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A) MTW Plan

I) Vision for PHA's Local MTW Program

Introduction: On behalf of the Housing Authority of the City of Fresno (CA006), and in conjunction with the Housing Authority of Fresno County (CA028), jointly doing business as Fresno Housing (FH), we are pleased to submit our application for the Moving to Work (MTW) Demonstration under Cohort #2. Fresno Housing, and the greater Fresno area, makes for a compelling candidate for the MTW program, and there are many reasons why we want to participate in the MTW Demonstration Program:

- 1) Fresno Housing is a nationally recognized Public Housing Authority (PHA) and an innovator in the industry. MTW status would allow us to continue to test new, innovative ideas that allows us to respond to the urgent needs of our residents.
- 2) Fresno Housing is a diverse housing organization with experience and demonstrated success with almost every affordable housing program and tool that currently exists.
- 3) Fresno Housing has two visionary Boards of Commissioners and a dedicated staff who are strongly committed to the statutory objectives of Moving to Work

For these three reasons, and many more, FH is an ideal agency to implement MTW policy research. Fresno Housing, along with our entire staff, Boards of Commissioners, residents and community partners, feels like we have been preparing for this opportunity for the past decade and we are excited to share the ideas we've been cultivating.

Overall Vision: As stated in FH's Strategic Plan, our overall vision for Fresno County is "an engaged county, where all residents have access to quality housing that contributes to vibrant communities, and where all residents are empowered to achieve their educational and economic goals". FH will accomplish this vision, utilizing MTW status, by:

- Developing and maintaining quality affordable housing for low-income residents, giving them more **housing choice** along the entire spectrum of the housing continuum.
- Designing, implementing, and sustaining exceptional programs that invest in residents to become **self-sufficient** through an array of educational, employment, and economic platforms.
- Developing and promoting policies that increase **cost-effectiveness**, shifting our focus from paper to people and from outputs to outcomes.

Challenges & Opportunities: Fresno County is a diverse community, with over 50% of Fresno’s population under the age of 30 and 65% of the population identifying as Hispanic, Black or Asian¹. Due to stark racial disparities and concentrated poverty exacerbated by decades of segregation, redlining, and urban sprawl, much of the population does not benefit from existing prosperity in Fresno, nor does the regional economy perform strongly enough to create the opportunities needed to break the cycle of economic distress. Median family income for Fresno is \$57,300² while the statewide median family income is \$80,440³. Data shows that 70% of Fresno’s neighborhoods are “low-opportunity”⁴, where there is diminished probability that children and adults in poverty will reach the middle class. These neighborhoods also bear the brunt of the region’s environmental exposure, causing long-lasting, negative health outcomes. Moreover, data around Fresno’s economic, quality of life and health outcomes continually rank at the bottom across the state and country. Fresno has the nation’s second-highest rate of concentrated poverty, and the life expectancy for residents living in wealthy versus poorer neighborhoods can vary by 20 years.

¹ American Community Survey, 2017

² HUD, AMI Limits 2019

³ American Community Survey, 2019

⁴ Opportunity Insights. See opportunityatlas.org

In the face of these challenges, FH has played a critical role in developing innovative housing and supportive service programs to benefit approximately 50,000 residents of Fresno County, including 17,000 families and 24,000 children. We know how critical safe, quality housing is to the health, well-being, educational attainment and economic prosperity of families and children. As such, we have a deep commitment to the three statutory objectives of the MTW demonstration: **cost effectiveness, self-sufficiency, and housing choice**. Given the opportunity, Fresno Housing is ready to demonstrate how MTW flexibility can create the efficiencies and opportunities that are needed to create vibrant communities and empower residents to achieving their life goals.

Experience: Driven by a sophisticated and deeply committed leadership team,

The following summarizes the skills and experience of the FH leadership team that will implement the MTW Program:

Preston Prince, CEO/Executive Director - Entering his third decade of a public housing and affordable housing career, Preston Prince, who has served as the Chief Executive Officer of Fresno Housing since 2007, is providing leadership both nationally and locally in creative housing policy. Preston shaped his housing philosophy through his experiences as a housing developer at the Seattle-based nonprofit Common Ground, as the Development Director at the Kitsap County Housing Authority, as a Senior Housing Development Program Manager with the Seattle Housing Authority, and as the Executive Director of the Aurora Housing Authority.

Throughout his professional career, he has brought creative and entrepreneurial practices to elevate the impact federal investment has on education, health, and self-sufficiency outcomes.

Preston combines innovation in housing development – based on a strong understanding of both real estate and housing program regulations – with a community-based leadership style that has allowed him to leverage resources to address the housing and community development needs of

the diverse communities of Fresno County. Preston uses his real-life experience at the local level to influence policy development at the national level. He has been active in NAHRO since 1995 and was one of the industry's early-adopters advocating for the repositioning of public housing through the Public Housing Reinvestment Initiative in 1999 and one of the first leaders to utilize the Rental Assistance Demonstration to transform Fresno Housing's portfolio. Preston has served on NAHRO's Board of Governors since 2001 and was NAHRO's National President from 2013 to 2015. During his tenure as NAHRO President, Preston Prince advocated for the expanding the Move to Work program to more PHAs. In addition, Preston serves on numerous national boards and initiatives to improve public housing programs achieve a higher success among families served. This includes serving on the board of the National Public Housing Museum since 2013, participating on the Urban Institute's "Future of Public Housing" convening, and contributing to the Aspen's Institute's Financial Security Program. Preston Prince also serves on the California Housing Finance Authority Board, Fresno Economic Development Corporation Board, and Fresno County Cradle 2 Career Steering Committee.

Tracewell Hanrahan, Deputy Executive Director - Tracewell Hanrahan brings a wealth of private and public sector experience to her role as Deputy Executive Director of the Fresno Housing Authority. Tracewell directs a staff of nearly 220 employees and provides strategic and organizational leadership to a multi-functional senior management team responsible for all areas of the agency including Housing Programs (HCV and Public Housing), Resident Services, Real Estate Development, Asset Management, Program Evaluation, Finance and Administration. Before joining Fresno Housing, Tracewell served as the Executive Officer at Fresno Unified School District, where she led the District's Workforce Development and Career Tech Ed Initiatives. Tracewell's private sector experience comes from many years working in

manufacturing, managing the financial operations of business units, and for a double-bottom line private equity fund. Tracewell received her bachelor's degree from Georgetown University and her M.B.A. from University of Chicago.

Tracewell's leadership at the agency is grounded in the belief that a diverse set of viewpoints, backgrounds and experiences should be included in all decisions and will lead to better and more equitable outcomes for the agency, community and all residents. To that end, she is currently partnering with the CEO, Commissioners, management team and staff to implement a Diversity, Equity and Inclusion strategy for FH. Tracewell is committed to civic engagement and has held leadership positions in organizations across the community that have helped shape local policies and initiatives and impact housing. These positions include: the DRIVE (Developing the Region's Inclusive and Vibrant Economy) Executive Committee, the Mayor's Task Force to Restore Fresno's Neighborhoods, Director for the Workforce Investment Board and Youth Council, Mayor's Learn2Earn Initiative, City Council Code Enforcement Task Force, Fresno Housing Education Corp, among others.

Michael Duarte, Director of Real Estate & Development – Michael Duarte is the Director of Real Estate Development and Property Management at the Fresno Housing Authority. Since starting his tenure at Fresno Housing Authority in 2007, Michael has been instrumental in developing over 35 multi-family properties, resulting in approximately 1,400 new construction units and substantial rehabilitation of over 800 units totaling \$600 million of investment in Fresno County. Developments completed include mixed-use and mixed-income projects and often focus on neighborhood redevelopment or developments in areas of opportunity. Michael has experience working with many local, state and federal funding programs including HUD low income public housing (LIPH), HUD Rental Assistance Demonstration (RAD), 9% and 4% low

income housing tax credits (LIHTC), USDA, California HCD, etc. In 2015, Michael assumed the dual role of Director of Property Management, focusing on bringing private sector principles to the management of public assets.

Michael serves as a board member for a number of nonprofit organizations including the California Association of Local Housing Finance Agencies (CalALHFA), Chinatown Fresno Foundation and the San Joaquin Valley Housing Collaborative where he currently serves as Chair. Prior to joining the Fresno Housing Authority, Michael served as Regional Finance Manager for a NASDAQ 100 company. Michael is a lifelong resident of Fresno County. He earned his bachelor's degree in Business Administration –Finance from the California State University, Fresno.

Angie Nguyen, Director of Housing Programs & Strategic Initiatives - Angie Nguyen has over 20 years of experience in the non-profit/public sector and joined Fresno Housing in November 2009. Over an eleven-year span at FH, Ms. Nguyen has led and/or actively engaged in several national initiatives and implemented at the local level. From efforts to address homelessness implementing the strategies outlined in USICH's Federal Strategic Plan to Prevent and End Homelessness, to other national movements such as the 100,000 Homes Campaign and Built for Zero that utilized methodologies and data to change systems and achieve a functional zero. These methods included systems mapping of HUD PIH and CPD programs, processes and their policies such as the HUD VASH, Mainstream Vouchers, FUP, and CoC programs.

Community and resident engagement are among the priorities that Ms. Nguyen carries out within the agency. She and her team continuously look at ways to streamline processes, encourage housing choice, and seek strategies that influence resident empowerment and achievement. Community partnerships and engagement is also critical to the growth and presence of the

agency. Ms. Nguyen sits on the Shriver Advisory Committee that advises the model pilot work by the local legal firm that serves low-income individuals/families established under the Sargent Shriver Civil Counsel Act. She also serves on the local steering committee for the Edward Byrne Memorial Justice Assistance grant. Ms. Nguyen is also the PSWRC NAHRO appointed representative on the National NAHRO Housing Committee.

Emily De La Guerra, Director of Finance & Administration - Emily De La Guerra joined the Fresno Housing Authority in 2011 and currently serves as the Director of Finance and Administrative Services. Responsible for the financial stewardship and overall efficiency of the organization, Emily oversees Accounting & Finance, Information Technology, Policy & Evaluation, and Administrative Services. She manages an annual budget of over \$120 million dollars, as well as capital outlays in excess of \$100 million per year. In her tenure at FH, Emily has led major transformational changes across the Agency, including:

- Rebuilding the Accounting department to align with the organization's goals of managing with a private-sector mentality, focusing on asset growth, revenue diversification and real estate development.
- A complete overhaul of the Agency's IT department, taking it from an outsourced function to an integrated, highly efficient, customer-service department.
- Managing the Agency's software conversion from four different obsolete systems to one cohesive Enterprise Management System.
- Building and integrating the Research, Evaluation, and Analytics Lab, whose main responsibility is for information systems, data management and program evaluation, ensuring that the Agency is making data-driven decisions.

Prior to joining the Fresno Housing Authority, Emily owned and managed a consulting firm that focused on small business operations and marketing. Emily earned her bachelor's degree in Business Administration –Finance from the California State University, East Bay.

Compliance with Fair Housing and Other Civil Rights Laws: Fresno Housing certifies that it will comply with all applicable fair housing and civil rights requirements in 24 CFR 5.10(a), including, but not limited to, title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, Section 109 of Housing and Community Development Act, and will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those program, addressing those impediments in a reasonable fashion in view of the resources available and working with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.

II) Plan for Future Community & Resident Engagement

The successful development and implementation of Fresno Housing's MTW Plan relies upon the meaningful involvement of our residents, as well as the broader Fresno community. First and foremost, the MTW planning process will focus on eliciting feedback from our assisted households in the Housing Choice and Public Housing programs, since they will be most directly impacted by the Alternative Rent Policy. FH is committed to an inclusive and collaborative planning process that together the broadest group of residents. Through several other successful community planning processes that have been led by FH, including the Rental Assistance Demonstration (RAD), California Avenue Neighborhood (CAN) Planning Initiative and the Transformative Climate Communities Initiative (TCC), we have developed a broad array of tools to engage

residents and community members from all different backgrounds. While the COVID-19 pandemic makes community outreach and engagement slightly more complicated, FH is creatively utilizing technological solutions in order to communicate with resident and community members. FH has created a dedicated website and email address for the MTW planning process. We have hosted several virtual meetings with residents that have been translated in English, Spanish, Hmong and American Sign Language and posted on our website for residents and community members who weren't able to attend the live meeting. Furthermore, FH has identified several current and potential future partnerships that would contribute to the success of our local MTW program. If Fresno Housing were to move forward in the application process, we will use our experience and expertise as a collaborator, influencer and leader of community initiatives to continue bringing partners to the planning process. With thoughtful communication, social media and marketing efforts, FH plans to create energy and excitement around the MTW planning process in order complete a successful development and implementation of our local MTW plan.

III) PHA Operating and Inventory Information

Current Inventory & Challenges: The Housing Authority of the City of Fresno (CA006) and the Housing Authority of Fresno County (CA028) together serves over 13,600 families and 43,000 residents through the Housing Choice Voucher and Public Housing programs. Fresno Housing recognizes that MTW agencies must continue to assist substantially the same total number of eligible low-income families and maintain a comparable mix of families (by family size) as would have been served absent the MTW demonstration. FH is committed to this requirement and will ensure that no fewer families are served in its MTW program. Furthermore, FH has spent the past two years developing and implementing a Diversity, Equity and Inclusion (DEI) Strategic Plan, and as such, FH is committed to advancing the concepts of DEI in our

organization and community, affirmatively furthering fair housing, and acknowledging and dismantling any discrimination and inequities within our policies, systems, programs and services.

Fresno Housing's two Housing Choice Voucher programs currently have the ability to serve 12,883 families through its baseline voucher allocation. The majority of our voucher holders are concentrated in the City of Fresno (over 90%), while 63% are located in six zip codes in the central and southern parts of the city. Approximately, 78% of the heads of households in the HCV are female while 22% are male. Just about 40% of households are classified as elderly and/or disabled. Diversity amongst our HCV participants is high with 47% of voucher holders identifying as Latino, 31% identifying as Black, and 8% identifying as Asian, American Indian or multiple races. Over the years, HCV has closely monitored its leasing and utilization rates in order to better understand the barriers our residents face. The last time FH opened its interest list in 2019, we received over 50,000 applications. Of that, only 15,000 (30%) were selected from the interest list, and 5,000 (30%) were issued a voucher and 3,000 (60%) were able to lease up successfully. Of those families who were able to lease up successfully, on average it took them about 117 days to find acceptable housing.

Fresno Housing currently manages a public housing stock of 1,070 units between its City and County portfolio. Fresno Housing manages a similar number of units in the City of Fresno (498) and throughout the County of Fresno (572). The majority of the properties in the City of Fresno are located in high-poverty, low-opportunity neighborhoods in the southwest and southeast parts of the City. The properties located in the County of Fresno are in rural communities with high poverty rates, large immigrant populations and few opportunities for economic development and wage progression. Approximately 17% of FH's public housing units are one-bedroom, 37% are

two-bedroom units, 31% are three-bedroom units, and 12% are four-bedroom units. A nominal percentage of units are zero-bedroom and five-bedroom units. Our oldest public housing property was built in 1942 (78 years ago) and our newest public housing property was built in 1990 (30 years ago). The average age of our public housing property is 51 years old. Due to the age of the buildings and insufficient funding provided by the operating subsidy and capital fund, the properties have significant capital needs. Furthermore, the current unit mix and amenities offered in the public housing properties, do not meet the needs of modern families. FH's most recent housing needs assessment shows that the majority of the families and individuals waiting for assisted housing need one- and two-bedroom units. FH has started to address some of these challenges through the Rental Assistance Demonstration (RAD), which is discussed further below as an example of our innovation and creativity.

Examples of Innovation & Creativity: FH is nationally known as an innovative housing authority. Over the past decade, FH has carefully crafted a successful business model that utilizes creative financing tools to build and maintain real estate development projects that increase quality-housing choices, which in turn generates developer fee income that is directly reinvested back into core programs and services for residents. This reinvestment has allowed FH to significantly supplement our federal dollars to expand case management services to Housing Choice Voucher (HCV) families in the midst of significant funding reductions, create a self-sustaining resident services department focused on self-sufficiency, health initiatives, and educational outcomes for families, and continue to be a leader in local and national policy initiatives. Furthermore, Fresno Housing has been a trailblazer in achieving the goal of ending homelessness for families, veterans, youth and the chronically homeless. MTW presents an opportunity for FH to build on our existing innovative programs, and the FH team is well prepared to take on this transformational challenge.

Bringing Private Sector Principles to the Public Sector - At FH, we believe that we are social entrepreneurs. We have long been known for our successful management of our HCV and Public Housing programs, but as federal funding was reduced through sequestration and we looked towards the future, we knew that we needed to think of innovative ways expand housing opportunities for our community. With an entrepreneurial view to the future, FH seeks public and private partners to create new, and to renovate existing, multi-family and single family homes and housing developments with appropriate amenities and services where families are comfortably housed, children have stable school attendance, and neighborhoods can be rejuvenated. We seek to maximize “profits” across our programs so that additional money can be reinvested into services to support our clients’ goals, whether it be self-sufficiency, education, homeownership, etc... We foster innovation and agility across our agency, because we know that it drives effectiveness and creative solutions to our toughest problems. FH’s leadership team, most of whom come from a private sector background, have implemented targeted changes in order to shift the Agency from bureaucratic to entrepreneurial, including:

- Restructuring our Housing Choice Voucher and Property Management/Public Housing departments to create cost-efficiencies, generate employee engagement and increase customer service to our residents and landlords.
- Investing in an internal Real Estate Development department that has become one of the most prolific affordable housing developers in the nation. Since FH began honing its skills as a developer in 2008, we have built 35 multi-family properties, resulting in approximately 1,400 new construction units and substantial rehabilitation of over 800 units totaling \$600 million of investment in Fresno County. These projects have generated over \$20 million in developer fees for FH, which have been reinvested back in the Agency’s core program and development

activities. Our development team has experience utilizing a diverse set of financial tools including tax credits, RAD, public housing mixed-finance, ARRA grants, HOPE VI, HOME, CDBG, project-based vouchers, PBRA, USDA, various HUD loans, and state funding through the Department of Housing and Community Development.

- Focusing on prudent financial management and asset growth. In 2012, FH had just over \$120 million in assets, and a net position of under \$100 million. As of 2019, assets have increased by over 50% to over \$180 million and net position has increased by 35% to just of \$135 million. This growth is a testament to the financial stewardship of the entire organization and proves that our business model is successful.

Rental Assistance Demonstration - Rental Assistance Demonstration - As an early adopter of RAD, FH was the fourth PHA in the nation to convert a property using RAD in late 2013 and the first in the nation to utilize RAD and 9% tax credits together. As of December 2020, the Agency has completed thirteen RAD developments totaling 937 units, utilizing 9% and 4% tax credits to significantly rehabilitate 447 units and through a combination of demolition/new construction FH has further utilized transfer of assistance to create an additional 490 new units, an increase of 236 (93%) for those housing sites. And unlike many other PHA's who have embarked on the RAD journey, FH has acted as the developer, long-term owner and property manager of all our RAD properties. We have increased our staffing levels, training them on private-sector principles (like good customer service, site-based financial management, marketing practices, etc...) and the PBRA and PBV process, throughout this transition.

Housing the Homeless: FH has partnered with regional experts and taken a leadership role to address the issues facing Fresno residents experiencing homelessness in the Fresno/Madera region. FH has acted as the lead applicant for the Fresno Madera Continuum of Care, to secure

funds for outreach and engagement, housing and supportive service programs. We have worked through the HUD CoC funded programs to provide rental assistance to households experiencing homelessness. We've acted as lead agency, responsible for maintaining the Homeless Management Information System (HMIS), which generates reports for local, state, and federal agencies. FH has provided Veteran Affairs Supportive Housing (VASH) to Veterans experiencing homelessness in partnership with the local Veteran Affairs Medical Center (VAMC), and utilized best practices to ease the process for Veterans by co-locating staff, partnering in street outreach, and sharing training resources and networks to improve housing outcomes. Other partnerships with the City of Fresno, Fresno County Economic Opportunities Commission, and WestCare to create Housing Pilot programs that would facilitate the street to home process of individuals and families in homeless encampments. FH utilized its landlord networks, housing resources and policies such as limited preferences and project-based vouchers to create housing opportunities. FH is the current recipient of several HUD grants for homelessness including VASH, Shelter Plus Care, HMIS, ESG and other state and local grants.

Supporting Resident Self-Sufficiency: The Fresno Housing Education Corp. (FHEC - formerly known as Family Self-Sufficiency Corp.), a 501c3, was created in 2003 with the sole purpose of raising private funds to supplement the HUD Family Self-Sufficiency (FSS) program and empower Fresno Housing residents to achieve self-sufficiency through education. We know that education is the core of economic growth. We collaborate with local school districts to fill the gaps and extend education beyond the classroom by creating a safe, consistent, and unintimidating environment to make it easy for families to accomplish their personal, educational, and economic goals. FHEC has also provides scholarships for adult resident who

want to go back to school, built libraries in FH properties and supported other non-profits and local CBO's in providing services to our families.

IV) Plan for Local MTW Program

FH's overall vision for Fresno County is "an engaged county, where all residents have access to quality housing that contributes to vibrant communities, and where all residents are empowered to achieve their educational and economic goals". Below are some of the initiatives that FH would seek to implement in our local MTW Plan that coincide with FH's overall goals and vision for the its MTW program.

Developing and maintaining quality affordable housing for low-income residents, giving them more **housing choice** along the entire spectrum of the housing continuum.

While FH has spent the past decade developing close to 3,000 units of additional affordable housing in Fresno County, there are still gaps that exists in our local housing continuum. Imagine this "housing continuum" is a horizontal line starting a 0% area median income (AMI) and ends to 100% and above AMI. The biggest gaps locally are at the beginning and the end of the spectrum. In order to fill these gaps, FH would use its MTW status to provide additional housing for homeless individuals and families, mixed-income housing and affordable homeownership opportunities for those who are ready to "graduate" from assisted housing.

Furthermore, Fresno Housing believes that "Place Matters" and that all resident should have the opportunity to live in a great neighborhood with the amenities they desire. As such, FH will expand on its commitment to affirmatively furthering fair housing and deconcentrating poverty by implementing policies and programs that incentivize and encourage the development of affordable housing units and the increased utilization of Housing Choice Vouchers in Neighborhoods of Opportunity. FH has recently partnered with Harvard University and Opportunity Insight to

participate in the Creating Moves to Opportunity project to increase access to high-opportunity neighborhoods for HCV families and reduce racial disparities among low-income households. At the same time, FH believes that our residents shouldn't have to move to live in a great neighborhood. FH will utilize its MTW status to reposition outdated and obsolete public housing units and encourage landlords participating in the HCV program to modernize their units, as well. Designing, implementing, and sustaining exceptional programs that invest in residents to become **self-sufficient** through an array of educational, employment, and economic platforms.

Implementing the rent reform policy will be a big part of FH's self-sufficiency initiatives. FH is excited to design and implement their test rent policy to better understand what drives work-able families towards increasing their incomes. Furthermore, FH will use the cost-efficiencies provided by the rent reform policy and other MTW waivers to create a holistic case management with wrap-around services and training for our HCV and PH families who are work-able, but have barriers to self-sufficiency and employability.

In 2011, FH established a Resident Empowerment Division that works with residents (both HCV and LIPH) and focuses on the three main areas of educational attainment, health and wellness, and wage progression for families. This department has grown to a staff of over 20 people who plan and organize hundreds of events, seminars and activities in collaboration with numerous partners across to county of Fresno and is sustainably funded through real estate development activities and other non-government funding. FH will continue and expand this important work should we receive MTW status.

Developing and promoting policies that increase **cost-effectiveness**, shifting our focus from paper to people and from outputs to outcomes.

Furthering our efforts to be an innovative, people-focused and outcome-driven organization, FH would utilize several of the cost-efficiency measures offered through MTW. Implementing these measures would ensure that FH staff would have the opportunity to work closely with residents to help them meet their goals, whether it be self-sufficiency and continuation along the housing spectrum. FH will reduce administrative costs and achieve greater cost efficiencies in federal expenditures through rent simplification for all households, triennial reexaminations, self-certification of assets, alternate HQS inspection schedule, pre-qualifying unit inspections, reasonable penalty and incentive payments for landlords, and others efforts.

In order to measure the impact of these and other MTW policies, FH is committed to research and program evaluation. Over the past five years, the Agency has made significant efforts to become a more data-driven organization by investing in systems, talent and training. Fresno Housing currently utilizes Yardi software for complete program and financial management and the Apricot360 software for resident services program evaluation. In 2019, the Board of Commissioners chose to increase the investment in order to evaluate FH programs and track outcomes. The newly established Research, Evaluation and Analysis Lab (REAL), the team has completed hundreds of dashboards for the Agency, such as a *COVID-19 Dashboard* to track the impact of COVID on our residents, a *School Density Analysis* to better understand resident density across all elementary schools for the purpose of informing resident services and partnering with local school districts, and *Neighborhood Comparison Dashboard* to inform development activities by comparing metrics such as school-wide performance, educational attainment, income and homeownership. Furthermore, in our quest for data and information that helps us provide better service to our residents, we have partnered with several other federal agencies and learning institutions, like HUD PD&R and Columbia University, on several studies

relating to federal housing programs, including: Examining the Effects of the Rental Assistance Demonstration on Children Living in Public Housing in Fresno, CA (Columbia University Mailman School of Public Health & National Center for Children in Poverty, November 2019), Housing Choice Voucher Program Administrative Fee Study (Abt Associates, RSG, and Phineas Consulting, June 2015), Creating Moves to Opportunity - Expansion Project (Harvard University and Opportunity Insights, on-going) on and the HUD FUP/FSS demonstration.

V) Proposed Use of MTW Funds

Fresno Housing hereby requests authority to combine assistance provided under Sections 8 and Sections 9 of the United States Housing Act of 1937 to the extent necessary to carry out the activities in this Moving to Work Application and Plan.

As mentioned in earlier sections of this application, FH will use its MTW funds providing to support the overall goals and strategies of our local MTW program. This includes providing additional housing for homeless individuals and families, mixed-income housing and affordable homeownership opportunities; expanding our mobility efforts and increasing access to high-opportunity neighborhoods for HCV families; repositioning outdated and obsolete public housing units and encouraging landlords participating in the HCV program to modernize their units; implementing the rent reform policy; increasing resident services and programming for HCV and PH families, including holistic case management with wrap-around services and training for families who are work-able; developing and implementing cost-effectiveness measurements; and expanding our research and program evaluation efforts.

VI) Evidence of Significant Partnerships

Access to programs and services is a critical issue for low-income individuals and families.

While FH considers housing as core to success for its residents, the reality is that those who are served by FH face myriad needs and often require services of other programs. Thus, it is critical for FH, and all PHAs, to take a leadership position and to build cross-sector collaboration. FH already works closely with and has commitments from several community benefit organizations through other initiatives like our recent Choice Neighborhood Initiatives application and Fresno's Developing the Region's Inclusive and Vibrant Economy (DRIVE) Initiative. Examples of organizations that we already partner with include *other public agencies* (Fresno Unified School District, Fresno Economic Opportunities Commission, Fresno City College, Fresno State University, Fresno Workforce Investment Board, and the Fresno Economic Development Corporation), *city/state/local governments* (City of Fresno, County of Fresno, City of Kingsburg, City of Clovis, City of Huron, City of Mendota, City of Firebaugh, City of Selma) and *private non-profits* (Central Valley Community Foundation, Cradle to Career Initiative, Fresno DRIVE, Every Neighborhood Partnership, the Boys & Girls Club of Fresno County, Helping Others Pursue Excellence, the Thrivance Group, California Central Legal Services, Fresno Metro Ministry, and several Community Development Corporations across Fresno). In addition to these important partnership, FH believes that our partnerships with local education institutions and workforce development partners are going to be most critical to self-sufficiency for our work-able households. Pairing our non-employed, work-able household with these partners, incentivizing wage progression and measuring the outcomes of these efforts will help to demonstrate the success of our MTW program and rent reform policies.

B) Rent Reform Information

This is a narrative section that responds to Section 4(C)(ii)(b) of this Notice. Information provided for the specific test rent, and delineated as such, does not count towards the page count.

I. Alternative Rent Policy Selection and Rationale

Fresno Housing seeks to implement MTW Test Rent #3, an alternative Tiered Rent Policy. This policy will achieve the three statutory objectives of the MTW demonstration: **cost-effectiveness**, **self-sufficiency**, and **housing choice**. Additionally, the proposed alternative policy, while providing for an interesting contrast to Test Rents #1 and #2, will meet the guidelines set forth in PIH Notice 2020-21, including: i) a sample size of at least 4,000 existing non-elderly, non-disabled households to be randomly assigned to either the treatment group or the control group and ii) will not result in more than 10% of households having a rent burden above 40%.

Overall Objectives and Alignment with MTW Vision: As described in Part 1(a) of FH's MTW application, FH is committed to providing more **housing choice** along the entire housing spectrum, implementing programs to help our residents become more **self-sufficient**, and streamlining our administrative policies to increase **cost-effectiveness** and customer service. We believe that our proposed rent reform policy aligns with and amplifies the potential success of these goals.

The current Brooke Rent system of calculating public housing rents or the HCV participants total tenant payment (TTP) is complex and convoluted. Furthermore, there is plenty of anecdotal and research-based evidence that the Brooke Rent system does not provide strong results for increasing wages and may even disincentive work by imposing a "tax" on increased earnings⁵.

⁵ Abt Associates, "Moving to Work Innovations"

As part of FH's MTW goal of "focusing on people over paper, and outcomes over outputs", our streamlined rent reform policy, based on successful policies implemented by other MTW agencies and analyzed based on our local market, will allow our staff the time and the space to focus on the quality of our properties, the recruitment of high-quality landlords, and the individual goals of our families. Other secondary goals include: eliminating or reducing the disincentive to work, ensuring families are not overly rent burdened, replicating the private market rent structure so that families become accustomed the system before they move on from HUD-subsidized housing, and providing simplicity and predictability in the rent-setting process to eliminate the stress and burden of the annual reexamination process.

II. Describe Alternative Rent Policy to the Public

Description of the Proposed Policy: FH is proposing an income-based tiered system with the recertification process occurring triennially, where eligible households' share of rent is based on their gross income and included a utility allowance. The control group households would be grouped based on gross income into tiers where the rent or tenant paid portion (TPP) is fixed. Upon each triennial recertification, the household's gross income would be calculated and placed into the appropriate tier.

Tiers: Tiers for FH proposed rent reform policy is set in increments of \$5,000. This would result in fewer tiers, potentially half as many tiers as Test Rent #1, further simplifying the tiered rent table and allowing FH's programs to increase **cost effectiveness**. See the following tiered rent table.

Tier	Tier Income minimum	Tier Income maximum	Tiered Rent
1	\$0	\$4,999	\$75
2	\$5,000	\$9,999	\$178
3	\$10,000	\$14,999	\$297
4	\$15,000	\$19,999	\$416
5	\$20,000	\$24,999	\$534
6	\$25,000	\$29,999	\$653
7	\$30,000	\$34,999	\$772
8	\$35,000	\$39,999	\$891
9	\$40,000	\$44,999	\$1,009
10	\$45,000	\$49,999	\$1,128
11	\$50,000	\$54,999	\$1,247
12	\$55,000	\$59,999	\$1,366
13	\$60,000	\$64,999	\$1,484
14	\$65,000	\$69,999	\$1,603

Rent-setting within Tiers: A minimum rent of \$75 is established at Tier 1. This is a \$25 per month increase on FH’s current minimum rent policy. This slight change in the minimum rent will allow the Agency to test whether or not a slightly higher minimum rent has any impact on work status or wage progression for our lowest-income residents without having a large financial impact on residents. FH believes this policy change may be of particular interest to HUD or other PHAs across the nation.

Rents at all other tiers would be established at 28.5% of gross income, based on the Tier Income Midpoints. Establishing rents based on 28.5% gross income midpoint at all Tiers maintains the administrative efficiency and **cost effectiveness** of Test Rent #1. The 28.5% gross income calculation of the midpoint aligns with Test Rent #1 but provides some relief for families whose rent was previously calculated based on 30% of adjusted annual income, which factored in allowances for dependents, childcare expenses, and unreimbursed medical expenses.

In contrast to Test Rent #1, the \$5,000 tier increments provide for greater potential of **self-sufficiency** through a wider range of income growth between tiers, as well as reductions in rent burden as wages progress. FH measures this opportunity for self-sufficiency as the difference in rent burden at the minimum income level of a tier and the maximum income level of the respective tier. As a family's income increases along the respective tier, their rent burden decreases. This is especially apparent when we analyze the rent burden levels of tiers 2 through 6, which are comprised of families more likely to be at the extremely low and very-low income levels. Families in these tiers can experience decreased rent burdens by 5 to 21 percent through wage progression, thus increasing opportunities for **self-sufficiency** and **housing choice**.

Families in the second tier, which currently make up 20% of our eligible families, can reduce their rent burden by up to 21% through wage progression and self-sufficiency. When analyzing Test Rent #1, families in this same income range have just a 12% rent burden decrease potential. This reduction in rent burden, may also provide families the financial leeway to seek housing in areas of opportunities, where rents may be above overall area market rents.

This proposed policy would not adversely affect families as we anticipate that approximately 6% of all families would pay more than 40% of their gross income for rent, which would be well under the 10% threshold established by the MTW Operations Notice.

The Alternative Rent Policy would achieve the goal of **cost effectiveness** by potentially reducing overall HAP expenses for the treatment group by 2% at the first year of implementation. This policy takes a more balanced approach than Test Rent #1. Based on FH's analyses, at the first year of implementation, fewer families would experience rent burdens above 40% and fewer families would experience rent increases of 10% or more, as compared to Test Rent #1. Not only do these factors contribute to lower rent burdens for households but they also increase cost

effectiveness for FH as fewer hardships would need to be granted at implementation. See the following table for an analysis of rent burdens at all rent tiers.

Tier	Tier Income minimum	Tier Income maximum	Tiered Rent	Rent Burden @ Minimum Income	Rent Burden @ Maximum Income	Rent Burden Reduction Potential
1	\$0	\$4,999	\$75	100%	18%	82%
2	\$5,000	\$9,999	\$178	43%	21%	21%
3	\$10,000	\$14,999	\$297	36%	24%	12%
4	\$15,000	\$19,999	\$416	33%	25%	8%
5	\$20,000	\$24,999	\$534	32%	26%	6%
6	\$25,000	\$29,999	\$653	31%	26%	5%
7	\$30,000	\$34,999	\$772	31%	26%	4%
8	\$35,000	\$39,999	\$891	31%	27%	4%
9	\$40,000	\$44,999	\$1,009	30%	27%	3%
10	\$45,000	\$49,999	\$1,128	30%	27%	3%
11	\$50,000	\$54,999	\$1,247	30%	27%	3%
12	\$55,000	\$59,999	\$1,366	30%	27%	2%
13	\$60,000	\$64,999	\$1,484	30%	27%	2%
14	\$65,000	\$69,999	\$1,603	30%	27%	2%

Enrollment Period: If selected for Cohort #2, FH will work closely with HUD and the independent research team to implement and evaluate the effects of the proposed rent reform policy. FH’s application for MTW is due to HUD on January 8th, 2020 and we would expect an announcement on the awardees in March 2021. Based on that timeline, FH would spend six to twelve months working closely HUD and the research team to finalize the rent policies. After that point, the enrollment period would potentially begin in January 2022 and end twelve months later in December 2022.

Eligible Households: Eligible households will include residents/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, including families with a head of household, co-head and/or spouse

aged 55 and above are also excluded. Other exclusions include: households with special purpose vouchers and homeownership vouchers, households paying a public housing flat rent or ceiling rent will be excluded, and households already participating in the Family Self- Sufficiency (FSS) program. FH, HUD and the independent research team will consider other exclusions prior to the enrollment period.

Those households deemed eligible to participate in the rent reform study will be assigned to a either a control group, to which FH's existing rent policy will apply, or a treatment group, by which the alternative rent policy will apply. Assignment to the control group or treatment group will happen by a lottery system. The control group will be derived from Public Housing and Housing Choice Voucher participant households, and will be equal to 10% of the size of the treatment group. The control group demographics will be reviewed, ensuring it is representative of the population as a whole and captures that of the treatment group.

Hardship Policy: Fresno Housing is committed to providing a Hardship Policy that will provide rent relief to households that experience an involuntary loss of income or employment, and that no families are evicted as a result of the rent reform policy. Below is a summary of the proposed Hardship Policy.

During the enrollment period, Fresno Housing will not expect any resident to experience more than a 10% increase in rent. Tenants will receive an initial income examination. Those residents in the treatment group will have their rent increase capped to 10%. This rent increase will be based on the family's most recent Total Tenant Portion (TTP) compared to the new, tiered rent captured in the tiered rent schedule. These families would receive an initial hardship and placed in the appropriate tier where their rent increase would not exceed 10%. This hardship will last 12 months. The hardship rent may be renewed, if requested by the household. If the hardship rent

expires, and the tenant does not request (or Fresno Housing does not approve) a hardship renewal, then the household's rent will return to the appropriate tiered rent.

Between triennial reexaminations, a household's tiered rent will change if it is approved for a hardship rent change. Hardships must be requested by the household. A household will receive a hardship if its total annual gross income – measured as current/anticipated income – drops into a lower tier than the tier they were assigned at the triennial reexamination. The hardship rent will be the tiered rent that corresponds to their new (lower) tier. However, this is expected to be temporary. The hardship rent will last 6 months. The hardship rent may be renewed, if requested by the family. But if the hardship rent expires, and the tenant does not request (or the PHA does not approve) a hardship renewal, then the household's rent will return to the tiered rent assigned at the most recent triennial income reexamination.

Hardship Requests for an Exemption from the Minimum Rent: Based on our initial analysis of current FH families, a majority of those families who may have an on-going hardship or an initial increase of more than 10% are at Tier 1 and paying the minimum rent. FH recognizes that even the minimum rent may create a financial hardship for families. If at any time during the rent reform study, the family request a hardship exemption for the minimum rent, FH will suspend the minimum rent until FH can determine whether the hardship exists and whether it is temporary or long-term. If FH determines no qualifying hardship exists, the minimum rent is imposed retroactively to the time of suspension. If FH reasonably determines that there is a qualifying hardship, the minimum rent will be suspended for 90 days and the resident will be paired with a Resident Services or a Workforce Development coordinator for robust coaching. At the end of 90 days, if the FH determines that there is a long-term, qualifying hardship, FH will suspend and forgive the minimum rent for 90 days and the resident will be paired with a

coordinator for coaching. If the hardship still exists after 90 days, the minimum rent will be imposed and FH will offer a repayment agreement for any rent not paid during the hardship period. Hardships at the minimum rent may not exceed 12 months.

Some specific instances for hardship exemptions include:

- If the household has lost eligibility for or is awaiting an eligibility determination for a government assistance program;
- If the family would become evicted because it is unable to pay the minimum rent;
- When the income of the family has decreased because of changed circumstances including loss of employment, death in the family, or serious medical condition;
- If there is a substantial decrease of income, which was beyond the household's control.

Benefits to Residents & Participants: FH believes that our proposed rent policy will be beneficial to residents for the following reasons:

- Income and rent calculations are simplified. This will relieve the stress of not understanding how their income is going to be calculated, and the burden of tracking and maximizing deductions.
- Household income certifications occur every three years, instead of every year. This will stabilize rents for household and allow them to focus on other things, like their children, education or life goals, instead of their next rent increase.
- Families are incentivized to increase their income. Since income increases won't have to be reported until their next triennial certification, families will have the opportunity to increase their income and allow them to save that money without having a portion taken

away for an increased rent/TTP portion. Families further have the incentive to increase their incomes as their rent burden (portion of their income going towards rent) decreases as they move to higher tiers.

- The Hardship Policy will provide protections for households experiencing significant loss of income or increased expenses.

Feasibility & Policy Relevance: FH's proposed rent policy is feasible and simple to implement. If HUD agrees, FH believes that its proposed policy would offer interesting comparisons to the rent policies laid out in Test Rent #1 and Test Rent #2. The proposed rent policy might be of interest to other PHA's, considering the implementation would provide beneficial results not only for staff, but for residents as well. Benefits such as simplified income and rent calculations, cost effective operations and less administrative burden are all reasons that prove the proposed rent policy to also be feasible. Furthermore, FH policy would comply with the parameters set in Attachment 1 of PIH 2020-21.

Policies Differences: In comparison to the other test rent reform policies, FH's proposed policy would simplify and improve upon the administrative efficiencies and **cost effectiveness** of Test Rent #1 while providing additional opportunities for resident **self-sufficiency** and **housing choice** through increased incentives for wage progression, in contrast to Test Rent #2. The proposed policy would provide households with more stable rents from year-to-year and place less wage pressure on families who may face barriers to **self-sufficiency**, giving FH staff more time to provide additional services to those families. Feedback from staff, residents and community members indicates that the tiered rent approach is more palatable and fair than the stepped rents of Test Rent #2, also providing for more cost-effective operations as the rent tables are easier for staff to implement, maintain, and convey to participating households. Furthermore,

the periodic analysis and updates to Test Rent #2 tables may create more administrative burden for a PHA. This additional burden is not experienced in a tiered rent system as rents are consistent across household and bedroom sizes.

III. Information Technology Plan

A majority of the information technology systems will involve software configuration changes within our Enterprise Management System (EMS), Yardi Software. Fresno Housing has been in conversations with Yardi about support of these changes since September 2020. In addition, Fresno Housing has engaged with multiple, current MTW PHAs to ensure Yardi has been able to meet their needs, specifically around any rent reform and hardship policies that have been introduced. FH has received very positive feedback from other MTW PHA's. In addition, Fresno Housing has also received a letter of support from Yardi VP of Affordable and Public Housing, David Kessler, stating their ability and desire to participate in the rent reform study.

Throughout our six years as a Yardi client, FH implemented many multiple, large scale modifications to the system that has provided us extensive experience from which we can draw, should we be selected for Cohort #2. These include project such as: online recertifications, online applications and waitlist management, online collection of rent, biennial HQS inspections (in process), and contract and grant management, all required significant modifications to our Yardi system.