



Cambridge Housing Authority
Moving To Work Deregulation Demonstration Program

Annual Plan

Fiscal Year 2001

April, 2000



Executive Summary

The Cambridge Housing Authority (CHA) begins its second year of participation in the Department of Housing and Urban Development's (HUD) Moving To Work Demonstration Deregulation program (MTW) on April 1, 2000. This is the CHA's Annual Plan for its fiscal year 2001, which covers the period from April 1, 2000 through March 31, 2001. MTW was approved by Congress in Section 204(a) of the Omnibus Consolidated Recissions and Appropriations Act of 1996 (Public Law 104-134), and allows unprecedented fiscal and regulatory flexibility in hopes of increased efficiency while also asking PHAs to provide economic incentives and opportunities to residents to encourage work.

For the CHA, this demonstration is comprehensive in nature, covering all but a very few of its federally assisted programs. A general description of the demonstration, its requirements and the overall CHA demonstration objectives are included in this plan as Appendix One. The first MTW Annual Plan, submitted to HUD in October, 1999, contained a wide range of specific regulatory relief allowed in accordance with the CHA's MTW Agreement. This year's plan continues those reliefs, but adds only a few new requests. Instead, the focus for the CHA in FY 01 is on implementation, and the practical implications of moving beyond regulation. The goals and objectives for the year also center on the need for the CHA to develop internal guidelines for accountability, and to assess both the incentives and the impacts of a deregulated environment.

The central goal of the deregulation demonstration is the development of a comprehensive, locally developed program to address the realities of the Cambridge housing market. The focus is on identifying local needs, and targeting a program that is both responsive and relevant to the needs of the range of low-income residents in the city, in terms of supply, quality and choice of housing. The CHA's program does this in five ways, intended to impact both the stock itself, and the overall housing market:

- Preservation of existing affordable housing resources through capital improvements to the current public housing stock, changes to the leased housing program to make it more competitive in a tight housing market, project-basing as many leased housing units as possible, and the return to viability of the Massachusetts Rental Voucher Program (MRVP) by using federal resources to enhance its usefulness
- Resident-based initiatives to increase choice for low-income residents, in terms of housing type, location and work options, through rent policies, development choice, changes to waiting list preferences, eligibility and profile targeting.
- Development of new, permanently affordable units
- Ongoing tenant services programs in employment and training to serve our residents in their journey of upward mobility, economic stability and self-sufficiency.
- Administrative and other internal changes implemented as part of the Demonstration to address issues of efficiency, as well as the need to be accountable for overall performance in the absence of performance factors



dictated by Public Housing Assessment System (PHAS) or Public Housing Management Assessment Program (PHMAP).

In the current Cambridge housing market, the preservation of units – both conventional public housing and leased housing units – is a significant challenge. It is the CHA’s belief that MTW and the flexibility it allows is critical to its ability to respond to the challenges of the Cambridge market, and that participation in the Demonstration allows the CHA to develop more creative and effective solutions to both short- and long-term local market issues. Without the funding and regulatory flexibility MTW provides, the CHA’s success in maintaining a strong leased housing presence in the local market and its ability to move forward on modernization activities in public housing would be severely curtailed.

During the coming year, the CHA has chosen to focus its efforts on the following activities:

- **Elderly Housing Issues** – Modernization needs of the properties and the need to assess and develop a comprehensive program to address the needs of Cambridge’s elders will be a strong focus of the CHA. A change in local preference and to the age of eligibility for elderly housing (from 62 to 60 years old, in order to bring the federal program in line with the state program) will expand housing opportunities and choice for seniors and their families.
- **Preservation of Current Housing Stock** – Modernization and extraordinary maintenance will be emphasized this year, in order to preserve and improve the current public housing stock. The CHA sees the preservation and continued viability and quality of the in-place stock as the most fundamental mission of the Authority.
- **Implementation of Development Choice** – Applicants now have the option to state a preference for where they want to live. The CHA will continue to implement this effort and monitor outcomes over the coming year.
- **Preservation and viability of the MRVP program** – Recent changes to the MRVP program, which provides a rental subsidy similar to the Section 8 program, will allow the CHA to preserve the subsidy on turnover. However, the allowable rent levels under the state program threaten the fundamental viability of the voucher. The CHA will use federal resources to augment the state subsidy, bringing it in line with allowable rent levels in the federal leased housing program.
- **Ongoing Development activities** -- Development of new housing resources in Cambridge is a daunting challenge. Although the CHA expects its efforts to yield only a few incremental units, through its condo acquisition program and other efforts the CHA hopes to tie down as many affordable units as possible. Planning efforts aimed at larger scale development projects will take place in the coming months. The possibility of providing construction

financing or other incentives to encourage the development of affordable units in the city will also be explored and will likely be implemented.



- **Pursuit of regulatory relief for Mixed Finance and Procurement** – Ongoing discussions with HUD to provide CHA with maximum flexibility in these areas continue. It is the CHA's hope that an agreement can be reached in the coming year that will allow us to suspend the current, burdensome regulations in favor of more efficient, streamlined procedures, which will reduce costs.
- **Institution of changes to management and budgetary procedures** – Several major efforts, including Project Based Budgeting and changes to the inventory and work order systems, are being made in response to the demands for accountability that greater regulatory flexibility demands. These efforts will ensure that the CHA achieves greater efficiency in its program management.
- **MTW Deregulation Demonstration outcome assessment** – The CHA plans to begin to target assessment of the outcomes of the MTW demonstration, and to measure the effects of deregulation on the Authority.
- **Tenant Services outcome assessment** – The CHA plans to more comprehensively evaluate the outcomes of its Tenant Services programs, as well as to provide analyses to target its efforts to areas of greatest need.
- **Ongoing effort to develop local leased housing program/Tenant Preservation Program** – The CHA plans to re-examine its leased housing (Section 8 program), in consultation with program participants and other stakeholders, in order to develop a Local Leased Housing Program with maximum viability in Cambridge. In the interim, some changes are being made to the program to allow it to be more responsive to the market. A new initiative, the Tenant Preservation Program, aimed at temporarily preserving the tenancy of in-place residents currently not receiving subsidy will be explored.
- **Leased Housing Program marketing and outreach** – Direct outreach and overall marketing efforts are increasingly important to the preservation and success of the leased housing program. The CHA will be expanding its efforts in this area
- **Utility savings initiatives** – Taking advantage of the savings incentives provided by the MTW agreement and the ability to provide energy savings-based financing, the CHA will pursue a number of utility and water related savings projects in the coming year.
- **Project Based Leased Housing Assistance** – Emphasis on project based assistance will continue in the coming year, as it both provides an invaluable resource to other institutions in the development of affordable housing and secures longer-term affordability of units in Cambridge.



- **State Public Housing Viability Study** – Given the current condition of the state-assisted stock, the CHA will undertake a study of the physical and long-term viability of its state-assisted public housing. Redevelopment options will also be explored, which will require federal assistance.
- **Homeownership Program** – A homeownership program allowing residents to use leased housing subsidy to purchase homes will be explored. The CHA intends to pursue partnerships with other organizations, including the City of Cambridge Homebuyer Initiative, to develop and manage this program.

The majority of the efforts discussed in this document have been part of extensive discussions with public housing residents and Section 8 program participants over the past 2½ years as CHA has prepared to participate in MTW. These ongoing discussions will continue over the course of the Demonstration, as will discussions with the City and other community partners.

Although the CHA’s bottom line success in its housing programs is dependent on the financial resources it can garner to support its continuing efforts to preserve current public and leased housing stock in an increasingly expensive housing market as well as to provide expanded choices for Cambridge’s low income residents, MTW brings with it the ability to reanalyze the overall CHA program in the context of local needs and realities. The Demonstration’s comprehensive approach gives the best chance for new strategies to succeed.

Annual Plan

As part of the MTW Deregulation Demonstration, each year the CHA must develop an Annual MTW Plan to describe the MTW activities planned for the fiscal year. This plan is in lieu of HUD’s currently required Housing Authority Annual Plan. The CHA’s fiscal year begins on April 1, and ends on March 31. A public hearing is required before the Board of Commissioners can adopt the plan and submit it to HUD. In all but the first year of MTW, the plan is required to be submitted to HUD for its review no later than 60 days prior to the start of CHA’s fiscal year, which would be January 31. Because Annual Plan guidance, financial information and final review of the first Annual Plan was not complete until late in January, HUD revised the CHA’s submission date for its FY 2001 annual plan to April 1, 2000.

The CHA will also provide an Annual Report that summarizes the activities of the fiscal year, and discusses its efforts in relation to the goals and policies set forth in the Annual Plan. The Annual MTW Report takes the place of all other conventional HUD performance measures, and is submitted to HUD within 60 days of the completion of the CHA’s fiscal year, by May 30th.



MTW Programs

CHA's MTW Demonstration includes the following programs:

Conventional Low Rent Public Housing

- Operating Funds
- Capital Improvement Funds (currently the Comprehensive Grant Program)

Section 8/Leased Housing Program

- All vouchers and certificates on yearly ACC cycles

MTW excludes the following federal programs:

- Section 8 Moderate Rehabilitation Units
- "Sticky voucher" Section 8 subsidies at 929 House
- Two hundred Section 8 Vouchers for persons with disabilities (which will be rolled into the demonstration upon renewal) that are related to the CHA's elderly allocation plan
- The CHA's HOPE VI elderly redevelopment grant for Kennedy Apartments

It is important to note that a significant part of the CHA's overall housing operation is its state program component, funded by the Massachusetts Department of Housing and Community Development (DHCD). The state program includes state conventional public housing, the Massachusetts Rental Voucher Program (MRVP) and the Alternative Housing Voucher Program (AHVP), as well as other forms of state assistance. Currently, the CHA is participating in DHCD's 5-5-5 Deregulation demonstration program, which has allowed some changes to the state program, though not as broad in scope as MTW. Program components of MTW, including rental policies, will not apply to the state program unless DHCD specifically allows them under the Demonstration.





Occupancy

The Cambridge Housing Authority's mission is to provide safe, high quality affordable housing to Cambridge low-income families, elders and special needs households. The CHA occupancy and rent policies are a key management tool in creating stable communities, which allow economic progress to be rewarded and self-sufficiency encouraged. These communities play a vital role in the City of Cambridge by contributing to its strength and socioeconomic diversity. The CHA is actively pursuing, through our occupancy and rent policies, a self-sustaining population of tenants who are moving to better work. These policies also expand housing options for low and very-low income families in Cambridge.

Households Served – Conventional Housing

This section describes the number and characteristics of households in the Cambridge Housing Authority's federal developments as of February 2000. Under MTW, as required, the CHA will continue to serve essentially the same number and mix of households as it would have otherwise served absent the demonstration. Tables 2 – 1, 2 – 2, 2 – 3, and 2 – 4 show the number of households served by bedroom size, income and race/ethnicity based on actual occupancy. The Authority will not, as a result of MTW, decrease the number or mix of families (by family size) receiving housing assistance. Table 2 – 5 provides information on Area Median Income (AMI) levels for comparison purposes.

There are over 1,800 households involved in the MTW demonstration living in conventional housing. The CHA conventional housing is comprised of 51% studio and one-bedroom apartments. Approximately 60% of households are below 30% of the Area Median Income (AMI). Minority households account for 57% of all households.

The CHA anticipates that the net number of households served over the course of this fiscal year will increase slightly as compared to last year due to the continued lease-up of Corcoran Park, our Major Renovation of Obsolete Public Housing (MROP) grant. The Authority was awarded a HOPE VI grant for the John F Kennedy Apartments, and will begin renovating elderly units at certain developments upon turnover. These factors will also impact the number of households that will be served, but these activities are being undertaken as a part of the Authority's normal operation and thus would not represent a reduction in service due to MTW.

Households Served – Leased Housing

This section describes the number and characteristics of households in the Cambridge Housing Authority's MTW leased housing program as of February 2000. The CHA will continue to serve essentially the same number and mix of households as it would have otherwise served absent the demonstration. Tables 2 – 1, 2 – 2 and 2 – 3 show the number of households served by bedroom



size, income and race/ethnicity based on actual occupancy. The Authority will not, as a result of MTW, decrease the number or mix of families (by family size) receiving housing assistance. Table 2 – 5 provides information on Area Median Income (AMI) levels for comparison purposes¹.

There are over 1,300 households involved in the MTW demonstration through the Leased Housing Program. The leased housing stock is comprised of 70% two bedroom and larger apartments. Approximately 60% of households are below 30% of the Area Median Income (AMI). Minority households account for 55% of all households.

The CHA anticipates that the net number of households served over the course of this fiscal year will increase slightly. The real estate market in Cambridge makes every utilization of Leased Housing Assistance a challenge. Absent the deregulation demonstration, the CHA would expect a significant drop in utilization in the Section 8 program.

Households Served – Waiting Lists

Over 70 percent of the families on all of the CHA's family development wait lists are in need of one- or two- bedroom units, with a quarter requiring three-bedrooms. As one would expect, the elderly development wait lists are primarily made up of single applicants in need of studio apartments or one-bedroom apartments. Tables 2 – 7 and 2 – 8 show the number and characteristics of applicants currently on the public housing and Leased Housing waiting lists (as of the February 28, 2000). Table 2 – 6 provides a breakdown of demand for each unit size in the conventional public housing program, while Table 2 – 9 shows the number and percentage of applicants falling into the various AMI levels (see Table 2 – 5 above for corresponding dollar figures for each group). The Leased Housing waitlist currently totals 3,521 family applicants and 254 elderly applicants, with 3,775 applicants total. The CHA Leased Housing waitlist is currently closed to new applicants. The CHA anticipates that it will reopen the Leased Housing waiting list in the upcoming fiscal year.

New Occupancy Policies – Conventional Housing

As allowed under the MTW agreement, the CHA is undertaking new initiatives in the area of Conventional Housing Occupancy and Rent Policies:

- Elderly Former Cambridge Resident preference
- Elderly age eligibility
- Ceiling Rent
- Elimination of Biannual recertification change

¹ For example, 100% of Area Median Income for a family of four is \$62,700.



Elderly Former Cambridge Resident

The CHA is aware of a number of applicants who have moved out of Cambridge due to the rising rents, without realizing that they were eligible for elderly housing, or because they could not apply for the development of their choice. These residents are now on the elderly waitlist, but without a Cambridge resident preference they will wait a long time to receive an offer of housing. The CHA will create a new local waitlist preference for elders (aged 60 and older) with significant ties to Cambridge. This new preference will allow seniors who have substantial ties to Cambridge and do not qualify for the Cambridge resident preference to be given new housing opportunities. Family applicants qualify for the resident preference by either working or living in Cambridge; elders are often retired and can no longer qualify as residents through their work. CHA will create a new preference that allows these elders to qualify for this preference by showing their substantial ties to Cambridge.

Elderly Eligibility Age

Under the MTW agreement, CHA is allowed to drop the age to 55 for admission to our Federal Elderly developments. In Fiscal Year 2001, CHA will amend the definition of elderly to include applicants no younger than 60 years old. This amendment will bring the Federal developments in line with the State developments. An individual who is 60 years must now wait for either a family one-bedroom apartment, our longest list, or wait for State elderly housing. By bringing the federal program in line with the State program, we will simplify the eligibility process for applicants and expand housing opportunities for these individuals by lessening their time on the waiting list. This action will require an amendment to the CHA's designated housing plan. The CHA will implement this change after approval of the amended designated housing plan.

Ceiling Rent

The Moving To Work Deregulation Demonstration agreement gives the CHA authority to adopt and implement any reasonable policies for setting rents for public housing. The Quality Housing and Work Responsibility Act of 1998 (QHWRA) redefined for non-MTW housing authorities guidelines for rent policies, as well as other regulatory changes. Pre-QHWRA HUD regulations allow HA's to recalculate ceiling rent in three ways. The first is to charge fair market rent; the second is to establish the ceiling rent at the Brooke rent paid by the 95th percentile of CHA residents; the third is a complex calculation based on debt forgiveness that would, for the CHA, result in a very high amount. QHWRA regulations allow HA's to keep ceiling rents for three years with the same method of raising ceiling rents, after three years, the HA must move to flat rents. Flats rents are required under QHWRA to be set at "rental value", which HUD interprets to be reasonable market value. In establishing reasonable market value, HA should conduct a rent reasonableness survey. In the Cambridge market, the reasonable rent for our apartments would probably exceed 120% of Fair Market Rent. All of these methods would result in negative impacts to either residents or the CHA, which is why under the deregulation demonstration, the CHA proposes a reasonable policy for ceiling rents that that is appropriate for our locality.



Under the CHA plan of an 8% increase, approximately 150 families would still be at the ceiling rent. Under either of the other methods, there would be fifty or fewer families on ceiling rent. The CHA will increase the ceiling rent annually beginning in FY2002 by HUD's Annual Adjustment Factor (AAF – an index published annually that reflects the increase in rents to in-place tenants in the metropolitan area). This method of raising the ceiling rent will still encourage and reward families for moving to better work. The table below contains the current and new ceiling rents for family housing.

Ceiling Rent	1BR	2BR	3BR	4BR
Current	\$520	\$627	\$723	\$766
Proposed	\$562	\$677	\$781	\$827

Biannual Recertification Change

In the MTW plan Fiscal Year 2000, the CHA moved to biannual recertification for elders and persons with disabilities whose income is solely derived from SSI and/or Social Security. This change was made in order to provide residents and managers with a less burdensome process. However, in implementation of the policy the CHA has found that many residents whose income is solely derived from SSI and/or Social Security also have medical deductions that need to be calculated each year, in essence, undoing any benefit from not having to recertify. After an analysis of the number of residents who benefited from this change weighed against the administrative burden of tracking who is to be recertified when, the CHA will discontinue this policy.

Continued Occupancy Policies – Conventional Housing

As part of the Demonstration, the CHA will continue two MTW initiatives in the area of Conventional Housing Occupancy Policies:

- Implementation and tracking of development choice
- Implementation and tracking of new rent policy

The CHA will also continue to implement its current policy of profile targeting, with 75% of family units reserved for very low-income families (households with incomes below 50% of AMI); and 25% of units reserved for low-income families (households between 50% and 80% of AMI) and a local preference for applicants with income of 40% or higher of the Area Median Income.



Development Choice

In the first year of the MTW demonstration, the Leasing and Occupancy Department (L&O), in conjunction with the Management Department, implemented a new public housing unit assignment system based on development choice. Full conversion to development choice will be complete April 2000. The CHA will conduct its first biannual review October 2000.

Consistent with the site-based waiting list requirements included in the MTW agreement, CHA’s implementation of development choice meets the following criteria:

- The CHA is regularly transmitting occupancy data to HUD’s Multifamily Tenant Characteristics System (MTCS);
- The CHA provides full disclosure to each applicant of any option available in the selection of which developments to reside, including information about each site;
- The CHA certifies that the adoption of development choice 1.) does not violate any court order or settlement agreement or is inconsistent with a pending complaint brought by HUD; 2.) is consistent with affirmatively furthering fair housing, and includes such measures as reasonable marketing activities;
- The CHA will assess changes in racial, ethnic, or disability related tenant composition at each development that may have occurred during the implementation of development choice, based on confirmed MTCS data;
- The CHA will assure that development choice is not being implemented in a discriminatory manner and that no pattern of discrimination exists, providing the results to HUD. This will be done in part through the use of independent testers; and
- The CHA will take any steps necessary to remedy any problems surfacing as a result of the biannual review.

Deconcentration

CHA developments currently represent a broad mix of incomes, with no development significantly better or worse off than another. CHA’s deconcentration policy will be to monitor changes in income distribution at each development as rent policies, profile targeting, and development choice impact the mix of households.

Statement of Rent Policy – Conventional Public Housing

The MTW legislation specifically requires participating HAs to “establish a reasonable rent policy to encourage work and self-sufficiency.” Under MTW, the CHA is also required to provide a Board-approved analysis of the impact of the policies on current households, and households on the



waiting list, including an analysis of the severity of rent burdens on such households. A copy of the rent policy impact analysis is included as Appendix 5. Overall, the CHA rent policies result in reduced rent charged to tenants. The CHA does not anticipate that rents exceeding 30% of income will apply to more than two percent of all residents. The CHA has adopted a hardship policy that allows the Executive Director (or his designee) to evaluate on a case-by-case basis whether the rent policies represent a hardship which can be granted a temporary exemption.

The CHA will continue to follow pre-QHWRA guidelines for rent policy with the exception of the changes noted above and the exceptions noted in Appendix 5, which were approved by the Board of Commissioner with last year's Annual Plan.

Statement of Occupancy Policy – Conventional Housing

The CHA has a number of local waitlist preferences which are: resident of Cambridge; families with income between 40% and 80% of AMI; preference for overcrowding; severely distressed housing; paying over 50% of income for rent; relocation for public improvement and emergency preference.

New Occupancy Policies – Leased Housing

Under the MTW agreement, the CHA is undertaking new initiatives in the area of Leased Housing Occupancy Policies:

- Project Based Section 8 preference
- Biannual recertification change

Project Based Section 8 preference

The CHA will create a preference on the Section 8 waiting list that will allow applicants to indicate if they are not interested in Project Based Section 8 assistance. This will allow the CHA to skip applicants who are only interested in mobile vouchers. As the available project-based Section 8 stock increases this will be an important way for the CHA to efficiently lease up units as they come on line.

Biannual recertification change

In the MTW plan Fiscal Year 2000, the CHA moved to biannual recertification for elders and persons with disabilities whose income is solely derived from SSI and/or Social Security. This change was made in order to provide residents and managers with a less burdensome process. However, in implementation of the policy the CHA has found that many residents whose income is solely derived from SSI and/or Social Security also have medical deductions that need to be calculated each year, in essence, undoing any benefit from not having to recertify. After an analysis of the number of residents who benefited from this change weighed against the administrative burden of tracking who is to be recertified when, the CHA will discontinue this policy.



Continued Occupancy Policies – Leased Housing

Under the MTW agreement, the CHA is continuing three resident-based initiatives in the area of Leased Housing Occupancy Policies:

- Implementation of changes to leased housing
- Project Based Section 8
- Implementation and tracking of new rent polices

Implementation of changes to Leased Housing

The CHA will continue to implement a number of participant-related policy changes and leased housing program changes. These changes apply only to those Section 8 vouchers and certificates that are included in the demonstration (NOT the Mod Rehab Program; 2 Mount Auburn Street; vouchers for persons with disabilities as a result of the elderly allocation plan; or “sticky” vouchers for 929 House). The following changes will continue to be implemented this year:

- Tenants are allowed to exceed 40% of their income for rent if they so request and can demonstrate the ability to meet such a high rent burden.
- Voucher/certificate expiration is extended beyond the current allowable term (60 days with a 60 day extension at the request of the participant) for an additional 30 days if the family can demonstrate a diligent housing search.
- Income limits are modified to allow a small number of applicants between 50-80% of AMI to participate in the Leased Housing Program. These applicants can be admitted in cases of emergency, where the receipt of rental assistance will allow the CHA or a non-profit to secure a unit’s affordability for the long-term, or as the CHA deems appropriate.
- A damages provision allowing the CHA to provide security deposits where needed (in line with the standards included in last year’s plan).
- Opening the Section 8 waiting list.

Project Based Section 8

A major shift in emphasis in the Leased Housing Program is the CHA’s intent to aggressively pursue project-basing assistance. Given the current rental market and the transitional nature of many leased housing resources the CHA believes the most secure way to ensure that leased housing options remain in Cambridge is to tie the assistance to the unit rather than to an individual person. Some Section 8 program participants were concerned that a project-based unit would restrict their mobility; the CHA agreed (to the extent available resources in the program allow it) to provide residents wishing to leave a project based unit with a form of mobile assistance. When the CHA reopens the Section 8 waiting list this year, it plans to include a question as to the applicants’ willingness to move to a project-based unit. Applicants who are not willing to move to a project based unit will not be offered a project based subsidy. This will allow the CHA to more effectively provide to the landlords of project-based units to screen only applicants who may be interested in a



project-based unit. Applicants who are not interested in project-based assistance will only be screened and offered mobile vouchers.

The CHA will also extend Project Based Section 8 occupancy opportunities to current public housing residents recommended by CHA management. This will allow the CHA address a number of issues, including overhousing and relocation, while freeing up a public housing resources for waitlist applicants.

Implementation and tracking of new rent polices

Under MTW, the CHA is undertaking several new rent policies outlined in Attachment D. The MTW legislation specifically requires participating HAs to “establish a reasonable rent policy to encourage work and self-sufficiency.” Under MTW, the CHA is also required to provide a Board-approved analysis of the impact of the policies on current households, and households on the waiting list, including an analysis of the severity of rent burdens on such households. A copy of the rent policy impact analysis is included as Attachment D. Overall, the CHA rent policies result in reduced rent charged to tenants. The CHA does not anticipate that rents exceeding 30% of income will apply to more than two percent of all residents. The CHA has adopted a hardship policy that allows the Executive Director (or his designee) to evaluate on a case-by-case basis whether the rent policies represent a hardship which can be granted a temporary exemption.

Deconcentration

CHA leases units to a broad mix of income eligible tenants, with apartments under lease throughout Cambridge. CHA’s deconcentration policy will be to monitor the number of apartments leased by census tract.

Development of Local Leased Housing Program

MTW authorizes the CHA to establish a Local Leased Housing Program, handling Section 8 certificates and vouchers in locally determined ways. Given the broad-reaching implications of any substantive changes to leased housing assistance, the CHA will use this year of MTW to continue to assess the current program, analyze possible policy changes and develop a comprehensive approach to leased housing assistance in the City of Cambridge. Any changes to the leased housing program will be discussed thoroughly with program participants as well as community partners prior to implementation. Until the Local Leased Housing Program is implemented, the CHA will continue to follow QHWRA guidelines in collapsing certificates and vouchers.



■ **Program Management**

The Cambridge Housing Authority’s mission is to provide safe, high quality affordable housing to Cambridge low-income families, elders and special needs households. The CHA fulfills this mission in four basic ways:

- Management of its own properties
- Leasing of units in the private market through subsidies to individuals
- Development of new units
- Funding of other organizations who manage, develop or lease affordable housing

Given the overwhelming market pressures on Cambridge’s current housing market, the major emphasis of the CHA has been on preservation of affordable housing resources. Preservation of the CHA’s current stock is pursued through proper maintenance and timely modernization efforts. This year, the CHA will expand its extraordinary maintenance budget to address a number of pressing envelope needs, as well as to begin an elderly modernization program. Given a lower demand for elderly housing due to current demographic trends, the CHA will begin modernization efforts in preparation for the expected extensive demand for elderly housing from the sharp increase in elderly population due to the graying of the baby boom. Fuel switch efforts from the current all-electric systems in place in the elderly high-rise buildings to more efficient and economical gas-based forced hot water systems will begin; the MTW agreement allows the CHA to function as its own ESCo (Energy Savings Company), saving significant costs related to outside project management and design.

In the Leased Housing program, the CHA continues to establish local standards for the program outside of those currently allowed by HUD in the conventional Section 8 program, thus making the program more viable. The CHA also tries to preserve Cambridge’s affordable housing resources through other organizations in the provision of funding to transform as many existing affordable units of a transitory nature to a more permanent form of ownership through project-basing or otherwise restricting rental subsidies.

Development efforts to expand the affordable stock continue, but are hampered by the high cost of development and lack of suitable property. CHA’s own development program emphasizes the acquisition of existing units; project-based subsidies to other organizations have allowed new construction and substantial rehabilitation projects to move forward.

Inventory

The CHA currently manages 1945 federally assisted and 663 state-assisted conventional public housing units. In-place federal leased housing subsidies (under the Section 8 program) number 1674 and state leased housing subsidies number 242 (the Massachusetts Rental Voucher Program,



MRVP, and the Alternative Housing Voucher Program, AHVP). Of the total in-place subsidies, 588 are not part of the MTW Deregulation Demonstration.²

The CHA plans to gradually increase housing stock both in terms of conventional public housing and affordable leased housing units over the course of the Demonstration. In the coming year, the CHA’s goal is to increase these resources by 45 units, the bulk of which will be an increase in utilization of the leased housing program. Tables 3 – 1 and 3 – 2 show the projected distribution of units as of April 1, 2000 by number of bedrooms and type of housing by program, and the same information as projected for the end of FY01, March 31, 2001.

Management of the Conventional Housing Stock

The existing public housing stock is the core of the CHA’s program; there is no activity more central to the Authority’s mission than the stewardship of this bricks and mortar legacy. This section of the plan is intended to describe the CHA’s current and anticipated performance in managing its conventional housing developments. In addition to information on MTW-related initiatives for the coming year and planned capital improvements, it also includes information on areas that HUD has traditionally used to measure Housing Authority management performance in the past: occupancy levels, rent collection, work orders, inspections and security. Please note that the CHA was designated as a High-Performer under PHMAP for FY98 with a perfect score of 100 and, under MTW, it will retain this score throughout the demonstration. The new national system for evaluating the performance of LHAs, PHAS (the Public Housing Assessment System) will not apply to the CHA. HUD is authorized to conduct physical inspections of CHA property using the inspection standards included in the PHAS.

MTW Initiatives

In the coming year, the CHA plans to undertake a number of initiatives intended to improve efficiency and effectiveness in the management of its properties. While these changes are not directly related to the regulatory relief provided by MTW, they are part of an overall framework of MTW-related efforts. The Demonstration’s emphasis on deregulation requires the CHA to reevaluate all areas of its operations, and places responsibility for evaluation of performance and accountability on the Authority itself. In developing internal standards and in re-evaluating long-held business practices designed to address HUD performance measures (as dictated by PHMAP, SEMAP and,

² These subsidies include, as explained in the introduction, Section 8 Moderate Rehabilitation Units “Sticky vouchers” at 929 house; two hundred Section 8 Vouchers for persons with disabilities (which will be rolled into the demonstration upon renewal) that are related to the CHA’s elderly allocation plan.



currently PHAS), a number of institutional changes are anticipated. Initiatives underway for FY 2001 in the management of the conventional public housing stock include:

- A comprehensive approach to elderly housing, including marketing efforts, evaluation of modernization needs, initiation of targeted projects to provide improvements to common areas, and a needs assessment to better define the housing needs of Cambridge elderly
- Implementation of follow-up items from the Comprehensive Risk Assessment performed by TAG Associates, an outside consultant. Although the overall report found the CHA to be an agency in excellent fiscal and regulatory compliance with no areas of significant risk, there were some points, such as inventory and outcome measurements for tenant services programs, where the CHA plans to make improvements.
- Establishment, evaluation and refinement of project-based budgeting, intended to provide more accurate financial measures of each individual development
- Changes to the inventory and work order system to provide more direct integration of the two
- Related changes to inventory practices to establish on-site stockrooms, intended to reduce wasted time and better management of materials.
- Revisions to procurement practices in order to take better advantage of bulk purchasing and related savings, as well as to decentralize purchasing authority to provide managers with a more autonomous, efficient system
- The continued implementation of a new computer network and public housing management software system. This effort includes the installation of a live network connecting all CHA sites, as well as the outsourcing of computer network support and completely new software modules to handle all aspects of the authority's activities.

Capital Improvements

Statement of Existing Needs

The total backlog needs of the CHA, i.e., the construction costs to fix "as-is," are estimated at \$41.3 million dollars or about \$22,760 unit, exclusive of soft costs. In comparison, the agency has received an average of around \$3.5 million annually under the CGP program. (Of this total, roughly \$2.5 million has been allocated to construction, versus associated soft costs and management improvements.) At the most nominal level, this funding will provide only about 30% of the funding needed to upgrade the CHA's federally assisted portfolio to optimum condition over the next five years.

The identified capital needs are based on a Capital Improvements Plan (CIP) completed in August 1997. Development of the CIP was a yearlong effort involving CHA staff, professional design and engineering consultants, and extensive input from CHA residents, both on the development level and authority-wide. The CIP was the basis of the Five-year Comprehensive Plan



for Physical Improvements submitted to HUD as part of the CGP process for the FFY 1997. The current CIP is in the process of being updated; next year's annual plan will include the updated cost estimates from that effort, as well as any new physical work items needed.

Current Capital Expenditures

As the result of funding allocated in previous fiscal years for capital improvements through the CGP, MROP and the federal operating reserve and for FY01 through the MTW budgeting process, the following construction contracts will be underway during FY01.

Construction Contracts in FY01

Property	Scope of Work	Construction Cost	Completion Date
Corcoran Park	Comprehensive renovation - MROP	\$9,700,000	6/00
Putnam Gardens	Roof Replacement	\$400,000	9/00
Jefferson Park	Site Improvements – Phase 2	\$840,000	5/01
Millers River, LB Johnson, Truman, Weaver	Common area improvements	\$1,050,000	1/01
Robert S. Weaver & Valentine Street	Site Improvements	\$65,000	9/00
Millers, LBJ and Burns	Roof Repairs	\$140,000	9/00
Burns	Building Envelope - Doors and Windows, Caulking, etc.	\$3,329,200	6/01
Family Developments	Masonry/Building Envelope	\$701,000	6/01
Fairmont and Jackson Street	Site Improvements	\$80,000	12/00
Truman Apartments	Emergency Generator	\$175,000	3/01
Putnam Gardens	Window Replacement	\$549,000	6/01
River Howard	Roof Replacement	\$151,000	10/01
Various Family and Elderly Devs.	GFI's and Electrical Improvements	\$317,500	4/01
Elderly Developments	Ventilation Improvements	\$657,500	12/01
River Howard	Geotechnical/structural Investigation	\$35,000	12/00
Various Family and Elderly Devs.	Doors and Hardware - fire safety	\$120,000	3/01
Various Family and Elderly Devs.	A/C Sleeves and Supports	\$215,000	4/01
Fairmont and Valentine	Window Replacement	\$120,000	6/01
226 Norfolk St.	Renovation I	\$66,000	12/01
TOTAL		\$18,711,200.00	



Planned Capital Expenditures

The five-year capital plan for the CHA is attached in Appendix Three. At present, it reflects an expenditure of CHA resources on capital improvements for both modernization and major extraordinary maintenance activities. The CHA expects its priorities to change as a result of the current CIP update. Changes in priorities for work items will be included in next year's Annual Plan process.

As part of the MTW annual budgeting process, the CHA has allocated \$2.9 million dollars in FY01 for capital improvements; \$2,000,000 of this is reflected in the Sources and Uses statement as modernization funds; the remainder will come from the operating budget. Since the budget process has not been completed for FY02 – 04, the funding levels shown below only reflect projected CGP and HOPE VI funding levels for each fiscal year. The CHA may choose to augment these funding levels during the annual budgeting process. The table on the preceding page reflects the total of all active construction contracts; it does not detail the amount of actual expected expenditures for the coming year.

Other Management Information

Occupancy

The CHA's combined adjusted occupancy percentage for its conventional public housing inventory is over 98 percent. The adjusted occupancy percentage takes into account units off-line for modernization, as these units are not "vacant" in the conventional sense, but are instead undergoing or being held aside for construction work. For FY01, the agency anticipates that it will maintain an occupancy rate at or above 99 percent (a table containing this information is contained in, Table 3 - 3). Many public housing authorities have trouble leasing units on turnover, or retaining tenants, giving them a low occupancy percentage. CHA's high occupancy percentage and low turnover rate seem largely to be due to the appeal of the quality of the units, as well as the lack of other affordable housing resources in the area.

Rent Collections

In FY99, rent collections were at 99.25 percent of the total of CHA's issued rent statements. For FY00, the CHA projects similar percentages (a table containing this information is contained in Table 3 - 4). CHA does not expect the new rent policies to significantly impact rent collection. Rent collection rates are considered an important measure of performance in the rental housing industry, both for public housing and the private sector.



Work Order Response Time

Work orders are generated in several ways: in response to a resident complaint or report of a problem in their unit; from deficiencies or problems discovered in annual inspections; or in cases of emergency. They function as the primary way in which maintenance work is assigned at each property. HUD has conventionally used work order response time as a measure of how well maintenance activities are performed. The CHA currently responds to emergency work orders within 24 hours and non-emergency work orders within an average of six business days. The agency expects to continue this level of performance, which is considered very high, in the upcoming year (Table 3 – 5).

Inspections

The CHA inspects 100 percent of its conventional public housing inventory annually, excluding units off-line for modernization. These inspections help the CHA monitor capital improvement and maintenance needs, and are an important element in the overall physical condition of the properties. In FY 99, 100 percent of the units met Housing Quality Standards (HQS) after completion of the inspection process (if any unit fails an initial HQS inspection, corrections are made and the unit is re-inspected, completing the inspection process). The agency expects to continue this level of performance in both FY 00 and in the upcoming year (Table 3 – 6).

Security

The CHA's security program features both enforcement and prevention strategies in our ongoing effort to control crime and keep our developments as safe as possible. A Public Housing Drug Elimination Program (PHDEP) grant funds many activities targeted to youth to prevent future drug use and related crime. Security activities include the following areas:

- **Enforcement:** The CHA utilizes security personnel who monitor criminal activity at all sites. The agency also works closely with the residents and the city's police force to target patrols toward the properties most in need of protective services. In addition, the agency has adopted the "one strike and you're out" drug/criminal policy and, in cooperation with the city, keeps track of all arrests made on agency property and uses that information to direct police patrols. Monthly meetings between CHA security and management staff and CPD uniformed and undercover staff routinely target trouble areas and plan appropriate corrective action. Quarterly assessment meetings involving residents, management and program staff and providers give overall guidance to our enforcement efforts.



- **Prevention:** Most prevention programs focus on youth. The national award-winning Work Force program will continue to serve about 100 students from family developments, age 13-19 each year. The Recreational Activities Program (RAP) is a resident-operated program of sports, arts and crafts, cooking and other activities for elementary school-age children and young teens.

Development

MTW provides the CHA with an opportunity to conduct its own development activities in new and creative ways. Under the agreement, the CHA has made a number of changes that will help to augment Cambridge's affordable housing stock:

- A single fund budget with full flexibility has been established, including provisions allowing these funds to be used for the acquisition, new construction, and rehabilitation of affordable housing units
- CHA is in the process of simplifying the development and redevelopment process, including seeking changes to Mixed Finance and Procurement regulations and procedures
- CHA may develop locally determined Total Development Cost limits

Although the difficulty of making any substantial gains in development in the Cambridge market make the total number of potentially developed units seem minor, these units represent an important expansion of housing opportunity for low income Cambridge residents. When taken in combination with the resources the CHA provides to outside organizations, the important role the Authority plays in the preservation and development of affordable housing resources in Cambridge is clear.

Condominium Acquisition

CHA and its non-profit affiliate, the Cambridge Affordable Housing Corporation (CAHC), plan to expand the Condominium Acquisition Program, with a three-year goal of 25 condo acquisitions. In FY 00, CAHC secured funding from the Cambridge Affordable Housing Trust and Massachusetts Housing Partnership and purchased the first three units. CAHC also has an option on a fourth unit, and is actively working with realtors to locate additional units. In FY 2001, CAHC is continuing the implementation phase with the acquisition of approximately 5 more units.



Riverside Cambridgeport Community Corporation Property

CAHC has recently embarked on a significant new development opportunity by being selected as developer of an existing four unit building that will be converted to six permanently affordable housing units. In FY 00 the owner of the property, a local non-profit agency, solicited proposals from various non-profit housing entities. CAHC was chosen from among several interested not-for-profit development organizations. Terms of the property's transfer to CAHC are currently being negotiated. The building will be substantially rehabbed, with the resulting 6 units to be leased to low-income residents through the Section 8 program.

Neville Manor

CHA is presently involved with two other partner organizations in a joint-venture effort to expand housing options for Cambridge seniors in need of a highly supported living environment or nursing care. By allocating between thirty and fifty Section 8 certificates toward the conversion of the Neville Manor Nursing Home into an affordable assisted living facility and affiliated nursing home, CHA will nearly double the number of assisted living units in Cambridge currently available to low income elders; the nursing facility is also an important local resource, and will be preserved and improved through this project. Total development cost of the project is approximately \$12.5 million. A year of community outreach and revisions to the proposal culminated in December 1999 with unanimous approval of the project by the local Board of Zoning Appeal. The project is scheduled to enter construction in summer 2000.

Mixed Finance

CHA is exploring several models of mixed finance development using tax credits, bonds, and other mechanisms to leverage funds in the preservation and development of affordable housing units in Cambridge. As mentioned above, we expect changes to the CHA's MTW Agreement in the area of Mixed Finance and Procurement to be negotiated in the coming year. These changes were postponed in order to reflect procedural changes at HUD as a result of QHWRA, and in the interest of starting the demonstration in as timely a fashion as possible. Upon completion of negotiations with HUD, the CHA will immediately implement changes to the mixed finance process.

State Development Program

In January 2000 CHA acquired 11 Woodbridge Street, formerly an elderly residence operated by a local non-profit. CHA is working in collaboration with the Commonwealth's Department of Housing and Community Development (DHCD) and the Department of Mental Health (DMH) to renovate the property for use as transitional housing for nine mentally ill adults. This is one of the first CHA development efforts undertaken through DHCD in several years, and will provide a much-needed resource for an underserved population. Construction is expected to commence in November 2000.



Other Changes to the Stock

HOPE VI for the Elderly

The HOPE VI grant for the revitalization of the John F. Kennedy Apartments has made significant progress in the past year. Under the grant, CHA will create a 19 to 23 unit assisted living facility, preserve and redesign the 37 year old, eight story building, acquire 14 one-bedroom condominiums for younger households with disabilities, and create eight new rental subsidies for families earning 50 - 80% of area median income. The project architect will be completing schematic design work in March 2000. The project was recently awarded funding from the Federal Home Loan Bank's Affordable Housing Program, and CHA is pursuing additional funding in the form of tax exempt bonds, tax credits, and other state and local funds. Four of the fourteen condominiums to be acquired under the project will likely be purchased in FY 2001, with the remaining ten units to follow. A HOPE VI Steering Committee comprised of 5 residents, 2 CHA staff members and 1 service-provider representative has been integrally involved in all aspects of the design process. Construction on the project is expected to begin in fall of 2000.

In order to utilize tax credits, a vital component of the project's funding structure, ownership of John F. Kennedy apartments must be transferred to either a limited partnership (LP) or a limited liability corporation (LLC), as the CHA is prohibited from utilizing tax credits. HUD as part of the CHA's HOPE VI revised revitalization plan has already approved the proposed ownership structure for this effort; however, HUD regulations require any change in ownership to go through a formal Demolition/Disposition process, even if no impact on the property's residents or their tenancy is expected. The CHA expects to go through this process, in partnership with JFK's tenant council, over the summer.

Under the proposed LLC or LP, the land upon which John F. Kennedy Apartments sits will remain under the control and ownership of the CHA in perpetuity. The building and improvements will be transferred via a ground lease. The CHA, through a new sole-purpose affiliate, will act as the managing member for the LLC or general partner of the LP, thereby maintaining control of all the operations of the facility. For the duration of the tax credit compliance period, effective ownership of the property will be through the LLC or LP, and at the end of the compliance period sole ownership of the buildings and improvements will revert to the CHA. JFK Apartments will remain affordable housing in perpetuity.

Management of the Leased Housing Program

This section of the plan is intended to describe the CHA's current and anticipated performance in managing its leased housing program. In addition to information on MTW-related activities for the coming year, it also includes information on the Section 8 inspection process. Although the CHA plans to assess, develop and implement a local leased housing program, in the interim it will by and large use the guidelines and regulations established by QHWRA, particularly



as they relate to the consolidation of the certificate and voucher programs (except as detailed below). Please note that the CHA submitted certification of a trial SEMAP score of 100%, which is designated as a High-Performer. The CHA will retain this score throughout the MTW demonstration.

MTW Initiatives

In the coming year, the CHA plans to implement several new initiatives in the management of its leased housing program:

- Development and clarification of the local leased housing program
- Use of federal resources to augment and preserve the MRVP program
- Expansion of marketing and outreach efforts to landlords
- Local determination of special-purpose set-asides of leased housing vouchers

The CHA will also continue to implement local determination of a number of policies, in accordance with the MTW Agreement:

- Determination of rent reasonableness and rent adjustment factors
- Percentage of the program to be Project Based
- Implementation and tracking of rent polices established in FY 00 MTW Plan
- Vacancy payments to landlords
- Payments to landlords to provide compensation for the period of time a unit must sit vacant during Section 8 processing and inspection before lease-up
- Compensation for tenant-caused damages
- Fair Market Rents
- Lease length, certificate expiration & reissuance
- Property eligibility criteria
- Waiting list and tenant selection procedures
- The content of housing assistance payment contracts
- The content of contractual rental agreements

New Initiatives

As the local rental market continues to evolve, the CHA will assess the need to establish a local leased housing program. If preservation of leased housing assistance demands that the CHA reinvent the current program, it will develop and implement changes as necessary. Currently, the CHA anticipates more modest changes to the program will be necessary. The assessment of the program and development of new policies is anticipated to take place by the fall, and will include discussions with program participants and local stakeholders, should the level of change warrant.



In FY 2001, the CHA has definite plans to implement three new initiatives. The first is the use of federal resources to augment and preserve the MRVP program. This would allow the CHA to bring the allowable contract rent levels for the MRVP program, which is the state’s equivalent of the Section 8 program, to the 120% of FMR level. The allowable contract rents in the state program have lagged several hundred dollars a month behind the federal levels, making the viability of the program extremely difficult. Recent changes in state regulations now allow these vouchers to be reissued; prior to changes to the regulation, the vouchers were simply lost on turnover or when a landlord chose to terminate (which, given the maximum rent levels, was a common occurrence). MTW allows CHA to combine more than one kind of subsidy in a single unit, something previously prohibited by federal program regulations. By using federal resources for augmentation, the CHA can preserve an otherwise unusable state subsidy, and effectively expand the number of rental vouchers over what would have been available absent the regulatory relief provided by the Demonstration. CHA is waiting on state approval to begin to augment the subsidy and change to maximum contract rents.

As part of an ongoing effort to maintain viability of the leased housing program in Cambridge, the CHA will also expand its marketing and outreach efforts to landlords. The leased housing program provides a number of advantages to landlords: regular, secure payments; damage claims that don’t require direct landlord management of escrow funds; a strong base of tenant referrals; the opportunity to avoid vacancy loss; and, a responsive team of housing professionals used to dealing with the rental market. Retention of current program participants through better communication and streamlining of internal processes as well as expansion of outreach to new landlords will be a strong focus of the coming year.

The CHA also plans to locally determine special-purpose “set aside” numbers of vouchers for special purposes. This will allow the CHA and its community partners to target special types of housing needs, and should positively impact utilization. This is part of an overall goal to make the leased housing subsidy a more responsive program, and one that addresses housing market issues on both the supply and demand side. Two projects that will receive set-aside vouchers are currently underway: units for the Department of Mental Health, and for Shelter Inc., a local group that will use the units for formerly homeless families.

Continuing Policies

The Cambridge housing market continues to outpace both the nation and the region in terms of rent levels. The CHA will continue to locally determine rent reasonableness and rent adjustment factors; the percentage of the program to be Project Based (as discussed in the Funding for Affordable Housing portion of this section); implement and track the effect of the new rent polices established in FY 00 MTW Plan; vacancy payments to landlords; damage compensation; Fair Market Rents; lease length, certificate/voucher expiration & reissuance; Property eligibility criteria; waiting list and tenant selection procedures; and, the content of housing assistance payment contracts and rental agreements.

Under current HUD regulations, landlords cannot receive increases for more than 4% of the previous contract rent level, no matter what that rent levels relationship to the market. Under



MTW, Leased Housing inspectors determine if the rent or rent increase is reasonable through the condition of the apartment and comparisons of the rents charged for similar apartments in the neighborhood and can adjust the rent level accordingly.

The CHA is developing a policy to allow some properties to exceed 120% of the current Fair Market Rents, the current upset limit. Effective 4/1/00 the CHA will begin to use the exception level of the new Fair Market Rents, which HUD released in October, 1999. Any unit coming on line after 4/1/00 may be leased at these rents. Additionally, rent increases may be allowed up to these amounts on contract anniversary dates and the payment standards may be adjusted on the participant's annual recertification.

Leasing Information

Entering the MTW program, the CHA was 97% percent leased to budget in the Certificate and Voucher programs. A significant influx of available vouchers from FY 1999 to FY 2000 (119) and a decrease in utilization have meant that 10 fewer units were leased in FY 00 than the year before. With CHA's more aggressive approach and an increased number of project based units coming on line in FY 01, the CHA expects to increase utilization significantly in the coming year.

Lease-up Rates, Leased Housing*

Year	Units	Number Leased	Percent Leased
FY98 Actual	1143	1104	97%
FY99 Actual	1381	1338	97%
FY00 Actual	1500	1328	89%
FY01 Budgeted	1500	1428	95%

**These reflect only MTW units, which do not include Mod Rehab, Shelter Plus Care, 2 Mount Auburn Street (10C Program), 929 House - expiring use property or an additional 200 certificates and vouchers to be set aside for use by households with disabilities in connection with the "Elderly Only" designation. Utilization percentages exclude Section 8/ Voucher Portability certificates.*

Leased Housing Inspections

The CHA inspects 100 percent of its leased housing units annually. In FY98 and FY99, 100 percent of the units met Housing Quality Standards (HQS) after completion of the inspection process (if any unit fails an initial HQS inspection, corrections are made and the unit is re-inspected, completing the inspection process). The agency expects to continue this level of performance in FY 00 and in the upcoming year.

The inspection process begins after a program participant completes a Request for Lease Approval. This inspection covers compliance with Housing Quality Standards (HQS), a letter of lead compliance, and compliance with State Safety & Sanitary Codes. A CHA Leased Housing Inspector and an inspector from the City Inspectional Services conduct the initial inspection. All units receive and pass the initial inspection or a lease is not signed and the unit is not eligible for the Leased Housing Program.



An Annual Inspection is conducted on the anniversary of the initial inspection in order to determine continued compliance with HQS. If a unit fails the Annual Inspection, the landlord is expected to bring the unit into compliance. Tenants will be referred to legal services or City Inspectional Services if the landlord continues to be non-compliant. Complaint and Exit Inspections are conducted at the request of the tenant or landlord. These inspections are conducted for two reasons: 1.) The tenant feels that the unit no longer complies with HQS; 2.) the landlord wants verification of tenant caused damage. The CHA Leased Housing Inspectors verify complaints of damage and non-compliance with HQS.

Inspections, Leased Housing

Year	Percent Inspected	Percent Passing HQS
FY98 Actual	100%	100%
FY99 Actual	100%	100%
FY00 Budgeted	100%	100%

Funding for Affordable Housing

The CHA funds a considerable program of affordable housing management, development and leasing through the resources it provides to outside organizations. In the coming year, the CHA plans to continue to aggressively pursue the project-basing of its leased housing program, which provides non-profit developers with a long-term subsidy commitment that is of great assistance in securing financing. Project based assistance offers others a longer-term commitment, funding for vacancies and a steady stream of potential tenants from the CHA waiting list. CHA will also continue to respond to provide flexibility for the City and its landlords facing expiring use issues. And, in an effort to further increase housing choice, particularly in light of inclusionary zoning, the CHA will explore a locally-based homeownership program that allows the use of leased housing or public housing subsidies to be used for homeownership opportunities.

Project Based Leased Housing

In locally determining the policies and procedures for project-basing leased housing assistance, the CHA will establish its own standards for the following:

- Content of the project based assistance application, including suspension of the requirement to submit a previous participation certificate
- Pursuit of regulatory relief surrounding the applicability of Davis Bacon requirements to outside organizations and subsidy layering review
- Property eligibility criteria, including types of units currently prohibited by Section 8 regulations (including, but not limited to assisted living facilities, nursing homes, or other housing as the CHA deems appropriate, consistent with its mission)



- Eligibility for placement in the unit, including allowing CHA management to recommend current public housing residents for tenancy
- Length of agreements
- Process and criteria for project-basing of MRVP/federal hybrid subsidy units
- The effect of subsidy on rent to owner and the duplication of subsidy or excessive subsidy, subject to the requirements regarding, subsidy layering.

The MTW Agreement further allows the CHA to make local determination in its Project Based Program of the following program elements, all of which are included in the CHA's Project Based Request for Proposals (RFP) process:

- Criteria to establish a reasonable, competitive process for project-basing leased housing
- Criteria for selection of those units, including certification to HUD that site and neighborhood selection requirements have been met
- Criteria for expending funds for physical improvements on those units. expenditure requirement and the timing of rehabilitation and construction of units.
- Determination of the type of funds that may be used to rehabilitate or construct units.
- Adoption of procedures to determine whether or not units meet the CHA's requirements regarding rehabilitation and construction, including what information is required to be submitted by owners to CHA.

As with the regular leased housing program, and consistent with its FY00 MTW Plan, the CHA will continue to retain the ability to locally determine the following management-related elements of the project based leased housing program:

- Determination of rent reasonableness and rent adjustment factors
- Percentage of the program to be Project Based
- Implementation and tracking of rent polices established in FY 00 MTW Plan
- Vacancy payments to landlords
- Payments to landlords to provide compensation for the period of time a unit must sit vacant during Section 8 processing and inspection before lease-up
- Compensation for tenant-caused damages
- Fair Market Rents
- Lease length, certificate expiration & reissuance
- Waiting list and tenant selection procedures
- The content of housing assistance payment contracts and contractual rental agreements

Homeownership

A homeownership program allowing residents to use leased housing subsidy to purchase homes will be explored. The CHA would intend to pursue partnerships with other organizations, including the City of Cambridge Homebuyer Initiative, to develop and manage this program. The



CHA is authorized to establish reasonable low-income home ownership programs, such as a lease-to-own program, that are not limited by the existing Nehemiah and Section 5(h) program requirements in the CHA's MTW agreement.



Resident Programs/Economic Development

MTW will provide an opportunity for the CHA to consolidate our current employment and training programs and utilize them in conjunction with our new rent-related employment incentives in a more deregulated environment. The strategies proposed for the Demonstration will serve our residents in their journey of upward mobility, economic stability and self-sufficiency which in turn will move the CHA towards a higher level of self-sufficiency. These strategies, along with our new rent policies detailed above in the Occupancy section, will combine to give our residents the means and incentives to increase their level of independence.

We will assess the achievements of our Economic Development Plan through outcome evaluation, employing quantitative measures of service utilization -- our ability to serve the number of residents proposed for each programmatic component:

- The CHA/Cambridge Employment Program will provide vocational case management and counseling, job preparation, job development, job placement and follow-up assistance to 75 adult CHA residents, of whom 32 will be placed in jobs;
- The CHA's Gateways Adult Literacy program will serve 50 adult students in English for Speakers of Other Languages (ESOL) and 20 adult students in ESOL and computer literacy. The ESOL will have 50% of the students advance one level of English proficiency (equal approximately to 2 grade levels). The ESOL and computer literacy program will have 75% of students complete the program.
- The Community Computer Centers will serve 148 residents;
- In FY 2000, the CHA hopes to solidify the relationship with Bunker Hill Community College, including offering 15 courses per semester at the Cambridge Satellite Campus, with the possibility that some of those classes will be held on-site in CHA family developments. The CHA is working through some confidentiality issues with the school in order for us to implement a tracking system to determine usage of their services by CHA residents;
- The Bridge to College Program will serve 24 residents this year and 65% will be accepted into a training program or college; the program will also assess student competencies in such areas as reading, writing, math and computer skills, study skills, career awareness and job readiness, teamwork and problem-solving and oral communications skills;



- The Work Force Unemployment Prevention Program will provide life skills and employability training to 115 - 125 youth each year; place at least 65 youth/year in try-out jobs and monitor their performance at those sites; monitor school attendance and performance of all participating youth and provide advocacy/case management as-needed; assist at least 75% of all high school seniors graduating out of the program each year to matriculate at institutions of higher learning and provide scholarships to every one of those program alumni;
- Within the first year, the remaining 12 Section 8 FSS Certificates will be provided to 12 eligible families residing in scattered sites;
- The CHA's goal is to graduate 3 FSS families from the Section 8 FSS program by FY 2001 and retain the remaining Section 8 and public housing FSS families in the program;
- CHA will monitor the results of implementing Employment Incentive Rent Policies and provide the number of families who benefited from the ceiling rents and income exclusions and the number of families who opted to stay in public housing despite increases in income and rents.
- Outcome measures will also include qualitative measures of client satisfaction, which will be measured through a survey of all program participants, to include both an assessment of the quality of services provided and a self-assessment by participants of their progress in meeting the goals of their enrollment.



Funding

Under MTW, the CHA receives public housing operating subsidy and leased housing program subsidy based on a formula established in the MTW agreement. The CHA retains all rental and other income without an effect on its subsidy level. The CHA also receives an annual amount of Comprehensive Grant Program and Public Housing Drug Elimination Grant budget authority, determined by formula, and other competitive grants, as well (EDSS, HOPE VI). In the sources and uses chart below, the amount of monies in grant programs – Comprehensive Grant Program, HOPE VI, PHDEP and EDSS—are represented in terms of the actual monies the CHA expects to receive, based on spending, not the budget authority it has.

Sources and Uses

<u>Sources</u>	FY 2000	FY 2001
Public Housing Program (Rental and other income, subsidy)	\$12,329,289	\$12,534,454
Leased Housing Program (Subsidy)	\$18,067,923	\$18,739,943
Other Federal Programs ³ (Rental and other income, subsidy)	\$ 1,108,400	\$ 1,112,211
Modernization (Comprehensive Grant Program)	\$ 4,450,000	\$ 2,000,000
HOPE VI Grant (JFK Apartments revitalization)	\$ 201,000	\$ 2,042,500
Other Grants (PHDEP, EDSS)	\$ 782,000	\$ 578,936
Total Sources	\$36,938,612	\$37,008,044
 <u>Uses</u>		
Public Housing Program	\$13,918,743	\$14,794,128
Leased Housing Program	\$14,851,342	\$18,318,177
Other Federal Programs ⁴	\$ 1,108,400	\$ 1,110,412
Modernization	\$ 4,450,000	\$ 2,000,000
HOPE VI	\$ 201,000	\$ 2,042,500
Grant Programs	\$ 782,000	\$ 578,936
Total Uses	\$35,311,485	\$38,844,153
Excess/(Deficit)	\$ 1,627,127	(\$1,836,109)

³ Includes 2 Mount Auburn Street, Shelter Plus Care, Homeowners

⁴ Includes 2 Mount Auburn Street, Shelter Plus Care, Homeowners

In the sources and uses statement, there are several important changes in this year’s budget from last year’s budget. First, in order to address ongoing capital improvement needs, the CHA has made a significant commitment of funds to Extraordinary Maintenance this year. This commitment has resulted in what would appear to be a deficit budget. Funding for this deficit comes from the operating reserves, discussed below. Because the Authority’s reserves are relatively healthy, the decision to move forward on capital work, particularly in the elderly developments, can be made without jeopardizing the overall financial health of the Authority.

Modernization funds are separated out as distinct from extraordinary maintenance, although both represent categories of physical, capital improvements. Under MTW, modernization funds (CGP) are drawn down as they are expended, so in a planning year – as the coming year will be – expenditures may seem to be less, while the overall commitment to modernization work may actually be increasing. The costs associated with the work under planning this year will be seen in increased expenditures in the coming years as actual payments to contractors are reflected.

There has also been a significant increase in costs associated with the Leased Housing Program. These costs reflect the overall trend in the Cambridge market of extremely high rents, and the subsequent rise in payments to landlords; last year’s lag in implementation of MTW related policies due to a necessary period of mobilization; the commitment of resources to Project Based units and the need to hold in reserve those funds during the period the units are being developed; and, the development of a number of new initiatives to preserve Cambridge tenancies.

Estimated Operating Reserves⁵

	FY 2000	FY 2001
Beginning of Year	\$ 6,297,608	\$13,306,803
Increase/Decrease	\$ 7,009,195	(\$1,938,866)
End of Year	\$13,306,803	\$11,367,937

Over fiscal year FY 2000, the CHA’s reserve increased significantly. This was due in part to a lag in start-up of new leased housing initiatives, as well as increases in rent and other income. The expected reserve levels at the end of FY 2001 will exceed minimum reserve level the Authority has established for itself, but seem prudent in light of expected costs associated with maintaining the leased housing program as viable in Cambridge, as well as costs associated with making modifications to the elderly stock in order to be in a position to respond to expected demographic shifts in demand.

⁵ The CHA feels that a reserve level of \$8,984,783 is the necessary minimum. We are carrying a reserve level higher than that amount to allow for increased costs in the leased housing program and for development efforts.

Appendix One

Moving To Work Deregulation Demonstration Program Background and Requirements

The Cambridge Housing Authority (CHA) is one of twenty-four public housing agencies nationwide currently participating in the Department of Housing and Urban Development's (HUD) Moving To Work Demonstration Deregulation program (MTW). MTW was approved by Congress in Section 204(a) of the Omnibus Consolidated Recissions and Appropriations Act of 1996 (Public Law 104-134), and allows unprecedented fiscal and regulatory flexibility in hopes of increased efficiency while also asking PHAs to provide economic incentives and opportunities to residents to encourage work.

This fiscal and regulatory flexibility represents an opportunity to address the local housing market with locally based solutions. The Cambridge real estate market is in the throes of unprecedented demand and related unaffordability. Federal regulations, particularly those surrounding the targeted use of funds, the form and function of the Section 8 program, and development requirements, are meant to function in the national environment. Given the realities of the Cambridge housing crisis, these rules and regulations are often impractical and unwieldy. MTW allows the CHA latitude to make decisions on these and other issues in ways that make the most sense in Cambridge and for CHA residents and applicants. The CHA is also committed to providing, in addition to housing opportunities for low-income residents, housing choice. While there is, understandably, a strong emphasis on the basic provision of as many affordable units in Cambridge as possible, the CHA believes that low-income residents deserve a range of location and situational housing choice.

The stated purpose of the Moving to Work Demonstration Program (MTW) is to allow participating Housing Authorities (HAs) the "opportunity to design and test innovative housing and self-sufficiency strategies for low-income families" by giving HAs "expansive new authority to use HUD assistance flexibly and to design demonstration programs outside the restrictions of the United States Housing Act of 1937. . . ." HUD's goal for the demonstration is three fold:

- 1.) to reduce cost and achieve greater cost effectiveness in Federal expenditures;
- 2.) to give incentives to families with children where the head of the household is working; is seeking work; or is preparing for work by participating in job training, educational programs, or programs to assist people to obtain employment and become economically self-sufficient; and,
- 3.) to increase housing choices for low-income families.



This expansive new authority allows participating HAs to combine public housing operating and modernization assistance and the assistance provided under Section 8 to develop a fungible pool of resources. The CHA, in its Annual Plan, uses this flexibility and combines the three funding streams.

HUD requires the participant HAs to meet all existing contractual obligations to third parties and other Housing Authorities (in regards to Section 8 commitments), as well as any purpose for which HUD has expressly dedicated funds (such as HOPE VI). HAs will remain accountable for where the money is being spent and subject to independent audit. However, programmatic rules such as reporting requirements will be suspended as necessary to implement the MTW agreement for the duration of the demonstration. The legislation authorizing the demonstration provides that the amount of assistance that an HA receives will not be diminished by the HA's participation in the demonstration.

The demonstration agreement delineates the CHA's authority to suspend portions of the 1937 Housing Act and associated regulations. CHA's initial application included a number of proposals and suspensions that HUD was unwilling to allow. In addition to a number of items HUD felt were untenable, the legislation itself specifically forbade the waiver of three specific items:

- definition of low and very-low income
- rules governing demolition and disposition
- rules governing wage rates for construction

Under the demonstration, the CHA must meet additional requirements for participation. These requirements are in the form of assurances that the CHA will:

- provide that at least 75 % of the families assisted during MTW will be very low-income (households below 50% of Area Median Income).*
- establish a reasonable rent policy to encourage work and self-sufficiency
- continue to assist the same number of families, as well as a comparable mix (by family size) as it would have served absent the demonstration
- meet all housing quality standards

CHA Agreement

The CHA agreement for the demonstration program is for a five-year period. In its content, it attempts to further the CHA's objective to gain greater regulatory and administrative flexibility to better serve local affordable housing needs and help the CHA community achieve self-sufficiency. Our goals, while complimentary to HUD's, focus on these objectives:

* Area Median Income (AMI) for a family of four is \$62,700; at 80% of AMI, that family would be earning \$47,800 and paying (Brooke level) approximately \$1,195 a month in rent; at 50% of AMI, earning \$31,350 and paying \$784 a month in rent; and at 30% of AMI, earning \$18,800 and paying \$470 in rent.



- to preserve the current public and leased housing inventory;
- to secure additional permanently affordable housing in Cambridge;
- to help tenants on welfare move to work and aid our working tenants to move to “better” work; and,
- to better address local housing needs, in locally determined ways

Our motivation for participation in this demonstration is to increase the potential resources available to the Authority to preserve our current stock and, if possible, to expand it. Over the past year, an area of increasing importance in our ability to retain affordable units in Cambridge has been the Section 8 program. Outside of the flexibilities granted by MTW, HUD’s current funding methodology underfunds the leased housing program, and its allowable rent levels are insufficient for the program to remain competitive in the current Cambridge market.

A number of the initiatives we proposed in our initial application for participation in the Demonstration have since been codified in the form of the Quality Housing and Work Responsibility Act (QHWRA) legislation, which was signed into law on October 21, 1998. Many of the CHA’s initiatives, however, still require inclusion in the agreement to allow us to suspend applicable regulations. There are also requirements in QHWRA that are not applicable to the CHA, most notably the process and content of the QHWRA-required Annual Plan.

Annual Plan and Annual Report

As part of the Demonstration, each year the CHA will develop an Annual MTW Plan to describe the MTW activities planned for the fiscal year. The CHA’s fiscal year begins on April 1, and ends on March 31. A public hearing is required before the Board of Commissioners can adopt the plan and submit it to HUD. In all but the first year of MTW, or as allowed by HUD (as is the case with the FY 01 submission deadline of April 1, 2000), the plan is required to be submitted to HUD for its review no later than 60 days prior to the start of CHA’s fiscal year, which would be January 31.

The CHA will also provide an Annual Report that summarizes the activities of the fiscal year, and discusses its efforts in relation to the goals and policies set forth in the Annual Plan. The Annual MTW Report takes the place of all other conventional HUD performance measures, and is submitted to HUD within 60 days of the completion of the CHA’s fiscal year, by May 30th.



■ ***Appendix Two***

Demographic Information







Appendix Three

CHA Housing Inventory Information









Appendix Four

Statement of Rent Policies

Moving To Work Rent Policies – Public Housing

1. Expansion of Tuition Deduction for Post-Secondary Education:

A Head of Household or Household member with earned income who is furthering his or her education with part-time college or vocational training courses (2 courses/semester maximum) may receive a deduction for non-reimbursable expenses paid out-of-pocket for tuition and fees that do not exceed the amount of earned income contributed by that individual. A maximum of 20 courses per Resident may be used as a deduction.

Implementation

Effective upon annual recertification starting January 1, 2000.

2. Ceiling Rent Time Limits:

Households in family developments would no longer qualify for ceiling rents under the following conditions: 1) the gross Household income is at 100% of Area Median Income (AMI) for five consecutive years; OR 2) the Household is on ceiling rent for a 10 year cumulative period. Should a Household no longer qualify for a ceiling rent, the Household can continue tenancy with the Housing Authority by paying Brooke rent (30% of gross income).

Implementation

Effective upon annual recertification starting January 1, 2000. This means if a household is currently earning 100% of the AMI, they will remain on ceiling rent until January 1, 2005.

3. Transfer Surcharge:

Any Household in a family development choosing to move to a larger apartment as a result of overcrowding will pay a maintenance fee of \$100. This fee may be paid in installments. A Household that requests a second transfer because of under housing will also pay a maintenance fee of \$100, which may also be paid in installments, but in addition, the Household will be required to pay a monthly surcharge equal to 10% of its rent. A Household who transfers for medical reasons would not be required to pay the transfer surcharge or maintenance fee. A Household with children over 18 sharing a room may request a transfer to a larger apartment (family must meet minimum occupancy standards). The Household would be eligible for a transfer only after all underhoused families at that development have been offered a transfer. Should a Household request and be offered such a transfer, the household would pay both the \$100 one time maintenance fee and the monthly surcharge equal to 10% of rent.

Implementation

Effective January 1, 2000, all applicable transfers will pay the maintenance fee.



4. Minimum Rents:

A Household would be required to make a monthly minimum net tenant rent payment according to the apartment size occupied. The minimum rent is to be paid exclusive of utility allowances:

Studio	1BR	2BR	3BR	4,5,6BR
\$20	\$25	\$30	\$40	\$50

Hardship Cases - The CHA shall grant temporary exemptions to families who are unable to pay the minimum rent on a case-by-case basis.

Implementation

Effective upon annual recertification starting January 1, 2000

5. Interim Recertifications:

The Head of Household will be required to report within seven days any change in household income that is equal to or greater than 10% of total gross household income reported at the last annual recertification. The new rent based on the additional income will become effective on the first day of the month 90 days after the increase in income took effect. Failure to provide documentation within 30 days of the income increase will result in the forfeiture of the 90-day grace period, unless the resident can show good cause that the failure to provide documentation was due to circumstances beyond the control of the resident. The rent change will be retroactive to the date of the increase in Household income.

Implementation

Effective January 1, 2000

6. Utility Allowances:

The utility allowance for an overhoused Household would be set based on the bedroom size which will be the appropriate size for the Household as determined by CHA occupancy standards.

Implementation

Effective March 1, 2000, a utility allowance adjustment charge will appear on applicable tenant's rent statement.

7. Elderly Wage Exclusion:

25% of earned income will be excluded from the rent calculation for those households 62 and over who live in elderly housing.

Implementation

Effective upon annual recertification starting January 1, 2000



8. Child Care:

The current childcare deduction for families is expanded to cover children 13 and 14 who are enrolled in licensed day care or in an agency based after-school program or camp.

Implementation

Effective upon annual recertification starting January 1, 2000

9. SSI/SSDI/EAEDC/Veterans' Disability To Work:

A Resident whose rent would otherwise increase as a result of an increase in earned income is eligible to receive an exclusion of the increased amount of income provided that: 1) the household income has been derived at least in part from Supplemental Security Income (SSI), Social Security Disability Income (SSDI), EAEDC, or Veterans' disability for each of the past 12 months (or as described below); 2) the Resident is no longer a recipient of the benefits. This earned income exclusion shall be in effect for one continuous 12-month period regardless of any charges or gaps in employment during that period. During those 12 months the Resident's contribution to the Gross Household Income used in the rent determination will be based on the past year's benefits (and wages, if applicable). In the second year, the resident's rent will be increased by 50%. A Resident must have been receiving full or partial benefits for the 12 months. This is a one-time exclusion and it is the Head of Household's sole determination when to exercise this exclusion. This exclusion does not apply to a Head of Household or Member who was receiving SSI/SSDI benefits for a minor or dependent.

Implementation

Effective upon interim recertification starting January 1, 2000. A Tenant will be eligible if he/she begins work after 12/31/99.

Moving To Work Rent Policies – Leased Housing

1. Surcharge for Multiple Increases in Voucher/Certificate/Assistance size:

Any Household in the leased housing program who is underhoused and requests a second increase in voucher/certificate/assistance size will be required to pay a monthly surcharge equal to 10% of its contribution to rent.

Implementation

Effective February 1, 2000.



2. Minimum Rents:

A Household will be required to make a monthly minimum net tenant payment according to the apartment size occupied, although utility allowances will be applied after minimum rent levels are calculated:

Studio	1BR	2BR	3BR	4,5,6BR
\$20	\$25	\$30	\$40	\$50

Hardship Cases - The CHA shall grant temporary exemptions to families who are unable to pay the minimum rent on a case-by-case basis.

Implementation

Effective upon annual recertification starting February 1, 2000

3. Utility Allowances:

The utility allowance for program participants will be set based on the bedroom size which would be the appropriate size for the Household as determined by CHA occupancy standards.

Implementation

Effective March 1, 2000, the adjusted utility charge will be implemented.

4. Child Care:

The current childcare deduction for families is expanded to cover children 13 and 14 who are enrolled in licensed day care or in an agency based after school program or camp.

Implementation

Effective upon annual recertification starting February 1, 2000

5. Welfare to Work

Wage income will be excluded for a consecutive 12-month period once a program participant has been employed after being on welfare. This is a one-time provision. In the second year, the resident's rent will be increased by 50%.

Implementation

Effective upon interim recertification starting February 1, 2000. A Tenant will be eligible if he/she begins work after 1/31/99.

6. SSI/SSDI/EAEDC/Veterans' Disability To Work:

A Resident whose rent would otherwise increase as a result of an increase in earned income is eligible to receive an exclusion of the increased amount of income provided that: 1) the household income has been derived at least in part from Supplemental Security Income (SSI), Social Security Disability Income (SSDI), EAEDC, or Veterans' disability for each of the past 12 months (or as described below); 2) the Resident is no longer a recipient of the benefits. This earned income exclusion shall be in effect for one continuous 12-month period regardless of any charges or gaps in



employment during that period. During those 12 months the Resident's contribution to the Gross Household Income used in the rent determination will be based on the past year's benefits (and wages, if applicable). A Resident must have been receiving full or partial benefits for the 12 months. In the second year, the resident's rent will be increased by 50%. This is a one-time exclusion and it is the Head of Household's sole determination when to exercise this exclusion. This exclusion does not apply to a Head of Household or Member who was receiving SSI/SSDI benefits for a minor or dependent.

Implementation

Effective upon interim recertification starting February 1, 2000. A Tenant will be eligible if he/she begins work after 1/31/99.



Appendix Five

Rent Policy Impact Analysis

On September 22, 1999, the Board of Commissioners approved new rent policies under the Moving to Work Deregulation Demonstration Program. The Board of Commissioners also agreed to extend previously existing income exclusions designed to benefit working tenants, especially secondary wage earners. This is an impact analysis of all rent policies.

BACKGROUND

Under MTW, the CHA is required to provide an analysis of the impact of the policies on current households, and households on the waiting list, including an analysis of the severity of rent burdens on such households. Overall, the CHA rent policies result in reduced rent charged to tenants. Only two policies could result in an increase in the overall rent charged: the new minimum rents; and, the transfer surcharge. The new minimum rents charged may exceed 30% of a tenant's income. Currently, there are thirty-seven tenants paying the minimum rent. This represents less than two percent of all tenants. The new transfer surcharge requires that multiple transfers to larger apartments take place before the surcharge goes into effect. There are no tenants currently charged the transfer surcharge. The CHA does not anticipate that the surcharge will apply to more than one or two percent of all residents. The CHA has adopted a hardship policy that allows the Executive Director (or his designee) to evaluate on a case-by-case basis whether the rent policies represent a hardship and are granted a temporary exemption.

CHA has implemented six income exclusions. Three of the earned income exclusions approved by the Board benefit young adults and/or secondary wage earners. These exclusions were adopted because current regulations appeared to discourage tenants from working or to encourage residents not to report income. The first exclusion disallows all income earned by members of the household ages 18-20. The second exclusion disallows 25% of the earned income for household members ages 21-25. The third exclusion disallows 15% of the earned income for secondary wage earners who are 26 or older. To be eligible for the last two exclusions, the head of household must have declared income. The CHA also created a wage exclusion of 25% for elderly households in elderly housing and expanded the welfare to work exclusion from one year to two years (50% exclusion in second year). Under Moving to Work, the CHA also created a new exclusion modeled after the welfare to work exclusion called disability to work (for persons on SSI, SSDI, etc.); implemented a new policy that allows elderly and disabled tenants whose household income is based solely on Social Security and/or SSI to recertify every other year; expanded both the tuition deduction and the child care deduction and CHA implemented new policies regarding minimum rents and ceiling rent time limits.



IMPACT ON RESIDENTS

Earned Income Exclusions. There are 12 participants in the 18-20 year-old exclusion category with an average wage of \$9,102. One hundred percent of their income was excluded. In the 21-25 year-old category there are 44 tenants with an average income of \$11,400. On average these residents had \$2,850 of their income excluded. The 26+ category increased to 164 participants. Their average wage was \$15,481. The average exclusion for this category was \$2,322. The impact on residents is positive. There were 220 residents who received an exclusion of earned income.

The elderly exclusion is being implemented on recertification. Currently, 33 elders will be eligible for this exclusion. If all 33 elders remain eligible their average wage will be \$8,969. If these elders remain employed when they recertify, they will have, on average, \$2,242 excluded from their rent calculation.

Welfare and Disability to Work. Participation in these exclusions has been limited to just a few tenants since implementation under Moving to Work. I believe that part of the reason for such limited participation is the limited numbers of tenants who are in a position to take advantage of this exclusion. The CHA will continue to take steps to inform participants of the exclusions available to them. At this point, there has been little impact on residents. This exclusion has the potential to be the most valuable exclusion giving residents a chance to set their finances on firm ground before their rent would increase.

Bi-annual Recertification. This rent policy was designed to have a neutral financial impact on residents. It was intended to reduce both the CHA and the tenant's administrative burden. This change has confused several residents, as they still had papers that needed to be signed but no longer had to recertify. It has become clear that most tenants, whose income is solely derived from Social Security or SSI, have medical deductions and want to process that paperwork to insure that they will receive the maximum deduction for which they are eligible. Staff has recommended that the CHA return to annual recertifications.

Expansion of Tuition and Childcare Deduction. Only two tenants are taking advantage of any tuition deduction. This deduction averages \$4,375. This deduction offers residents the option to pursue higher education. The childcare deduction has been expanded for children ages 13 – 14 that are in approved day care or agency based after-school program or camp. At this point, no tenants have taken advantage of the expansion. Some will utilize the deduction during the summer months in various programs or camps. This deduction encourages residents to provide additional opportunities for their older children.

Maintenance Fee & Transfer Surcharge. The maintenance fee has been applied to defray some of the costs associated with transferring to a larger apartment. Residents have been given the option of paying this fee in installments. The CHA has not experienced any negative feedback from the residents receiving transfers and charged the fee. No residents have been charged the transfer surcharge.



Minimum Rents. Over the course of the next year there are approximately 40 families who may be have their rents raised from zero to the current minimum rents. The CHA will grant temporary exemptions to families who are unable to pay the minimum rent on a case-by-case basis. Management has not reported any negative feedback from the families whose rent has changed.

Ceiling rent. Tenants on ceiling rent benefit substantially from this rent policy. For example, the ceiling rent for a three bedroom apartment is \$723, the average “Brooke rent” that these families would pay if there were no ceiling rent is \$1,060. The overall average benefit to ceiling rent families is \$3,154 annually.

IMPACT ON CHA

Earned Income Exclusions. Participation in the secondary income exclusion has increased overall by 116% since its inception in 1997. In both the 18-20 year-old and 21-25 year-old categories, participation dropped slightly from last year. In the 26+ category participation increased 48% over last year. This may show that the CHA is retaining the reported income of the younger tenants as the age. Historically, the wage income in the 18-20 category is sporadic. Under current regulation full-time students wages are already excluded. There are 12 participants in the 18-20 year-old exclusion category with an average wage of \$9,102 for a total cost to the CHA of \$32,767. In the 21-25 category there are 44 tenants with an average income of \$11,400. The cost to the agency is \$15,576. This is lower than the expected cost of \$15,576 because 23 of these tenants belong to families paying the ceiling rent. The 26+ category increased to 164 participants. Their average wage was \$15,481. The adjusted cost to the CHA after subtracting the 70 ceiling rent families is \$58,822.

The total cost to the agency after adjusting for ceiling rent is \$107,165. The total wages reported equal \$3,149,706 with additional rent after exclusions and those on ceiling rent of \$380,055. I recommend that the Board continue these exclusions because they encourage work and the reporting of the associated wages.

The elderly exclusion is being implemented on recertification. Currently, 33 elders will be eligible for this exclusion. If all 33 elders remain eligible their average wage will be \$8,969. After adjusting for ceiling rent the cost to the CHA will be \$19,573. The total rent generated by these secondary incomes to the agency will be \$66,602.

Welfare and Disability to Work. These exclusions were implemented for two reasons: 1) as an incentive for these households to seek employment; and, 2) to provide them with a period of reduced rent to allow them to see the benefits of employment and increased income. Participation in these exclusions has been limited to just a few tenants since implementation under Moving to Work. There may be an opportunity cost to the CHA in lost revenue based on the additional wage, however if the resident remains employed the long term revenue should exceed the initial cost.

Bi-annual Recertification. Management has reported that this is becoming administratively burdensome and it does not seem to provide any real benefit to the tenant. Under the policies, CHA automatically raises the tenant’s rent by the inflation factor applied to their benefits. Initially, the thought was managers would not have to spend as much time because the recertification would take

place less often and tenants would also appreciate not have to go through the recertification process. It seems that the tracking required to determine who needs to be recertified and who doesn't takes more time than just recertifying everyone. Many of the tenants want to come in to be recertified and have their medical deductions calculated in any event.

Expansion of Tuition and Childcare Deduction. The CHA has expanded the criteria for both of these deductions. The original tuition deduction, which applied only to household members, was rarely utilized; management reports that the number in any given year was less than 10 tenants. Under the expansion of the deduction to cover head of households, this remains true. Currently, two tenants are taking advantage of the exclusion. The childcare deduction has been expanded for children ages 13 – 14 that are in approved day care or agency based after-school program or camp. At this point, no tenants have taken advantage of the expansion. Some will utilize the deduction after the summer months. Currently, 133 families take an average of \$2,938 in childcare deductions. The total cost is \$396,711. The income generated by these families is \$3,193,151 for an average income of \$23,653. Clearly, providing a deduction for childcare while the parents are working or furthering their education is beneficial to the CHA in the long term.

Maintenance Fee & Transfer Surcharge. The one-time \$100 maintenance fee that is charged for moving to a larger apartment has been implemented. Management reports that there have only been one or two transfers to larger apartments. The monthly surcharge for the second transfer to larger apartments has been implemented. No family has met the eligibility requirement for this surcharge.

Minimum Rents. Minimum rents are now being calculated after utility allowances. This means that there will no longer be tenants who are billed for zero rent (unless granted a temporary exemption). This new policy is taking place during a families' annual recertification, therefore only a few families have seen their rent increase. Over the course of the next year there are approximately 40 families who may be affected by this change.

Ceiling rent. Under Moving to Work, the CHA has instituted time limits that will take place in the next five to ten years. The "clock" has started on the 157 tenants who currently pay the ceiling rent. It is interesting to note that 93 of the 157 families on ceiling rent have family members who qualify for secondary wage earner deductions. This shows that the majority of the ceiling rent families require multiple sources of income to reach ceiling rent levels. This year, pending Board approval of a memorandum on this meeting agenda, the CHA will increase ceiling rents and establish a policy for future increases.



Appendix Six

Development Choice

The Leasing and Occupancy Department (L&O), in conjunction with the Management Department, plans to implement a new unit assignment system based on development choice. Applicants will continue to make applications for the conventional public housing program centrally, but they will be able to specify up to four choices, or preferences, for unit assignment. The Tenant Selection Plan will be amended to reflect development choice.

Consistent with the site-based waiting list guidance provided in the February 18, 1999 Interim Rule regarding PHA Plans (subject to changes that may occur between the comment period and the issuance of the final regulations), CHA's implementation of development choice will meet the following criteria:

- The CHA will regularly transmit occupancy data to HUD's Multifamily Tenant Characteristics System (MTCS);
- The CHA will provide full disclosure to each applicant of any option available in the selection of which developments to reside, including information about each site (estimated wait, location, occupancy, number and size of accessible units, amenities, transportation and resident services);
- The CHA will certify that the adoption of development choice would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
- The CHA will certify that the adoption of development choice is consistent with affirmatively furthering fair housing, and includes such measures as reasonable marketing activities;
- As part of the MTW Annual Plan and Report, the CHA shall assess changes in racial, ethnic, or disability related tenant composition at each development that may have occurred during the implementation of development choice, based on confirmed MTCS data;
- At least biannually, the CHA will use independent testers or other means satisfactory to HUD (and described in that year's plan), to assure that development choice is not being implemented in a discriminatory manner, and that no pattern of discrimination exists, providing the results to HUD; and



- The CHA will take any steps necessary to remedy any problems surfacing as a result of the biannual review.

Description of Development Choice System

The following is a step-by-step description of the CHA’s proposed system of development choice:

Step 1 - Development Selection

Applicants to elderly and disabled housing will be able to choose up to three selections, one of which may be “First Available”. Applicants to family housing will be able to choose up to four selections, one of which may be “First Available”. If necessary, to minimize vacancy loss, the CHA may choose to define “development” as multiple sites located in the same neighborhood.

The Leasing and Occupancy office and each management office will maintain the following information on each site:

- estimated wait;
- location;
- occupancy;
- number and size of accessible units;
- amenities;
- public transportation; and
- resident services

Additional site-specific information and model apartments will be available at the individual developments. Also, the management staff of each development will be available, on a regular basis, to give tours and answer questions of prospective applicants/residents. The dates and times for these sessions will be prominently posted at each site and at the central Leasing and Occupancy office.

From time to time, the CHA shall publicly advertise the availability of barrier-free apartments for the elderly and for handicapped and disabled persons. The CHA shall make affirmative efforts to inform minority group members and disabled and handicapped persons that such housing exists. No one shall be denied an application form or the right to apply. The CHA will continue to accept emergency applications throughout the year at the Leasing and Occupancy Office.



Step 2 - Pre Application

The Cambridge Housing Authority (CHA) will accept non-emergency applications for housing throughout the year at its Leasing and Occupancy office. After determining which sites to select, applicants will complete a pre-application containing information needed to establish the required number of bedrooms and any preferences claimed (Cambridge resident, veteran, local preference based on housing need). The applicant's site preferences are also indicated on the pre-application. The pre-application is date- and time-stamped and assigned a control number. The date and time, in combination with the preferences, determine the applicant's position on the indicated site waiting lists for the appropriate size apartment.

Pre-applications may be submitted in person or by mail to 19 Prospect Street. Assistance will be available in completing the form. Each applicant will be informed of what additional verifications must be obtained (by the applicant or by the CHA). If an application received by mail is incomplete, the applicant will be contacted and similar assistance and information provided to complete the application. The pre-applications completed at individual sites will be handled as mail-ins and will be stamped upon receipt at the Leasing and Occupancy office (through interoffice mail). Applicants are added to the waiting list(s) of their choice at the time of pre-application.

Applicants who wish to change their choice of developments must submit their request in writing to the Leasing and Occupancy Office. The first time an applicant changes her/his choice of developments, it will not affect the time and date of the original application. Subsequent changes of development choices will result in changing the original time and date of application to the time and date of the change of development choice.

Step 3 - Preliminary Eligibility Review

Prior to screening applicants for admission, the CHA conducts a preliminary eligibility review (PER) based on information on the pre-application form. Applications are selected for PER from the top of each site's waiting list.

All households are notified of their preference categories, apartment size, and position on each site's waiting list. A final certification of eligibility (including verification and investigation) is required before an applicant is offered an apartment. Offers of apartments are made in waiting list order for each site.

It is the applicant's responsibility to maintain contact with the CHA and keep the pre-application information up-to-date (especially address, phone number, and family composition).



Applicants found ineligible through PER will be promptly notified of the reason(s) and informed of the right to appeal within 10 days to the Director of Leasing and Occupancy. Additional information may be considered in the appeal. If the CHA's preliminary decision is incorrect, the application will be restored to its original chronological position and processing will continue. Each applicant meeting all preliminary eligibility requirements will be notified of the applicant's control number, waiting list number, preferences (if any), development choices, and an estimate of the expected waiting time before placement.

Step 4 - Final Certification of Eligibility

Six months or less prior to the time the CHA estimates that the applicant will be offered a unit, a final determination of eligibility will be done to establish whether the applicant will be accepted as a tenant under the CHA's Tenant Selection and Eligibility Criteria and whether the applicant is eligible for Cambridge resident and/or Veteran's and/or local preference.

When applicants near the top (according to appropriate unit size and preference status) of a list for a particular development, they will be called in by the CHA's Leasing and Occupancy Department. At the initial screening, applicants will be informed of their position on other site lists. Applicants will be required to decide whether they wish to be screened further for this development or whether they wish to wait for placement at another site. If the applicant wishes to be screened further, he/she is removed from the other site lists. If the applicant wishes to wait, he/she is removed from the list from which he/she was called.

For final certification, each applicant must complete a full application. The CHA will ask an applicant to provide verification of Cambridge residency, income and assets and of unusual exclusions and deductions from income, by means of letters from employers and/or public assistance agencies, Social Security, SSI, or any other income source. The applicant must also provide the information described in the Investigation and Verification Procedures. The Cambridge Housing Authority may require information verification relating to family size and composition, age, relationship, etc., by means of reliable documentation, as determined by the CHA. The CHA may require documentation of involuntary displacement, of current substandard housing conditions, and of current rent burden in excess of 50% of income, to qualify the applicant for a local need-based preference. After reviewing verifications and other information, the Department of Leasing and Occupancy will notify the applicant of eligibility or ineligibility. Certification of eligibility is good for only 90 days, and applicants found eligible may have to be recertified before placement should the wait exceed 90 days.



Applicants who require the services of a personal care attendant must document that these services are necessary, using evidence from third party sources if possible. Pursuant to state and federal rent determination regulations, in certain circumstances the income of the personal care attendant may be included for calculating rent, and references for the individual will be required.

An applicant found ineligible will be promptly notified of the reason(s). An applicant has the right to reconsideration by CHA staff of any determination and may submit additional information or information regarding changes in circumstances when requesting reconsideration. Further, an applicant has the right to appeal to a Conference Panel (see Section VI.E) on the final judgment made by CHA staff.

Step 5 – Offers

The applicant at the top of each site’s waiting list (which is ordered according to priorities and preferences, and according to the date and time of application) is eligible to receive the next offer of a unit at that development. An offer letter will be sent to the applicant when he/she has reached the top of the waiting list and a unit is available. Applicants who qualify for emergency or ranking preferences will be offered the next appropriate available unit without regard to development choice.

In the event that an offer is not made within 90 days after the final determination of eligibility, the Cambridge Housing Authority will require updated verification information before an offer can be made.

In elderly developments with a limited number of one-bedroom apartments, preference for the one-bedroom apartments will be given to households of more than one person or to individuals with documented medical need. In the event that there are no households of more than one person on the waiting list and no individuals with documented medical need, a vacant one-bedroom apartment may be offered to the next eligible individual on the waiting list.

In the event that there are no applicants on the waiting list for barrier-free units equipped for use by handicapped persons, the CHA shall contact other organizations, including local housing authorities and DHCD, to seek appropriate applicants. If no such applicants are found, the CHA may offer the vacant units to standard family or elderly applicants who can document other mobility impairments. If there are no such applicants, vacant units may be offered to standard -Family or elderly applicants. If a handicapped-accessible unit is offered to a standard applicant, a lease addendum will be required, indicating that the tenant will transfer to another unit of appropriate size when the unit is needed for handicapped use.



Each applicant will be entitled to only one offer of a unit of appropriate bedroom size, unless the applicant presents evidence to the satisfaction of the CHA that acceptance of such a unit would result in hardship due to a physical or mental handicap or would create clear danger of personal harm. The CHA will seek to make reasonable accommodations in placing applicants with disabilities or handicaps.

The applicant must accept the unit offered within two (2) business days, or be dropped from the waiting list unless circumstances such as hospitalization make a reply within two days impossible. Closure of an application applies to the type of program (either conventional state or federal public housing or leased housing) for which the applicant received an offer.



Appendix Seven

Public Comments

The CHA can receive comments on the Annual Plan in both written form and through comments made at the public hearing. The public hearing was held on Wednesday, March 22, 2000 with approximately 15 people in attendance. Many expressions of support for the plan and its various elements were expressed; the comments reported below were requests for changes to policies or concerns voiced that were not immediately addressed by CHA staff through clarification or explanation.

FY 2001 Annual Plan

MRVP Preservation

At the public hearing, a member of Cambridge’s Legal Services community wanted to know: if the preservation funds would be used for existing tenants or only new tenants on turnover of units; who will conduct the housing inspections for these units; if the preservation efforts would also apply to project-based MRVPs; and if the preservation efforts would expand to include the AHVP program.

CHA Response

The CHA will use funds to preserve both tenants in place and new tenants on turnover of MRVPs. The CHA plans to conduct the MRVP housing inspections itself. The CHA requested the ability to preserve project-based MRVPs units, but at this time we have not received clarification from the State on exactly which units will be eligible for preservation funding. The AHVP program is currently “capped” by the State and unfortunately the CHA has no ability to assist these in place tenants. The CHA has requested the ability to supplement this program, but at this time we have not received clarification from the State on exactly which units will be eligible for preservation funding.

Project-Based Section Eight

At the public hearing, a member of Cambridge’s Legal Services community wanted to extend the opportunity for recipients of a Section Eight voucher in hand (but not currently leasing a unit) to be eligible for project-based units.

At the public hearing, a resident expressed concern over how federal and state guidelines are applied to Roosevelt Towers Mid-rise, a State owned property funded through federal project-based Section Eights.



CHA Response

The CHA's current practice is to allow persons with Section Eights, who have not been leased-up, to be able to consider project-based opportunities. The CHA also will utilize the resource of project-based Section Eight units to further management objectives in public housing.

The CHA explained that Roosevelt Towers is a unique property (Section 8 New Construction) and that the program which allowed its conversion is no longer an option. Both state and federal guidelines apply to residents of this building in different situations. For example, rents are calculated according to federal guidelines, but both the state and the federal government conduct inspections of the property.

Tenant Preservation Program

At the public hearing, support was expressed for this new effort. There were many questions about how many people would be served, who would be eligible, and what is meant by a shallow subsidy.

CHA Response

The CHA explained that the Tenant Preservation Program is still in the planning stages. The CHA pledged to develop the plan with consultation from a variety of stakeholders, including the Multi-Service Center, the Legal Services Community, the City, and others. At this point, the CHA does not know the specifics of how the program will work.

Local Leased Housing Program

At the public hearing, a member of Cambridge's Legal Services community stated that they wanted better notification of when new policies would be in effect. They stated that they get conflicting messages from what our Annual Plan says and what they here from Leasing & Occupancy staff. They also wanted criteria clarified for the new policies.

CHA Response

The CHA acknowledged that there have been many changes that have taken place in the Leased Housing program. The CHA plans to add an appendix to the Section Eight Administration Plan which explains all of the new policies and procedures related to Moving To Work. The appendix has not been finished and distributed yet because the CHA is still developing new policies and procedures.



Elderly Modernization

At the public hearing, a member of Cambridge’s Legal Services community was concerned about the apparent conflict of increasing eligibility and potentially the pool of elderly applicants at the same time as the CHA will be taking units offline due to modernization efforts.

Another question was raised about the effect on elders without legal immigration status, and the effect these policies would have on their wait.

CHA Response

The CHA believes that due to current demographic trends, demand is low but in several years it will increase again. The CHA wants to use this time as an opportunity to modernize its elderly property and be prepared for the future increase. During modernization, the CHA will not completely shut off the flow of vacancies to applicants on the waiting list. The estimate is that this may add three to six months to an applicants waiting time. The CHA believes that the effect will be the same, three to six months of additional waiting time.

Leased Housing Inspections

At the public hearing, a member of Cambridge’s Legal Services community suggested that the leased housing inspection procedures to be changed to allow other options beside termination of the lease for non-compliance by a landlord to make repairs to the unit. A change was also requested to allow a tenant to question the judgment/exit inspection that leads to a damage claim.

CHA Response

The CHA views the termination of the HAP as the last step in the process which includes a hearing with the Deputy Director of Leasing and Occupancy, landlord, inspector, and the tenant. The goal is compliance with the results of our inspections, not terminating in place tenants. The CHA has used the Just-A-Start mediation program with non-compliant landlord. The CHA indicated that often the tenant has not left any forwarding information.

Written Comments

The CHA received written comments on the Annual Plan from Cambridge and Somerville Legal Services (CASLS). Our response to their comments is detailed below.

Profile Targeting

CASLS remains concerned that a large number of extremely low-income tenants will have longer waits for affordable housing than under the pre-MTW procedure. CASLS requested an evaluation of profile targeting with the data made available to the public in this Annual Plan.



CHA Response

The CHA will conduct an evaluation of the effectiveness and impact of profile targeting. This evaluation will be included in the Annual Report, which will be made available to the public when submitted to HUD in June, 2000. The CHA will consider reducing the 1 to 1 placement ratio after conducting the evaluation.

Minimum Rents

CASLS asked for guidelines for when the Executive Director (or designee) will grant a hardship exemption from minimum rents. CASLS suggested that the CHA adopt the hardship provisions included in QHWRA.

CHA Response

CHA staff believes that the ability to decide hardship cases, instead, on a case-by-case basis provides the Agency with a level of flexibility that will be more beneficial to residents. Since the beginning of implementation, the CHA has not received any requests for a hardship waiver. The CHA agrees to use both awaiting eligibility for assistance and a death in the family as criteria for an exemption.

Security

CASLS suggested that the CHA should be required to offer tenants referrals to appropriate legal, social, mediation, and other services starting at the earliest stage possible.

CHA Response

The CHA currently makes some referrals, when appropriate, usually during an informal conference with the housing manager after a five-day notice has been sent, effectively implementing this suggestion. The CHA agrees that early intervention by the appropriate agency may, sometimes, lead to saved tenancies. However, the CHA will continue to implement the "one strike drug and criminal policy" according to current practice.

Tenant Selection for Project-Based Section 8 Units

CASLS requested clarification of policies for tenant selection for project-based Section 8 units and for the condominiums acquired through CAHC. They suggest the inclusion of a priority for eligible "in-place" tenants and then for tenants who have a Section 8 in hand and have been unable to find an apartment. They suggest that this priority should go to the tenant with the earliest date of initial issuance who has made a diligent search.

CHA Response

The CHA only screens Section 8 applicants for income eligibility and criminal records; it is the landlord who conducts the tenant selection. The CHA will continue to send landlords the first five or ten names on the Section 8 list, including applicants who have the Section 8 in hand and are searching for an apartment. The CHA will not



allow tenants who have already leased up with a Section 8 to be eligible to use that Section 8 in a project-based unit, as the CHA remains committed to preserving every possible current tenancy in the Section 8 program.

The condominiums that CHAC acquires are treated in the same manner; CAHC is given the first five names on the list and then conducts its own screening process. Under MTW, both CAHC and Project Based Section 8 units may also be used to further management objectives, such as reasonable accommodations requests, relocation efforts, and transfers for over / under-housed persons in public housing.

Damage Claims

CASLS requested a mechanism for obtaining tenant input into damage claims against them.

CHA Response

The CHA currently has a mechanism in place. If the tenant's whereabouts are known and they disagree with the damage claim, they are given the opportunity to have a hearing with the Deputy Director of Leasing and Occupancy, the landlord, and the inspector who conducted the inspection.

HAP Contract Termination for HQS violations

CASLS requested that the plan be amended to include language that the CHA take all reasonable and necessary steps to obtain compliance with HQS prior to termination of the HAP.

CHA Response

The CHA views the termination of the HAP as the last step in the process. The CHA will continue to withhold funds from landlords and place them into abatement if required. Tenants will be referred to other resources if the landlord continues to be non-compliant. The goal is compliance with the results of our inspections, not terminating in-place tenants. This language has been added to the plan.

Written MTW Policies

CASLS requested that when the new policies under MTW for Section 8 have been developed that the policies and procedures be put in an Appendix to the Section 8 Administration Plan. They also requested a copy of the Appendix to the Tenant Selection Plan.

CHA Response

The CHA has forwarded a copy of the Appendix to the Tenant Selection Plan to CASLS. When the Leased Housing policies and procedures are fully developed they will be put in an Appendix for the Board of Commissioners to approve. After Board approval, copies will be made available to CASLS and other agencies.





Appendix Eight

Submissions for funding

The submissions for funding include:

Federal Public Housing Operating Subsidy

- Form HUD 52723, Calculation of Performance Funding System Operating Subsidy
- Forms HUD 52722-A, Calculations of Allowable Utilities Expense Levels

Leased Housing Program

- Letter Approving Moving-To-Work Budget and Payment Schedule
- FY 2001 Moving To Work Budget

Comprehensive Grant Program

- Form HUD 52837, Annual Statement



















Appendix Nine

Certifications and Board Authorizations

Certifications

- Moving To Work Annual Plan-related Certifications
- Certification of a Drug-Free Workplace (Form HUD 50070)
- Disclosure of Lobbying Activities (Standard Form LLL)

Board Authorizations

- Moving To Work Annual Plan, FY 2001
- Federal 2001 3-C Conventional Budget
- Adoption of New Ceiling Rent Policy
- Approval of Rent Policy Impact Analysis
- Moving To Work Annual Plan, FY 2000
 - Approval of Rent Policies
 - Approval of Development Choice
- Moving To Work Demonstration Program Agreement Execution
- General Certificate (March 29, 2000)



The Executive Director, with authorization from the Cambridge Housing Authority Board of Commissioners, makes the following certifications in submitting the Fiscal Year 2001 Moving To Work Deregulation Demonstration Annual Plan.

1. The CHA held a public hearing regarding the Plan.
2. The CHA will carry out the Plan in conformity with 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.
3. In relation to Development Choice:
 - The CHA regularly submits required data to HUD’s MTCS in an accurate, complete and timely manner (as specified in PIH Notice 99-2);
 - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of site-based waiting list does not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The CHA takes reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
 - The CHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7.
4. In relation to rent policies,
 - The CHA Board has approved all rent policies and has approved the required analysis of the impact of such policies specified in Article I, Section I of the MTW Agreement and
 - The CHA is in compliance with all provisions of that section.



5. In relation to the Public Housing Drug Elimination Program, as specified in 24 CFR 761.21: The PHDEP Plan is consistent with and conforms to the "Plan Requirements" and "Grantee Performance Requirements" as specified in 24 CFR 761.21 and 761.23 respectively and the CHA will maintain and have available for review/inspection (at all times), records or documentation of the following:
 - Baseline law enforcement services for public housing developments assisted under the PHDEP plan;
 - Coordination with other law enforcement efforts;
 - Written agreement(s) with local law enforcement agencies (receiving any PHDEP funds); and
 - All crime statistics and other relevant data (including Part I and specified Part II crimes) that establish need for the public housing sites assisted under the PHDEP Plan.
6. The CHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
7. The CHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
8. The CHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
9. The CHA will submit with the Plan a certification with regard to a drug free workplace required by CFR Part 24, Subpart F.
10. The CHA has submitted with the Plan a certification with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.
11. The CHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
12. The CHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
13. The CHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities. In accordance with 24 CFR Part 58.
14. With respect to public housing the CHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
15. The CHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
16. The CHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.



17. The CHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
18. The CHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and the MTW Agreement executed by the CHA and HUD and will utilize funds made available under the Capital Fund, Operating Fund and Section 8 tenant-based assistance only for activities that are allowable under applicable regulations as modified by the MTW Agreement and included in its Plan.

Certified by _____

Daniel J. Wuenschel
Executive Director

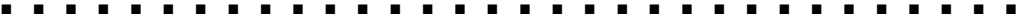
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Appendix One

MTW Program Background and Requirements





Appendix Two

Demographic Information





Appendix Three

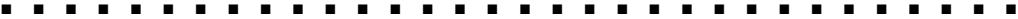
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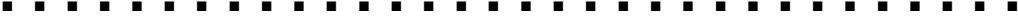




Appendix Four

Rent Policy Statement





Appendix Five
Rent Policy Impact Analysis





Appendix Six
Development Choice





Appendix Seven

Public Comments





Appendix Eight
Submissions for Funding





Appendix Nine

Certifications and Board Authorizations





Executive Summary





Occupancy





Program Management





Resident Programs/Economic Development





Funding





Appendices

