



**[Docket No. FR-6191-N-04]**

**Section 8 Housing Choice Vouchers: Implementation of the Housing Choice Voucher Mobility Demonstration, Restrictions on Participating in the Mobility Demonstration and the Moving to Work Demonstration Expansion**

**AGENCY:** Office of the Assistant Secretary for Public and Indian Housing (PIH), Department of Housing and Urban Development (HUD).

**ACTION:** Notice of restrictions.

**SUMMARY:** On July 15, 2020, HUD published a notice (“HCV Mobility Demonstration Notice”) implementing the Housing Choice Voucher (HCV) mobility demonstration (“HCV mobility demonstration”) authorized by the Consolidated Appropriations Act, 2019. Through that Notice, HUD is making available up to \$50,000,000 to participating Public Housing Agencies (“PHAs”) throughout the country to implement housing mobility programs by offering mobility-related services to increase the number of voucher families with children living in opportunity areas. HUD now supplements the July 15, 2020 notice to partially restrict participation in both the HCV mobility demonstration program and the Moving to Work demonstration expansion (“MTW expansion”) program. These restrictions are necessary to ensure the integrity of the Congressionally-mandated evaluations of both demonstrations. This notice also provides two minor technical corrections to definitions provided in the July 15, 2020, HCV Mobility Demonstration Notice.

**FOR FURTHER INFORMATION CONTACT:** Rebecca Primeaux, Director, Housing Voucher Management and Operations Division, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4214, Washington, DC 20410, telephone number (202) 708-1112. (This is not a toll-free number.) Individuals with hearing or speech impediments may access this number via TTY by calling the Federal Relay during working

hours at 800–877–8339. (This is a toll-free number). HUD encourages submission of questions about the demonstration be sent to: [HCVmobilitydemonstration@hud.gov](mailto:HCVmobilitydemonstration@hud.gov).

## **SUPPLEMENTARY INFORMATION:**

### **Additional Requirements**

On July 15, 2020, HUD published its HCV Mobility Demonstration Notice in the Federal Register (85 FR 42890), implementing the HCV mobility demonstration. Through that Notice, HUD is making available approximately \$50,000,000 for grants to Public Housing Authorities (PHAs) under a demonstration program authorized by statute. HUD has been directed by Congress to evaluate the demonstration.

On August 28, 2020, HUD published the "Operations Notice for the Expansion of the Moving to Work Program" ("MTW Operations Notice") in the Federal Register (85 FR 53444). HUD intends to designate 100 PHAs for the expansion of the MTW demonstration in five separate and distinct cohorts. For each cohort of the MTW expansion, HUD will conduct a rigorous evaluation of a specific policy change.

HUD issued PIH Notices for the first two of the five cohorts to solicit applications from eligible PHAs for participation in the MTW expansion. The PIH Notices describe specific application submission requirements, evaluation criteria, and the process HUD will use when selecting PHAs for cohorts one and two of the MTW expansion. PIH Notices for the remaining three cohorts will be issued at a later date.

The evaluation of the first cohort, MTW flexibility on small PHAs, will evaluate the overall impact of MTW flexibilities on PHAs with less than 1,000 units. The evaluation of the second cohort, rent reform, will evaluate the impacts of different rent structures. The third cohort will focus on work requirements and the fourth cohort will examine landlord incentives.

The fifth cohort, MTW flexibility on PHAs with fewer than 27,000 units, will be similar to the first cohort.

After careful consideration, HUD's office of Policy Development and Research (PD&R), which has been directed by Congress to evaluate both the HCV mobility demonstration and the MTW expansion, has determined that the Congressionally mandated rigorous evaluation of the demonstrations create significant barriers for PHAs to participate fully in both programs. More specifically, without these reasonable and tailored restrictions of MTW participation, the evaluations could become so skewed that it would defeat the legislative mandate to conduct an objective analysis of the mobility demonstration. This is because MTW agencies already have flexibility to engage in their own directed mobility programs that non-MTW PHAs are currently unlikely to be able to implement with their existing federal funds. Therefore, HUD is establishing additional requirements for participation in the HCV mobility demonstration.

#### Restrictions on Participation in the MTW Expansion and the HCV Mobility Demonstration

PHAs may apply to all cohorts the MTW expansion and also apply to the HCV mobility demonstration. However, HUD will restrict participation for PHAs selected for both the MTW expansion and the HCV mobility demonstration programs as follows:

- PHAs selected for cohorts one and five (MTW flexibilities) may participate in both the HCV mobility demonstration and the MTW expansion. However, they must agree to limit the adoption of certain MTW flexibilities, for the HCV program only, during the term of HCV mobility demonstration participation described in the initial HCV Mobility Demonstration Notice. HUD will document these limitations in the HCV mobility demonstration memorandum of understanding ("MOU") to be executed between the PHA and HUD. There will be no restriction on the public housing activities the PHA may undertake.

- PHAs may not participate in both the HCV mobility demonstration and cohorts two (rent reform), three (work requirements) or four (landlord incentives) of the MTW expansion.
  - Applications for cohort two (rent reform) are due on January 8, 2021. If a PHA is selected for both cohort two (rent reform) and the HCV mobility demonstration, the PHA must choose which demonstration to participate in and withdraw from the other demonstration within 21 calendar days after notifications of selection have been made for both programs.
  - For cohorts three and four, if a PHA has already been selected for the HCV mobility demonstration, it may not apply for cohort three (work requirements) or cohort four (landlord incentives) of the MTW expansion. In the unlikely event that selection notifications for the HCV mobility demonstration have not been made by the application due date for cohorts three and four, PHAs may submit an application for those MTW expansion cohorts. If a PHA is selected for either cohort three (work requirements) or cohort four (landlord incentives) and the HCV mobility demonstration, the PHA must choose which demonstration to participate in and withdraw from the other demonstration within 21 calendar days after notifications of selection have been made for both programs.

#### Restrictions on MTW Expansion Cohorts One and Five (MTW Flexibilities)

PHAs participating in cohorts one and five of the MTW expansion are allowed to adopt MTW flexibilities as outlined in the MTW Operations Notice. HUD is restricting certain MTW flexibilities for PHAs participating in both the HCV mobility demonstration and cohorts one and five (MTW flexibilities) of the MTW expansion for three primary reasons:

- Potential for offering additional services to families in the HCV mobility demonstration treatment and control groups that would result in a noncomparable intervention when compared to other HCV mobility demonstration sites;

- Potential to influence residential locational choices for families based on unit rents and required family rent share; and
- Potential for interfering with the PHA being able to meet the minimum enrollment requirements for the HCV mobility demonstration treatment and control groups.

For PHAs participating in MTW expansion cohorts one and five and in the HCV mobility demonstration, the following MTW flexibilities may not be implemented without the express written permission of HUD: Work requirements, vacancy loss, damage claims, other landlord incentives, pre-qualifying unit inspections, and reasonable penalty payments for landlords may not be implemented due to the potential for the offering of additional services to families and landlords in the HCV mobility demonstration treatment and control groups that would result in noncomparable intervention when compared to other HCV mobility demonstration sites.

Additionally, PHAs may not make Family Self-Sufficiency (“FSS”) programs mandatory under “alternative family selection procedures” for MTW self-sufficiency programs or FSS programs with MTW flexibility for similar reasons. PHAs that operate a mandatory FSS program also will not be allowed to waive operating the FSS program for the HCV program. However, service provision under local non-traditional activities could potentially be implemented with prior approval by HUD.

PHAs participating in the HCV mobility demonstration and the MTW expansion cohort one or cohort five may not implement the following MTW flexibilities without the express written permission of HUD: term limits, tenant payment as a modified percentage of income, fixed subsidy, initial rent burden, and imputed income activities. This is due to the potential to influence residential locational choices for families based on unit rents and required family rent share. HUD has not fully determined whether PHAs would be able to limit portability for project-based voucher (“PBV”) units and will work with the research team to make a final determination.

MTW flexibilities related to short term assistance and increasing the PBV program cap may be implemented as long as HUD provides prior approval. These activities may be restricted due to the potential for interfering with the PHA being able to meet the minimum enrollment requirements for the HCV mobility demonstration.

Restrictions on Cohorts Two (Rent Reform), Three (Work Requirements), and Four (Landlord Incentives)

PHAs may not participate in cohorts two (rent reform), three (work requirements), or four (landlord incentives) of the MTW expansion and the HCV mobility demonstration. The evaluation in cohorts two (rent reform) and three (work requirements) will require family level randomization, which will create significant conflicts for the integrity of the HCV mobility demonstration evaluation, which also requires family level randomization.

Inclusion of PHAs in the MTW expansion cohort four (landlord incentives) and the mobility demonstration would also create significant research complications, due to the HCV mobility demonstration requiring a standard set of landlord incentives which would likely differ from the landlord incentive research requirements of the MTW expansion.

New Policy Changes for PHAs After Selection in the HCV Mobility Demonstration

After selection, and for the duration of participation in the HCV mobility demonstration, PHAs that participate in cohorts one and five of the MTW expansion, legacy MTW PHAs, and all non-MTW PHAs, must also work closely with HUD and the evaluator before any new policy changes can be implemented. The process and terms for adoption of new policy changes will be described in the HCV mobility demonstration MOU executed between HUD and the PHA. This is consistent with the initial HCV Mobility Demonstration Notice, which asked PHAs to identify any potential conflicts between their programs and the HCV mobility demonstration. The initial HCV Mobility Demonstration Notice states, “After the program and research design is finalized,

HUD will draft a memorandum of understanding (MOU) that outlines roles, responsibilities, the program and research design, services to be offered, and descriptions of administrative policies, among other things. HUD also will draft a performance standards agreement that outlines programmatic goals, recapture and reallocation terms, a budget, and a payment schedule for mobility-related services.”

In other words, and similar to other evaluations conducted by HUD, PHAs that participate in the HCV mobility demonstration will not be permitted to adopt any policy changes during the duration of their participation that conflict with the HCV mobility demonstration implementation and research.

### **Selection for MTW Expansion Cohorts One (MTW Flexibilities) and Two (Rent Reform)**

HUD anticipates that the announcement of the selection of PHAs for the HCV mobility demonstration and the first and second cohorts of the MTW expansion will happen around the same time in early 2021. PHAs that are selected for the HCV mobility demonstration and cohort one of the MTW expansion will be required to limit certain MTW flexibilities in order to participate in both programs. HUD will document these limitations in the HCV mobility demonstration memorandum of understanding to be executed between the PHA and HUD. PHAs selected for cohort two (rent reform) of the MTW expansion and the HCV mobility demonstration will be asked to decide which program the PHA will participate in and withdraw from the other program. The PHA must choose which demonstration to participate in and withdraw from the other demonstration within 21 calendar days after notifications of selection have been made for both programs.

If a PHA applied as a single PHA or as part of a joint application to the HCV mobility demonstration and decides to participate in cohort two (rent reform) of MTW expansion, the application to the HCV mobility demonstration will be withdrawn. Given the extensive nature of

both applications, HUD strongly encourages PHAs that are part of a joint HCV mobility demonstration application to discuss whether any of the PHAs intend to participate in the MTW expansion.

However, PHAs submitting a joint application to the HCV mobility demonstration with a PHA that also is applying for cohort two (rent reform) of the MTW expansion may submit a second application for the HCV mobility demonstration if they otherwise qualify under one of the statutory eligibility categories. HUD will score second applications along with the rest of the applications, but would only consider the score of the second application (which may be different than the score of the first application) if a PHA as part of a joint application chooses to participate in cohort two (rent reform) of the MTW expansion rather than the HCV mobility demonstration. No applications will be considered after the application deadline.

### **Technical Corrections**

In FR Notice 6191-N-01, published in the Federal Register on July 15, 2020 (85 FR 42890) Section VII Application Format, Part K, Category A of the HCV Mobility Demonstration Notice, HUD inadvertently defined “an adequate number of moderately priced rental units in high-opportunity areas” incorrectly. The correct definition is “a selected service area where at least 20 percent of the standard-quality rental stock within that service area is located in [zip code tabulated areas] ZCTAs where the [small area fair market rent] SAFMR is more than 110 percent of the Metropolitan Area FMR.” The data tool provided by HUD to calculate this for PHAs is correct and has been using this correct definition.



In FR Notice 6191-N-01, Section VII Application Format, Part 3, Capacity of the Organization of the Mobility Demonstration Notice, HUD requested PHAs to submit, “Number of recertifications completed for families with children between January 1, 2010 and December 31, 2019.” PHAs should submit the number of recertifications completed for families with children between January 1, 2019 and December 31, 2019.

**R. Hunter Kurtz,**

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