
NI REACH PROPOSED MTW COHORT IV TESTS/ACTIVITIES

1. 2.A. PAYMENT STANDARDS -- SMALL AREA FAIR MARKET RENTS
 2. 2.B. PAYMENT STANDARDS -- FAIR MARKET RENTS
 3. 4.C. OTHER LANDLORD INCENTIVES
 4. 17.A. LOCAL NON-TRADITIONAL ACTIVITIES – RENTAL SUBSIDY PROGRAMS
-

A. PHA INFORMATION

PHA Name: Northern Illinois Regional Affordable Community Housing
(NI ReACH)
PHA Code: IL-083
FY Beginning: 4/1/2023
Program Type: Housing Choice Vouchers
Supp Type: Annual Submission

Vision for NI ReACH MTW Program

The flexibility provided by MTW will enable NI ReACH to implement strategies tailored to our local marketplace that will be cost effective; will support and incentivize families in reaching their self-sufficiency goals or successfully aging-in-place; and will increase housing choice particularly in neighborhoods of opportunity.

B. NARRATIVE

How NI ReACH Will Further the Three MTW Statutory Objectives During the Coming Fiscal Year

Cost Effectiveness. The loosening of fungibility requirements will permit NI ReACH to direct funds to those activities that increase housing choice and support families in their self-sufficiency goals. Additionally, if there is a housing need in a certain population that is not otherwise served, such as domestic violence victims with children or homeless veterans, funds could be set aside for that purpose. Cost savings could be realized through changes in staffing structure focused more on the families rather than the process.

Self-Sufficiency. NI ReACH has established many partnerships with nonprofit and government entities that provide supportive services to our residents. In many cases,

senior NI ReACH staff serves on the boards of our partner organizations. As a result, it is not necessary to develop new relationships before the fiscal year begins. Partnerships include: Rosecrance Mental Health Center, Janet Wattles (mental health), VERA Institute of Justice (NI ReACH's E.D. serves on the workforce committee of the VERA Institute), Rockford-Peoria OSF College of Nursing (NI ReACH's E.D. serves as President), RAMP (which serves persons with disabilities), Remedies, Winnebago County Health Department, Swedish American Hospital for Mental Health, Rockford Public Library, Rock River Training, Goodwill, Rock Valley College, Rockford Career College, Rockford Public Library, Rockford School District, Rockford Park District, Rockford YMCA, Meals on Wheels, Northern Illinois Food Bank, Rockford Mass Transit District, Crusader Clinic, Freeport Area Apartment Association, Rockford Area Apartment Association, City of Rockford Human Services, Rockford Township, HomeStart, and Workforce Connection.

Housing Choice. NI ReACH has Inter Governmental Agreement (IGA) relationships with three other adjacent counties in northern Illinois, two of which will be part of this study, but the lack of flexibility in the use of the FMRs and payment standards means that neighborhoods of opportunity are out of reach for many voucher holders. Participation in MTW will allow us to test whether SAFMRs and higher payment standards in general result in more housing mobility for families. An additional activity which focuses on housing choice is the use of the Airbnb program to expand housing opportunities in the region, particularly in rural areas.

C. MTW WAIVERS AND ASSOCIATED ACTIVITIES

NI ReACH is proposing to implement the following activities beginning in FY 4/1/2023:

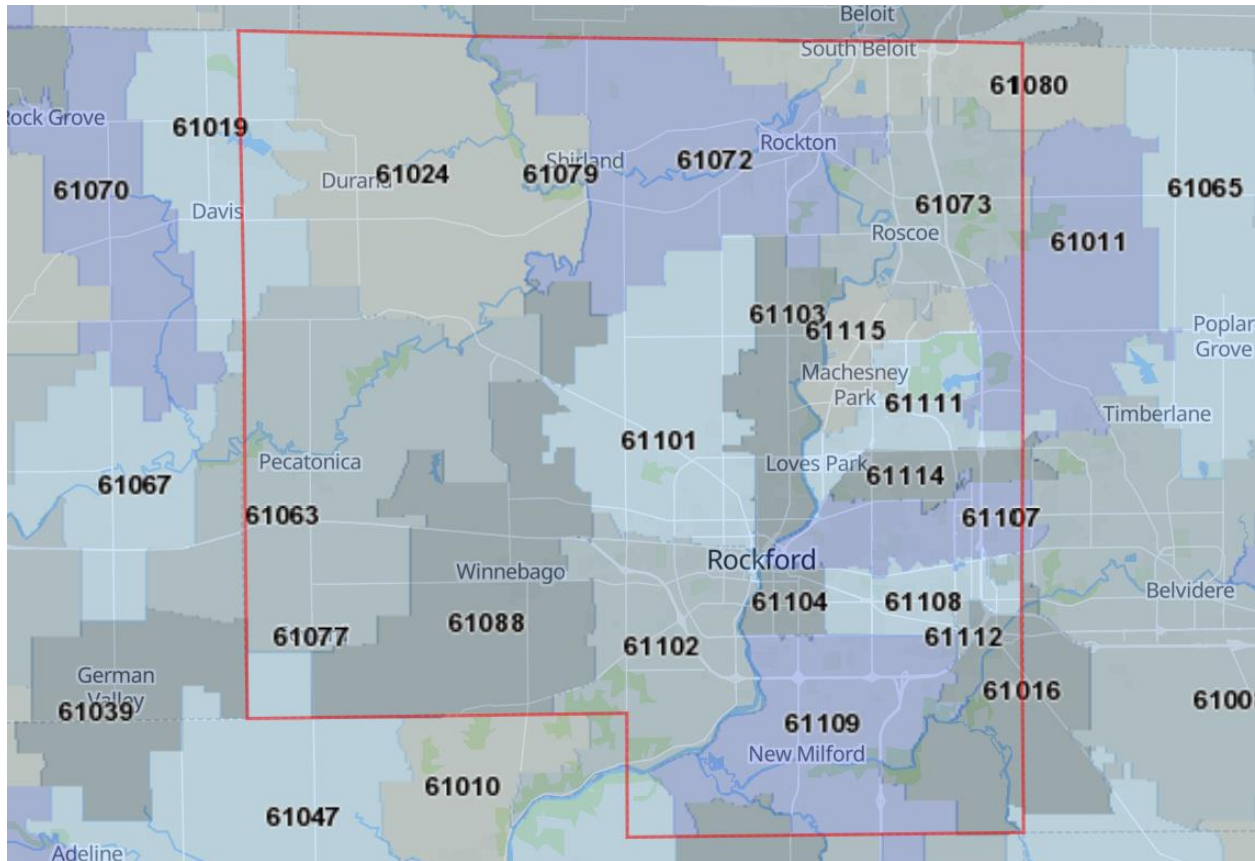
- Activity 2.a. Small Area Fair Market Rents
- Activity 2.b. Fair Market Rents
- Activity 4.c. Other Landlord Incentives
- Activity 17.a. Local Non-Traditional Activities – Rental Subsidy Programs

Test/Activity 2.a. – Small Area Fair Market Rents (SAFMRs)

The Test/Activity. NI ReACH will test whether SAFMRs and higher payment standards result in more housing mobility for families. The test will be conducted in Winnebago County, Stephenson County, and Boone County. SAFMRs are defined by Zip code. The largest number of voucher holders are currently located in Winnebago County. At the present time, there are few voucher holders outside the city of Freeport in Stephenson County and the city of Belvidere in Boone County. This test will allow NI ReACH to capture

increased housing mobility in general as well as housing opportunities in rural areas through the Airbnb expansion activity (please see Activity 17.a.). The map below identifies the Zip codes in Winnebago County and the table which follows identifies the proposed SAFMR for each Zip code.

WINNEBAGO COUNTY, ILLINOIS
PROPOSED SMALL AREA FAIR MARKET RENTS (SAFMR)



Winnebago County Zip codes and the proposed SAFMR for each:

- [61016 \(Cherry Valley\) – 130%](#)
- [61112 \(Cherry Valley\) – 130%](#)
- [61024 \(Durand\) – 110%](#)
- [61111 \(Loves Park\) – 130%](#)
- [61115 \(Machesney Park\) – 130%](#)
- [61063 \(Pecatonica\) – 110%](#)
- [61114 \(Rockford\) – 150%](#)
- [61101 \(Rockford\) – 130%](#)
- [61102 \(Rockford\) – 110%](#)

- [61103 \(Rockford\) – 110%](#)
- [61104 \(Rockford\) – 130%](#)
- [61107 \(Rockford\) – 150%](#)
- [61108 \(Rockford\) – 150%](#)
- [61109 \(Rockford\) – 130%](#)
- [61072 \(Rockton\) – 150%](#)
- [61073 \(Roscoe\) – 150%](#)
- [61077 \(Seward\) – 110%](#)
- [61079 \(Shirland\) – 110%](#)
- [61080 \(South Beloit\) -- 150%](#)
- [61088 \(Winnebago\) – 110%](#)

The SAFMRs in the City of Freeport in Stephenson County and the City of Belvidere in Boone County will both be set at 120%. The remaining Zip codes in each county will be set at 150% as follows:

Stephenson County Zip codes and the proposed SAFMR for each:

- [61013 \(Cedarville\) – 150%](#)
- [61018 \(Dakota\) – 150%](#)
- [61027 \(Eleroy\) – 150%](#)
- [61032 \(Freeport\) – 110%](#)
- [61039 \(German Valley\) – 150%](#)
- [61044 \(Kent\) – 150%](#)
- [61019 \(Lake Summerset\) – 150%](#)
- [61048 \(Lena\) – 150%](#)
- [61050 \(Mc Connell\) – 150%](#)
- [61060 \(Orangeville\) – 150%](#)
- [61062 \(Pearl City\) – 150%](#)
- [61067 \(Ridott\) – 150%](#)
- [61070 \(Rock City\) – 150%](#)
- [61089 \(Winslow\) – 150%](#)

Boone County Zip codes and the proposed SAFMR for each:

- [61008 \(Belvidere\) – 120%](#)
- [61011 \(Caledonia\) – 150%](#)
- [61012 \(Capron\) – 150%](#)
- [61038 \(Garden Prairie\) – 150%](#)
- [61065 \(Poplar Grove\) – 150%](#)

The Statutory Objectives most aligned with this activity are housing choice and self-sufficiency. Housing choice because voucher holders will have neighborhoods open to them that haven't been in the past due to the FMRs being too low. Self-sufficiency because living in low-poverty neighborhoods has the added benefit of improved transportation, access to employment and services, and access to better schools.

The Anticipated Cost Implication is "decreased expenditures". In this test, the HAP needs for families choosing low poverty neighborhoods will increase, therefore the number of families NI ReACH can serve will decrease. Fewer families equate to a reduction in the amount of processing time required by Ni ReACH staff including intake, renewals, inspections and rent reasonableness analyses.

Different Policy by Household Status/Family Types/Sites. The activity applies to all Housing Choice Voucher households.

Family Types. The activity applies to all family types.

Location. The activity applies to all HCV tenant-based units.

Safe Harbor

- i. NI ReACH's Payment Standard range for the SAFMR test is within the HUD permitted range of 80% to 150%.
- ii. NI ReACH SAFMRs are defined by Zip code.
- iii. The required impact analysis is discussed below.
- iv. The required hardship policy can be found beginning on page 19.

Hardship Policy. Please see Hardship policy beginning on page 19.

Hardship Policy Application. The policy applies to all proposed MTW activities.

Does the MTW Activity Require an Impact Analysis? Yes, please see below.

Impact Analysis

1. Agency Finances – The anticipated impact is neutral. If the test results in the impact we anticipate, NI ReACH will be serving fewer families. However, new owners will be entering the program with units that have not been in the program in the past. As a result, staff may be spending more time on inspections and re-inspections. In addition, NI ReACH staff will likely refocus on hardship issues, educating families about low poverty areas, and processing landlord incentives.

2. Affordability of Housing Costs for Affected Families – The anticipated impact is neutral. HCV Families will continue to stay at 30% of adjusted gross income in terms of their TTP.
3. Agency's Waitlist – The anticipated impact is longer wait list periods for program applicants. We believe that families will stay with the HCV program longer because the higher market rents will ultimately require higher salaries before the family can move off the program.
4. Agency's Termination Rate of Families – The anticipated impact is lower termination rates. We believe that there will be a decrease in voluntary termination because families will be living in neighborhoods that offer more services and support.
5. HCV Utilization Rate – The anticipated impact is neutral. NI ReACH will continue to utilize all HAP.
6. Meeting the MTW Statutory Objectives – Through this test, NI ReACH will meet the housing choice and self-sufficiency objectives.
7. Meeting the MTW Statutory Requirements
 1. At least 75 percent of households admitted by NI ReACH during this initial fiscal year and beyond in the Housing Choice Voucher (HCV), and local, non-traditional programs will be very low-income. NI ReACH will calculate a weighted average of new admissions each year including the first year.
 2. Ni ReACH provides incentives to families with children where the head of household is working, seeking work, or is preparing for work through the FSS program. Specifically, FSS Service Coordinators connect families to job training, educational programs and other initiatives designed to assist families in obtaining employment and becoming economically self-sufficient. Will continue the use of its policies which encourage employment and self-sufficiency by participating families. In Chapter 20 of NI ReACH's Administrative Plan, the following policy on the FSS program is stated:

"The FSS Program provides a vehicle of steering clients towards economic independence and its associated benefits by establishing coordination of existing services and a referral system to those services. In an effort to

provide added incentive and relief from the public assistance “no win cycle”, the Authority maintains an escrow account for participating families whereby increases in rent due to increase in earned income will be deposited. In this manner, the participants are able to move to self-sufficiency once gainfully employed. FSS is intended to enable participants to achieve a greater degree of economic independence and self-sufficiency. The Program is based upon the following principles:

- ✓ Local communities have the capacity for identifying and developing effective solutions for community problems.
 - ✓ Public and private resources can be made more effectively through a coordinated approach to service delivery.
 - ✓ The goal of self-sufficiency requires a comprehensive package of services that are tailored to local circumstances and individual needs.
 - ✓ Leadership and communication are essential ingredients for the success of the Program and its participants.”
3. NI ReACH pledges to continue to assist Substantially the Same (STS) total number of eligible low-income households as we would have housed without the MTW designation. NI ReACH staff will monitor and calculate the amount annually.
 4. NI ReACH will continue to assist a mix of households (by family size) that is comparable to the mix we would have housed had public housing capital and operating funding and voucher funding not been combined as MTW Funding.
 5. NI ReACH will ensure that all housing assisted under the MTW demonstration meets Housing Quality Standards (HQS) and NSPIRE.
8. Hardship Requests and Number Granted/Denied. N/A. This is NI ReACH’s first MTW year.

Test/Activity 2.b. – Fair Market Rents (FMRs)

The Test/Activity. While in Activity 2.a., we are testing whether SAFMRs and higher payment standards result in more housing mobility for families, in Activity 2.b. we will test whether a blanket increase in the payment standards jurisdiction-wide encourages families to find housing outside of high poverty areas. The payment standards to be

adopted are reflective of the maximum range permitted by HUD, i.e., 80% to 120% of FMR. NI ReACH will adopt a base of 110% of FMR. The SAFMRs adjust the base upward in many Zip codes (please see Activity 2.a.).

The Statutory Objectives most aligned with this activity are cost effectiveness and housing choice. Cost effectiveness because there may be a lower rate of landlords leaving the program. Housing choice because with happier landlords, existing voucher holders could stay in their units longer, which would free up more new units for new HCV families.

The Anticipated Cost Implication is “decreased expenditures” because less processing time is required for units that are already being subsidized in the program.

Different Policy by Household Status/Family Types/Sites. The activity applies to all Housing Choice Voucher households.

Family Types. The activity applies to all family types.

Location. The activity applies to all HCV tenant-based units.

Safe Harbor

- i. The Payment Standard is the HUD permitted range of 80% to 120% of the FMR.
- ii. SAFMRs are defined by Zip code (please see 2.a. above).
- iii. The required impact analysis is discussed below.
- iv. The required hardship policy can be found beginning on page 19.

Hardship Policy. Please see Hardship policy beginning on page 19.

Hardship Policy Application. The policy applies to all proposed MTW activities.

Does the MTW Activity Require an Impact Analysis? Yes, please see below.

Impact Analysis

1. Agency Finances – The anticipated impact is neutral. If the test results in the impact we anticipate, NI ReACH will be serving fewer families. However, new owners will be entering the program with units that have not been in the program in the past. As a result, staff may be spending more time on inspections and re-inspections. In addition, NI ReACH staff will likely refocus on hardship issues, educating families about low poverty areas, and processing landlord incentives.

2. Affordability of Housing Costs for Affected Families – The anticipated impact is neutral. HCV Families will continue to stay at 30% of adjusted gross income in terms of their TTP.
3. Agency's Waitlist – The anticipated impact is longer wait list periods for program applicants. We believe that families will stay with the HCV program longer because the higher market rents will ultimately require higher salaries before the family can move off the program.
4. Agency's Termination Rate of Families – The anticipated impact is lower termination rates. We believe that there will be a decrease in voluntary termination because families will be living in neighborhoods that offer more services and support.
5. HCV Utilization Rate – The anticipated impact is neutral. NI ReACH will continue to utilize all HAP.
6. Meeting the MTW Statutory Objectives – Through this test, NI ReACH will meet the housing choice and self-sufficiency objectives.
7. Meeting the MTW Statutory Requirements
 1. At least 75 percent of households admitted by NI ReACH during this initial fiscal year and beyond in the Housing Choice Voucher (HCV), and local, non-traditional programs will be very low-income. NI ReACH will calculate a weighted average of new admissions each year including the first year.
 2. Ni ReACH provides incentives to families with children where the head of household is working, seeking work, or is preparing for work through the FSS program. Specifically, FSS Service Coordinators connect families to job training, educational programs and other initiatives designed to assist families in obtaining employment and becoming economically self-sufficient. Will continue the use of its policies which encourage employment and self-sufficiency by participating families. In Chapter 20 of NI ReACH's Administrative Plan, the following policy on the FSS program is stated:

"The FSS Program provides a vehicle of steering clients towards economic independence and its associated benefits by establishing coordination of existing services and a referral system to those services. In an effort to

provide added incentive and relief from the public assistance “no win cycle”, the Authority maintains an escrow account for participating families whereby increases in rent due to increase in earned income will be deposited. In this manner, the participants are able to move to self-sufficiency once gainfully employed. FSS is intended to enable participants to achieve a greater degree of economic independence and self-sufficiency. The Program is based upon the following principles:

- ✓ Local communities have the capacity for identifying and developing effective solutions for community problems.
 - ✓ Public and private resources can be made more effectively through a coordinated approach to service delivery.
 - ✓ The goal of self-sufficiency requires a comprehensive package of services that are tailored to local circumstances and individual needs.
 - ✓ Leadership and communication are essential ingredients for the success of the Program and its participants.”
3. NI ReACH pledges to continue to assist Substantially the Same (STS) total number of eligible low-income households as we would have housed without the MTW designation. NI ReACH staff will monitor and calculate the amount annually.
 4. NI ReACH will continue to assist a mix of households (by family size) that is comparable to the mix we would have housed had public housing capital and operating funding and voucher funding not been combined as MTW Funding.
 5. NI ReACH will ensure that all housing assisted under the MTW demonstration meets Housing Quality Standards (HQS) and NSPIRE.
8. Hardship Requests and Number Granted/Denied. N/A. This is NI ReACH’s first MTW year.

Test/Activity 4.c. – Other Landlord Incentives

The Test/Activity. NI ReACH will test whether \$100 annual incentive bonus payments to landlords who continue to lease to their HCV households encourage current landlords to stay with the program and encourage new landlords to join the program. NI ReACH will 1) continue with the incentive payments until the Housing Choice Voucher’s Unrestricted

Net Position falls below 15% of the revenue collected for the prior 12 rolling months and 2) separately, for the mainstream units, until the Mainstream's Unrestricted Net Position falls below 15% of the revenue collected for the prior 12 rolling months.

The Statutory Objectives most aligned with this activity are housing choice and self-sufficiency. Housing choice because voucher holders will have neighborhoods open to them that haven't been in the past due to the FMRs being too low. Self-sufficiency because living in low-poverty neighborhoods has the added benefit of improved transportation, access to employment and services, and access to better schools.

The Anticipated Cost Implication is "decreased expenditures". In this test, the HAP needs for families choosing low poverty neighborhoods will increase, therefore the number of families NI ReACH can serve will decrease. Fewer families equate to a reduction in the amount of processing time required by Ni ReACH staff including intake, renewals, inspections and rent reasonableness analyses.

Different Policy by Household Status/Family Types/Sites. The activity applies to all Housing Choice Voucher households.

Family Types. The activity applies to all family types.

Location. The activity applies to all HCV tenant-based units.

Safe Harbor

- i. Payments made to the landlord will be less than one month of contract rent.
- ii. The first payment will be made to the landlord when the HAP contract is executed. Annual payments will be made thereafter.

Hardship Policy. Please see Hardship policy beginning on page 19.

Hardship Policy Application. The policy applies to all proposed MTW activities.

Does the MTW Activity Require an Impact Analysis? Yes, please see below.

Impact Analysis

1. Agency Finances – The impact is increased expenditures. NI ReACH receives approximately \$65.00 per month in administrative fees per rented unit, which is equal to approximately 2.14 cents per day. If all 500 units were rented every day

of the year, there would be 182,500 rental days per year (500 units X 365 days per year = 182,500). If NI ReACH were to use \$50,000 of fee income in annual incentive bonuses, then each year, NI ReACH would need approximately 23,365 additional days of rent to break even ($\$50,000 / 2.14 \text{ cents} = 23,365$ additional rental days needed to break even). That amount equals a 12.8% increase in annual days rented, which would cover the cost of the annual investment of fee income.

2. Affordability of Housing Costs for Affected Families – No impact.
3. Agency's Waitlist – Increased longevity could result as fewer existing families would move after one year, meaning fewer new families would be pulled off the waiting list.
4. Agency's Termination Rate of Families – No impact.
5. HCV Utilization Rate – No effect.
6. Meeting the MTW Statutory Objectives – If there is more than a 12.6% increase in days rented, then the impact will be increased cost effectiveness. If fewer existing families relocate, it will also result in less processing time.
7. Meeting the MTW Statutory Requirements
 1. At least 75 percent of households admitted by NI ReACH during this initial fiscal year and beyond in the Housing Choice Voucher (HCV), and local, non-traditional programs will be very low-income. NI ReACH will calculate a weighted average of new admissions each year including the first year.
 2. Ni ReACH provides incentives to families with children where the head of household is working, seeking work, or is preparing for work through the FSS program. Specifically, FSS Service Coordinators connect families to job training, educational programs and other initiatives designed to assist families in obtaining employment and becoming economically self-sufficient. Will continue the use of its policies which encourage employment and self-sufficiency by participating families. In Chapter 20 of NI ReACH's Administrative Plan, the following policy on the FSS program is stated:

"The FSS Program provides a vehicle of steering clients towards economic independence and its associated benefits by establishing coordination of existing services and a referral system to those services. In an effort to

provide added incentive and relief from the public assistance “no win cycle”, the Authority maintains an escrow account for participating families whereby increases in rent due to increase in earned income will be deposited. In this manner, the participants are able to move to self-sufficiency once gainfully employed. FSS is intended to enable participants to achieve a greater degree of economic independence and self-sufficiency. The Program is based upon the following principles:

- ✓ Local communities have the capacity for identifying and developing effective solutions for community problems.
 - ✓ Public and private resources can be made more effectively through a coordinated approach to service delivery.
 - ✓ The goal of self-sufficiency requires a comprehensive package of services that are tailored to local circumstances and individual needs.
 - ✓ Leadership and communication are essential ingredients for the success of the Program and its participants.”
3. NI ReACH pledges to continue to assist Substantially the Same (STS) total number of eligible low-income households as we would have housed without the MTW designation. NI ReACH staff will monitor and calculate the amount annually.
 4. NI ReACH will continue to assist a mix of households (by family size) that is comparable to the mix we would have housed had public housing capital and operating funding and voucher funding not been combined as MTW Funding.
 5. NI ReACH will ensure that all housing assisted under the MTW demonstration meets Housing Quality Standards (HQS) and NSPIRE.
8. Hardship Requests and Number Granted/Denied. N/A. This is the first MTW year.

Test/Activity 17.a. – Local Non-Traditional Activities – Rental Subsidy Programs

BACKGROUND

The supply of affordable housing differs considerably between urban and rural areas of the region, particularly in Boone County, and the issues we want to address between the two are different as well. In the urban areas, flexibility in SAFMRs and FMRs will, we believe, increase housing opportunities for families in low-poverty areas.

However, as of October 7, 2022, there are only 26 available rentals in all of Boone County. Of the 26 units, 20 are one-bedroom units located in a single building in Belvidere. There are three 2-BR units, all of which are in Belvidere (the only city in Boone County); two 3-BR units, one of which is in Belvidere and another of which is a trailer in Poplar Grove. In addition, there is one 4-BR unit in Belvidere. Therefore, in all of Boone County exclusive of Belvidere, there is only one rental unit available at any price.

PROPOSED SOLUTIONS

To address this housing shortage, Boone County Housing Authority (BCHA) will project base some vouchers to provide fixed, long-term homes for families, with the additional benefit that it would stabilize a percentage of the HUD forecast for a stronger smoothing average. BCHA will explore ways to partner with organizations to create new affordable housing for families. The VA has also requested that BCHA move forward with an RFP to project base four VASH vouchers. BCHA's board has approved the VASH RFP, and it will be published in November 2022.

MTW

The Test/Activity. For MTW, NI ReACH is proposing an additional initiative which provides a more immediate solution to the problem of housing scarcity -- Airbnb. Airbnb, Inc., operates an online marketplace focused on short-term homestays and experiences. The company acts as a broker and charges a commission on each booking. An Airbnb rental could be almost any type of housing: a room in someone's home, an SRO, garage, tiny house, manufactured home, or other structure owned and managed by a single individual, family, or organization.

As of October 7, 2022, on Airbnb, there are three private rooms available in Boone County homes at 100% of FMR; 11 private rooms available at 125% of FMR; and 17 private rooms available in Boone County at \$150% of FMR. These rooms are available month-to-month, and could provide housing solutions to people in need, particularly women and children who are fleeing domestic violence situations and/or for homeless service men and women who need short term stays so they can get back on their feet.

NI ReACH will contact Airbnb.org to discuss the proposed idea and ascertain whether it has been adopted in other parts of the country. NI ReACH will also contact the hosts of these Boone County homes on Airbnb to determine their interest in participating. NI ReACH will also contact other owners in the community that might be interested in participating in a program such as this. The program may be particularly beneficial to seniors who are looking for ways to increase their income. NI ReACH will track the

performance of this test over the year and provide results and recommendations to MTW researchers.

In conjunction with owner outreach, NI ReACH will also contact Airbnb.org, a 501(c)(3) nonprofit with its own mission and board of directors. The nonprofit came about as a result of an Airbnb host in Brooklyn, who offered her place for free to New Yorkers who had to evaluate their dwellings as a result of Hurricane Sandy. Airbnb worked with other owners, and more than 1,000 hosts opened their homes to evacuees in need as well.

Since that time, Airbnb.org set a goal of providing short-term housing to 100,000 guests in times of crisis, and they exceeded that goal in four years. In February 2022, after Russia invaded Ukraine, millions of Ukrainians were forced to flee their homes. Airbnb.org committed to finding temporary housing for 100,000 of them, and more than 40 organizations joined in the effort. Thanks to a global outpouring of support from Hosts and donors, Airbnb.org met its goal in six months and remains dedicated to finding stays for people fleeing Ukraine.

To the greatest extent possible, NI ReACH will coordinate with Airbnb.org to test the concept in Northern Illinois and assess whether this approach could be a solution for other parts of the country.

The Statutory Objectives most aligned with this activity are housing choice and self-sufficiency. Housing choice because voucher holders will have neighborhoods open to them that haven't been open in the past due to the FMRs being too low. Self-sufficiency because living in low-poverty neighborhoods has the added benefit of improved transportation, access to employment and services, and access to better schools.

The Anticipated Cost Implication is "decreased expenditures". In this test, the HAP needs for families choosing low poverty neighborhoods will increase, therefore the number of families NI ReACH can serve will decrease. Fewer families equate to a reduction in the amount of processing time required by Ni ReACH staff including intake, renewals, inspections and rent reasonableness analyses.

Different Policy by Household Status/Family Types/Sites. The activity applies to all Housing Choice Voucher households.

Family Types. The activity applies to all family types with a focus on families with urgent needs.

Location. The activity applies to all HCV tenant-based units.

Safe Harbor

- i. NI ReACH will not spend more than 10% of its HAP budget on this local, non-traditional activity.
- ii. Families receiving housing through Airbnb will meet the HUD definition of low-income.
- iii. NI ReACH will comply with Notice PIH 2011-45 or any successor notice and/or guidance.
- iv. Any MTW Funding awarded to a third-party provider will be competitively bid.

Hardship Policy. Please see Hardship policy beginning on page 19.

Hardship Policy Application. The policy applies to all proposed MTW activities.

Does the MTW Activity Require an Impact Analysis? Yes, please see below. We anticipate that the Airbnb test will be very small in the first year. Nevertheless, there is a potential for the following impacts.

1. Agency Finances – Could increase because the period of occupancy will be less than a year.
2. Affordability of Housing Costs for Affected Families – No impact.
3. Agency's Waitlist – More families will be served because housing opportunity is increasing.
4. Agency's Termination Rate of Families – No impact.
5. HCV Utilization Rate – The HCV utilization rate may increase because of the additional housing opportunities provided by Airbnb.
6. Meeting the MTW Statutory Objectives – The test meets the objective of increasing housing choice.
7. Meeting the MTW Statutory Requirements
 1. At least 75 percent of households admitted by NI ReACH during this initial fiscal year and beyond in the Housing Choice Voucher (HCV), and local, non-

- traditional programs will be very low-income. NI ReACH will calculate a weighted average of new admissions each year including the first year.
2. NI ReACH provides incentives to families with children where the head of household is working, seeking work, or is preparing for work through the FSS program. Specifically, FSS Service Coordinators connect families to job training, educational programs and other initiatives designed to assist families in obtaining employment and becoming economically self-sufficient. Will continue the use of its policies which encourage employment and self-sufficiency by participating families. In Chapter 20 of NI ReACH's Administrative Plan, the following policy on the FSS program is stated:

"The FSS Program provides a vehicle of steering clients towards economic independence and its associated benefits by establishing coordination of existing services and a referral system to those services. In an effort to provide added incentive and relief from the public assistance "no win cycle", the Authority maintains an escrow account for participating families whereby increases in rent due to increase in earned income will be deposited. In this manner, the participants are able to move to self-sufficiency once gainfully employed. FSS is intended to enable participants to achieve a greater degree of economic independence and self-sufficiency. The Program is based upon the following principles:

 - ✓ Local communities have the capacity for identifying and developing effective solutions for community problems.
 - ✓ Public and private resources can be made more effectively through a coordinated approach to service delivery.
 - ✓ The goal of self-sufficiency requires a comprehensive package of services that are tailored to local circumstances and individual needs.
 - ✓ Leadership and communication are essential ingredients for the success of the Program and its participants."
 3. NI ReACH pledges to continue to assist Substantially the Same (STS) total number of eligible low-income households as we would have housed without the MTW designation. NI ReACH staff will monitor and calculate the amount annually.

4. NI ReACH will continue to assist a mix of households (by family size) that is comparable to the mix we would have housed had public housing capital and operating funding and voucher funding not been combined as MTW Funding.
5. NI ReACH will ensure that all housing assisted under the MTW demonstration meets Housing Quality Standards (HQS) and NSPIRE.
8. Hardship Requests and Number Granted/Denied. N/A. This is the first MTW year.

6-III.B. FINANCIAL HARDSHIPS AFFECTING MINIMUM RENT [24 CFR 5.630]

PHA Policy

The financial hardship rules described below does apply to Winnebago County and Hosmer/Brewster Apartments because the PHA has established a minimum rent of \$50.

Overview

If the PHA establishes a minimum rent greater than zero, the PHA must grant an exemption from the minimum rent if a family is unable to pay the minimum rent because of financial hardship.

The financial hardship exemption applies only to families required to pay the minimum rent. If a family's TTP is higher than the minimum rent, the family is not eligible for a hardship exemption. If the PHA determines that a hardship exists, the family share is the highest of the remaining components of the family's calculated TTP.

HUD-Defined Financial Hardship

Financial hardship includes the following situations:

- (1) The family has lost eligibility for or is awaiting an eligibility determination for a federal, state, or local assistance program. This includes a family member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

PHA Policy

A hardship will be considered to exist only if the loss of eligibility has an impact on the family's ability to pay the minimum rent.

For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following: (1) implementation of assistance, if approved, or (2) the decision to deny assistance. A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

- (2) The family would be evicted because it is unable to pay the minimum rent.

PHA Policy

For a family to qualify under this provision, the cause of the potential eviction must be the family's failure to pay rent to the owner or tenant-paid utilities.

- (3) Family income has decreased because of changed family circumstances, including the loss of employment.
- (4) A death has occurred in the family.

PHA Policy

In order to qualify under this provision, a family must describe how the death has created a financial hardship (e.g., because of funeral-related expenses or the loss of the family member's income).

- (5) The family has experienced other circumstances determined by the PHA.

PHA Policy

The PHA has not established any additional hardship criteria.

Implementation of Hardship Exemption

Determination of Hardship

When a family requests a financial hardship exemption, the PHA must suspend the minimum rent requirement beginning the first of the month following the family's request.

The PHA then determines whether the financial hardship exists and whether the hardship is temporary or long-term.

PHA Policy

The PHA defines temporary hardship as a hardship expected to last 90 days or less. Long-term hardship is defined as a hardship expected to last more than 90 days.

When the minimum rent is suspended, the family share reverts to the highest of the remaining components of the calculated TTP. The example below demonstrates the effect of the minimum rent exemption.

Example: Impact of Minimum Rent Exemption			
Assume the PHA has established a minimum rent of \$50.			
Family Share – No Hardship		Family Share – With Hardship	
\$0	30% of monthly adjusted income	\$0	30% of monthly adjusted income
\$15		\$15	
N/A	10% of monthly gross income	N/A	10% of monthly gross income
\$50	Welfare rent	\$50	Welfare rent
	Minimum rent		Minimum rent
Minimum rent applies. TTP = \$50		Hardship exemption granted. TTP = \$15	

PHA Policy

To qualify for a hardship exemption, a family must submit a request for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family’s ability to pay the minimum rent.

The PHA will make the determination of hardship within 30 calendar days.

No Financial Hardship

If the PHA determines there is no financial hardship, the PHA will reinstate the minimum rent and require the family to repay the amounts suspended.

PHA Policy

The PHA will require the family to repay the suspended amount within 30 calendar days of the PHA’s notice that a hardship exemption has not been granted.

Temporary Hardship

If the PHA determines that a qualifying financial hardship is temporary, the PHA must suspend the minimum rent for the 90-day period beginning the first of the month following the date of the family's request for a hardship exemption.

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay the PHA the amounts suspended. HUD requires the PHA to offer a reasonable repayment agreement, on terms and conditions established by the PHA. The PHA also may determine that circumstances have changed and the hardship is now a long-term hardship.

PHA Policy

The PHA will enter into a repayment agreement in accordance with the procedures found in Chapter 16 of this plan.

Long-Term Hardship

If the PHA determines that the financial hardship is long-term, the PHA must exempt the family from the minimum rent requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family's request until the end of the qualifying hardship. When the financial hardship has been determined to be long-term, the family is not required to repay the minimum rent.

PHA Policy

The hardship period ends when any of the following circumstances apply:

- (1) At an interim or annual reexamination, the family's calculated TTP is greater than the minimum rent.
- (2) For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost. For example, if a hardship is approved because a family no longer receives a \$60/month child support payment, the hardship will continue to exist until the family receives at least \$60/month in income from another source or once again begins to receive the child support.
- (3) For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.