

PART III: CALCULATING RENT

6-III.A. OVERVIEW OF INCOME-BASED RENT CALCULATIONS

The first step in calculating income-based rent is to determine each family's total tenant payment (TTP). Then, if the family is occupying a unit that has tenant-paid utilities, the utility allowance is subtracted from the TTP. The result of this calculation, if a positive number, is the tenant rent. If the TTP is less than the utility allowance, the result of this calculation is a negative number, and is called the utility reimbursement, which may be paid to the family or directly to the utility company by the PHA.

TTP Formula [24 CFR 5.628]

HUD regulations specify the formula for calculating the total tenant payment (TTP) for a tenant family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in Part I, divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent between \$0 and \$50 that is established by the PHA
- The alternative non-public housing rent, as determined in accordance with 24 CFR 960.102

The PHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in section 6-III.B.

Welfare Rent [24 CFR 5.628]

PHA Policy

Welfare rent does not apply in this locality.

Minimum Rent [24 CFR 5.630]

PHA Policy

The minimum rent for this locality is \$75.

Chapter 17

MOVING-TO-WORK WAIVERS

INTRODUCTION

This chapter describes the PHA policies and waivers under the Moving-to-Work Demonstration Program:

Part I: General Requirements. This part describes general provisions of the MTW program.

Part II: MTW Waivers. This part includes policies related to the approved MTW waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part III: Agency Specific Waivers. This part includes agency specific waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part IV: Exhibit 20-1 – Stepped Rent Policies. This exhibit includes Stepped Rent specific policies.

Part V: Exhibit 20-2 – MTW Fresh Start Enrichment Program. This exhibit includes MTW specific policies for the MTW FSS program.

PART I: GENERAL REQUIREMENTS

17-I.A. OVERVIEW [FR Notice 8/28/20]

The Public Housing/Section 8 Moving to Work (MTW) demonstration program was first established under Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, [Public Law 104-134](#), 110 Stat. 1321 (1996 MTW Statute) to provide statutory and regulatory flexibility to participating public housing agencies (PHAs) under three statutory objectives. Those three statutory objectives are: to reduce cost and achieve greater cost effectiveness in Federal expenditures; to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and to increase housing choices for low-income families.

FWHA Policy

The **Fort Wayne Housing Authority (FWHA)** has been designated as a Moving-to-Work agency under **Cohort #2 – Rent Reform** and will operate its program in accordance with the Operations Notice for the Expansion of the Moving to Work Demonstration program published in the Federal Register on Friday, August 28, 2020, and the annual MTW Supplement (HUD form 50075-MTW).

For eligible families, the MTW policies in this chapter will take precedence over any traditional HUD policies listed anywhere in the administrative plan. These MTW policies will also apply to FWHA Special Purpose Voucher programs, where applicable.

PART II: MOVING TO WORK WAIVERS

17-II.A. STEPPED RENT POLICY – MTW Waiver 1.c

Activity

1.c. *Stepped Rent (PH)*—The agency may create a stepped rent model that increases the family’s TTP on a fixed schedule in both frequency and amount. The fixed schedule/stepped rent model may be disaggregated from family income.

Statutes and Regulations Waived

Stepped Rent (PH)—Certain provisions of section 3(a)(1)–(2) of the 1937 Act and 24 CFR 5.628, 5.634(b) and 960.253.

Safe Harbor(s)

- Rent (TTP) increases may not occur more than once per year.
- Agency must conduct an annual impact analysis.
- Agency must exclude elderly and disabled families from rent policy.
- Agency must implement a hardship policy.
- Services, or referrals to services, must be made available by the agency or a partner organization to support preparing families for the termination of assistance, if applicable.
- At the Department’s request, the agency shall make available the method used to determine that rents charged to families are reasonable when compared to similar unassisted units in the market area.
- Initial rents will be set at no more than 32% of a household’s gross income, or 35% of a household’s adjusted income.
- The PHA will establish a stepped rent increase by unit size. The increase may be no more than 4% of the Fair Market Rent for the applicable area.

FWHA Policy -Waiver 1.c

The FWHA has create a stepped rent model that establishes the Total Tenant Payment (TTP) based on 30% of the households adjusted monthly income and increases the family’s TTP annually based on 2% of the HUD published Fair Market Rent (FMR).

The annual Stepped Rent increase will be a specific dollar amount, by unit size. The FWHA intends to increase the Stepped Rent by 2% each year and review and adjust the Stepped Rent increase each year when HUD publishes new Fair Market Rents during the six-year study period. Therefore, the Stepped Rent increases may change if the FMRs change. Each household’s year one Total Tenant Payment (TTP) will be set at 30% of their adjusted income or the FWHA’s minimum rent of \$50. After the first year, each household’s rent portion will increase by the annual Stepped Rent increase, regardless of their income.

The FWHA will be implementing Activity 1c and 1d – Stepped Rent Policy within the safe harbor limits established by the MTW Operations Notice but will include an agency specific waiver for the elimination of Earned Income Disallowances (EID) for all participants.

Under the Stepped Rent policy, the initial rent is based on adjusted income and will be determined using the prior 12 months' adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. The FWHA will use a definition of income that differs from the existing rent rules. FWHA will apply the allowances or deductions typically used to calculate "adjusted income." Income will be defined as 12 months adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. Under the existing rent calculation rules, income is defined as the amount that the family expects to receive in the next 12 months. This is sometimes referred to as "current/anticipated income." In Stepped Rents, the triennial income reexaminations will measure income based on the prior 12 months' adjusted income, i.e., retrospective income. This should improve the accuracy of income reporting and better represent a household's long-term earning potential.

Under the Stepped Rent policy, during the enrollment period, any new admissions who qualify as eligible households are expected to undergo random assignments. After the study enrollment period is concluded, the FWHA will decide whether to implement the Stepped rent policy for any newly admitted non-elderly, non-disabled households. Households randomly assigned to the new Stepped Rent rules or existing rent rules must remain in that group for six years (unless they leave assistance, port out to another jurisdiction, or are exempted from the Stepped Rent rules group for other reasons such as becoming disabled).

The Stepped Rent policy will be implemented for any new admitted non-elderly, non-disabled households who qualify as working households. Standard Rent Rules will be implemented for non-working households. A working household is defined as a household in which one or more adult receives earned income equal to or greater than 30 hours per week at the Federal Minimum Wage.

Non-study, non-working Stepped Rent households will receive a household income review no later than the date of the Triennial Eligibility Review. If the family qualifies as a working household, the family's TTP will be reset using the retrospective income. If the family is no longer considered a working household, the family will be removed from the Stepped Rent Rules and return to the Standard Rent Rules. Study Households and working households will not be affected.

A high-arching goal of the MTW demonstration is to conduct an empirical research study that randomly assigns 50% of eligible families during an enrollment period to either a stepped rent or control group in order to determine how the alternative rent schedule may encourage a family's head of household to increase self-sufficiency through working, looking for work or going to school to improve their economic circumstances.

Eligible households include:

- Residents of the public housing programs, including existing, currently assisted households and new households admitted during the alternative rent enrollment period.

Ineligible households include:

- Elderly (56+) and disabled households.
- Households paying a public housing flat rent.
- Households already participating in the current Family Self- Sufficiency (FSS) program.

Requiring the family to attend fewer reexaminations (once every three years) will allow the family greater autonomy. While the household income will be reviewed every three years during the demonstration, the income will not be used to determine rent but instead to ensure that the family is eligible for continued assistance. In this Stepped Rent policy, the family's rent will increase annually and does not require annual income reviews. See Exhibit 20-1 – Stepped Rent Policies.

Hardship Policy - Activity 1c and 1d – Stepped Rent Policy

The Stepped Rent policy is intended to benefit assisted households by allowing them to increase their income without a direct increase in their total tenant payment (TTP). The TTP will instead increase each year by a modest amount unrelated to the household's income. However, some households may need special accommodations to avoid negative consequences of the stepped rent.

General Hardship Provisions

Hardships must be requested by the household in writing, with the exception of automatic hardships processed by the PHA during the income certification that takes place at STRD enrollment. Hardship requests should use the PHA's hardship request form.

When a household submits a valid hardship request, if approved, the PHA will implement the hardship effective the next month after the request was submitted. If the hardship request is denied, the household will be notified in writing of the reason for the denial.

There is no limit to the number of hardships that a household may receive.

If a household is approved for a hardship, and subsequently experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their TTP.

If a household is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once the PHA approves a hardship, the hardship will not end early.

If a household is approved for a temporary hardship, when that hardship is scheduled to expire the household will return to paying the stepped rent, including any annual stepped rent TTP increases that were scheduled to take effect during the period of the hardship.

If the head of household, spouse, or co-head of household becomes elderly or disabled, the household is eligible to be excluded from the stepped rent policy and return to the traditional income-based rent policy.

This hardship policy presents eligibility criteria and remedies for different types of hardships. The different types of hardships below are not mutually exclusive. If a household's circumstances correspond to more than one type of hardship, they will receive the hardship most beneficial to them.

Hardship Types, Criteria, and Remedies

I. Hardship Due to High Rent Burden.

Households participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The high rent burden may be caused by a reduction in income, an increase in eligible deductions, or the annual stepped rent TTP increase (or a combination of factors).

Automatic hardship: For households already receiving assistance, when the PHA conducts an income examination at the time of enrollment, the PHA will compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior year/retrospective adjusted income, the PHA will automatically determine whether the household is eligible for a hardship exemption.

Hardship requested by household: At any time, other than the income examination that takes place at enrollment, a hardship must be requested in writing by the household.

Eligibility: A household will be eligible for this hardship exemption if the stepped rent policy causes their rent burden (their total tenant payment divided by their current adjusted monthly income) to exceed 40%.

Remedy: The household's TTP will be set equal to 40% of their current adjusted monthly income or the minimum rent, whichever is greater. This hardship will last for six months if the high rent burden is caused by a reduction in income or by the application of a stepped rent TTP increase.

Example 1 (automatic hardship due to loss of income): When she starts the stepped rent, Suzanne has a prior year/retrospective adjusted income of \$12,000 (\$1,000 per month). Her year 1 stepped rent TTP should be set at \$300 (30 percent of \$1,000). However, Suzanne recently lost her job and her income in the previous month was only \$100 (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$100). While conducting the initial stepped rent income examination, the PHA recognizes that her current income (\$100 per month) and the stepped rent TTP (\$300) would cause a rent burden above 40%, so she is eligible for a hardship exemption. 40% of her current adjusted monthly income would be \$40, but the PHA has a minimum rent of \$50, so Suzanne's hardship TTP is set at \$50 for six months.

Example 2 (hardship requested by household due to loss of income and application of a stepped rent TTP increase): Jane has \$1,000 prior year/retrospective adjusted monthly income when she starts the stepped rent. Her TTP is set at \$300 per month for the first year. In the second year, a \$50 stepped rent increase is applied and her TTP increases to \$350. At the beginning of the second year, she also has her hours reduced at work, and her income decreases to \$600 per month. Her rent burden would be 58% (\$350 divided by \$600) so she applies for a hardship exemption. Her request is approved, and her TTP is set equal to 40% of her income, or \$240 per month. This hardship TTP will last for six months.

Example 3 (hardship requested by household due to increase in eligible deductions): When

she starts the stepped rent, Felicia has a prior year/retrospective adjusted income of \$2,000 per month (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$2,000). Her year 1 stepped rent TTP is set at \$600 per month (30% of \$2,000). Eight months later, she has a baby. In order to continue working, she enrolls her child in childcare at a cost of \$960 per month (\$11,520 per year). She applies for a hardship exemption and the PHA determines that she has \$12,000 of eligible deductions (\$11,520 in childcare expenses plus a \$480 dependent deduction). The deductions are subtracted from her current gross income, which is now \$2,100 per month (\$25,200 per year). This results in an adjusted income of \$13,200 per year, or \$1,100 per month. The stepped rent (\$600) causes a rent burden of 55% so she is eligible for a hardship, and her hardship TTP is set to \$440 (40% of \$1,100). The hardship TTP will apply for twelve months.

II. Stepped Rent Reset for Sustained Hardships.

If a household receives a temporary hardship under section I, due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the PHA may reset the household's stepped rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel.

For non-study households, the PHA will identify circumstances that are considered permanent changes such as the death or permanent move out of a working household member, permanent loss of benefits, etc. Permanent changes will initiate a reset after the 1st 6-month hardship. The PHA will use the period during the 6-month hardship to gather information to reset the TTP.

If a non-study household requests two hardships in a 12-month period, the household's income will be evaluated at the end of the second hardship. If the family is no longer considered a working household, the family will be removed from the Stepped Rent Rules and return to the Standard Rent Rules.

If a new adult is added to a non-study household, this will initiate a reset of the household's stepped rent.

Eligibility: The household has been approved for a hardship under section I. They remain in hardship status for 12 consecutive months. At the end of 12 months, the household requests that the hardship be extended. The hardship review panel determines that a permanent stepped rent reset would be better than continuing with temporary income-based hardships.

Remedy: The PHA will calculate a new stepped rent TTP at the higher of the minimum rent or 30% of prior year/retrospective adjusted income. This will not be a temporary hardship; the resulting TTP will apply for 12 months and will establish a new base on which future stepped rent annual increases will be applied. This action will establish a new annual cycle for the household's stepped rent increases.

Example: Felicia (from Example 3, above), pays the \$440 hardship TTP for twelve months. When her hardship expires, her TTP would increase to \$650; her initial stepped rent TTP was

\$600, and a \$50 stepped rent increase is applied because one year has passed since her first reexamination after enrollment. But her circumstances have not changed: she still has a current gross income of \$2,100 per month (\$25,200 per year), eligible deductions of \$12,000 per year, and a current adjusted income of \$1,100 per month (\$13,200 per year). The \$650 stepped rent would cause a rent burden of 59%, so she requests another hardship exemption. The PHA's hardship review panel determines that it would be best to reset Felicia's stepped rent TTP because 1) that will enable her to increase her income going forward without a corresponding rent increase, and 2) it will reduce the PHA's administrative burden by eliminating the need for ongoing annual hardship reviews. Felicia's new stepped rent TTP is set at \$330, which is 30% of her prior year/retrospective adjusted income.

III. Other Circumstances.

A household may request a hardship exemption for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-of-pocket expenses because of changed circumstances (for example, a large medical bill), or if the household is facing eviction due to inability to pay the rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel.

Eligibility: The hardship review panel determines that circumstances beyond the household's control make it difficult for the household to pay the stepped rent TTP, and a temporary rent reprieve is necessary.

Remedy: The PHA will set the household's TTP to the \$50 minimum rent or 40% whichever is higher for up to three months (90 days).

IV. Right to Appeal:

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

17-II.B SELF CERTIFICATION OF ASSETS – MTW WAIVER 3.c

Activity

3.c. Self-Certification of Assets (PH)—At reexamination, the agency may allow the self-certification of assets.

Statutes and Regulations Waived

Self-Certification of Assets (PH)—Certain provisions of sections 3(a)(1) and 3(a)(2)(E) of the 1937 Act and 24 CFR 960.259(c)(2).

Safe Harbor(s)

- i. At reexamination, the agency may allow the self-certification of assets only up to \$50,000.

FWHA Policy – Waiver 3.c

The FWHA will allow the family to self-certify assets up to \$50,000 at the time of recertification. However, the FWHA is required to obtain third-party verification of all assets regardless of the amount during the intake process.

The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

17-II.C. FSS – ALTERNATIVE FAMILY SELECTION PROCEDURES - MTW WAIVER 10.c

Activity

10.c. *Alternative Family Selection Procedures (PH)*—The agency is authorized to develop its own recruitment and selection procedures for its MTW FSS Program. Alternatively, the agency may make participation in the MTW FSS Program mandatory for any household member that is non-elderly or non-disabled.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & PH)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

- i. Agency must review FSS Guidance.
- ii. The agency must execute a Contract of Participation, or other locally developed agreement, which is at least five years but not more than ten years, with each participant participating in their FSS program.
- iii. The agency, if implementing an FSS program, even with MTW modifications, must have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract.
- iv. The agency must not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families.
- v. If the agency requires MTW FSS Program participation as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity.
- vi. If the agency requires MTW FSS Program participation as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity.
- vii. The agency must not make MTW FSS Program participation mandatory for individuals that do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act.

- viii. If an agency terminates the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program participation, the family will be entitled to a hearing under the agency's Grievance Procedure (24 CFR part 966, subpart B) or the PH informal hearing process (24 CFR part 982.555).
- ix. The agency must not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or PH assistance.

FWHA Policy – Waiver 10.c

The FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. The FWHA wishes to include FSS families in the Stepped Rent demonstration and therefore will modify the FSS Contract and selection procedures to include these families. Any FSS funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the “Fresh Start Program” formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

The FWHA is authorized to operate its Family Self-Sufficiency (FSS) Program, and any successor programs, exempt from certain HUD program requirements. If the FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. Recruitment, eligibility, and selection policies and procedures must be consistent with HUD's nondiscrimination and equal opportunity requirements. To the extent that Family Self-Sufficiency activities include supportive services, such services must be offered to elderly and disabled persons who are participants in the covered program and eligible for such services.

Notwithstanding above, any funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the “Fresh Start Program” formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

17-II.C ALTERNATIVE REEXAMINATION SCHEDULE – MTW WAIVER 3.b

Activity

3.b. Alternative reexamination Schedule for Household (PH) – The agency may establish an alternative reexamination schedule for households.

Statutes and Regulations Waived

Alternative Reexamination Schedule for Households (PH)—Certain provisions of section 8(o)(5) of the 1937 Act and 24 CFR 982.516 (a)(1) and 982.516(c)(2).

Safe Harbor(s)

- i. Reexaminations must occur at least every three years.
- ii. The agency must allow at least one interim adjustment per year at the request of the household if the household gross income has decreased 10% or more.
- iii. Agency must implement an impact analysis.
- iv. Agency must include a hardship policy.

FWHA Policy – Waiver 3.b

The Stepped Rent Policy will allow randomly enrolled families to be recertified triennially. Additionally, the FWHA will establish a triennial recertification schedule for eligible Public Housing families.

An eligible household is defined as an elderly and disabled household in which 90% or more of the household income is considered fixed income.

Under this policy, reexaminations of income and household composition will be conducted once every three years instead of annually. Income will be reviewed using the streamlined income verification process.

Families will be eligible for one interim reexamination if their income goes down 10% or more within a calendar year or if there is a change to the household composition. Changes to household composition will be processed once per calendar year, unless needed as reasonable accommodation. Participants enrolled in the Stepped Rent demonstration will not be eligible for an interim certification but will be eligible for relief under the established hardship policy for Stepped Rent.

17-II.D FSS – MODIFY OR ELIMATE THE CONTRACT OF PARTICIPATION - MTW WAIVER 10.d

Activity

10.d. *Modify or Eliminate the Contract of Participation (PH)*—The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD–52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally developed agreement that codifies the terms of participation.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & PH)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.d

The FWHA will modify the FSS Contract of Participation (HUD-52650) to align the program with adjustments made to its MTW FSS Program using MTW flexibility. The purpose will be to include families who are participating in the Stepped Rent Policy. The contract of participation will be for a five-year period with an optional one-year extension. Additionally, the PHA will move to a goal-based incentive self-sufficiency program where the family will receive escrow amounts based on the achievement of certain self-sufficiency goals. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

17-II.E FSS – POLICIES FOR ADDRESSING INCREASES IN FAMILY INCOME - MTW WAIVER 10.e

Activity

10.e. *Policies for Addressing Increases in Family Income (PH)*—The agency is authorized to set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency’s existing rent policy) or changing the amount of funds moved to escrow/savings through the program.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & PH)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.e

The FWHA will set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency’s existing rent policy) or changing the amount of funds moved to escrow/savings through the program. The FWHA will execute a Contract of Participation, or other locally developed agreement, that is at least five years but not more than six years, with each participant participating in the “Fresh Start Program” FSS program. The FWHA will have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. The FWHA will not use income increases during participation in the MTW FSS Program to change a family’s eligibility status for purposes of participation in the MTW FSS Program or for

the receipt public housing or PH assistance. A goal-based incentive program will be implemented. See **Exhibit 20-2 – MTW Fresh Start Enrichment Program (FSEP)**

FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

17-II.F. HOUSING DEVELOPMENT PROGRAMS -MTW WAIVER 17.c

MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. The agency is authorized to implement the local, non-traditional activities listed below to provide a rental subsidy to a third-party entity to provide housing and supportive services to eligible low-income participants, and to contribute MTW Funding to the development of affordable housing. Families served through the activities described below must be at or below 80% of Area Median Income. Implemented activities must meet one of the three MTW statutory objectives of increasing the efficiency of federal expenditures, incentivizing self-sufficiency of participating families, and increasing housing choice for low-income families. The use of MTW Funding must be consistent with the requirements of [2 CFR 200](#) and other basic requirements for the use of federal assistance. The agency must determine the eligibility of families in accordance with [24 CFR 5.609](#) and with section 3(b)(2) of the Act. Local, non-traditional activities must fall within one of the three categories below and comply with PIH Notice 2011-45 or any successor notice/and or guidance.

Activity

17.c. Housing Development Programs—Programs that use MTW Funding to acquire, renovate and/or build affordable units for low-income families that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships.

Statutes and Regulations Waived

Local, Non-Traditional Activities—MTW Funding can be utilized per statute and regulation for the eligible activities listed at sections 8(o), 9(d)(1), and 9(e)(1) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity

Safe Harbor(s)

- i. The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.
- ii. Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income.
- iii. The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance.
- iv. Agency must comply with section 30 of the 1937 Housing Act.
Any MTW Funding awarded to a third-party provider must be competitively bid.

FWHA Policy – Waiver 17.c

The FWHA intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships. The FWHA will not spend more than 10% of its HAP budget on local, non-traditional activities and families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. This MTW activity will enable the FWHA to redevelop additional FWHA owned units and increase the amount of affordable housing in the City of Fort Wayne. The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

17-III.A. AGENCY SPECIFIC WAIVER

FWHA Policy - Elimination of Earned Income Disallowance

The FWHA will eliminate the mandatory Earned Income Disregard from annual income as required under 24 CFR 5.609 for all families. The Earned Income Disregard (EID) provision in the regulations would prevent the FWHA from effectively implementing and monitoring the Stepped Rent Policy and the number of families receiving and eligible for EID in HCV and PH is 0% of total households. Existing families currently in the initial or phase-in period of EID will be allowed to finish their income disallowance as per the regulation.

Hardship Policy – Agency Specific Waiver – Elimination of Earned Income Disallowance

This is an Earned Income Disallowance specific hardship to protect tenants from potential rent burden caused by the elimination of Earned Income Disallowance. This is an income-based hardship that applies at recertification and/or upon household request.

Hardship due to increase in income that would be excluded by Earned Income Disallowance (EID)

- The family will be granted up to one hardship request per year for families whose Total Tenant Payment (TTP) exceeds 40% of current monthly gross income. The hardship may not exceed 90 days (3-months). If granted a hardship, the household's new rent would be based on 30% of their current gross monthly income for up to 90 days (3 months). If the hardship still exists after 90 days, the hardship may be extended by the PHA for another 90 days up to a maximum 180 days (6 months). At the end of the hardship period, the household will resume the stepped rent increases.

Right to Appeal

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

EXHIBIT 20-1: STEPPED RENT POLICY DISCUSSION GUIDE

Fort Wayne Housing Authority Stepped Rent Policy Discussion Guide

Component

Eligibility

Non-elderly, non-disabled households currently or newly receiving an HCV or PH subsidy at the time of random assignment.

Exclusions based on status at the time of random assignment:

- Head, Co-Head, Spouse 56 years of age or older
- Households in the homeownership program
- Current FSS participants (standard FSS only)
- PH flat rent
- PH Zero HAP households
- Special purpose vouchers
 - VASH
 - Mod Rehab (Certificate)
 - Enhanced Voucher
 - Shelter Plus Care
 - Foster Youth
 - Emergency Housing Voucher
 - Mainstream
 - Tenant Protection Voucher (still under Enhanced Voucher requirements)
- Mixed eligibility families
- Households living in Jobs Plus developments
- Households receiving Earned Income Disregard (EID) at RA
- Households living in developments that underwent a PBRA RAD conversion (not excluded if PBV conversion)
- Households in phase-in period under RAD protections
- Port-outs
- Port-ins (Administered)
- Households who are not yet indicated as disabled according to HUD definition, but:
 - Have been approved to receive SSI/SSDI but have not yet received first payment:
 - Have a pending SSI/SSDI application in (applied recently and waiting to learn of approval status)

Eligibility Notes

- a. Some eligibility criteria will be checked prior to study enrollment using a software report and some criteria will be checked at study enrollment by the staff member conducting enrollment.
 - Age will be checked prior to study enrollment but age eligibility is determined based on household members' age as of the recertification effective date (for recertifying households) or as of the date of study enrollment (for new admissions).
 - TBD for stepped rent sites depending on the timing of the rollout of their alternative FSS programs because households enrolled in an alt FSS are eligible for study.
 - To be checked at study enrollment:
 - Zero-HAP status
 - Tenant Protection Voucher status
 - Pending disability status
- b. TPVs are eligible for the study if the enhanced voucher requirements no longer apply
- c. If the PHA will definitely demo/dispo public housing properties and transition households to TPVs, then the PHA can designate those households as ineligible for the study (at the study enrollment meeting).
- d. LIHTC is not an exclusion. LIHTC households will still be required to report income annually, but it would not affect the rent.
- e. Households must meet the HUD definition of a “disabled household” to be excluded as a disabled household. Household to self-attest to the fact they have applied for Social Security (disability) for the head, co-head or spouse. Doctor’s note or SS documentation is not required.
- f. If a household is assigned to the Stepped rent rules group but then subsequently becomes disabled (meets HUD definition of disabled) the PHA can switch the household to the standard rent rules.

Returning study households

Returning study households. If a household completes study enrollment and is randomly assigned to a rent rule group, then ports out or exits the program, and then returns to the PHA, they are to be served according to their original randomly assigned rent rules group status (regardless of whether they are a billed or absorbed port-in). For example, if the household was under the Stepped Rent Policy and ported out, they would continue to be under the Stepped Rent Policy if they ported back in.

PHA to do a new income collection and review and set a new stepped rent using current gross income and recert schedule (i.e., reset the step).

Study enrollment period

The study enrollment period is one year: January 1, 2023 – December 31, 2023. Study enrollment appointment letters are distributed in January 2023 and study enrollments starts in January 2023 for new admissions and households with May 2023 recert effective dates.

All (study eligible) recertifying households with recertification effective dates May 1, 2023-April 30, 2024, and any new admissions that (come off the waitlist and) and will attend a lease up briefing during the enrollment year are to be enrolled (randomly assigned into one of the two rent rules groups).

- a. Transitions from one program to another do not necessarily trigger study enrollment unless they are considered a new enrollee, or the transition coincides with a recertification.
- b. If a household is not enrolled in the study at the time of the transition but has subsequent recertification in a program that is part of the study during the enrollment period, then they should be enrolled into the study at that time.
- c. Households remain in their assigned rent rules group even if they later transition to a different program (unless that program is not eligible for the study)

Households assigned to the standard rent rules group are to be subject to the standard rent rules—the standard rent rules are to remain unchanged for the duration of the study.

The PHA has discretion to serve households that are not eligible for the study and households that newly enroll after the end of the one-year study enrollment period, according to any rent rules.

Prior/retrospective Income

Prior/retrospective period for recertifying households—first recertification following study enrollment. The period is defined as the prior twelve months ending 120 days before the recertification effective date. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household (even if the effective date is moved to accommodate a move at the first certification following enrollment).

Prior/retrospective period when resetting a household's step after study enrollment (following 12 months of hardship). The period is defined as the prior twelve months ending the most recent quarter ending 60 days prior to effective date of the step reset. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household.

Prior/retrospective income. The actual income received in the prior twelve months.

The Stepped Rent policy does not change any of the income exclusion rules. Include all required types of income sources when determining prior/retrospective income. However, there are some differences in how income may be treated as follows.

- The STRD policies do not change income exclusion rules, and one income exclusion is temporary/sporadic income. HUD does not have a specific definition for “sporadic,” so under current rules it is up to the PHAs to define sporadic income for exclusion. This guidance extends to retrospective income as well. However, unlike determining current/anticipated income, with a 12-month look back period for prior year/ retrospective income, PHAs have a better picture of what is truly sporadic, versus just irregular, income.
 - Examples of income that would not be considered sporadic and not be excluded from retro income include:
 - Somebody that works multiple short-term jobs over the retro period
 - A job ended a month into the retro period
 - Seasonal work
 - Examples of income that could be considered sporadic and excluded from retro income include:
 - Someone worked at one job for most of the retro period, but then also took a job that lasted only a couple of days for a different employer in the middle of it
 - Income from recycling for refunds

There is clearly a gray area between these examples, and PHAs can use their discretion to decide how they want to define sporadic income that would be excluded within that gray area. However, a blanket rule that excludes any earnings from any jobs that lasted less than 30 days, for example, would not be appropriate to apply to retro income.

- Even if income (from any source) began partway through the prior/retrospective period, only use the *actual* amount received during the prior/retrospective period.
- Do not count income from TANF, UI, SSI, SSDI, or court ordered child support if it ends partway through the prior/retrospective period. (Each PHA has the discretion to develop a plan for how to handle court ordered child support if the household is not actually receiving it regularly.)
- If a household member turned age 18 during the prior/retrospective period do not include any of that member’s ‘earned’ income.
- If a household member is a student at the time of recertification, then designate that member as a student and only include \$480 of that household member’s income when calculating the first rent amount under the stepped rent policy.
 - Student status is determined at recertification using standard verification procedures.
 - Household members designated as a student at recertification retain that designation *unless the step is reset at a later time.*

Income Verification

Income Verification. PHAs have some discretion in developing the policy for verifying prior/retrospective and current income. PHAs must use EIV to verify as much as of the income as possible but can then develop a customized process. For example, PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy and they can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy entirely. At minimum verification must be EIV and self-certification.

The PHAs alternative verification policy can be applied to prior/retrospective and current income; new admissions and existing households; and to the treatment and controls groups as well as non-study households. However, a PHA may not simply skip from EIV to self-certifications for new admissions because EIV is not available for new admissions.

The income verification policy and procedures (including details about the hierarchy level of self-certifications) should be documented in the PHAs Administrative plan and Admissions and Continued Occupancy Plan (ACOP).

- a. PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy
 - b. PHAs can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy. At minimum verification must be EIV and self-certification.
 - c. PHAs can apply for an agency-specific waiver to increase the \$2,400 discrepancy threshold.
- Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.)

Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.). When combining different sources of income documentation, it is up to the PHAs to decide whether they want to require alignment across income documentation sources (e.g. ask tenants for paycheck dates instead of start and end dates of when they worked) or if inconsistency is acceptable (e.g. use actual EIV amounts where available + self-cert on when the person worked and their hourly wage during the remainder of the retro period).

Corrections for Income Discrepancies

Corrections for Income Discrepancies. Stepped rent policy does not affect a PHA's policy to make/not make corrections for income discrepancies for reported/ verified prior/retrospective income for the designated prior/retrospective period.

If the PHA later identifies a discrepancy to the reported/verified prior/retrospective income for the designated prior/retrospective period, the PHA should process discrepancies as they normally would, which may result in "interim" or "annual correction" actions to make these types of corrections.

[PHAs have discretion to request an agency-specific waiver to increase the \$2,400 discrepancy threshold.]

Calculating TTP

Recertifying Households. The first rent amount under the stepped rent policy calculation for recertifying households is based on 12-month *prior/retrospective* adjusted income (That is, keeping all deductions/allowances for the year 1 stepped rent and all hardships.). Rent is set at 30% of adjusted monthly prior/retrospective income. Then rent steps up annually by a fixed amount set at 2 % of FMR based on unit size.

New Admissions. The first rent amount under the stepped rent policy calculation for newly admitted households is based on *current adjusted income*. Rent is 30% of current adjusted monthly income. Then rent steps up annually by a fixed amount set at 2 % of FMR based on unit size.

Subsequent rent calculations. The household's rent is not redetermined by subsequent recertifications but will instead automatically step up annually by a fixed amount set at 2% of FMR based on unit size.

Minimum Rent/ TTP. Stepped rent policy requires a \$50 minimum rent.

Eligibility determinations

Triennial eligibility determinations. PHAs complete triennial eligibility determinations using current *gross* income.

Public Housing Over-income rule. If a Public Housing household's income is over the income limit the first recertification following study enrollment or at a subsequent triennial eligibility check, the standard over-income procedures are triggered. PHA measures income the following year. Over-income rent rules supersede the stepped rent policy.

The last rent step. The "last step" in public housing is when the household's TTP reaches the flat rent.

Contract Rent Increases

Contract Rent Increases. If the contract rent is increased conduct an interim to increase the contract rent and update the payment standard and utility schedule. This may result in an increase in family share if the new gross rent is above the new payment standard.

Household Composition Changes

Household member added.

If a household adds a new member, conduct an interim to add the member. However, do not reset the step or include the new members income.

If the new member results in a move to a larger unit size, the household’s step is adjusted to match the new (larger) unit size at the next annual step increase.

Household member removed.

If a household removes a member, conduct an interim to remove the member. If the removal results in a decrease in income and/ or a move to a smaller unit size —the household could/ would need to request a hardship evaluation in order to lower the rent. As applicable, the household’s step would be adjusted to match the new (smaller) unit size at the next annual step increase.

PH Maximum Family Share at Initial Occupancy

The stepped rent policy may cause an initial family share to be above 40%, that is acceptable because it is part of the alternative rent policy. Thus, no waiver is required.

Moves

If a household moves, update the payment standard and utility schedule and conduct an Other Change of Unit (50058 action type = 7) to process the move but do not adjust the rent.

If a household moves to a different unit size, then the household’s step would be adjusted to match the new (smaller/larger) unit size at the next annual step increase.

Use current gross income to test for unit affordability. “Current” in this case can be current income in the SOR. However, if household income has increased since the last action, the households can request a review of updated current income (and the PHA to advise the household to do so when appropriate), so the household can afford a unit with higher rent.

Do not change the effective date to align with the new lease date after study enrollment. PHA can move the effective date up by one or two months to match a new lease date for the first recertification following study enrollment; however, after that the effective date cannot be changed.

The New Policy’s interaction with Other PHA Programs and Services

Community Self Sufficiency Requirement. The CSSR requirement to verify compliance each year at least 30 days ahead of the annual lease term continues to apply. The MTW Waiver of the annual reexam requirements does not (and cannot) waive this CSSR requirement.

However, since the stepped rent policy does change the 50058 reporting requirement from annual to triennial, the PHAs are not required to report households' CSSR compliance status to HUD annually by submitting 50058s in between triennial reexams with the sole purpose of reporting households' CSSR compliance.

Per the standard CSSR policy, do not make a change in CSSR status between (triennial) recertifications unless notified otherwise that status has changed.

FSS participation. Households can enroll in FSS or other FSS alternatives after random assignment.

- a. New rent rules households can choose to participate in FSS but cannot accrue escrow.
- b. New rent rules households can access a similar economic self-sufficiency program that *is* compatible with the stepped rent policy, such as one that provides cash rewards tied to self-sufficiency milestones.
 - i. This alternative FSS program would be offered to new rent rules group households only (not the control group).

Homeownership Program. Study households can enroll in the Homeownership Program after random assignment.

Hardships

Minimum Rent Waiver Hardship.

A hardship that temporarily waives the minimum rent requirement due to zero income.

This hardship type should apply to all PHA households—including both treatment and control study households and should be noted in the Stepped Rent hardship policy. However, PHAs have discretion to not to offer a minimum rent waiver.

Other Hardships/ Extenuating circumstances.

Eligibility: A hardship that provides temporary relieve to households that encounter an extenuating circumstance including, for example:

- The family has experienced a death in the family
- The family has experienced a sudden increase in expenses (funeral costs, medical bills, transportation costs, education costs, etc.) or loss of other assistance or benefits determined by the PHA to be qualifying
- Other situations and factors determined by the PHA to be qualifying

Remedy: The remedy for this hardship type would be short-term. For example, the PHA could set the TTP at or below the minimum rent for one or two months or can set up a payment plan.

This hardship type applies to all PHA households – including both treatment and control study households and should be noted in the Stepped Rent hardship policy. PHAs must indicate whether hardships will be granted or not for the above circumstances in the MTW supplement.

Income-based Hardship.

A Stepped Rent-specific hardship that protects families from potential rent burden due to a loss of income an increase in eligible deductions, or income not increasing to keep up with the automatic step increases.

Eligibility: A household is eligible for this hardship exemption if their rent burden (their total tenant payment divided by their current adjusted monthly income) exceeds 40%.

Remedy: Setting the TTP at 40% of *current adjusted* income (or the minimum rent, whichever is greater) for up to 12 months.

- PHAs have discretion over the duration of the hardship remedy but it cannot exceed 12 months. PHAs can create a standard duration for all income-based hardships or can determine the duration on a case-by-case basis.

This hardship that applies at recertification and/or upon household request.

- **Automatic hardships.** If the new stepped rent TTP divided by *current* adjusted income exceeds 40% at the first recertification following study enrollment, automatically grant a hardship. Households do not need to request this hardship or complete a hardship form. PHA to conduct an income examination and compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior/retrospective adjusted income, automatically determine whether the household is eligible for a temporary hardship exemption.

Note: Automatic hardships at the first certification following enrollment, will not be applicable to new admissions since current income is being used to determine TTP.

- **Requested by household.** At any time other than the first certification following study enrollment, a hardship must be requested by the household. Households request this hardship by completing and submitting a hardship request form and providing the household's updated current income.

When the hardship rent expires, if the step is not reset and household does not request (or the PHA does not approve) a hardship renewal, the household's TTP is set according to the previously determined rent schedule. This means that if the rent stepped up while the household was on a hardship, the new rent following the end of the hardship will include that step increase.

Student Income and Hardships. If a household applies for a hardship and a household member (other than the head, co-head, or spouse) was not a student at the time of the recertification but then subsequently becomes a student, then verify student status using the PHAs standard practices and only include up to \$480 of that member's income when determining hardship qualification. A change in student in student status does not automatically qualify a household for a hardship—the household would still need to meet the income-based hardship criteria: *current adjusted income* (subtracting all but \$480 of eligible student income) makes their rent burden (their total tenant payment divided by their current adjusted monthly income) exceed 40%. In other words, the policy is not that households have to report student status changes or that they *should* or have to request a hardship if they become a student.

- If a PHA prefers not to allow for hardships when a household member becomes a full-time student and there is no decrease in income, then propose a policy specifying this in your hardship policy as a hardship qualification requirement.

Stepped Rent Reset for Sustained Hardships.

If a household spends 12 consecutive months in a hardship status and then requests an ongoing hardship rent, the PHA has two options.

1. Grant new hardship. PHA can grant the household with new temporary hardship (e.g., another 6 or 12-month hardship).
2. Reset the step. PHA can reset the household's stepped rent (even if the household no longer has a rent burden above 40%).

A step reset operates similar to the first recertification following study enrollment. PHA conducts a new full income reexamination (action type 2, in 50058 terms). The household's new rent is based on 28% or 30% of their prior/retrospective adjusted income. A step reset establishes a new annual stepped rent increase cycle based on the step reset effective date.

- a. For example: a household starts out the stepped rent on 1/1/23. But on 8/1/23 they get a hardship rent. They're in hardship for 12 months and their situation doesn't improve, so on 8/1/24 you reset their stepped rent. By that point, the 1/1 date won't be meaningful. It wouldn't make sense to have a stepped rent increase kick in 5 months later, on 1/1/25. You would just put them on a new cycle, with stepped rent increases being applied on 8/1 each year.

General Hardship Policy Guidance.

- There is no limit to the number of hardships that a household may receive. Hardship request caps are not permitted
- When a household requests a hardship exemption from the stepped/tiered rent, (PHA) will suspend the stepped/tiered rent for the household beginning the next month after the request, until (PHA) has determined if the request is warranted. PHAs will need to come up with additional detail about how this will be implemented, but that wouldn't need to be specified in the MTW Supplement hardship policy. PHAs could follow the process they already use for minimum rent hardships.
- If a household member has seasonal employment resulting in a temporary reduction in current income, the PHA can create a policy to determine whether the household would qualify for a hardship regardless of whether the seasonal income reduction puts them in a rent burden. For example, the PHA may determine that even when a seasonal worker is in the period where their income is zero, their "current income" according to the PHA definition might not be zero given the "anticipated" part of the current income definition. However, if the household is truly in danger of not being able to pay the rent, the PHA may need to offer some kind of relief.
 - The PHA may also want to use discretion about hardship duration in these situations. For example, if it is known that the household member has summers off, then the PHA may want to only grant a shorter (3 months) hardship remedy.
- PHAs to track all hardships requests from Stepped rent households regardless of type. Request = hardship form completed & submitted.

EXHIBIT 20-2: MTW FRESH START ENRICHMENT PROGRAM

Fort Wayne Housing Authority MTW Fresh Start Enrichment Program Description

DESCRIPTION

This activity applies to Housing Choice Voucher (PH) and Public Housing (PH) FSS program participants. FWHA proposes using MTW flexibility to revise and rename the existing Family Self-Sufficiency (FSS) Program to the Fresh Start Enrichment Program (FSEP), a local MTW FSS program. The MTW FSS program “Fresh Start program” (FSEP) is voluntary. Existing FSS participants in the traditional program may finish out their contract or may choose to switch to the new Fresh Start Enrichment Program (FSEP). FWHA anticipates these program enhancements will strengthen the FSS program by improving the retention rate and by increasing participants’ long-term economic capacity by providing incentives to encourage participants to complete education and training programs before entering the workforce. FWHA will also use MTW funds to provide supportive services aimed at empowering families to build savings and financial capabilities as a pathway out of poverty. Additionally, FSEP families would be eligible to participate in the Stepped Rent initiative/demonstration program and the FWHA will remain eligible for the FSS coordinator grant.

Enhancements to FWHA’s FSS program include:

- Modification of the requirement that an FSS applicant must have an interim or annual recertification within 120 days prior to FSS enrollment. FWHA will use the last completed HUD-50058 income certification prior to the effective date of the Contract of Participation (COP) to determine initial income.
- The term of the Contract of Participation (COP) will be five (5) years with a one-year extension up to a maximum of six (6) years.
- Opportunity to obtain escrow funds for clients who would otherwise be ineligible for the component of the FSS due to their level of income. FWHA will modify the escrow calculation methodology by calculating FSS credits using the same method for all participants regardless of income level. The method used for very low-income households will apply to all participants.
- Placement of an absolute cap on the amount of escrow regardless of prior FSS participation. The cap, which may be periodically reviewed and updated at FWHA’s discretion, will initially be set at **\$18,200** per household. Generally, incentive payments count toward the **\$18,200** escrow cap.
- Establishment of goal-specific incentive payment when a family attains an established goal. FWHA reserves the right to disburse incentive payments upon final escrow disbursement or at the time of goal completion. Incentives are included in Attachment 1: Goal Based Incentive Program.
- Establishment of an incentive payment for graduates of the local MTW FSS program who purchase a home within 2 years of completion of the FSEP program. The incentive payment amount, which may be periodically reviewed and updated at FWHA’s discretion, will be set at \$5,000 per household. To qualify for the homebuyer purchase bonus, the FSEP homebuyer must complete an approved Homebuyer Education course. The \$5,000 bonus may be used for a down payment or for post-purchase expenses.

- Allow existing FSS participants, at the time of implementation of the local MTW FSS program, the right to opt-in to the local MTW FSS program. Existing participants would sign a new FSEP COP, which reflects the original enrollment and completion dates, income and earned income, but which includes the MTW FSS program features and requirements. MTW escrow calculations and incentives would apply as of the effective date of the new COP and the five-year clock would restart.
- FWHA will also develop local versions of the FSS Contract of Participation and Individual Training and Service Plan to reflect the features of its local FSS Program. FWHA anticipates that approximately 100 new participants will join the local MTW FSS program entitled the Fresh Start Enrichment Program (FSEP) in FY 2022.
- In order to successfully graduate from the FSEP program, the family must meet the following criteria:
 - **Be employed full-time or achieve a degree or certificate and be free of all welfare assistance**
 - **Complete three (3) personal goals**
 - **Receive a minimum of five (5) bonus incentives (which includes completing three (3) personal goals)**
- Families will be unenrolled/terminated from the FSEP program after 5 years (plus any one-year extension up to 6 years, if applicable)

**Local MTW FSS Program/Fresh Start Enrichment Program (FSEP)
Goal Based Incentive Program**

Category	Pay Point	Eligibility	Amount	Maximum Amount
Education & Training	Completion of training/Certification program (skilled trade, real estate license, cosmetology license, etc.)	One-time	\$500	\$500
	Completion of GED	One-time	\$400	\$400
	Completion of Associates Degree	One-time	\$500	\$500
	Completion of bachelor's degree	One-time	\$1,000	\$1,000
	Completion of master's degree or Doctorate Degree	One-time	\$1,500	\$1,500
Employment	Obtain new employment	One-time	\$100	\$100
	Employment retention for 12 consecutive months	Annually	\$200	\$1,200
	Removed from food stamps, or childcare assistance due to increased earnings from wages or started paying into healthcare benefits or Medicaid	One-time	\$300	\$300
Engagement	Completion of annual FSEP progress meeting	Annually	\$100	\$600
Financial Stability	Attend 12 FWHA Financial Literacy Program Meetings	12x	\$100	\$1,200
	Open and maintain a new checking or savings account (12 consecutive months; no negative ending balance more than twice per year)	One time	\$500	\$500
	Improve credit score (by 50 points or more)	Annually	\$500	\$3,000
	Increase and maintain personal savings by either a) making a \$25 per month deposit or; b) showing a \$300 increase to savings for a six (6) month period (verifiable over a 12-month period)	One-time	\$1,000	\$1,000
	Increase earned income	Annually	\$100	\$600
Housing & Homeownership	Engage in homeownership preparation activities	2x	\$250	\$500
	Purchase a home	One time	\$5,000	\$5,000

Personal	Completion of three (3) personal goals established at admission & progress meeting.	3x	\$100	\$300
Graduation	Employed full-time or achieved a degree or certificate and free of welfare assistance; completion of three (3) personal goals: and received a minimum of five (5) other bonus incentives listed above (including personal goal achievements)	One-time	\$1,000	\$1,000
			Maximum Earnings	\$18,200

PART IV: CALCULATING FAMILY SHARE AND PHA SUBSIDY

6-IV.A. OVERVIEW OF RENT AND SUBSIDY CALCULATIONS

TTP Formula [24 CFR 5.628]

HUD regulations specify the formula for calculating the total tenant payment (TTP) for an assisted family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in Part I, divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent between \$0 and \$50 that is established by the PHA

The PHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in section 6-IV.B.

The amount that a family pays for rent and utilities (the family share) will never be less than the family's TTP but may be greater than the TTP depending on the rent charged for the unit the family selects.

Welfare Rent [24 CFR 5.628]

PHA Policy

Welfare rent does not apply in this locality.

Minimum Rent [24 CFR 5.630]

PHA Policy

The minimum rent for this locality is \$75.

Family Share [24 CFR 982.305(a)(5)]

If a family chooses a unit with a gross rent (rent to owner plus an allowance for tenant-paid utilities) that exceeds the PHA's applicable payment standard: (1) the family will pay more than the TTP, and (2) at initial occupancy the PHA may not approve the tenancy if it would require the family share to exceed 40 percent of the family's monthly adjusted income. (For a discussion of the application of payment standards, see section 6-IV.C.)

Chapter 20

MOVING-TO-WORK WAIVERS

INTRODUCTION

This chapter describes the PHA policies and waivers under the Moving-to-Work Demonstration Program:

Part I: General Requirements. This part describes general provisions of the MTW program.

Part II: MTW Waivers. This part includes policies related to the approved MTW waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part III: Agency Specific Waivers. This part includes agency specific waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part IV: Exhibit 20-1 – Stepped Rent Policies. This exhibit includes Stepped Rent specific policies.

Part V: Exhibit 20-2 – MTW Fresh Start Enrichment Program. This exhibit includes MTW specific policies for the MTW FSS program.

PART I: GENERAL REQUIREMENTS

20-I.A. OVERVIEW [FR Notice 8/28/20]

The Public Housing/Section 8 Moving to Work (MTW) demonstration program was first established under Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, [Public Law 104-134](#), 110 Stat. 1321 (1996 MTW Statute) to provide statutory and regulatory flexibility to participating public housing agencies (FWHA s) under three statutory objectives. Those three statutory objectives are: to reduce cost and achieve greater cost effectiveness in Federal expenditures; to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and to increase housing choices for low-income families.

FWHA Policy

The **Fort Wayne Housing Authority (FWHA)** has been designated as a Moving-to-Work agency under **Cohort #2 – Rent Reform** and will operate its program in accordance with the Operations Notice for the Expansion of the Moving to Work Demonstration program published in the Federal Register on Friday, August 28, 2020, and the annual MTW Supplement (HUD form 50075-MTW).

For eligible families, the MTW policies in this chapter will take precedence over any traditional HUD policies listed anywhere in the administrative plan. These MTW policies will also apply to FWHA Special Purpose Voucher programs, where applicable.

PART II: MOVING TO WORK WAIVERS

20-II.A. STEPPED RENT POLICY – MTW Waiver 1.d

Activity

1.d. *Stepped Rent (HCV)*—The agency may create a stepped rent model that increases the family's TTP on a fixed schedule in both frequency and amount. The fixed schedule/stepped rent model may be disaggregated from family income.

Statutes and Regulations Waived

Stepped Rent (HCV)—Certain provisions of sections 8(o)(2)(A)–(C) of the 1937 Act and 24 CFR 5.628.

Safe Harbor(s)

- Rent (TTP) increases may not occur more than once per year.
- Agency must conduct an annual impact analysis. *
- Agency must exclude elderly and disabled families from rent policy. *
- Agency must implement a hardship policy. *
- Services, or referrals to services, must be made available by the agency or a partner organization to support preparing families for the termination of assistance, if applicable.
- At the Department's request, the agency shall make available the method used to determine that rents charged to families are reasonable when compared to similar unassisted units in the market area. *
- Initial rents will be set at no more than 32% of a household's gross income, or 35% of a household's adjusted income.
- The PHA will establish a stepped rent increase by unit size. The increase may be no more than 4% of the Fair Market Rent for the applicable area.

FWHA Policy -Waiver 1.d

The agency will create a stepped rent model that establishes the Total Tenant Payment (TTP) based on adjusted annual income and increases the family's TTP annually based on 2% of the HUD published Fair Market Rent (FMR). The annual Stepped Rent increase will be a specific dollar amount, by unit size. The FWHA intends to increase the Stepped Rent by 2% each year and review and adjust the Stepped Rent increase each year when HUD publishes new Fair Market Rents during the six-year study period. Therefore, the Stepped Rent increases may change if the FMRs change. Each household's year one Total Tenant Payment (TTP) will be set at 30% of their gross income or the FWHA's minimum rent of \$50. After the first year, each household's rent will increase by the annual Stepped Rent increase, regardless of their income. The FWHA will be implementing Activity 1c and 1d – Stepped Rent Policy within the safe harbor limits established by the MTW Operations Notice but will include an agency specific waiver for the elimination of Earned Income Disallowances (EID) for all participants.

Under the Stepped Rent policy, the initial rent is based on adjusted income and will be determined using the prior 12 months' adjusted retrospective income for existing/recertifying

households and adjusted current income for new admissions. FWHA will use a definition of income that differs from the existing rent rules. FWHA will apply the allowances or deductions typically used to calculate “adjusted income.” Income will be defined as 12 months adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. Under the existing rent calculation rules, income is defined as the amount that the family expects to receive in the next 12 months. This is sometimes referred to as “current/anticipated income.” In Stepped Rents, the triennial income reexaminations will measure income based on the prior 12 months’ adjusted income, i.e., retrospective income. This should improve the accuracy of income reporting and better represent a household’s long-term earning potential.

Under the Stepped Rent policy, during the enrollment period, any new admissions who qualify as eligible households are expected to undergo random assignments. After the study enrollment period is concluded, the FWHA will decide whether to implement the Stepped rent policy for any newly admitted non-elderly, non-disabled households. Households randomly assigned to the new Stepped Rent rules or existing rent rules must remain in that group for six years (unless they leave assistance, port out to another jurisdiction, or are exempted from the Stepped Rent rules group for other reasons such as becoming disabled).

The Stepped Rent policy will be implemented for any new admitted non-elderly, non-disabled households who qualify as working households. Standard Rent Rules will be implemented for non-working households. A working household is defined as a household in which one or more adult receives earned income equal to or greater than 30 hours per week at the Federal Minimum Wage.

Non-study, non-working Stepped Rent households will receive a household income review no later than the date of the Triennial Eligibility Review. If the family qualifies as a working household, the family’s TTP will be reset using the retrospective income. If the family is no longer considered a working household, the family will be removed from the Stepped Rent Rules and return to the Standard Rent Rules. Study Households and working households will not be affected.

A high-arching goal of the MTW demonstration is to conduct an empirical research study that randomly assigns 50% of eligible families during an enrollment period to either a stepped rent or control group in order to determine how the alternative rent schedule may encourage a family’s head of household to increase self-sufficiency through working, looking for work or going to school to improve their economic circumstances. Eligible households will include residents and participants in both the public housing and HCV programs, including existing, currently assisted households and new households admitted during the alternative rent enrollment period. Elderly and disabled households will be excluded. Households with special-purpose vouchers and homeownership vouchers will be excluded. Households paying a public housing flat rent will be excluded. Households already participating in the current Family Self- Sufficiency (FSS) program will be excluded.

Requiring the family to attend fewer reexaminations (once every three years) will allow the family greater autonomy. While the household income will be reviewed every three years

during the demonstration, the income will not be used to determine rent but instead to ensure that the family is eligible for continued assistance. In this Stepped Rent policy, the family's rent will increase annually that the family can plan for and does not require annual income reviews. See Exhibit 20-1 – Stepped Rent Policies.

Hardship Policy - Activity 1c and 1d – Stepped Rent Policy

The Stepped Rent policy is intended to benefit assisted households by allowing them to increase their income without a direct increase in their total tenant payment (TTP). The TTP will instead increase each year by a modest amount unrelated to the household's income. However, some households may need special accommodations to avoid negative consequences of the stepped rent.

General Hardship Provisions

Hardships must be requested by the household in writing, with the exception of automatic hardships processed by the PHA during the income certification that takes place at STRD enrollment. Hardship requests should use the PHA's hardship request form.

When a household submits a valid hardship request, if approved, the PHA will implement the hardship effective the next month after the request was submitted. If the hardship request is denied, the household will be notified in writing of the reason for the denial.

There is no limit to the number of hardships that a household may receive.

If a household is approved for a hardship, and subsequently experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their TTP.

If a household is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once the PHA approves a hardship, the hardship will not end early.

If a household is approved for a temporary hardship, when that hardship is scheduled to expire the household will return to paying the stepped rent, including any annual stepped rent TTP increases that were scheduled to take effect during the period of the hardship.

If the head of household, spouse, or co-head of household becomes elderly or disabled, the household is eligible to be excluded from the stepped rent policy and return to the traditional income-based rent policy.

This hardship policy presents eligibility criteria and remedies for different types of hardships. The different types of hardships below are not mutually exclusive. If a household's circumstances correspond to more than one type of hardship, they will receive the hardship most beneficial to them.

Hardship Types, Criteria, and Remedies

I. Hardship Due to High Rent Burden.

Households participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The high rent burden may be caused by a reduction in income, an increase in eligible deductions, or the annual stepped rent TTP increase (or a combination of factors).

Automatic hardship: For households already receiving assistance, when the PHA conducts an income examination at the time of enrollment, the PHA will compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior year/retrospective adjusted income, the PHA will automatically determine whether the household is eligible for a hardship exemption.

Hardship requested by household: At any time, other than the income examination that takes place at enrollment, a hardship must be requested in writing by the household.

Eligibility: A household will be eligible for this hardship exemption if the stepped rent policy causes their rent burden (their total tenant payment divided by their current adjusted monthly income) to exceed 40%.

Remedy: The household's TTP will be set equal to 40% of their current adjusted monthly income or the minimum rent, whichever is greater. This hardship will last for six months if the high rent burden is caused by a reduction in income or by the application of a stepped rent TTP increase.

Example 1 (automatic hardship due to loss of income): When she starts the stepped rent, Suzanne has a prior year/retrospective adjusted income of \$12,000 (\$1,000 per month). Her year 1 stepped rent TTP should be set at \$300 (30 percent of \$1,000). However, Suzanne recently lost her job and her income in the previous month was only \$100 (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$100). While conducting the initial stepped rent income examination, the PHA recognizes that her current income (\$100 per month) and the stepped rent TTP (\$300) would cause a rent burden above 40%, so she is eligible for a hardship exemption. 40% of her current adjusted monthly income would be \$40, but the PHA has a minimum rent of \$50, so Suzanne's hardship TTP is set at \$50 for six months.

Example 2 (hardship requested by household due to loss of income and application of a stepped rent TTP increase): Jane has \$1,000 prior year/retrospective adjusted monthly income when she starts the stepped rent. Her TTP is set at \$300 per month for the first year. In the second year, a \$50 stepped rent increase is applied and her TTP increases to \$350. At the beginning of the second year, she also has her hours reduced at work, and her income decreases to \$600 per month. Her rent burden would be 58% (\$350 divided by \$600) so she applies for a hardship exemption. Her request is approved, and her TTP is set equal to 40% of her income, or \$240 per month. This hardship TTP will last for six months.

Example 3 (hardship requested by household due to increase in eligible deductions): When she starts the stepped rent, Felicia has a prior year/retrospective adjusted income of \$2,000 per month (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$2,000). Her year 1 stepped rent TTP is set at \$600 per month (30% of \$2,000). Eight months later, she has a baby. In order to continue working, she enrolls her child in childcare at a cost of \$960 per month (\$11,520 per year). She applies for a hardship exemption and the PHA determines that she has \$12,000 of eligible deductions (\$11,520 in childcare expenses plus a \$480 dependent deduction). The deductions are subtracted from her current gross income, which is now \$2,100 per month (\$25,200 per year). This results in an adjusted income of \$13,200 per year, or \$1,100 per month. The stepped rent (\$600) causes a rent burden of 55% so she is eligible for a hardship, and her hardship TTP is set to \$440 (40% of \$1,100). The hardship TTP will apply for twelve months.

II. Stepped Rent Reset for Sustained Hardships.

If a household receives a temporary hardship under section I, due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the PHA may reset the household's stepped rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel.

For non-study households, the PHA will identify circumstances that are considered permanent changes such as the death or permanent move out of a working household member, permanent loss of benefits, etc. Permanent changes will initiate a reset after the 1st 6-month hardship. The PHA will use the period during the 6-month hardship to gather information to reset the TTP.

If a non-study household requests two hardships in a 12-month period, the household's income will be evaluated at the end of the second hardship. If the family is no longer considered a working household, the family will be removed from the Stepped Rent Rules and return to the Standard Rent Rules.

If a new adult is added to a non-study household, this will initiate a reset of the household's stepped rent.

Eligibility: The household has been approved for a hardship under section I. They remain in hardship status for 12 consecutive months. At the end of 12 months, the household requests that the hardship be extended. The hardship review panel determines that a permanent stepped rent reset would be better than continuing with temporary income-based hardships.

Remedy: The PHA will calculate a new stepped rent TTP at the higher of the minimum rent or 30% of prior year/retrospective adjusted income. This will not be a temporary hardship; the resulting TTP will apply for 12 months and will establish a new base on which future stepped rent annual increases will be applied. This action will establish a new annual cycle for the household's stepped rent increases.

Example: Felicia (from Example 3, above), pays the \$330 hardship TTP for twelve months. When her hardship expires, her TTP would increase to \$650; her initial stepped rent TTP was \$600, and a \$50 stepped rent increase is applied because one year has passed since her first reexamination after enrollment. But her circumstances have not changed: she still has a current gross income of \$2,100 per month (\$25,200 per year), eligible deductions of \$12,000 per year, and a current adjusted income of \$1,100 per month (\$13,200 per year). The \$650 stepped rent would cause a rent burden of 59%, so she requests another hardship exemption. The PHA's hardship review panel determines that it would be best to reset Felicia's stepped rent TTP because 1) that will enable her to increase her income going forward without a corresponding rent increase, and 2) it will reduce the PHA's administrative burden by eliminating the need for ongoing annual hardship reviews. Felicia's new stepped rent TTP is set at \$330, which is 30% of her prior year/retrospective adjusted income.

III. Other Circumstances.

A household may request a hardship exemption for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-

of-pocket expenses because of changed circumstances (for example, a large medical bill), or if the household is facing eviction due to inability to pay the rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel.

Eligibility: The hardship review panel determines that circumstances beyond the household's control make it difficult for the household to pay the stepped rent TTP, and a temporary rent reprieve is necessary.

Remedy: The PHA will set the household's TTP to the \$50 minimum rent for up to three months (90 days).

IV. Right to Appeal:

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

20-II.B. ELIMINATION OF DEDUCTIONS – MTW Waiver 1.s

Activity

1.s. *Elimination of Deduction(s) (HCV)*—The agency may eliminate one, some, or all deductions.

Statutes and Regulations Waived

Elimination of Deduction(s) (HCV)—Certain provisions of sections 3(a)(1), 3(b)(4)– (5) and 8(o)(2)(A)–(C) of the 1937 Act and 24 CFR 5.611, and 982.516.

Safe Harbor(s)

- i. Agency must conduct an impact analysis. *
- ii. Agency must exempt elderly and disabled families from rent policy. *
- iii. Agency must implement a hardship policy. *

FWHA Policy -Waiver 1.s

The FWHA is implementing the Stepped Rent Policy and therefore may eliminate one, some or all deductions during the Stepped Rent Policy Study.

Hardship Policy – Waiver 1.s

See Hardship Policy – Waiver 1.d – Stepped Rent Policy

20-II.C SELF CERTIFICATION OF ASSETS – MTW WAIVER 3.d

Activity

3.d. *Self-Certification of Assets (HCV)*—At reexamination, the agency may allow the self-certification of assets.

Statutes and Regulations Waived

Self-Certification of Assets (HCV)—Certain provisions of section 8(o)(5) of the 1937 Act and [24 CFR. 982.516 \(a\)\(3\)](#).

Safe Harbor(s)

- i. At reexamination, the agency may allow the self-certification of assets only up to \$50,000.

FWHA Policy – Waiver 3.d

The FWHA will allow the family to self-certify assets up to \$50,000 at the time of recertification. However, the FWHA is required to obtain third-party verification of all assets regardless of the amount during the intake process. Families participating in targeted funding will be included in this MTW waiver.

The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-II.D. ALTERNATIVE INSPECTION SCHEDULE WAIVER 5.D

Activity 5.d

Under this MTW activity, the PHA implements an alternative inspection schedule that replaces the standard annual NSPIRE inspection requirement with a risk-based inspection model. This approach allows the PHA to tailor inspection frequency based on unit condition, owner performance, and tenant-reported issues, while maintaining housing quality standards and resident safety.

Under the alternative schedule, assisted units that demonstrate a history of compliance may be inspected less frequently than annually, while units with identified deficiencies, new admissions, owner noncompliance, or tenant concerns may be inspected more frequently as needed. Initial inspections, inspections for new admissions, complaint-based inspections, and inspections triggered by health or safety concerns will continue to be conducted in accordance with HUD requirements.

The PHA will continue to enforce NSPIRE and ensure that all life-threatening and non-life-threatening deficiencies are corrected within required timeframes. The PHA may conduct inspections using a combination of in-person inspections, third-party inspections, or alternative methods permitted under MTW authority.

Statutes and Regulations Waived: Pursuant to MTW authority, the PHA waives Section 8(o)(8)(A) of the United States Housing Act of 1937 and 24 CFR §§ 982.405(a), (b), and (c), and

982.305(a), solely to the extent necessary to implement an alternative, risk-based inspection schedule, while continuing to conduct initial, complaint-based, and health and safety inspections in accordance with HUD requirements.

Objectives

This activity is intended to:

- Reduce administrative burden on program participants and property owners
- Improve inspection efficiency by focusing resources on higher-risk units
- Minimize unnecessary disruption to households residing in compliant units
- Maintain housing quality while allowing operational flexibility

Safeguards

The PHA will monitor outcomes under the alternative inspection schedule to ensure that housing quality is not adversely impacted. Complaint-based inspections, inspections prompted by condition concerns, and inspections required for new admissions will remain unchanged. The PHA will take corrective action, including increased inspection frequency, if patterns of noncompliance are identified. FWHA will inspect at least once every three years.

20-II.E. INCREASE PBV PROGRAM CAP - MTW WAIVER 9.a

Activity

9.a. *Increase PBV Program Cap (HCV)*—The agency may increase the number of authorized units that it project-bases.

Statutes and Regulations Waived.

9.a *Increase PBV Program Cap (HCV)*—Certain provisions of section 8(o)(13)(B) of the 1937 Act and 24 CFR 983.6(a)–(b), as superseded by the Housing Opportunity through Modernization Act of 2016 (HOTMA) Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. The agency must not project-base more than 50% of the lower of either the total authorized units or annual budget authority.

FWHA Policy – Waiver 9.a

The FWHA will increase the PBV Program cap (number of authorized PBV units) to no more than 40% of units authorized in the Annual Contributions Contract (ACC). FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.F. INCREASE PBV PROJECT CAP - MTW WAIVER 9.b

Activity

9.b. *Increase PBV Project Cap (HCV)*—The agency may raise the PBV cap within a project up to 100%.

Statutes and Regulations Waived.

9.b *Increase PBV Project Cap (HCV)*—Certain provisions of section 8(o)(13)(D) of the 1937 Act and 24 CFR 983.56(a)–(b), as superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. The agency is subject to Notice PIH 2013–27 where applicable, or successor. *

FWHA Policy – Waiver 9.b

The FWHA may increase the project cap within a project to up to 100% on a case-by-case basis, subject to Notice 2013-27. FWHA will be implementing activity within the safe harbor limits established by the MTW Operations Notice.

20-II.G. ELIMINATION OF PBV SELECTION PROCESS FOR PHA-OWNED PROJECTS WITHOUT IMPROVEMENT, DEVELOPMENT OR REPLACEMENT - MTW WAIVER 9.c

Activity

9.c. *Elimination of PBV Selection Process (HCV)*—The agency may eliminate the selection process in the award of PBVs to properties owned by the agency that are not public housing without engaging in an initiative to improve, develop, or replace a public housing property or site.

Statutes and Regulations Waived.

Elimination of PBV Selection Process (HCV)—Certain provisions of 24 CFR. 983.51 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. A subsidy layering review must be conducted. *
- ii. The agency must complete site selection requirements. *
- iii. HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f). *
- iv. The agency is subject to Notice PIH 2013–27 where applicable, or successor. *
- v. Property must be owned by a single-asset entity of the agency, see Notice PIH 2017–21.

FWHA Policy – Waiver 9.c

The FWHA will eliminate the selection process in the award of PBV's to properties owned by the agency that are not public housing without engaging in an initiative to improve, develop or replace a public housing property or site. A subsidy layering review must be conducted. The agency must complete site selection requirements. HQS inspections must be performed by an independent entity approved by HUD. The property must be owned by a single-asset entity of the agency.

20-II.H. ALTERNATIVE PBV UNIT TYPES (SHARED HOUSING AND MANUFACTURED HOUSING) - MTW WAIVER 9.e

Activity

9.e. *Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)*—The agency may attach and pay PBV assistance for shared housing units and/or manufactured housing.

Statutes and Regulations Waived.

Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)—Certain provisions of 24 CFR 983.53(a)(1) as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. PBV units must comply with HQS. *
- ii. PBV units must comply with deconcentration and desegregation requirements under 24 CFR part 903. *
- iii. A subsidy layering review must be conducted. *
- iv. Shared housing units may not be owner occupied. *

FWHA Policy – Waiver 9.e

The FWHA may attach and add PBV assistance to shared housing and/or manufactured housing. PBV units must comply with HQS. PBV units must comply deconcentration and desegregation requirements under 24 CFR part 903. A subsidy layering review must be conducted and if the FWHA allows shared housing, the units may not be owner occupied. The goal is to increase housing choice options for families. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.I. INCREASE PBV HAP CONTRACT LENGTH - MTW WAIVER 9.f

Activity

9.f. *Increase PBV HAP Contract Length (HCV)*—The agency may increase the term length of a PBV HAP Contract.

Statutes and Regulations Waived.

Increase PBV HAP Contract Length (HCV)—Certain provisions of section 8(o)(13)(F) of the 1937 Act and 24 CFR 983.205 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. PBV HAP Contract length must not be shortened.
- ii. PBV HAP Contract length must not be greater than 50 years, including any extensions.
- iii. PBV HAP Contract is subject to appropriations and the ending of an agency’s MTW authorization. *

FWHA Policy – Waiver 9.f

The FWHA will increase the term length of a PBV contract to up to 50 years to preserve affordable housing in the Fort Wayne jurisdiction. The PBV HAP contract is subject to appropriations and the ending of the agency’s MTW authorization. FWHA will be implementing activity within the safe harbor limits established by the MTW Operations Notice.

20-II.J. INCREASE PBV RENT TO OWNER - MTW WAIVER 9.g

Activity

9.g. *Increase Rent to Owner (HCV)*: The agency is authorized to develop a local process to determine the initial and re-determined rent to owner.

Statutes and Regulations Waived.

Increase Rent to Owner (HCV)—See MTW Waiver #2. a. and 2.b. “Payment Standards” and associated activities, statutes and regulations waived, and safe harbors.

Safe Harbor(s)

- i. Any policy must comply with rent reasonableness, unless modified by waiver(s) 2.c. and/or 2.d.

FWHA Policy – Waiver 9.g

The FWHA may increase rents up to the lesser of 120% of Fair Market Rents or rent reasonableness. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

0-II.K. LIMIT PORTABILITY FOR PBV UNITS - MTW WAIVER 9.h

Activity

9.h. *Limit Portability for PBV Units (HCV)*—The agency is authorized to waive the requirement to provide a tenant-based voucher at 12 months when requested by a PBV household.

Statutes and Regulations Waived.

Limit Portability for PBV Units (HCV)—Certain provisions of section 8(o)(13)(E) of 1937 Act and 24 CFR 983.261 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- ii. Portability under this activity must not be restricted for more than 24 months.
- iii. The agency must have a clear and uniform policy in place to address how move requests are received and how they are approved/denied for PBV households.
- iv. Participants must still retain the ability to request a tenant-based voucher for reasonable accommodation according to existing rules.

FWHA Policy – Waiver 9.h

FWHA will waive the requirement to issue a tenant-based voucher to 24 months in the Project-Based Voucher program. Families will be notified at the briefing of their right to receive a tenant-based voucher after living in the unit for 24 months. To be eligible for a voucher, the family must be current in their rent and have no pending lease violations. The family must request a voucher in writing and will be issued a voucher within 60 days if a voucher is available. If no voucher is available, the family will be placed on the FWHA mobility list for the next available voucher.

Families will still have the ability to request a tenant-based voucher as a reasonable accommodation after one year under standard project-based voucher rules.

20-II.L. FSS – ALTERNATIVE FAMILY SELECTION PROCEDURES - MTW WAIVER 10.c

Activity

10.c. *Alternative Family Selection Procedures (PH & HCV)*—The agency is authorized to develop its own recruitment and selection procedures for its MTW FSS Program. Alternatively, the agency may make participation in the MTW FSS Program mandatory for any household member that is non-elderly or non-disabled.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

- i. Agency must review FSS Guidance. * 36
- ii. The agency must execute a Contract of Participation, or other locally developed agreement, which is at least five years but not more than ten years, with each participant participating in their FSS program.
- iii. The agency, if implementing an FSS program, even with MTW modifications, must have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. *
- iv. The agency must not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families. *
- v. If the agency requires MTW FSS Program participation as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *
- vi. If the agency requires MTW FSS Program participation as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. *
- vii. The agency must not make MTW FSS Program participation mandatory for individuals that do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act. *
- viii. If an agency terminates the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program participation, the family will be entitled to a hearing under the agency’s Grievance Procedure (24 CFR part 966, subpart B) or the HCV informal hearing process (24 CFR part 982.555). *
- ix. The agency must not use income increases during participation in the MTW FSS Program to change a family’s eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance. *

FWHA Policy – Waiver 10.c

The FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. The FWHA wishes to include FSS families in the Stepped Rent demonstration and therefore will modify the FSS Contract and selection procedures to include these families. Any FSS funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the “Fresh Start Program” formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

The FWHA is authorized to operate its Family Self-Sufficiency (FSS) Program, and any successor programs, exempt from certain HUD program requirements. If the FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. Recruitment, eligibility, and selection policies and procedures must be consistent with HUD’s nondiscrimination and equal opportunity requirements. To the extent that Family Self-Sufficiency activities include supportive services, such services must be offered to elderly and disabled persons who are participants in the covered program and eligible for such services.

Notwithstanding above, any funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the “Fresh Start Program” formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.M. FSS – MODIFY OR ELIMATE THE CONTRACT OF PARTICIPATION - MTW WAIVER 10.d

Activity

10.d. *Modify or Eliminate the Contract of Participation (PH & HCV)*—The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD–52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally developed agreement that codifies the terms of participation.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.d

The FWHA will modify the FSS Contract of Participation (HUD-52650) to align the program with adjustments made to its MTW FSS Program using MTW flexibility. The purpose will be to include families who are participating in the Stepped Rent Policy. The contract of participation will be for a five-year period with an optional one-year extension. Additionally, the PHA will move to a goal-based incentive self-sufficiency program where the family will receive escrow amounts based on achievement of certain self-sufficiency goals. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.N. FSS – POLICIES FOR ADDRESSING INCREASES IN FAMILY INCOME - MTW WAIVER 10.e

Activity

10.e. *Policies for Addressing Increases in Family Income (PH & HCV)*—The agency is authorized to set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency’s existing rent policy) or changing the amount of funds moved to escrow/savings through the program.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.e

The FWHA will set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency’s existing rent policy) or changing the amount of funds moved to escrow/savings through the program. The FWHA will execute a Contract of Participation, or other locally developed agreement, that is at least five years but not more than six years, with each participant participating in the “Fresh Start Program” FSS program. The FWHA will have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. The FWHA will not use income increases during participation in the MTW FSS Program to change a family’s eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance. A goal-based incentive program will be implemented. **See Exhibit 20-2 – MTW Fresh Start Enrichment Program (FSEP)**

FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.O. HOUSING DEVELOPMENT PROGRAMS -MTW WAIVER 17.c

MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. The agency is authorized to implement the local, non-traditional activities listed below to provide a rental subsidy to a third-party entity to provide housing and supportive services to eligible low-income participants, and to contribute MTW Funding to the development of affordable housing. Families served through the activities described below must be at or below 80% of Area Median Income. Implemented activities must meet one of the three MTW statutory objectives of increasing the efficiency of federal expenditures, incentivizing self-sufficiency of participating families, and increasing housing choice for low-income families. The use of MTW Funding must be consistent with the requirements of [2 CFR 200](#) and other basic requirements for the use of federal assistance. The agency must determine the eligibility of families in accordance with [24 CFR 5.609](#) and with section 3(b)(2) of the Act. Local, non-traditional activities must fall within one of the three categories below and comply with PIH Notice 2011-45 or any successor notice/and or guidance.

Activity

17.c. Housing Development Programs—Programs that use MTW Funding to acquire, renovate and/or build affordable units for low-income families that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships.

Statutes and Regulations Waived

Local, Non-Traditional Activities—MTW Funding can be utilized per statute and regulation for the eligible activities listed at sections 8(o), 9(d)(1), and 9(e)(1) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity

Safe Harbor(s)

- i. The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.
- ii. Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income.
- iii. The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance.
- iv. Agency must comply with section 30 of the 1937 Housing Act.
Any MTW Funding awarded to a third-party provider must be competitively bid.

FWHA Policy – Waiver 17.c

The FWHA intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships. The FWHA will not spend more than 10% of its HAP budget on local, non-traditional activities and families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. This MTW activity will enable the FWHA to redevelop additional FWHA owned units

and increase the amount of affordable housing in the City of Fort Wayne. The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits

20-II-Q.A-Payment Standards SAFMR 2.a

Activity 2.a

Small Area Fair Market Rents (SAFMRs)—The agency may adopt the use of HUD-published SAFMRs for tenant-based Housing Choice Voucher (HCV) program units in its jurisdiction, rather than the traditional metropolitan-area FMRs. The agency may implement SAFMRs for all or part of its jurisdiction and may also establish payment standards by ZIP code or census tract using SAFMRs.

Statutes and Regulations Waived

SAFMR Implementation (HCV)—Certain provisions of sections 8(o)(1)(B) and 8(o)(2) of the U.S. Housing Act of 1937 and 24 CFR 982.503.

Safe Harbor(s)

- - The agency must ensure that the adoption of SAFMRs is implemented in a manner that does not result in a net loss of access to high-opportunity areas.
- - The agency must provide an analysis of the impact of SAFMR implementation on rent burden and lease-up success rates.
- - The agency must offer mobility counseling or other supportive services to assist families in locating and moving to high-opportunity neighborhoods.
- - The agency must maintain transparency in how ZIP codes are grouped and how payment standards are set.
- - Changes to the payment standard must not result in families being immediately rent-burdened; phase-ins or hold harmless policies should be considered.

FWHA Policy – Waiver 2.a

The FWHA will adopt the use of HUD-published Small Area Fair Market Rents (SAFMRs) as the basis for establishing payment standards for the Housing Choice Voucher (HCV) program. SAFMRs will be applied across select ZIP codes within the agency's jurisdiction that demonstrate rent disparities, low lease-up rates, or indicators of concentrated poverty.

The purpose of this activity is to increase access to high-opportunity neighborhoods, promote geographic diversity in assisted housing, and improve voucher utilization. The agency will group ZIP codes into tiers, with each tier linked to a corresponding payment standard derived from the applicable SAFMR.

This policy will be implemented with the following features:

- Payment standards will be adjusted annually to align with HUD's published SAFMRs.
- Families already under lease will be subject to a hold harmless policy, where the payment standard in effect at the time of lease-up or most recent recertification will be maintained until the second annual reexamination, unless the family chooses to move.
- Households moving to ZIP codes with higher SAFMRs will receive mobility counseling and support from the agency to ensure a smooth transition and sustained tenancy.
- ZIP code-level analysis will be conducted annually to assess utilization trends and ensure that SAFMR adoption is not resulting in adverse impacts for families.

This activity is designed to test whether localized payment standards increase family choice and improve access to opportunity without increasing overall program costs.

20-II-R.A-Alternative Reraminations 3.b

Activity 3.b

Triennial Reexaminations—The agency may implement a triennial reexamination policy for income and household composition for certain households in the Housing Choice Voucher (HCV) program. This activity allows the agency to conduct reexaminations once every three years instead of annually for eligible households.

Statutes and Regulations Waived

Triennial Reexaminations (HCV)—Certain provisions of section 8(o)(5) of the U.S. Housing Act of 1937 and 24 CFR 982.516.

Safe Harbor(s)

- - Triennial reexaminations must be limited to households with fixed incomes, non-elderly, or non-disabled households, as defined by the agency.
- - The agency must implement an interim reexamination policy that allows participants to report significant decreases in income or increases in allowable deductions.
- - The agency must provide clear guidance to participants regarding the timeline and conditions under which they may request an interim review.
- - The agency must ensure that rent and subsidy amounts remain accurate and equitable despite the extended period between reexaminations.

FWHA Policy – Waiver 3.b

The FWHA will adopt a triennial reexamination schedule for eligible households participating in the Housing Choice Voucher (HCV) program. This policy aims to reduce administrative burden on both the agency and participants, and to promote household stability.

An eligible household is defined as an elderly and disabled household in which 90% or more of the household income is considered fixed income.

Under this policy, reexaminations of income and household composition will be conducted once every three years instead of annually. Income will be reviewed using the streamlined income verification process.

Participants will retain the right to request an interim reexamination at any time based on a decrease in income, an increase in allowable deductions, or other qualifying life changes. The agency will continue to monitor for eligibility compliance during the three-year period and will conduct interim reviews as needed to maintain accuracy of assistance amounts.

This activity will enable the agency to test the effects of reduced reexamination frequency on administrative efficiency and participant outcomes while maintaining compliance with HUD requirements.

20-II-S.A-Alternative Third Party HQS 5.C

Activity 5.c

Third-Party HQS Inspections—The agency may use qualified third-party inspectors to perform Housing Quality Standards (HQS) inspections in lieu of using only PHA staff.

This activity allows for increased flexibility and timeliness in conducting inspections, while ensuring compliance with HUD's inspection requirements.

Statutes and Regulations Waived

Third-Party HQS Inspections—Certain provisions of section 8(o)(8)(A) of the U.S. Housing Act of 1937 and 24 CFR 982.405.

Safe Harbor(s)

- - Third-party inspectors must be certified under the HUD Housing Quality Standards (HQS) certification program or an equivalent program approved by HUD.
- - The agency must maintain records of inspector qualifications, inspection outcomes, and quality control processes.
- - The agency must conduct regular audits of third-party inspections, including re-inspections of a sample of units to ensure accuracy and consistency.
- - The agency must ensure there is no conflict of interest between the third-party inspection entity and the owners of the inspected units.
- - The agency must provide participants and owners with timely communication regarding inspection results and required repairs.

FWHA Policy – Waiver 5.c

The FWHA will implement a policy allowing for the use of qualified third-party vendors to conduct Housing Quality Standards (HQS) inspections for the Housing Choice Voucher (HCV) program. This policy is intended to enhance the agency's inspection capacity and expedite the inspection and leasing process. Third-party inspectors will be required to hold current certifications in HQS inspections and must comply with all HUD inspection requirements. The FWHA will establish a vetting process to ensure vendors meet qualification standards and will monitor performance through routine audits and random quality control inspections. This policy will be used to supplement the agency's internal inspection team and may be particularly useful during periods of high volume, staffing shortages, or for specialized inspections. FWHA will ensure that no vendor has any direct or indirect financial interest in the units they inspect. Inspection outcomes, timeliness, and quality will be tracked to ensure compliance and consistency. This activity will allow the agency to assess whether the use of third-party inspectors improves inspection timelines, increases efficiency, and supports timely housing placement for voucher holders.

20-II-S.A-Alternative Inspection Schedule 5.d

Activity 5.d

Triennial Inspection Schedule—The agency may implement a triennial inspection schedule for units assisted under the Housing Choice Voucher (HCV) program. This activity allows the agency to conduct Housing Quality Standards (HQS) inspections once every three years instead of annually for qualifying units.

Statutes and Regulations Waived

Triennial Inspections—Certain provisions of section 8(o)(8)(A) of the U.S. Housing Act of 1937 and 24 CFR 982.405(a).

Safe Harbor(s)

- - The extended inspection cycle must be limited to units that have passed two consecutive annual inspections without any life-threatening deficiencies.

- - The agency must establish a quality assurance process that includes periodic reinspections of a sample of units on a triennial schedule.
- - Tenants must be informed of their right to request a special inspection at any time.
- - Units must be subject to immediate inspection if tenant complaints, serious incidents, or reports of substandard conditions are received.
- - The agency must maintain documentation demonstrating the unit's compliance history and eligibility for triennial inspections.

FWHA Policy – Waiver 5.d

The FWHA will implement a triennial inspection schedule for qualifying units under the Housing Choice Voucher (HCV) program. This policy is intended to reduce administrative burden while maintaining housing quality and compliance with HUD's Housing Quality Standards (HQS). Units eligible for the triennial inspection cycle must have passed two consecutive annual inspections without any life-threatening deficiencies. These units will then be placed on a three-year inspection schedule, subject to continued compliance and absence of tenant-reported issues. FWHA will implement a quality assurance process, including random reinspections of units on the triennial schedule, to verify ongoing compliance. Tenants will be informed of their right to request an inspection at any time and may submit requests through the agency's standard maintenance or complaint process. Units that receive tenant complaints or are otherwise suspected of substandard conditions will be removed from the triennial schedule and subject to immediate inspection. FWHA will maintain documentation of unit compliance history and inspection status as part of its oversight responsibilities. This activity will help the agency test whether a risk-based inspection schedule can achieve cost savings and operational efficiency while ensuring decent, safe, and sanitary housing for voucher participants.

20-III.A. AGENCY SPECIFIC WAIVER

FWHA Policy - Elimination of Earned Income Disallowance (HCV and PH)

The FWHA will eliminate the mandatory Earned Income Disregard from annual income as required under 24 CFR 5.609 for all families. The Earned Income Disregard (EID) provision in the regulations would prevent the FWHA from effectively implementing and monitoring the Stepped Rent Policy and the number of families receiving and eligible for EID in PH and HCV is 0% of total households. Existing families currently in the initial or phase-in period of EID will be allowed to finish their income disallowance as per the regulation.

Hardship Policy – Agency Specific Waiver – Elimination of Earned Income Disallowance

This is an Earned Income Disallowance specific hardship to protect tenants from potential rent burden caused by the elimination of Earned Income Disallowance.

This is an income-based hardship that applies at recertification and/or upon household request.

Hardship due to increase in income that would be excluded by Earned Income Disallowance (EID)

- The family will be granted up to one hardship request per year for families whose

Total Tenant Payment (TTP) exceeds 40% of current monthly gross income. The hardship may not exceed 90 days (3-months). If granted a hardship, the household's new rent would be based on 30% of their current gross monthly income for up to 90 days (3 months). If the hardship still exists after 90 days, the hardship may be extended by the PHA for another 90 days up to a maximum 180 days (6 months). At the end of the hardship period, the household will resume the stepped rent increases.

Right to Appeal

- If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

EXHIBIT 20-1: STEPPED RENT POLICY DISCUSSION GUIDE

(7/7/22)

**Fort Wayne Housing Authority
Stepped Rent Policy Discussion Guide**

Component

Eligibility

Non-elderly, non-disabled households currently or newly receiving an HCV or PH subsidy at the time of random assignment

Exclusions based on status at the time of random assignment:

- Head, Co-Head, Spouse 56 years of age or older
- Households in the homeownership program
- Current FSS participants (standard FSS only)
- PH flat rent
- HCV 0 HAP households
- Special purpose vouchers
 - VASH
 - Mod Rehab (Certificate)
 - Enhanced Voucher
 - Shelter Plus Care
 - Foster Youth
 - Emergency Housing Voucher
 - Mainstream
 - Tenant Protection Voucher (still under Enhanced Voucher requirements)
- Mixed eligibility families
- Households living in Jobs Plus developments
- Households receiving Earned Income Disregard (EID) at RA
- Households living in developments that underwent a PBRA RAD conversion (not excluded if PBV conversion)
- Households in phase-in period under RAD protections
- Port-outs
- Port-ins (Administered)
- Households who are not yet indicated as disabled according to HUD definition, but:
 - Have been approved to receive SSI/SSDI but have not yet received first payment:
 - Have a pending SSI/SSDI application in (applied recently and waiting to learn of approval status)

Eligibility Notes

- a. Some eligibility criteria will be checked prior to study enrollment using a software report and some criteria will be checked at study enrollment by the staff member conducting enrollment.
- Age will be checked prior to study enrollment, but age eligibility is determined based on household members' age as of the recertification effective date (for recertifying households) or as of the date of study enrollment (for new admissions).
 - TBD for stepped rent sites depending on the timing of the rollout of their alternative FSS programs because households enrolled in an alt FSS are eligible for study.
 - To be checked at study enrollment:
 - Zero-HAP status
 - Tenant Protection Voucher status
 - Pending disability status
- b. TPVs are eligible for the study if the enhanced voucher requirements no longer apply
- c. If the PHA will definitely demo/dispo public housing properties and transition households to TPVs, then the PHA can designate those households as ineligible for the study (at the study enrollment meeting).
- d. LIHTC is not an exclusion. LIHTC households will still be required to report income annually, but it would not affect the rent.
- e. Households must meet the HUD definition of a "disabled household" to be excluded as a disabled household. Household to self-attest to the fact they have applied for Social Security (disability) for the head, co-head or spouse. Doctor's note or SS documentation is not required.
- f. If a household is assigned to the Stepped rent rules group but then subsequently becomes disabled (meets HUD definition of disabled) the PHA can switch the household to the standard rent rules.

Ports

Port-ins. If a household ports-in and the PHA absorbs the household, then they are treated as a new admission—conduct a certification using current gross income to establish the first step (administered Port-ins are excluded).

Port-outs. If a household ports-out and the PHA absorbs the household, then they are no longer subject to the Stepped rent policy (but may still be part of the study data collection).

Returning study households

Returning study households. If a household completes study enrollment and is randomly assigned to a rent rule group, then ports out or exits the program, and then returns to the PHA, they are to be served according to their original randomly assigned rent rules group status (regardless of whether they are a billed or absorbed port-in). For example, if the household was under the Stepped Rent Policy and ported out, they would continue to be under the Stepped Rent Policy if they ported back in. PHA to do a new income collection and review and set a new stepped rent using current gross income and recert schedule (i.e., reset the step).

Study enrollment period

The study enrollment period is one year: January 1, 2023 -December 31, 2023.

Study enrollment appointment letters are distributed in January 2023 and study enrollments starts in January 2023 for new admissions and households with May 2023 recert effective dates.

All (study eligible) recertifying households with recertification effective dates May 1, 2023 -April 30, 2024, and any new admissions that are determined eligible for voucher issuance will participate in a meeting during the enrollment year where they will be enrolled into a rent rules group (randomly assigned into one of the two rent rules groups).

- a. Transitions from one program to another do not necessarily trigger study enrollment unless they are considered a new enrollee, or the transition coincides with a recertification.
- b. If a household is not enrolled in the study at the time of the transition but has subsequent recertification in a program that is part of the study during the enrollment period, then they should be enrolled into the study at that time.
- c. Households remain in their assigned rent rules group even if they later transition to a different program (unless that program is not eligible for the study)

Households assigned to the standard rent rules group are to be subject to the standard rent rules—the standard rent rules are to remain unchanged for the duration of the study.

The PHA has discretion to serve households that are not eligible for the study and households that newly enroll after the end of the one-year study enrollment period, according to any rent rules.

Prior/retrospective Income

Prior/retrospective period for recertifying households—first recertification following study enrollment. The period is defined as the prior twelve months ending 120 days before the recertification effective date. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household (even if the effective date is moved to accommodate a move at the first certification following enrollment).

Prior/retrospective period when resetting a household's step after study enrollment (following 12 months of hardship). The period is defined as the prior twelve months ending the most recent quarter ending 60 days prior to effective date of the step reset. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household.

Prior/retrospective income. The actual income received in the prior twelve months.

The Stepped Rent policy does not change any of the income exclusion rules. Include all required types of income sources when determining prior/retrospective income. However, there are some differences in how income may be treated as follows.

- The STRD policies do not change income exclusion rules, and one income exclusion is temporary/sporadic income. HUD does not have a specific definition for “sporadic,” so under current rules it is up to the PHAs to define sporadic income for exclusion. This guidance extends to retrospective income as well. However, unlike determining current/anticipated income, with a 12-month look back period for prior year/ retrospective income, PHAs have a better picture of what is truly sporadic, versus just irregular, income.
 - Examples of income that would not be considered sporadic and not be excluded from retro income include:
 - Somebody that works multiple short-term jobs over the retro period
 - A job ended a month into the retro period
 - Seasonal work
 - Examples of income that could be considered sporadic and excluded from retro income include:
 - Someone worked at one job for most of the retro period, but then also took a job that lasted only a couple of days for a different employer in the middle of it
 - Income from recycling for refunds

There is clearly a gray area between these examples, and PHAs can use their discretion to decide how they want to define sporadic income that would be excluded within that gray area. However, a blanket rule that excludes any earnings from any jobs that lasted less than 30 days, for example, would not be appropriate to apply to retro income.

- Even if income (from any source) began partway through the prior/retrospective period, only use the *actual* amount received during the prior/retrospective period.
- Do not count income from TANF, UI, SSI, SSDI, or court ordered child support if it ends partway through the prior/retrospective period. (Each PHA has the discretion to develop a plan for how to handle court ordered child support if the household is not actually receiving it regularly.)
- If a household member turned age 18 during the prior/retrospective period do not include any of that member’s ‘earned’ income.
- If a household member is a student at the time of recertification, then designate that member as a student and only include \$480 of that household member’s income when calculating the first rent amount under the stepped rent policy.
 - Student status is determined at recertification using standard verification procedures.
 - Household members designated as a student at recertification retain that designation *unless the step is reset at a later time*.

Income Verification

Income Verification. PHAs have some discretion in developing the policy for verifying prior/retrospective and current income. PHAs must use EIV to verify as much as of the income as possible but can then develop a customized process. For example, PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy and they can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy entirely. At minimum verification must be EIV and self-certification.

The PHAs alternative verification policy can be applied to prior/retrospective and current income; new admissions and existing households; and to the treatment and controls groups as well as non-study households. However, a PHA may not simply skip from EIV to self-certifications for new admissions because EIV is not available for new admissions.

The income verification policy and procedures (including details about the hierarchy level of self-certifications) should be documented in the PHAs Administrative plan and Admissions and Continued Occupancy Plan (ACOP).

- a. PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy
 - b. PHAs can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy. At minimum verification must be EIV and self-certification.
 - c. PHAs can apply for an agency-specific waiver to increase the \$2,400 discrepancy threshold.
- Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.)

Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.). When combining different sources of income documentation, it is up to the PHAs to decide whether they want to require alignment across income documentation sources (e.g. ask tenants for paycheck dates instead of start and end dates of when they worked) or if inconsistency is acceptable (e.g. use actual EIV amounts where available + self-cert on when the person worked and their hourly wage during the remainder of the retro period).

Corrections for Income Discrepancies

Corrections for Income Discrepancies. Stepped rent policy does not affect a PHA’s policy to make/not make corrections for income discrepancies for reported/ verified prior/retrospective income for the designated prior/retrospective period.

If the PHA later identifies a discrepancy to the reported/verified prior/retrospective income for the designated prior/retrospective period, the PHA should process discrepancies as they normally would, which may result in “interim” or “annual correction” actions to make these types of corrections.

[PHAs have discretion to request an agency-specific waiver to increase the \$2,400 discrepancy threshold.]

Calculating TTP

Recertifying Households. The first rent amount under the stepped rent policy calculation for recertifying households is based on 12-month *prior/retrospective* adjusted income (That is, keeping all deductions/allowances for the year 1 stepped rent and all hardships.). Rent is set at 28% or 30% of gross or adjusted monthly prior/retrospective income. Then rent steps up annually by a fixed amount set at (2 to 4) % of FMR based on unit size.

[PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]

New Admissions. The first rent amount under the stepped rent policy calculation for newly admitted households is based on *current adjusted income*. Rent is 28% or 30% of current adjusted monthly income. Then rent steps up annually by a fixed amount set at (2 to 4) % of FMR based on unit size.

[PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]

Subsequent rent calculations. The household's rent is not redetermined by subsequent recertifications but will instead automatically step up annually by a fixed amount set at (2 to 4) % of FMR based on unit size.

[PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]

Asset income. Stepped rent policy does not stipulate how to treat asset income.

[PHAs have discretion to revise in the asset income policy but the policy must be the same for both rent rules groups]

Utilities allowance. Stepped rent policy does not affect utilities.

[PHAs have discretion to revise utility allowance policy but the policy must be the same for both rent rules groups.]

Minimum Rent/ TTP. Stepped rent policy requires a \$50 minimum rent.

Eligibility determinations

Triennial eligibility determinations. PHAs complete triennial eligibility determinations using current *gross* income.

HCV Zero-HAP at the first recertification following study enrollment. If an HCV household's *prior/retrospective adjusted income* (for recertifying households) or current adjusted income (for new admissions) results in zero HAP at the first recertification following study enrollment, then implement standard zero-HAP process (6-month zero-HAP grace period). However, if the zero-HAP rent (or a loss of income) causes a rent burden above 40% of current gross income, the household could request and receive a hardship. This would halt the HCV termination process.

HCV Zero-HAP at subsequent triennial eligibility determination. If an HCV household's *current adjusted income is over 120% of AMI* at subsequent triennial eligibility check, this designates the household as zero-HAP. The household gets a 6-month zero HAP grace period. At the end of that grace period, the household exits the voucher program. However, if the zero-HAP rent (or a loss of income) causes a rent burden above 40% of current gross income, the household can request and receive a hardship. A hardship would halt the HCV termination process.

Public Housing Over-income rule. If a Public Housing household's income is over the income limit the first recertification following study enrollment or at a subsequent triennial eligibility check, the standard over-income procedures are triggered. PHA measures income the following year. Over-income rent rules supersede the stepped rent policy.

<p>The last rent step. The “last step” in public housing is when the household’s TTP reaches the flat rent.</p>
<p>Contract Rent Increases</p>
<p>Contract Rent Increases. If the contract rent is increased conduct an interim to increase the contract rent and update the payment standard and utility schedule. This may result in an increase in family share if the new gross rent is above the new payment standard.</p>
<p>Household Composition Changes</p>
<p>Household member added.</p> <p>If a household adds a new member, conduct an interim to add the member. However, do not reset the step or include the new members income.</p> <p>If the new member results in a move to a larger unit size, the household’s step is adjusted to match the new (larger) unit size at the next annual step increase.</p>
<p>Household member removed.</p> <p>If a household removes a member, conduct an interim to remove the member. If the removal results in a decrease in income and/ or a move to a smaller unit size —the household could/ would need to request a hardship evaluation in order to lower the rent. As applicable, the household’s step would be adjusted to match the new (smaller) unit size at the next annual step increase.</p>
<p>HCV Maximum Family Share at Initial Occupancy</p>
<p>The stepped rent policy may cause an initial family share to be above 40%, that is acceptable because it is part of the alternative rent policy. Thus, no waiver is required.</p> <p>[Separately, PHAs have discretion to pursue MTW Waiver/Activity 1o to eliminate the 40% maximum family share at initial occupancy, for HCV households.]</p>
<p>Moves</p>
<p>If a household moves, update the payment standard and utility schedule and conduct an Other Change of Unit (50058 action type = 7) to process the move but do not adjust the rent.</p> <p>If a household moves to a different unit size, then the household’s step would be adjusted to match the new (smaller/ larger) unit size at the next annual step increase.</p> <p>Use current gross income to test for unit affordability. “Current” in this case can be current income in the SOR. However, if household income has increased since the last action, the households can request a review of updated current income (and the PHA to advise the household to do so when appropriate), so the household can afford a unit with higher rent.</p> <p>Do not change the effective date to align with the new lease date after study enrollment. PHA can move the effective date up by one or two months to match a new lease date for the first recertification following study enrollment; however, after that the effective date cannot be changed.</p>
<p>The New Policy’s interaction with Other PHA Programs and Services</p>

Community Self Sufficiency Requirement. The CSSR requirement to verify compliance each year at least 30 days ahead of the annual lease term continues to apply. The MTW Waiver of the annual reexam requirements does not (and cannot) waive this CSSR requirement.

However, since the stepped rent policy does change the 50058 reporting requirement from annual to triennial, the PHAs are not required to report households' CSSR compliance status to HUD annually by submitting 50058s in between triennial reexams with the sole purpose of reporting households' CSSR compliance.

[Software vendors are being asked to include a CSSR field in their systems that tracks CSSR compliance independent from 50058 actions, that the PHA staff can update as needed (without submitting a 50058).]

Per the standard CSSR policy, do not make a change in CSSR status between (triennial) recertifications unless notified otherwise that status has changed.

FSS participation. Households can enroll in FSS or other FSS alternatives after random assignment.

[PHAs have discretion to choose to implement any of the following options:

- a. New rent rules households can choose to participate in FSS but cannot accrue escrow.
- b. New rent rules households can access a similar economic self-sufficiency program that *is* compatible with the stepped rent policy, such as one that provides cash rewards tied to self-sufficiency milestones.
 - i. This alternative FSS program would also be offered to control group households *in addition to regular FSS* (control group households must pick one).
 - ii. This alternative FSS program is also offered to control group households *in place of regular FSS* (e.g., if the new program is replacing FSS PHA-wide).
 - iii. This alternative FSS program would be offered to new rent rules group households only (not the control group).

Programs cannot have a work requirement. If it includes a requirement to participate in any activity, and if it includes any penalties for noncompliance with that requirement, HUD has indicated that it will likely not approve it. PHAs are welcome to propose a mandatory program in their supplements, and HUD will provide a definitive response to their specific proposals when it reviews the supplements.

Mandatory programs would have to apply to both rent rules groups.]

Homeownership Program. Study households can enroll in the Homeownership Program after random assignment.

Hardships

Minimum Rent Waiver Hardship.

A hardship that temporarily waives the minimum rent requirement due to zero income.

This hardship type should apply to all PHA households—including both treatment and control study households and should be noted in the Stepped Rent hardship policy. However, PHAs have discretion to not to offer a minimum rent waiver.

Other Hardships/ Extenuating circumstances.

Eligibility: A hardship that provides temporary relief to households that encounter an extenuating circumstance including, for example:

- The family has experienced a death in the family
- The family has experienced a sudden increase in expenses (funeral costs, medical bills, transportation costs, education costs, etc.) or loss of other assistance or benefits determined by the PHA to be qualifying
- Other situations and factors determined by the PHA to be qualifying

Remedy: The remedy for this hardship type would be short-term. For example, the PHA could set the TTP at or below the minimum rent for one or two months or can set up a payment plan.

This hardship type applies to all PHA households – including both treatment and control study households and should be noted in the Stepped Rent hardship policy. PHAs must indicate whether hardships will be granted or not for the above circumstances in the MTW supplement.

Income-based Hardship.

A Stepped Rent-specific hardship that protects families from potential rent burden due to a loss of income an increase in eligible deductions, or income not increasing to keep up with the automatic step increases.

Eligibility: A household is eligible for this hardship exemption if their rent burden (their total tenant payment divided by their current adjusted monthly income) exceeds 40%.

Remedy: Setting the TTP at 40% of *current adjusted* income (or the minimum rent, whichever is greater) for up to 12 months.

- PHAs have discretion over the duration of the hardship remedy but it cannot exceed 12 months. PHAs can create a standard duration for all income-based hardships or can determine the duration on a case-by-case basis.

This hardship that applies at recertification and/or upon household request.

- **Automatic hardships.** If the new stepped rent TTP divided by *current* adjusted income exceeds 40% at the first recertification following study enrollment, automatically grant a hardship. Households do not need to request this hardship or complete a hardship form. PHA to conduct an income examination and compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior/retrospective adjusted income, automatically determine whether the household is eligible for a temporary hardship exemption.

Note: Automatic hardships at the first certification following enrollment, will not be applicable to new admissions since current income is being used to determine TTP.

- **Requested by household.** At any time other than the first certification following study enrollment, a hardship must be requested by the household. Households request this hardship by completing and submitting a hardship request form and providing the household's updated current income.

When the hardship rent expires, if the step is not reset and household does not request (or the PHA does not approve) a hardship renewal, the household's TTP is set according to the previously determined rent schedule. This means that if the rent stepped up while the household was on a hardship, the new rent following the end of the hardship will include that step increase.

Student Income and Hardships. If a household applies for a hardship and a household member (other than the head, co-head, or spouse) was not a student at the time of the recertification but then subsequently becomes a student, then verify student status using the PHAs standard practices and only include up to \$480 of that member's income when determining hardship qualification. A change in student in student status does not automatically qualify a household for a hardship—the household would still need to meet the income-based hardship criteria: *current adjusted income* (subtracting all but \$480 of eligible student income) makes their rent burden (their total tenant payment divided by their current adjusted monthly income) exceed 40%. In other words, the policy is not that households have to report student status changes or that they *should* or have to request a hardship if they become a student.

- If a PHA prefers not to allow for hardships when a household member becomes a full-time student and there is no decrease in income, then propose a policy specifying this in your hardship policy as a hardship qualification requirement.

Stepped Rent Reset for Sustained Hardships.

If a household spends 12 consecutive months in a hardship status and then requests an ongoing hardship rent, the PHA has two options.

1. Grant new hardship. PHA can grant the household with new temporary hardship (e.g., another 6 or 12-month hardship).
2. Reset the step. PHA can reset the household's stepped rent (even if the household no longer has a rent burden above 40%).

A step reset operates similar to the first recertification following study enrollment. PHA conducts a new full income reexamination (action type 2, in 50058 terms). The household's new rent is based on 28% or 30% of their prior/retrospective adjusted income. A step reset establishes a new annual stepped rent increase cycle based on the step reset effective date.

- a. For example: a household starts out the stepped rent on 1/1/23. But on 8/1/23 they get a hardship rent. They're in hardship for 12 months and their situation doesn't improve, so on 8/1/24 you reset their stepped rent. By that point, the 1/1 date won't be meaningful. It wouldn't make sense to have a stepped rent increase kick in 5 months later, on 1/1/25. You would just put them on a new cycle, with stepped rent increases being applied on 8/1 each year.

General Hardship Policy Guidance.

- There is no limit to the number of hardships that a household may receive. Hardship request caps are not permitted
- When a household requests a hardship exemption from the stepped/tiered rent, (PHA) will suspend the stepped/tiered rent for the household beginning the next month after the request, until (PHA) has determined if the request is warranted. PHAs will need to come up with additional detail about how this will be implemented, but that wouldn't need to be specified in the MTW Supplement hardship policy. PHAs could follow the process they already use for minimum rent hardships.
- If a household member has seasonal employment resulting in a temporary reduction in current income, the PHA can create a policy to determine whether the household would qualify for a hardship regardless of whether the seasonal income reduction puts them in a rent burden. For example, the PHA may determine that even when a seasonal worker is in the period where their income is zero, their "current income" according the PHA definition might not be zero given the "anticipated" part of the current income definition. However, if the household is truly in danger of not being able to the pay the rent, the PHA may need to offer some kind of relief.
 - The PHA may also want to use discretion about hardship duration in these situations. For example, if it is known that the household member has summers off, then the PHA may want to only grant a shorter (3 months) hardship remedy.
- PHAs to track all hardships requests from Stepped rent households regardless of type. Request = hardship form completed & submitted.

*Generally, PHAs can decide to modify the discretionary elements of the above policies (e.g., the childcare threshold or income verification policy) after launch but the core policy elements will need to remain unchanged for the duration of the study. Requests for modifications will be considered on a case-by-case basis.

EXHIBIT 20-2: MTW FRESH START ENRICHMENT PROGRAM

Fort Wayne Housing Authority MTW Fresh Start Enrichment Program Description

DESCRIPTION

This activity applies to Housing Choice Voucher (HCV) and Public Housing (PH) FSS program participants. FWHA proposes using MTW flexibility to revise and rename the existing Family Self-Sufficiency (FSS) Program to the Fresh Start Enrichment Program (FSEP), a local MTW FSS program. The MTW FSS program "Fresh Start program" (FSEP) is voluntary. Existing FSS participants in the traditional program may finish out their contract or may choose to switch to the new Fresh Start Enrichment Program (FSEP). FWHA anticipates these program enhancements will strengthen the FSS program by improving the retention rate and by increasing participants' long-term economic capacity by providing incentives to encourage participants to complete education and training programs before entering the workforce. FWHA will also use MTW funds to provide supportive services aimed at empowering families to build savings and financial capabilities as a pathway out of poverty. Additionally, FSEP families would be eligible to participate in the Stepped Rent initiative/demonstration program and the FWHA will remain eligible for the FSS coordinator grant.

Enhancements to FWHA's FSS program include:

- Modification of the requirement that an FSS applicant must have an interim or annual recertification within 120 days prior to FSS enrollment. FWHA will use the last completed HUD-50058 income certification prior to the effective date of the Contract of Participation (COP) to determine initial income.
- The term of the Contract of Participation (COP) will be five (5) years with a one-year extension up to a maximum of six (6) years.
- Opportunity to obtain escrow funds for clients who would otherwise be ineligible for the component of the FSS due to their level of income. FWHA will modify the escrow calculation methodology by calculating FSS credits using the same method for all participants regardless of income level. The method used for very low-income households will apply to all participants.
- Placement of an absolute cap on the amount of escrow regardless of prior FSS participation. The cap, which may be periodically reviewed and updated at FWHA's discretion, will initially be set at **\$18,200** per household. Generally, incentive payments count toward the **\$18,200** escrow cap.
- Establishment of goal-specific incentive payment when a family attains an established goal. FWHA reserves the right to disburse incentive payments upon final escrow disbursement or at the time of goal completion. Incentives are included in Attachment 1: Goal Based Incentive Program.
- Establishment of an incentive payment for graduates of the local MTW FSS program who purchase a home within 2 years of completion of the FSEP program. The incentive payment amount, which may be periodically reviewed and updated at FWHA's discretion, will be set at \$5,000 per household. To qualify for the homebuyer purchase bonus, the FSEP homebuyer must complete an approved Homebuyer Education course. The \$5,000 bonus may be used for a down payment or for post-purchase expenses.
- Allow existing FSS participants, at the time of implementation of the local MTW FSS program, the right to opt-in to the local MTW FSS program. Existing participants would sign a new FSEP COP, which reflects the original enrollment and completion dates, income and earned income, but which

includes the MTW FSS program features and requirements. MTW escrow calculations and incentives would apply as of the effective date of the new COP and the five-year clock would restart.

- FWHA will also develop local versions of the FSS Contract of Participation and Individual Training and Service Plan to reflect the features of its local FSS Program. FWHA anticipates that approximately 100 new participants will join the local MTW FSS program entitled the Fresh Start Enrichment Program (FSEP) in FY 2022.
- In order to successfully graduate from the FSEP program, the family must meet the following criteria:
 - **Be employed full-time or achieve a degree or certificate and be free of all welfare assistance**
 - **Complete three (3) personal goals**
 - **Receive a minimum of five (5) bonus incentives (which includes completing three (3) personal goals)**
- Families will be unenrolled/terminated from the FSEP program after 5 years (plus any one-year extension up to 6 years, if applicable)

**Local MTW FSS Program/Fresh Start Enrichment Program (FSEP)
Goal Based Incentive Program**

Category	Pay Point	Eligibility	Amount	Maximum Amount
Education & Training	Completion of training/Certification program (skilled trade, real estate license, cosmetology license, etc.)	One-time	\$500	\$500
	Completion of GED	One-time	\$400	\$400
	Completion of Associates Degree	One-time	\$500	\$500
	Completion of bachelor's degree	One-time	\$1,000	\$1,000
	Completion of master's degree or Doctorate Degree	One-time	\$1,500	\$1,500
Employment	Obtain new employment	One-time	\$100	\$100
	Employment retention for 12 consecutive months	Annually	\$200	\$1,200
	Removed from food stamps, or childcare assistance due to increased earnings from wages or started paying into healthcare benefits or Medicaid	One-time	\$300	\$300
Engagement	Completion of annual FSEP progress meeting	Annually	\$100	\$600
Financial Stability	Attend 12 FWHA Financial Literacy Program Meetings	12x	\$100	\$1,200
	Open and maintain a new checking or savings account (12 consecutive months; no negative ending balance more than twice per year)	One time	\$500	\$500
	Improve credit score (by 50 points or more)	Annually	\$500	\$3,000
	Increase and maintain personal savings by either a) making a \$25 per month deposit or; b) showing a \$300 increase to savings for a six (6) month period (verifiable over a 12-month period)	One-time	\$1,000	\$1,000
	Increase earned income	Annually	\$100	\$600
Housing & Homeownership	Engage in homeownership preparation activities	2x	\$250	\$500
	Purchase a home	One time	\$5,000	\$5,000
Personal	Completion of three (3) personal goals established at admission & progress meeting.	3x	\$100	\$300
Graduation	Employed full-time or achieved a degree or certificate and free of welfare assistance; completion of three (3) personal goals: and received a minimum of five (5) other bonus incentives listed above (including personal goal achievements)	One-time	\$1,000	\$1,000
			Maximum Earnings	\$18,200

