slower than expected.
- Significant implementation challenges around the work requirement expansion include educating property managers about their implementation responsibilities, getting residents
interested in job training opportunities, and designing systems to track resident compliance with the policy.

- In addition, the CHA has transitioned from the incentive account program to the Challenges, Barriers, and Milestones program that provides more immediate rewards for completing tasks related to self-sufficiency. Staff members report that residents’ knowledge of this program remains low, however.
- A majority of respondents to the HCV survey feel that the work requirement is fair, and many believe that it will help them increase their incomes and possibly buy a home. Employment among survey clients has modestly increased between 2014 and 2018.

**Expanding housing options**

- The CHA has implemented a program to help HCV clients access higher-quality neighborhoods: The Opportunity Areas and Choice Mobility Program.
- Challenges associated with the Opportunity Areas program include lack of housing affordable to HCV clients in opportunity neighborhoods (even with the higher payment standard), lack of client interest in moving to those areas, and difficulty among staff and clients in determining whether a property falls within an opportunity area.
- The CHA is also working to develop additional affordable housing opportunities at the former Headquarters/Strawn Cottages site, as well as with the redevelopment of Dillehay Courts. Construction of the former has been delayed, though, while the CHA waits for the City of Charlotte to make infrastructure improvements.
- Despite many having to search for over two months to find housing, a large majority of 2018 survey respondents expressed satisfaction with their housing unit, neighborhood and landlord. Widespread satisfaction with their current living situation may explain why few HCV clients have expressed interest in the Opportunity Areas program.

**Achieving cost savings**

- RAD conversions have had a substantial impact on the CHA’s finances, as the agency has nearly eliminated its reliance on oft-underfunded public housing (Section 9) subsidies while increasing the amount of Section 8 subsidies it receives.
- The RAD conversions, combined with using MTW flexibility to ‘layer on’ additional rent, has increased the CHA’s cash flow and allowed it to create unrestricted reserves, which can be used to finance further affordable housing development.
- The CHA has implemented other activities to reduce administrative costs, including triennial rents for elderly/disabled clients, imposing a work requirement for those seeking to port-in, and limiting elective moves among HCV clients who have lived in their unit for fewer than 18 months.

**Recommendations**

Based on these findings, we make the following recommendations:
Moving Forward administration

- **Continue to educate clients about the Moving Forward program and the services available to help clients move toward self-sufficiency.** Several respondents to the 2018 HCV noted that they would like to see better communication between the CHA and clients, and noted that they were interested in services to help them increase their incomes or become homeowners.

- **Work to formalize the processes and procedures between the CHA and its subsidiaries.** Staff report confusion and, at times, tension between the CHA and its subsidiaries regarding various processes between them, including financial aspects of those processes. CHA leadership should work to formalize the roles of the subsidiaries and the costs of services that the CHA charges them.

- **Consider dedicating additional resources to property management.** With the RAD conversions, the CHA’s property managers have taken on a number of new responsibilities, including preparing their own budgets and conducting client recertifications, in addition to the duties associated with implementing the work requirement. Some staff members report that the increase in property managers’ workloads has resulted in reduced morale and increased turnover.

- **Critically re-think the Moving Forward brand.** Despite significant fanfare at its rollout, it appears that the CHA is doing little to continue promoting ‘Moving Forward’ as the local branding of the Moving to Work demonstration. As the CHA engages with its branding consultant, it should consider the value of the Moving Forward brand to both internal and external stakeholders.

Helping clients move toward self-sufficiency

- **Prepare clear and concise descriptions of the work requirement and its implementation so that all staff understand how the program works.** Some staff report that they are confused about some aspects of work requirement implementation. Preparing concise guides and FAQs, and continuing to update them as the work requirement is implemented, will help alleviate this confusion.

- **Continue assessing the increased caseloads and assessing the supportive services strategy.** With the work requirement expansion, caseloads have increased by nearly 50%, and some case managers report struggling to adequately serve their clients. As the work requirement is implemented, the CHA should continue to assess whether the level of supportive services is appropriate for the program’s success.

- **Consider hiring or contracting for a mental health professional to screen and arrange treatment for clients facing mental health issues.** While case managers are generally satisfied with partnerships to provide services to their clients, one noted gap is with mental health services. Given relatively high levels of mental health issues—48 percent of survey respondents met the criteria for likelihood of depression—these services will be crucial to the overall success of the work requirement policy.
• **Continue developing partnerships to offer programming to youth in CHA households.** Although the CHA offers some youth programs, they only impact a small proportion of the youth in CHA households. Building on existing partnerships and bringing in new partners can provide additional services and programming for more CHA youth.

• **Encourage property and case managers to promote job training opportunities to clients subject to the work requirement.** Staff report that residents’ interest in job training is low yet almost a third of clients report that job training would help them meet the work requirement. Clients are also relying on low-paying, low-quality jobs to fulfill the work requirement. Property and case managers should encourage clients to consider job training options and remind them that training can, at least for a time, fulfill the work requirement.

• **Monitor the new incentive program to understand which clients are taking advantage of it and its impact on helping clients move toward self-sufficiency.** Few residents were aware of or engaged with the previous incentive program, and as a result the CHA has transitioned to the new Challenges, Barriers, and Milestones program. The CHA should monitor resident engagement with the new program to ensure that it is widely understood by clients, and that residents across the CHA’s portfolio are taking advantage of it.

*Expanding housing options*

• **Dedicate additional resources to the Destination Homeownership program.** It appears that client interest in the homeownership program is quite high, and has overwhelmed staff’s ability to implement the program. Additional staff support will help the program be even more successful.

• **Consider simplifying the HCV Opportunity Areas.** Staff report that many clients are confused about the opportunity areas, as they comprise both zip codes and specific Census tracts within those zip codes. Because clients are generally unfamiliar with Census tract boundaries, they are unsure of whether certain properties fall within the opportunity areas.

• **Enhance client education about high-quality neighborhoods and the Opportunity Areas program.** Despite the fact that many clients live in challenged neighborhoods, the vast majority of survey respondents reported high levels of satisfaction with their home, neighborhood, and landlord. The CHA may need to both educate clients about the benefits of moving to opportunity neighborhoods and provide post-move services to help clients acclimate to their new neighborhoods.

* Achieving cost savings*

• **Consider additional uses for the CHA’s reserves.** Staff report that cash-flow from the RAD properties has increased the reserves held by the agencies. At the same time, delays in beginning development projects has impacted the agency’s ability to spend those reserves. CHA may consider dedicating a small portion of its reserves to other uses that could have a more-immediate impact on affordable housing provision in Charlotte.
• **Continue evaluating the impact of triennial recertifications on elderly/disabled clients.** Reducing the frequency of recertifications can lead to administrative savings, but may also reduce the rental income that the CHA brings in. While we do not anticipate this activity resulting in a greatly reduced amount of rental income, it is worth monitoring the policy for any adverse effects.

• **Ensure that an appropriate amount is budgeted for the Challenges, Barriers, and Milestones program.** The CHA has dedicated $400,000 annually to the new incentive program, and staff report that residents’ interest in the program has thus far been low. The CHA may consider re-allocating some of that budgeted amount to other supportive services if the program does not consistently expend all of its funds.
Chapter 1: Introduction

Since 2009, the Charlotte Housing Authority’s (CHA) participation in the Moving to Work demonstration—which the agency has branded as the Moving Forward program—has provided the agency with the flexibility to implement locally-relevant policies. Since then, the CHA has implemented numerous policies to achieve the program’s three goals: achieving cost savings, expanding housing opportunities for low-income families, and helping residents become self-sufficient.

The Center for Urban and Regional Studies at the University of North Carolina at Chapel Hill (CURS) has evaluated the CHA’s Moving Forward program from 2010 to the present. In addition to numerous smaller reports, we have produced a series of biennial updates on the Moving Forward program. Published in 2011, 2013, 2015, and 2017, these reports have provided a comprehensive assessment of the Moving Forward program and offered recommendations to improve its implementation. They have largely relied on program data, interviews with CHA staff, and surveys and in-person interviews with CHA clients.

This report builds on those reports by providing an update on the Moving Forward program with a special emphasis on activities that have been implemented or modified within the last two years. The report also details CHA initiatives outside the Moving Forward program that have had a significant impact on the agency’s operations.

In doing so, the report draws upon two primary data sources. First, CURS staff conducted in-person interviews with 19 CHA staff members on July 25th and 26th, 2018 and in subsequent telephone calls. Each of these semi-structured interviews lasted approximately one hour and included general questions on implementation of the Moving Forward program in addition to more specific questions on each interviewee’s area of expertise.

Second, CURS administered a survey of 1,000 work-able (that is, non-elderly and non-disabled) Housing Choice Voucher (HCV) clients in spring 2018. The survey included 55 questions across several topic areas, including satisfaction with housing, neighborhood conditions, and CHA policies; employment and job search; physical and mental health; and basic household characteristics. A total of 505 households returned a usable survey. The latest HCV client survey is the second survey that CURS had administered, and, where relevant, we have included
responses from a matched sample of households who returned both the previous (2014) and most surveys (172 households).¹

The remainder of this report proceeds as follows. The following chapter provides a brief overview of the Moving Forward program, highlighting key changes since our last major report in 2016–2017. The next three chapters detail, in turn, the CHA’s efforts to meet Moving to Work’s three statutory goals—promoting self-sufficiency, expanding housing options for low-income families, and achieving cost savings. The final chapter offers some concluding remarks and presents recommendations for strengthening the Moving Forward program.

¹ CTRS has prepared two shorter reports that detail survey responses both for the entire 2018 sample and for the matched sample of 2014 and 2018 respondents.
Chapter 2: Moving Forward Program Update

Introduction

The Moving Forward program comprises activities that the CHA has implemented to meet MTW’s three statutory objectives: helping clients become self-sufficiency, expanding housing opportunities for low-income families, and achieving cost savings. This chapter provides a brief update on these initiatives, which are detailed more completely in the following chapters. It begins by providing a summary of client satisfaction with the CHA, before summarizing initiatives that have either been implemented or significantly modified since our previous report in 2016–2017. It then presents an overview of CHA staffing and management changes and concludes with a summary of the CHA’s efforts to promote the Moving Forward program to the Charlotte community.

Client satisfaction with CHA

Clients continue to express a high degree of satisfaction with CHA services (see Figure 2-A). Well over three-quarters of respondents to the 2014 and 2018 HCV surveys indicated they were either ‘very satisfied’ or ‘somewhat satisfied’ with the CHA’s rules for residents, how the CHA enforces its rules, and the way they are treated by the Section 8 specialist. These findings are consistent with our previous surveys of public housing residents, where clients also expressed high levels of satisfaction with CHA services.

Figure 2-A: Satisfaction with CHA services (those who responded to the 2014 and 2018 HCV surveys)

The 2018 survey also included an open-ended survey question about whether respondents had any additional comments on the Moving Forward or Section 8 programs. While most are satisfied
with the CHA, many respondents had ideas about how to improve the Moving Forward program. Many would like to see communication between the CHA staff and clients improved, and would like additional information about the Moving Forward program from their case managers. Some of these respondents were specifically interested in information about the long-term goals of the programs. As one respondent explained, “I would like to know more information on the Moving Forward program. Does it help you save towards moving off the Section 8 program? Does it help you to qualify for a home?”

Additionally, many respondents think CHA should improve their relationships with landlords to help families find homes in better neighborhoods. Several respondents noted that it is difficult to find affordable units—especially in better neighborhoods—because rents continue to increase, and many landlords do not lease to HCV families. One respondent noted that “it would be better if it was more places that took Section 8 affordable housing that’s in good neighborhoods. It’s hard looking for a good place.”

A few respondents thought that landlords do not participate in the program because it is burdensome or because they do not like working with the CHA: “I've found really nice houses [with] Land Lords who would like to use or has had Sec. 8 but discontinued because of staff [at] CHA. They're ALL said that CHA is hard do work [with].”

**Implementation update**

Since our last major report in 2016–2017, the CHA has undertaken several significant activities both through the Moving Forward program and as part of the agency’s overall operations. Within those, interviewees identified two initiatives as having the greatest impact on the CHA: the conversion of nearly all public housing units to project-based vouchers through the Rental Assistance Demonstration (RAD) and the portfolio-wide expansion of the work requirement and supportive services.

Arguably, the greatest change in CHA operations over the last two years has occurred outside of the Moving Forward program with the RAD conversions. This has touched nearly all aspects of CHA operations, including how the CHA is funded, new development opportunities, and how the agency is staffed. RAD-related staffing changes are discussed below, while RAD’s impacts on the CHA’s finances are discussed in Chapter 5.

The second major change to the Moving Forward program is the expansion of supportive services and a work requirement to the CHA’s remaining family public housing (now RAD) developments and to work-able HCV families. As discussed in our prior reports, the CHA had previously implemented a work requirement paired with supportive services at five public housing developments. Based in part on our evaluation findings showing greater work efforts among

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2 These include the former Family Self-Sufficiency sites of Claremont and Victoria Square and the non-FSS sites of Cedar Knoll, Leafcrest, and Tarlton Hills.
impacted residents without a concurrent increase in evictions, the CHA decided to expand the work requirement, first to other project-based developments and then to work-able HCV clients. The work requirement expansion is discussed in greater detail in Chapter 3.

Beyond those significant programs, staff identified several other changes to the Moving Forward program, such as the new homeownership program, changes to the incentive accounts, efforts to encourage HCV clients to access high-opportunity neighborhoods, and a work requirement for port-ins. Each of these is discussed in the following chapters.

**CHA staffing and management**

Roughly concurrent with the RAD conversions, the CHA has altered the organization of its upper management. While the CHA previously had various Chief Officers—such as a Chief Administrative, Operations, Development, and Financial Officers—the organization now has a series of Executive and Senior Vice Presidents. Executive Vice Presidents (EVPs) report directly to the CEO, while Senior Vice Presidents (SVPs) report to their respective EVP.

Separate from RAD-related staffing changes, several interviewees noted how the CHA’s Human Resources Department—now known internally as ‘Talent Operations’—has improved significantly over the past year or two. In particular, staff noted how vacancies are now being filled within a month, while before it would take several months to do so.

**Subsidiaries**

Within the past two years, the CHA has created one new subsidiary—Blue Horizon Property Management, and reinvigorated CORE Programs. These two complement the CHA’s other two subsidiaries, Horizon Development Properties and Horizon Acquisition.

Staff interviews suggest that the greatest challenge in establishing the new subsidiaries has been formalizing and codifying the processes and procedures between the CHA and its subsidiaries. Blue Horizon is the CHA’s property management subsidiary, and staff report some challenges in understanding the interconnections between the two agencies. In particular, we were told that several aspects of Blue Horizon’s relation to the CHA, such as fees for IT services, have yet to be codified, and many staff (understandably) have struggled to see the property management subsidiary as a unique organization.

In contrast, CORE appears to be at an earlier stage of planning, with key staff beginning the process of building a business plan as of our interviews in August 2018. As CORE moves forward with developing a business plan, it is important that key CHA staff work to formalize processes between CORE and the CHA to avoid future implementation challenges.

**Marketing and publicity**

Over the last two years, the CHA has undertaken a number of initiatives to promote itself in the greater Charlotte community. Perhaps ironically, though, the CHA has arguably gained greater
acclaim on a national stage, as its work requirement with supportive services has received national press attention and been highlighted by senior HUD officials as a model for a potential nationwide public housing work requirement. In contrast, staff report little local media interest in the CHA or its programs.

In particular, the CHA has made two significant efforts to in marketing and community outreach. The first is the agency's ongoing landlord outreach work. These efforts have intensified recently as the CHA works to implement its Opportunity Areas and Choice Mobility initiatives. In this work, the CHA is often marketing itself as a partner for private-market landlords, who can benefit from renting their units to tenants with an HCV. Relatedly, CHA staff report conducting outreach to private developers, some of whom appear threatened by the agency’s move into mixed-use development at the former headquarters/Strawn site (discussed later in the report).

Secondly, the CHA has engaged a third-party consultant, Vitalik, to assess the agency’s brand positioning and to recommend whether the agency should rebrand. Staff report that Vitalink’s research has shown that the CHA is well-known within Charlotte’s African-American community, but less so within the Hispanic and Caucasian communities. Staff also report that Vitalink’s research has provided recommendations for how the CHA can market itself more effectively and strategically at both the local and national levels.

As of our interviews in August 2018, the CHA had yet to receive Vitalink’s final report on the position and recommendations of the CHA’s marketing and branding. One item the CHA should address, though, is the branding of the Moving Forward program itself. While the CHA is one of several MTW agencies that have branded their programs, it appears that the name ‘Moving Forward’ is rarely used. Staff noted that explaining what the Moving Forward program entails (which necessitates a discussion of the Moving to Work demonstration itself) is often too complicated for either internal or external communications. Going forward, the CHA should consider the benefit of the ‘Moving Forward’ brand and its value to both internal and external stakeholders.
Chapter 3: Promoting Self-Sufficiency

Introduction
Since beginning the Moving Forward program, the CHA has implemented a number of activities designed to help its clients become more economically self-sufficient. This includes rent reforms that encourage clients to increase their incomes, a work requirement paired with supportive services, and partnerships to offer additional services to clients.

This chapter provides an update on changes to the CHA's self-sufficiency initiatives over the last two years. The chapter then presents relevant data from the 2018 HCV survey, and provides longitudinal data from the 2014 and 2018 surveys where appropriate.

Work requirement expansion
The work requirement expansion is occurring in three stages. In the first stage, the policy expanded to the CHA's eight additional family (that is, not reserved exclusively for the elderly) project-based housing developments. Residents at these developments received a letter notifying them of the policy on April 1, 2017, and the CHA began enforcing sanctions on November 1, 2017. The first non-compliant residents received a rent sanction in February 2018.

In the second stage, the CHA is expanding the policy to work-able households in its tenant-based Housing Choice Voucher program who reside in zip codes with a high density of voucher users. Residents within this expansion (named “Phase 1” by the CHA) received a letter notifying them of the policy in June 1, 2018, though case managers conducted needs assessments of minimum renters in March–May 2018. Sanction enforcement for these clients is expected to begin in December 2018, and the first non-compliant residents will receive a rent sanction in March 2019.

In the third stage (‘Phase II’ of the HCV expansion), the CHA will implement the work requirement for its remaining work-able HCV households. The CHA expects to send a letter to these households notifying them of the work requirement expansion in spring 2019. Assuming the CHA meets that date, the remainder of the work requirement implementation for Phase II households will occur roughly 12 months following the implementation for Phase I households.

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3 This comprises eight family developments (i.e., not exclusively reserved for elderly or disabled residents, although some of each reside at them) that were previously public housing but have recently converted to project-based vouchers through the Rental Assistance Demonstration (RAD). For these developments, the RAD conversion merely comprised shifting funding sources, without major renovations that displaced residents. The CHA has an additional family development (Dillehay Courts) that has not converted through RAD and is slated for demolition and redevelopment.
The CHA has made several changes to the work requirement policy parameters from those in the pilot program. These include:

- Case managers will prioritize working with households paying minimum rent, although all clients will be eligible for supportive services.
- Work-able residents will receive case management for six months, rather than one year, prior to the enforcement of sanctions.
- The CHA has increased the number of hours required to fulfill the policy to 20 per week, although those hours may be worked by the head of household, another work-able household member, or two or more individuals, provided their cumulative employment sums to 20 hours per week.
- The Improvement Plan period has been lengthened from two months to three months.
- The initial rent sanction has been changed to the imputed annual income equivalent of a household working 20 hours per week at minimum wage, which was generally move them into the next higher rent band.

The primary reason for these policy changes is to reduce the per client cost of implementing the work requirement as it is expanded to all work-able clients. The CHA expects that prioritizing services to minimum renters and reducing the introductory period (when residents receive case management but are not yet subject to sanctions) will result in substantial reductions in per-participant service cost. The reduced introductory period, however, will be partially offset by an extra month in the Improvement Plan phase.

Other changes in the policy are related both to its expansion to voucher households—both RAD project-based vouchers and tenant-based HCVs—and to implement the work requirement more equitably. For voucher households, CHA staff must complete a 50058 form to raise a household’s rent if it is not in compliance with the policy. As a result, it has set the initial rent sanction at a dollar value equivalent to the rent paid by a household working 20 hours per week at minimum wage. Further, allowing non-heads of household to fulfill the policy can result in a more equitable work burden in households with multiple work-able residents. One of the staff members interviewed, however, thought all work-able household members should be required to work 20 hours per week.

**Staff views of the expansion**

All interviewees reported that the work requirement expansion was going well overall, but a bit slower than anticipated. One said, “I think we learned a lot of good lessons from the first five [developments]. Our ability to assess ... and to provide services helped us as we expanded.” The slower-than-planned roll-out was a result of several factors including turnover in both leadership and mid-level staff, the on-going RAD conversions, and the need to develop software to track sanction information. The new case managers hired also had to be trained.
Staff identified several challenges that had to be overcome during the expansion. One of these was educating the property managers, who were responsible for sending the rent sanction letters to their residents. One staff member said that the work requirements were “vague” and that they had resulted in a substantial increase in workload.

The decision to sanction a client for failure to comply with the requirement is a joint decision between the property and case managers. As one interviewee explained, “A lot of people think it’s just the supportive services (staffer) saying this person is in compliance or not. But it’s really a team effort. No sanction letter is issued unless it’s agreed upon by the property manager and the case manager.” Thus, these staff members needed to learn how to work together. The case managers we interviewed indicated that good working relationships have been established.

Another challenge faced in the expansion was that the case managers had to significantly expand their caseloads. As described by one staff member, “staff who had traditionally been used to being in one to two properties ... are now providing services across three to four properties.” For the expansion, case managers’ caseloads have increased from 1:60 to approximately 1:90, and sometimes higher. Case managers have had to target clients that they feel have the greatest needs, while limiting the number of contacts with others. The lack of management offices in certain developments was said to make it more difficult for the case managers to meet with their clients.

Case managers have also experienced some challenges serving HCV clients who are spread throughout the city. Meetings with clients have largely been held in the main CHA building but some have taken place in the offices of CHA developments, in branch libraries, or restaurants near clients’ homes.

A final challenge mentioned by case managers was increasing clients’ interest in job training and education programs. This, to some extent, was attributed to people wanting immediate additional income and to the program not emphasizing education and training as alternatives to fulfilling the policy.

Case management and Support Services
The expansion of the work requirement has necessitated that the CHA hire additional case managers. At the time of our interviews in August 2018, the CHA had assigned six case managers plus a “lead case manager” to the fourteen housing developments and two case managers, plus a lead case manager to the HCV program participants. The CHA planned to hire an additional two case managers for the HCV program soon.

As mentioned above, CHA has asked case managers to help minimum renters access and increase employment or participate in job training, education, or volunteer activities. However, several staff report that case managers do not turn down requests for assistance from clients who are not subject to the work requirements, such as the elderly and disabled. There was a general feeling among case management staff that they should respond to requests for service from this wider
One staff person talked about the need to continue working with clients who were already compliant with the work requirement:

So basically . . . we help you get work, and as soon as you get that first job working 20 hours a week, we say okay, you’re good now. We’re back focusing on people who need to get the work ... which could be the reason that we’re not seeing incomes moving higher ... I think we do a great job at what we do. There's just so much more we could be doing.

Overall, staff felt that enough funding was available to provide daycare and transportation assistance to their clients. At least one staffer, however, suggested it might be time to revisit the amount of childcare subsidy that the CHA provides. Currently, residents can receive $500 per month, per child for childcare assistance. The costs of childcare have gone up, however, so that clients often must to pay $800 or more per month for each child.

The one service that several staff members felt was lacking was mental health diagnosis and treatment. Many clients, they suggested, suffer from mental health issues that affect their ability to find and keep jobs. “I think some of them (clients) know they feel tired. Well one of the symptoms of depression is that you’re tired all the time. That you have low energy. That you have no motivation.” Staff would like either to contract with a mental health agency or to hire a mental health professional directly.

**Partnerships**

The CHA has maintained strong relationships with long-term partners, such as Child Care Resources and the Charlotte Area Transit System, and developed several new partnerships. Recently, it has established a partnership with the Charlotte-Mecklenburg School System to provide homeless families with children with Housing Choice Vouchers; at the time of our interviews 34 vouchers were being used by participating families.

Another new partnership is with the C.W. Williams Community Health Center, a Federally Qualified Health Center (FQHC) that resulted in the opening of a health clinic in Charlottetown Apartments, an elderly development. That clinic is open two days a week and is available to Charlottetown residents and to other CHA clients in the area.

Finally, the CHA has collaborated with HUD, the City of Charlotte, and Mecklenburg County in the Connect Home program to eliminate the digital divide among public housing residents. The program has provided digital-literacy education programs at four CHA communities and it has introduced Wi-Fi in several CHA community centers. Additionally, Google Fiber recently donated $10,000 to support classes and to increase the number of computers available at CHA community centers.
Client views of the expansion
The 2018 survey contained an open-ended question that asked respondents ‘how do you think the work requirement will impact you and your family?’ In this section, we summarize clients’ responses.

Overall, most clients were supportive of the work requirement expansion. Many hope it will help them become more self-sufficient, advance in their current job, or pursue education and job skills training. Another common hope was that the work requirement will help them move toward homeownership. As one respondent explained, “It will eventually help me and my family become self-sufficient. So that one day hopefully I can go to the next phase and become a home owner.”

While many respondents were supportive, some were uncertain, unaware, or concerned about how the work requirement will impact their family. Many of these respondents mentioned that they had health issues or a disability that will prevent them from working. Others mentioned that they were concerned about how lack of transportation, childcare, education, or job skills will impact their ability to comply with the policy. Finally, a significant proportion of respondents were either unaware of the policy altogether, or uncertain about how it might impact their family.

A minority of respondents were critical or unsupportive of the work requirement policy. One criticism was that the work requirement will prevent parents and caretakers from caring for their children or other household members. As one respondent explained, the work requirement will be “bad. due to I have a 6-month-old baby. I don’t trust the Day Care Systems. And I have a special baby who needs me so if I get a call I gotta go ASAP.” A small minority of respondents simply thought the work requirement policy was unrealistic, unfair, or is otherwise unsupportive.

Other initiatives to increase clients’ self-sufficiency
In addition to the work requirement, the CHA has implemented several other initiatives to encourage clients to move toward self-sufficiency. Several of these initiatives have undergone changes in the previous two years; these changes are discussed in this section.

Incentive program
The CHA has phased out the original incentive program due to its significant administrative burden, its high cost to the CHA, and a sense that the program was not effective in promoting self-sufficiency. As a result, no new accounts are being created, though clients who have accrued accounts can access them for approved expenses related to self-sufficiency and will receive their balances following a positive move-out.

In its place is the new “Challenges, Barriers, and Milestones” program, which provides incentive payments for meeting certain milestones, such as increasing their credit scores. Additionally, the program will make small grants to residents for approved activities related to self-sufficiency.
Staff interviewed are optimistic that the new program will be more effective. It provides clients with monetary rewards for meeting short term goals, which research has shown to be more effective, more people are eligible for the incentive payments and it will cost the CHA less, with the savings going to fund additional case managers.

Rent reforms

The CHA has relied on MTW flexibility to adopt several rent reforms including a $75 minimum rent, biennial rent certification and banded rents. On October 1, 2017, the CHA adopted triennial rent certification for elderly and handicapped clients; while the CHA had hoped to implement this activity sooner, it was delayed due to the need to modify the Yardi software. No changes have been made to banded rents, although staff members suggested that it is time to evaluate whether this system is having its intended impacts and whether the bands still make sense. The staff is also in the process of revamping the hardship policy. One staff member believed that the new policy would probably result in more clients being granted at least a short term (3 month) if not a long term (more than 3 months) exemption to paying minimum rent.

Youth programs

Although there were no new youth programs introduced during the year, the CHA sponsors several ongoing programs including its long-standing college scholarship program, the Stable Home program that targets housing assistance to homeless families with children in the Charlotte-Mecklenburg School System, and the MAX program that provides after school tutoring in selected developments. The CHA also operates youth activities in the community centers of its developments.

Client progress toward self-sufficiency

This section details CHA client progress toward achieving self-sufficiency through survey data. It focuses on clients’ employment characteristics, educational attainment, jobs-training attainment, service enrollments, and perception of the work-requirement.

Client employment characteristics

A slight majority of all 2018 survey respondents (52%) reported that they currently worked for pay, and among those who responded to both the 2014 and 2018 surveys, the employment rate increased seven percentage points (from 55% to 62%). Among those who did work for pay, a full 90 percent reported working at least 20 hours per week or more—the minimum amount required by the work requirement. Finally, hourly wages reported by those working, show that most clients’ jobs pay between $8 and $14 per hour (81%). Only 13 percent make over $14 per hour while the five percent make under $8 per hour.

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4 See description of the survey provided in the Introduction for details

5 Though note that the work requirement had not yet been implemented at the time of our survey.
Compared to their responses to the 2014 survey, clients reported working longer at their current job in 2018 (see Figure 3-A). The percentage of respondents who had worked for over a year at their current job increased by 18 percentage points, from 61 to 79 percent. This suggests that not only are more clients working in 2018 compared to 2014, but that they have been at their jobs for a longer time.

**Figure 3-A: Respondents’ tenure at their current job**

![Bar chart showing respondents' tenure at their current job in 2014 and 2018]

Among 2018 survey respondents who had looked for work in the past year, not having transportation was the most frequently mentioned obstacle to finding employment (50%) (see Figure 3-B). This was followed by not enough education (46%), not having work experience (37%), not having child care (36%), having a disability (27%) and having a criminal record (20%).

**Figure 3-B: Reported obstacles to finding employment among HCV survey respondents.**
Among those who had not looked for work in the past year, almost half (46%) reported that they were currently employed and satisfied with their jobs. The second most frequent response (38%) was that they have health problems or a disability, even though CHA records considered these respondents work-able.

**Educational attainment**

Among all survey respondents, roughly an equal number either do not have a high school diploma or GED (26%), have a diploma or GED (26%), or have some college credit but no degree (31%) (see Figure 3-C). The remainder of respondents (16%) have some form of college degree.

![Figure 3-C: Survey respondents' educational attainment](image)

A large majority of respondents (85%) report that they are not currently enrolled in educational courses. The remaining 15 percent are split between working on their GEDs (6%), taking courses toward an associate degree (4%), taking courses toward a bachelor’s degree, or taking courses but not working toward a degree.

**Interest, enrollment, and completion of job training programs**

Turning to job training, most respondents reported never having enrolled or completed any job training program (see Figure 3-D). Among those who reported training, the types of training completed included nursing (14%), computer (9%), medical coding, billing or assisting (8%), customer service representative (7%) and culinary arts or ServSafe training (3%).
When asked if they are interested in enrolling in a job training program, only about a fifth (21%) of respondents said they were not interested in job training (see Figure 3-E). Of the remainder, the four most popular types of training clients expressed interest in were medical coding, billing, or assisting (36%); nursing (34%); computer training (34%); and culinary arts or ServSafe (17%).

Service enrollment and interest
At the time of the survey (April–May 2018), only 20 percent of respondents reported working with a CHA case manager. As might be expected given the focus on minimum renters, a higher percentage of them (25%) reported working with a CHA case manager. Among those who
reported having a case manager, a very large majority (89%) reported being either very satisfied (55%) or somewhat satisfied (34%) with the services they had provided.

Respondents were asked if they were currently receiving transportation assistance, life skills training, childcare assistance and drug and/or alcohol treatment. The results indicate that only a small percentage were receiving any of these services (see Figure 3-F, left side). Among those who were receiving services, nine percent mentioned transportation assistance, six percent mentioned childcare assistance, and three percent mentioned life skills training.

When respondents were asked if they were interested in receiving the same set of services, a majority (52%) mentioned one or more (see Figure 3-F, right side). Thirty-one percent were interested in transportation assistance, 21 percent were interested in life skills training, and 19 percent were interested in childcare assistance.

**Figure 3-F: Respondents indicating they are receiving or interested in certain services**

<table>
<thead>
<tr>
<th>Receiving services</th>
<th>Interest in services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation assistance</td>
<td>9%</td>
</tr>
<tr>
<td>Life skills training</td>
<td>6%</td>
</tr>
<tr>
<td>Childcare assistance</td>
<td>3%</td>
</tr>
<tr>
<td>Transportation assistance</td>
<td>31%</td>
</tr>
<tr>
<td>Life skills training</td>
<td>21%</td>
</tr>
<tr>
<td>Childcare assistance</td>
<td>19%</td>
</tr>
</tbody>
</table>

Most common responses only

**Perceptions of and responses to the work requirement**

A large majority (83%) of respondents believed the work requirement policy is fair, while 17 percent thought that it was not. Non-minimum renters were only slightly more likely to feel it was unfair (18% vs. 14%). This sentiment is similar to residents at the original five work requirement sites, who also overwhelmingly believed that the work requirement is fair.

Respondents were also asked if they had done anything in response to the work requirement. Seventy-two percent mentioned at least one response, while 28 percent indicated that they had done nothing in response. The most common responses to the work requirement included looking for a new job (38%), finding a new job (18%), enrolling in a school or training program (14%), and working more hours (10%) (see Figure 3-G). These results suggest that work
requirement is motivating many clients to seek or expand employment in order to avoid being sanctioned.


demand is motivating many clients to seek or expand employment in order to avoid being sanctioned.

**Figure 3-G: How residents have responded to the work requirement**

![Graph showing responses to work requirement]

Respondents were also asked which of a list of items would help them meet the work requirement (see Figure 3-H). More or better job opportunities was the most frequently identified item (31%), followed by improved health or a disability designation (30%), more training (30%), more childcare and/or transportation assistance (27%), and more time to look for a job (24%).

**Figure 3-H: What respondents feel would help them fulfill the work requirement**

![Graph showing respondents' needs]

**Conclusions and recommendations**

This chapter has provided an update on Moving Forward activities designed to help work-able clients achieve self-sufficiency. The primary change to these initiative in the past two years has been the expansion of the work requirement paired with supportive services. Overall, staff report that the expansion has gone well, albeit a bit slower than originally anticipated. Case managers believe that most of the supports and partnerships needed for clients to succeed are in place, although some would like a greater focus on mental health.
In addition to the work requirement expansion, the CHA has modified several other activities related to self-sufficiency. The agency has replaced the incentive account activity with the Challenges, Barriers, and Milestones program. The CHA hopes that, by providing immediate rewards, the new program will better incentivize self-sufficiency. Furthermore, savings generated by phasing out the incentive accounts have allowed the CHA to hire additional case managers for the HCV program.

Per survey data, almost half of respondents work for pay, and most work at least 20 hours per week. These findings support targeting of case management to minimum renters, since most of those who do work already fulfill the policy. The hourly pay of HCV clients with jobs, however, is quite low. This suggests that once most CHA clients comply with the work requirement, case managers should assist clients increase their job skills so that they obtain better-paying jobs.

Survey results also indicate that, while many CHA clients do not have a GED or haven’t completed job training, a large majority (80%) expressed interest in several types of training including medical assisting, nursing, or computer skills. These findings suggest that HCV clients are both in need of—and are interested in—improving their employment related skills.

HCV clients are largely supportive of the work requirement, though some have expressed reservations. As we have found in past surveys, over 80% of the respondents thought the work requirement is fair, and many respondents are hopeful that the policy will help them increase their incomes, learn new job skills, and potentially buy a home. Some clients are concerned, though, that their health issues or child-rearing responsibilities will prevent them from fulfilling the policy.

Based on our findings, we recommend the following:

- **Prepare clear and concise descriptions of the work requirement and its implementation so that all staff understand how the program works.** Some staff report that they are confused about some aspects of work requirement implementation. Preparing concise guides and FAQs, and continuing to update them as the work requirement is implemented, will help alleviate this confusion.

- **Continue assessing the increased caseloads and assessing the supportive services strategy.** With the work requirement expansion, caseloads have increased by nearly 50%, and some case managers report struggling to adequately serve their clients. As the work requirement is implemented, the CHA should continue to assess whether the level of supportive services is appropriate for the program’s success.

- **Consider hiring or contracting for a mental health professional to screen and arrange treatment for clients facing mental health issues.** While case managers are generally satisfied with partnerships to provide services to their clients, one noted gap is with mental health services. Given relatively high levels of mental health issues—48 percent of survey respondents met the criteria for likelihood of depression—these services will be crucial to the overall success of the work requirement policy.
• **Continue developing partnerships to offer programming to youth in CHA households.** Although the CHA offers some youth programs, they only impact a small proportion of the youth in CHA households. Building on existing partnerships and bringing in new partners can provide additional services and programming for more CHA youth.

• **Encourage property and case managers to promote job training opportunities to clients subject to the work requirement.** Staff report that residents’ interest in job training is low, and that many clients are obtaining low-paying, low-quality jobs to fulfill the work requirement. Property and case managers should educate clients about the benefits of job training, and that enrolling in training can, at least for a time, fulfill the work requirement.

• **Monitor the new incentive program to understand which clients are taking advantage of it and its impact on helping clients move toward self-sufficiency.** Few residents were aware of or engaged with the previous incentive program, and as a result the CHA has transitioned to the new Challenges, Barriers, and Milestones program. The CHA should monitor resident engagement with the new program to ensure that it is widely understood by clients, and that residents across the CHA’s portfolio are taking advantage of it.
Chapter 4: Expanding Housing Choices

Introduction
Another statutory objective of the Moving to Work demonstration is to expand housing choices for low-income families. In the past two years, the CHA has begun implementing or planning for the implementation of several housing-related activities. One general challenge CHA faces to successful implementation is Charlotte’s competitive housing market, which makes it difficult for low-income families to access housing in high-opportunity neighborhoods.

This chapter provides an update on CHA initiatives intended to meet this goal, with a focus on implementation challenges and recent modifications to activities. It also reports relevant data on housing opportunities from the 2018 HCV survey.

Activities to expand housing choice
In the past 2 years, the CHA has implemented four major initiatives to expand housing choice for its clients. First, it has implemented an Opportunity Areas Initiative to help HCV clients access pre-defined opportunity areas. Second, CHA is in the planning stage of creating the Choice Mobility Program, which will build upon the Opportunity Areas Initiative to both help clients with young children access high-quality neighborhoods and provide program participants and other clients with workshops on financial literacy, tenant preparedness, and self-sufficiency. Third, the CHA has implemented a new homeownership program, Destination Homeownership, which provides homeowner education and allows participants to use Housing Assistance Payments (HAP; essentially the Section 8 subsidy) toward a mortgage payment. Fourth, the CHA is engaged in a number of development and rehab projects that aim to expand housing choice.

HCV Opportunity Areas
In 2018, CHA modified its exception payment standard policy to allow HCV clients to rent units up to 150% FMR in pre-defined opportunity areas. The CHA has identified seven zip codes as opportunity areas; two are located on the north side of Mecklenburg County, while the remaining five are clustered in the south/southeastern parts of the county. Within these zip-codes, the CHA has identified specific census tracts that qualify for the 150% FMR rent level.

Despite increasing rent payments, three major challenges have made it difficult for HCV clients to enter opportunity areas:

- **Confusion about opportunity area definition:** Some staff noted that it is difficult to determine whether a specific rental unit is located in qualified opportunity areas. This is partially because only certain Census tracts within an Opportunity Area zip-code qualify for
the 150% FMR standard, which creates confusion among staff and residents about what qualifies as an opportunity area.

- **Competitive rental market**: Charlotte’s rental market makes it difficult for HCV clients to find rental units in opportunity areas. In general, there are few affordable rental opportunities—even with the higher payment standard—in these areas, and rents continue to increase. These conditions not only make it difficult for HCV clients to find units, but also discourages participation among landlords, who can easily rent their units to households not in the HCV program.

- **Disincentives to move**: Many HCV clients are satisfied with their current neighborhood and dwelling unit, and staff suggest that they are generally unfamiliar with the neighborhoods within opportunity areas and are thus reluctant to relocate to them.

In response to these challenges, the CHA is taking two major actions. First, staff are working with the Greater Charlotte Apartment Association to identify landlords in opportunity areas who will rent to HCV clients. Ideally, the CHA will be able to develop partnerships with landlords in these areas and maintain a list of properties that accept HCV clients.

Second, the CHA is streamlining its housing certification process to allow for landlord self-certification of repairs in lieu of a second formal inspection. Self-certification is limited to properties where the initial inspection identifies 10 or fewer non-life-threatening deficiencies. In addition to expanding housing choice in opportunity areas, this action is intended to decrease the staff-time and costs associated with recertification.

**Opportunity Housing Program**

CHA’s Opportunity Housing Program will encourage low-income families with young children to move to higher-quality neighborhoods. CHA will also identify and set aside Community Based Rental Assistance (CBRA) units (project-based HCV) in opportunity areas for participating families. Additionally, the program will provide families with workshops on financial literacy, tenant preparedness, and self-sufficiency to facilitate their success in opportunity neighborhoods.

Currently, CHA is developing criteria to identify families to participate in the program. Initially, staff sought to serve 100 families who were (i) already clients or on the housing waitlist, (ii) had at least one child under the age of 8, and (iii) met employment criteria. However, a review of current clients and waitlist families found that only a few would qualify for the program under these criteria. In response to this issue, the CHA is currently developing new criteria to identify families with the hopes that they will expand the potential pool of applicants.

The CHA is in the process of identifying CBRA units to set aside for the program. Implementation of the program began in October 2018 with an introduction and orientation and three subsequent training modules for program participants. The training modules covered financial literacy, conflict resolution, and using online resources for things like employment searches and bill paying. To expand the pool of program participants, the CHA altered the child age criteria. The
program now accepts families with one or more children up to nine years old. By the end of 2018, the CHA released 10 vouchers to program participants.

**Homeownership program**
CHA also has recently implemented a new homeownership program, Destination Homeownership, to help clients become homeowners. There are 5 criteria to participate in the program:

- Earned-income households must have an annual income of $18,500
- Disabled and senior households must have an annual income of $9,000
- All households must contribute $1,500 toward their mortgage down payment
- Participants must complete a HUD-certified Homeownership Education and Counseling program
- The head of household must have been working 20 hours per week for at least 24 months
- Households must be in good standing with the CHA.

Households who meet these qualifications and join the program can utilize their Housing Assistance Payments (HAP) toward their mortgage. Provided they remain in good standing with the CHA, earned-income (i.e., work-able) residents can receive HAP for 15 years and elderly/disabled households receive HAP for 30 years. The level of subsidy that program participants receive is determined the same way as HAP subsidies for HCVs: clients pay 30 percent of monthly income toward their mortgage and CHA pays the difference between this amount and the gross monthly mortgage to the lender. The CHA requires participating households to demonstrate they are making mortgage payments one year after they move into their home, but there are no other re-certification criteria.

While interest in this program is high, with over 100 people attending orientation this year, only 10 households have closed on homes since the program began roughly three years ago. As with the HCV clients, one major barrier facing homeownership program participants is Charlotte's competitive housing market: even though low-income families may qualify for the program, they may not be able to afford rapidly increasing home prices in Charlotte.

In response, CHA has modified its program participation criteria. In 2018, the CHA increased the income criteria for earned-income households from $14,500 to $18,500. They are also considering increasing the down payment contribution amount from $1,500 to $2,000. Staff reported that they do not plan to increase the income criteria for elderly and disabled households, which is currently set based on the total annual amount of their SSI payments, but plan to recommend increasing the income criteria even further. Through these modifications, the CHA hopes to identify a more competitive pool of prospective homeowners.

The development of partnerships has been important in the success of this program. The CHA has developed partnerships with several lending companies, including Towne Bank, Fifth Third
Bank, Bank of Ozark, New Penn Financial, BB&T, and the North Carolina Housing Finance Agency. CHA has also established working relationships with realtors, including Red Door Realty and the Carolina Group. Finally, CHA has partnered with Habitat for Humanity and the Charlotte Mecklenburg Housing Partnership to provide the homeownership courses required by the program. As numerous interviewees noted, these partnerships have been critical to the early success of the program.

Staff interviewed strongly believe that Destination Homeownership has improved participating families’ quality of life. The families that have completed the program and purchased a home are, according to staff, very happy with their current living situations. Many of these families did not believe they would ever own a home, which had negative impacts on their self-esteem and overall happiness.

**Redevelopment and new construction**

CHA is engaged in several development projects to expand housing choice; MTW has facilitated these development activities through flexibility to fill any development funding gaps. The CHA’s overall development strategy prioritizes creating mixed-income communities that blend project-based vouchers, LIHTC units, and market-rate housing. The CHA has pursued this strategy to improve the living conditions of their clients, and generate the revenue needed to create more housing options for low-income families.

As of August 2018, the CHA is in the planning stages for three developments. Among those, the most advanced is the Strawn/former CHA Headquarters site along South Boulevard. This project will redevelop a 16-acre site in the historic Dilworth neighborhood into a mixed-use, mixed-income community. CHA sees this as a crucial “proof-of-concept” project because it will not only provide housing affordable to various income levels but will also include commercial development and a hotel. The CHA recently secured a developer for the project, Fallon Company, and is currently working through the zoning and permitting process with city officials. They hope to break ground in 2019.

The CHA is in the early stages of planning for two other redevelopment projects. One is the redevelopment of Dillehay Courts, the CHA’s last traditional public housing site. The CHA intends to redevelop Dillehay in stages so that no residents will be displaced from the development; the project is slated to begin in 2019 using tax-credit funds. Second, the CHA is in the early stages of planning for the Baxter Street development in the revitalizing Cherry neighborhood, which will develop a 3-acre site into mixed-income housing.

While the CHA has successfully completed a number of development projects, the agency still faces challenges to advancing their development strategy. One challenge CHA faces is pushback from the broader development and business communities, who are critical of CHA’s shift toward self-development and of their development finance strategy, which leverages both public and private funds. As one CHA staff member described, “it’s ... consistent pushback from a business
community that sees us as competition. They see it as purely competition, because that’s how business operates. That’s difficult for us to do, because we don’t really see it that way.” The concern is that these aspects of CHA’s development strategy will take away business from private development companies.

CHA staff, however, believes that it is critical to move away from traditional models of low-income housing in order to be competitive in Charlotte’s housing market. In particular, CHA leadership feel as though the CHA must be engaged in market-rate activities to generate profits that can then be used to create affordable housing in mixed-income developments.

**HCV housing and neighborhood conditions**

This section describes HCV recipients’ perceptions of the housing and neighborhood conditions. It relates these data to challenges the CHA faces to further housing choice for HCV recipients.

*Housing search process*

Due to the lack of affordable rental options in Charlotte, HCV recipients’ housing search can often be a lengthy process. More than half of survey respondents (55%) report that it took more than two months to find their current home (see Figure 4-A). A smaller proportion of respondents (23%) reported that it took one to two months. Unfortunately, because we did not ask this question in the 2014 HCV survey, we are unsure of whether the time required to find housing has increased as Charlotte’s rental market has become more competitive. The Opportunity Housing Program may reduce housing search times for the limited number of clients who can access those programs.

*Figure 4-A: Time to find current housing*

We see some evidence of Charlotte’s ‘hot’ rental market in terms of why HCV survey respondents left their previous residence (see Figure 4-B). While the most-common response was ‘wanting a safer neighborhood’ (18%), the next three most common responses—landlord no longer accepting Section 8, not being able to afford rent or utilities, and the home being
sold/foreclosed/demolished—may all relate, in part, to a more competitive rental market. For example, landlords may choose to no longer rent to HCV tenants because they want to raise the rent, or they may be selling the property to cash out on positive equity. Again, the Opportunity Housing Program may reduce the number of moves related to landlord issues.

**Figure 4-B: Reasons why respondents moved from their previous home**

<table>
<thead>
<tr>
<th>Elective moves</th>
<th>Non-elective moves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wanted a safer neighborhood</td>
<td>18%</td>
</tr>
<tr>
<td>Just wanted to move</td>
<td>6%</td>
</tr>
<tr>
<td>Wanted a better school for my children</td>
<td>5%</td>
</tr>
<tr>
<td>Landlord no longer accepted Section 8</td>
<td>14%</td>
</tr>
<tr>
<td>Could not afford rent/utilities</td>
<td>11%</td>
</tr>
<tr>
<td>Home sold, foreclosed, or demolished</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Most common responses only*

**Neighborhood conditions**

Overall, clients report high levels of satisfaction with their neighborhood. Most survey respondents report feeling ‘somewhat safe’ (43%) or ‘very safe’ (39%) in their current neighborhood (see Figure 4-C).
Fewer than half of respondents also report that violent crime, selling drugs, break-ins and theft, and property damage are a ‘big problem’ or ‘some problem’ in their neighborhood (see Figure 4-D). Respondents appear to be most concerned about break-ins and thefts and least concerned about property damage in their neighborhoods.

Respondents also report generally mixed-to-positive feelings regarding the social environment and cohesion of their neighborhoods (see Figure 4-E). While a plurality of clients reported ‘neutral’ feelings on all five measures, many ‘strongly agreed’ or ‘agreed’ that people in their neighborhoods are willing to help each other (45%) or that their neighborhood was close-knit (35%). Further, only a handful of clients agreed with the two negative sentiments around the social environment.
A strong majority of respondents also reported having ‘good’ or ‘very good’ access to amenities, including grocery stores (86%), good schools (73%), public transit (80%), health care services (80%), childcare or after-school care (78%), parks or recreation facilities (79%), and job opportunities (70%) (see Figure 4-F). The amenities that respondents are most likely to have ‘poor’ or ‘very poor’ access to include job opportunities (30%) and good schools (27%).

Taken together, respondents’ high levels of satisfaction with their neighborhoods helps to explain why so few clients have taken advantage of the HCV Opportunity Areas program. Despite the fact that many clients live in relatively challenged neighborhoods with higher crime rates and lower-quality schools, families are generally happy with their neighborhoods, specifically their ability to
access greater amenities. This suggests that further education—such as what the CHA is proposing with the Choice Mobility Program—is needed for the Opportunity Areas activity to be successful.

**Residential satisfaction**

Through providing decent and affordable housing, the CHA aims to improve the quality of life of low-income families. The survey results indicate that most HCV recipients are either ‘highly satisfied’ or ‘somewhat satisfied’ with their current home (79%), landlord (79%), and neighborhood (78%) (see Figure 4-G). These responses further suggest that, while some HCV clients undoubtedly live in challenged neighborhoods, they are overall quite satisfied with their current living situation.

**Figure 4-G: Respondents’ satisfaction with home, landlord, and neighborhood**

<table>
<thead>
<tr>
<th></th>
<th>Home</th>
<th>Landlord</th>
<th>Neighborhood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>8%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Somewhat satisfied</td>
<td>13%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Somewhat dissatisfied</td>
<td>38%</td>
<td>29%</td>
<td>35%</td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>41%</td>
<td>50%</td>
<td>43%</td>
</tr>
</tbody>
</table>

**Conclusions and recommendations**

This chapter has provided an update on the CHA’s efforts to expand housing choice for low-income families. It also reviewed survey data on HCV recipients’ housing search process, perceptions of neighborhood conditions, and residential satisfaction. Overall, we find four key takeaways regarding the CHA’s work in this space.

First, Charlotte’s increasingly competitive housing market has created multiple challenges to CHA efforts to increase housing choice through its Destination Homeownership and Opportunity-Area initiatives. These market conditions suggest it is unlikely that Charlotte’s private rental market will provide significant affordable housing opportunities for low-income families in the coming years.

Second, partnerships with private-market lenders, realtors, and property managers are critical to the success of CHA’s housing choice initiatives. While the CHA has successfully developed the
partnerships necessary to advance their homeownership and housing development programs, however, it is still working on finding more private landlords to participate in the HCV program.

Third, the CHA has yet to finalize criteria for identifying families to participate in both their Choice Mobility Program and Destination Homeownership program, which has created confusion among program administrators about who the target populations for these programs are. Similarly, CHA has defined what qualifies as an “opportunity neighborhood” at multiple levels of geography (zip code, census tract, and development-specific). This makes it difficult for both program administrators and clients to track which rental units qualify for the 150% FMR rent payment level.

Finally, both lack of familiarity with opportunity areas and overall satisfaction with their current living situations are challenging the CHA’s ability to encourage clients to move to higher-opportunity neighborhoods. Staff members report that many HCV recipients are unfamiliar with opportunity areas and are hesitant to relocate there. Additionally, survey data indicate that HCV recipient’s housing search can be a long, stressful process. These factors combined with HCV recipients high-levels of residential satisfaction and Charlotte’s competitive housing market create significant challenges to voucher households relocating to opportunity areas.

Based on these findings, we make the following recommendations:

- **Dedicate additional resources to the Destination Homeownership program.** It appears that client interest in the homeownership program is quite high, and has overwhelmed staff’s ability to implement the program. Additional staff support will help the program be even more successful.

- **Consider simplifying the HCV Opportunity Areas.** Staff report that many clients are confused about the opportunity areas, as they comprise both zip codes and specific Census tracts within those zip codes. Because clients are generally unfamiliar with Census tract boundaries, they are unsure of whether certain properties fall within the opportunity areas.

- **Enhance client education about high-quality neighborhoods and the Opportunity Areas program.** Despite the fact that many clients live in challenged neighborhoods, the vast majority of survey respondents reported high levels of satisfaction with their home, neighborhood, and landlord. The CHA may need to both educate clients about the benefits of moving to opportunity neighborhoods and provide post-move services to help clients acclimate to their new neighborhoods.
Chapter 5: Achieving Cost Savings and Use of Single-Fund Authority

Introduction
The final statutory objective of the Moving to Work demonstration is to achieve cost savings or provide programs in more cost-effective ways. To meet this objective, the CHA has implemented a number of activities, some of which are related to the other statutory objectives. Further, the single-fund authority provided by MTW—which allows the CHA to combine various funding streams into a single, flexible accounts—is closely associated with the agency’s ability to achieve cost savings.

In the past two years, several CHA activities, both within and outside the Moving Forward program, have had a significant impact on the agency’s finances. Chief among these is its participation in the Rental Assistance Demonstration (RAD), through which it has converted nearly all of its public housing units to project-based voucher funding. In addition, the CHA has implemented or modified several activities that have a substantial financial impact.

RAD conversions
MTW participation has provided CHA with several flexibilities that helped the agency implement the Rental Assistance Demonstration, through which the CHA has converted nearly all of its public housing developments to project-based voucher assistance. The two remaining developments not yet converted are Dillehay Courts, which is slated for demolition and redevelopment, and some public housing units at The Renaissance.

The first flexibility is regulatory: MTW participation also allowed the CHA to limit RAD tenants’ ability to seek mobility vouchers. Under normal RAD implementation, tenants who live in the unit for at least one year are able to request a tenant-based HCV, and the agency must dedicate 75% of all vouchers that come open for these requests. The CHA has received approval for a waiver that only tenants who live in the unit at the time of the RAD conversion are able to request a mobility voucher. The CHA expects this activity to both reduce administrative costs and to provide low-income families in Charlotte greater access to (tenant-based) vouchers.

The second MTW flexibility that has facilitated RAD implementation is financial. MTW participation allowed CHA to set rents higher than they otherwise would have been able to, which allowed the Limited Liability Corporations (LLCs) for each development to pay for supportive services and other expenses. In doing so, the CHA relied on sub-market rents that were higher than what HUD had designated as the RAD rent. Setting a higher rent allows the CHA to increase its cash flow through the RAD units.
Further, MTW allowed CHA to set aside an additional $19.8 million in replacement reserves for capital projects at its RAD sites, which is expected to last 20 years.

Separately, RAD conversions have impacted CHA’s finances in several ways. For one, its public housing (Section 9) funding has decreased substantially, but this has been replaced by Section 8 operating (Housing Assistance Payments [HAP]) funding. From the CHA’s perspective, the greater stability of HAP funding makes this change worthwhile. For several years (if not decades), federal public housing subsidy funding has often been pro-rated—that is, funded less than what HUD funding formulas called for. Further, the public housing capital fund has seen its funding vary substantially, and some years it has received no funding at all. In contrast, Section 8 (HAP) funding has been relatively steady over the years.

In addition, RAD has provided even more flexibility for the CHA to use its federal funding. Because the CHA continues to own its properties as Limited Liability Corporations (LLCs), HAP funding is essentially ‘passed on’ through the CHA to the respective LLCs. After each LLC pays for its own expenses, including voucher subsidies, maintenance, and supportive services, the CHA retains the excess cash flow through the LLC. Importantly, that excess cash flow is stripped of any HUD restrictions on how it may be spent, and the CHA is allowed to hold the funds as its own reserves.6

As of our interviews in August 2018, the CHA has set aside much of these reserve funds for new developments—such as Strawn and Dillehay—which have been slow to materialize. It appears that many of these delays are due to having to wait for City of Charlotte infrastructure improvement projects, or for application and permit approvals. CHA staff express confidence, however, that many of the proposed projects will begin construction in 2019.

**Financial impacts of MTW activities**

While all MTW activities undoubtedly impact the agency’s finances, the CHA has recently introduced or changed three activities with a direct impact on CHA finances. This section discusses those activities and their impacts.

**Incentive accounts**

One of CHA’s first activities to promote self-sufficiency was the creation of incentive accounts, in which the CHA made small monthly deposits into escrow-like accounts for households with annual incomes over $12,500. Households could withdraw from these accounts while CHA clients for approved expenses related to self-sufficiency, and would activities receive the balance following a positive move-out. Unfortunately, residents’ knowledge of and interest in the incentive accounts was always low, and in 2017 the CHA decided to phase these accounts out in favor of the “Challenges, Barriers, and Milestones” program (discussed earlier in the report).

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6 This differs from federally-restricted reserves, which are held by HUD.
Phasing out the incentive account program has impacted the CHA’s finances in three ways. First, the new program has a set budget, unlike the old incentive accounts. This provides the CHA with the ability to anticipate budgetary expenditures related to the program. Second, the new program is significantly easier to administer, and does not require the CHA to hold thousands of escrow accounts. Third, the new program has a yearly budget that is substantially smaller than the old incentive accounts; while the prior program had an estimated expense of approximately $1 million per year, the new program is budgeted for $400,000 per year. The CHA has used these cost savings to fund supportive services for its Housing Choice Voucher clients.

**Triennial recertifications**

In October 2018, the CHA began a policy of recertifying the rents of elderly and disabled clients—i.e., those on fixed incomes—on a triennial (once every three years) basis. Prior to its implementation, the CHA was recertifying elderly/disabled clients, as well as work-able ones, biennially (once every two years). The CHA expects this policy to reduce the administrative burden of conducting recertifications without a significant decrease in rental revenue, as elderly/disabled clients have relatively stable incomes.

**HCV portability**

In 2016, CHA began implementing its “Controlled Program Moves” activity, which requires HCV clients to live in a unit for 18 months before they can make a voluntary move. The exceptions to this rule include mandatory move-out situations (e.g., failure of the unit to pass an inspection, transfer of ownership) and certain other non-elective reasons (e.g., domestic violence or moving to be closer to educational or employment opportunities).

CHA staff reported that this activity may explain the modest decrease in moves among HCV clients and corresponding administrative savings; between 2016 and 2017 the number of total moves among clients decreased by fifty-two. CHA staff believe that the modest impact of this activity is because most moves are non-elective, which is reflected in the high percentage of HCV clients are moving due to a change in property ownership or because their landlord no longer accepts HCVs (see Figure 4-B earlier).

Another HCV activity intended to reduce expenses is a work requirement for HCV port-ins. Under this activity, households wishing to port-in to Charlotte must either be working in Charlotte or have an offer of employment. Staff indicate that how to consider unsalaried work, such as babysitting or hairdressing, has been a challenge to implementing the activity. Nevertheless, they report that the number of port-ins has decreased by nearly 50% since the activity was implemented in January 2018. This has clearly led to substantial administrative savings.

**Conclusions and recommendations**

In the last two years, the sources of the CHA’s federal funding have altered significantly as the agency has converted most of its public housing to project-based vouchers through RAD. In doing so, the CHA has nearly eliminated its reliance on a highly-unreliable funding source (Section 9
public housing), substituting it for a much more consistent one (Section 8 HAP). In addition, the CHA has utilized its MTW flexibility to layer additional funding on its RAD rents, which provides the agency with greater cash flow and increased flexibility to use its reserves.

Beyond the RAD conversions, the CHA has modified or implemented several activities with the goal of generating administrative savings. Both the port-in work requirement and the controlled program moves activities seek to reduce the administrative burden of administering port-ins and moves among HCV clients; as of mid-2018, it appears that the port-in work requirement has been more successful in meeting its objectives. Beyond those activities, the CHA has modified its incentive account so that it is easier to administer and has a more predictable cost. Given that this modification has only occurred recently, we anticipate seeing enhanced administrative savings from it in the future. Triennial recertifications for elderly/disabled clients should also reduce administrative costs while only modestly impacting the CHA’s rental revenue.

Based on these findings, we make the following recommendations:

- **Consider additional uses for the CHA’s reserves.** Staff report that cash-flow from the RAD properties has increased the reserves held by the agencies. At the same time, delays in beginning development projects has impacted the agency’s ability to spend those reserves. CHA may consider dedicating a small portion of its reserves to other uses that could have a more-immediate impact on affordable housing provision in Charlotte.

- **Continue evaluating the impact of triennial recertifications on elderly/disabled clients.** Reducing the frequency of recertifications can lead to administrative savings, but may also reduce the rental income that the CHA brings in. While we do not anticipate this activity resulting in a greatly reduced amount of rental income, it is worth monitoring the policy for any adverse effects.

- **Ensure that an appropriate amount is budgeted for the Challenges, Barriers, and Milestones program.** The CHA has dedicated $400,000 annually to the new incentive program, and staff report that residents’ interest in the program has thus far been low. The CHA may consider re-allocating some of that budgeted amount to other supportive services if the program does not consistently expend all of its funds.
Chapter 6: Conclusions and Recommendations

Conclusions
Drawing on staff interviews, survey responses from over 500 HCV clients, and review of relevant documents, this report has described and assessed changes to the CHA’s Moving Forward program over the last two years. This final chapter presents a concluding summary of our findings and offers several recommendations for the Moving Forward program.

Overall, implementation of the Moving Forward program appears to be going well, and client satisfaction with the CHA remains high. For the past two years, the CHA has focused considerable attention to the RAD conversions which, while not a part of the formal Moving Forward program, have numerous impacts on the program and its activities. Other major initiatives include the work requirement and supportive services expansion, modification of the incentive account program, and the creation of two new subsidiaries. Despite these changes, over 75% of HCV survey respondents reported satisfaction with various dimensions of CHA staff and policies.

In the past two years, the CHA has continued its efforts to help clients move toward self-sufficiency. It has expanded the work requirement paired with supportive services to work-able households in its remaining family developments and in its HCV program. Staff members report that implementation of the work requirement is going well overall, though it has gone somewhat slower than expected, and most of the necessary partnerships are in place for the program to be successful. A majority of survey respondents feel that the work requirement is fair, and many believe that it will help them increase their incomes and possibly buy a home.

The CHA has also implemented a number of initiatives to expand housing options for low-income clients. Chief among these are the Opportunity Areas and the in-development Choice Mobility Programs, both of which will expand the neighborhoods in which HCV can live. The CHA is also working to develop additional affordable housing opportunities at the Strawn site, as well as with the redevelopment of Dillehay Courts. Both of these efforts will undoubtedly help HCV clients find decent homes and healthy neighborhoods in the city’s competitive housing market. Despite their challenges in finding housing, a large majority of 2018 survey respondents expressed satisfaction with their unit, neighborhood and landlord.

Both the RAD conversions and several activities have had a substantial impact on the CHA’s finances and on the Moving Forward program. By converting nearly all of its public housing to project-based vouchers, the CHA has replaced an oft-underfunded funding stream (Section 9) with a more robustly-funded source (Section 8 HAP). MTW flexibility allowed the CHA to layer additional funding on RAD rents, thus improving each property’s cash-flow. Moreover, the CHA
can hold its own reserves, which can, in turn, be leveraged toward additional housing development.

**Recommendations**

Based on the report’s findings, we make the following recommendations.

**Moving Forward administration**

- **Continue to educate clients about the Moving Forward program and the services available to help clients move toward self-sufficiency.** Several respondents to the 2018 HCV noted that they would like to see better communication between the CHA and clients. They also noted that they were interested in services to help them increase their incomes or to become homeowners.

- **Work to formalize the processes and procedures between the CHA and its subsidiaries.** Staff report confusion and, at times, tension between the CHA and its subsidiaries regarding various processes between them, including financial aspects of those processes. CHA leadership should work to formalize the roles of the subsidiaries and the costs of services that the CHA charges them.

- **Consider dedicating additional resources to property management.** With the RAD conversions, the CHA’s property managers have taken on several new responsibilities, including preparing their own budgets and conducting client recertifications, in additional to the additional duties associated with implementing the work requirement. Some staff members report that the increase in property managers’ workloads has resulted in reduced morale and increased turnover.

- **Critically re-think the Moving Forward brand.** Despite significant fanfare at its roll-out, it appears that the CHA is doing little to continue promoting ‘Moving Forward’ as the local branding of the Moving to Work demonstration. As the CHA engages with its branding consultant, it should consider the value of the Moving Forward brand to both internal and external stakeholders.

**Helping clients move toward self-sufficiency**

- **Prepare clear and concise descriptions of the work requirement and its implementation so that all staff understand how the program works.** Some staff report that they are confused about some aspects of work requirement implementation. Preparing concise guides and FAQs, and continuing to update them as the work requirement is implemented, will help alleviate this confusion.

- **Continue assessing the increased caseloads and assessing the supportive services strategy.** With the work requirement expansion, caseloads have increased by nearly 50%, and some case managers report struggling to adequately serve their clients. As the work requirement is implemented, the CHA should continue to assess whether the level of supportive services is appropriate for the program’s success.
• **Consider hiring or contracting for a mental health professional to screen and arrange treatment for clients facing mental health issues.** While case managers are generally satisfied with partnerships to provide services to their clients, one noted gap is with mental health services. Given relatively high levels of mental health issues—48 percent of survey respondents met the criteria for likelihood of depression—these services will be crucial to the overall success of the work requirement policy.

• **Continue developing partnerships to offer programming to youth in CHA households.** Although the CHA offers some youth programs, they only impact a small proportion of the youth in CHA households. Building on existing partnerships and bringing in new partners can provide additional services and programming for more CHA youth.

• **Encourage property and case managers to promote job training opportunities to clients subject to the work requirement.** Staff members report that residents’ interest in job training is low, yet almost a third of clients report that job training would help them meet the work requirement. Clients are also relying on low-paying, low-quality jobs to fulfill the work requirement. Property and case managers should encourage clients to consider job training options and remind them that training can, at least for a time, fulfill the work requirement.

• **Monitor the new incentive program to understand which clients are taking advantage of it and its impact on helping clients move toward self-sufficiency.** Few residents were aware of or engaged with the previous incentive program, and as a result the CHA has transitioned to the new Challenges, Barriers, and Milestones program. The CHA should monitor resident engagement with the new program to ensure that it is widely understood by clients, and that residents across the CHA’s portfolio are taking advantage of it.

*Expanding housing options*

• **Dedicate additional resources to the Destination Homeownership program.** It appears that client interest in the homeownership program is quite high and has overwhelmed staff’s ability to implement the program. Additional staff support will help the program be even more successful.

• **Consider simplifying the HCV Opportunity Areas.** Staff report that many clients are confused about the opportunity areas, as they comprise both zip codes and specific Census tracts within those zip codes. Because clients are generally unfamiliar with Census tract boundaries, they are unsure of whether certain properties fall within the opportunity areas.

• **Enhance client education about high-quality neighborhoods and the Opportunity Areas program.** Even though many clients live in challenged neighborhoods, the vast majority of survey respondents reported high levels of satisfaction with their home, neighborhood, and landlord. The CHA may need to both educate clients about the benefits of moving to opportunity neighborhoods and provide post-move services to help clients acclimate to their new neighborhoods.
Achieving cost savings

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