

## **Asheville Housing Authority – Proposed 2025 MTW Supplement**

### **Introduction**

Asheville Housing Authority is an approved Moving to Work (MTW) agency and as such has broad authority to propose regulatory waivers designed to incentivize family self-sufficiency, promote housing choice, and improve cost effectiveness through regulatory simplification.

In 2025, Asheville Housing will continue these MTW Activities proposed and approved in its 2024 MTW Supplement. See the 2022 MTW Supplement for details.

- 2022-1 – Stepped Rent: This initiative will incentivize self-sufficiency by eliminating the “rent cliff” for certain Asheville Housing families who choose to go to work. The required HUD study is projected to begin on January 1, 2023.
- 2022-2 – Family Self Sufficiency with MTW Flexibilities: We have retooled the FSS incentive program to be more effective for both stepped and standard rent families and the changes will be implemented as soon as our new FSS Action Plan is approved by HUD.
- 2022-3 – Self Certification of Assets: This simplification and cost effectiveness measure has been approved and is being implemented in October 2022.
- 2022-4 – Landlord Incentives: These new incentives to encourage landlord participation and maximize housing choice for Asheville Housing families and began implementation in October 2022.
- 2022-5 – HQS Inspections – Third Party Requirement: This waiver allows Asheville Housing Authority to use its own trained employees in the Housing Choice Voucher Program to perform regular and interim HQS Inspections of PBV units that Asheville Housing owns and manages. This cost effectiveness initiative has not been implemented at this time. A target date for implementation is Q1 of 2025.
- 2022-6 – Verification Hierarchy: This waiver allows Asheville Housing Authority to adopt a more streamlined hierarchy for various means of verification of income for participants in all voucher programs. This waiver was implemented in 2023.
- 2023-1 – Payment Standards – Fair Market Rents: This waiver allows Asheville Housing Authority to adjust its payment standards to between 80% and 120% of the Fair Market Rent for standard tenant-based rentals in its Housing Choice Voucher (HCV) Program. This waiver will serve the statutory goal of increasing housing choice by making our families more competitive on the private rental market.
- 2023-2 – Rent Reasonableness – Third Party Requirement: This waiver allows Asheville Housing to use its own trained employees in the Housing Choice Voucher (HCV) Program to perform rent reasonableness determinations for project-based voucher units that we own, using AffordableHousing.com or another similar independent third-party online comparability site to gather appropriate data.
- 2023-4 – Local Non-Traditional Activity – Housing Development Program: This waiver allows Asheville Housing to initiate an MTW Housing Development Program to use HAP funding to acquire, renovate and/or build affordable units for low-income

families that are not public housing units. Activities will include gap financing for development of affordable housing, development of project-based voucher units and tax credit partnerships.

- 2023-5 – Agency-Specific Waiver – HCV Homeownership: This waiver allows Asheville Housing to address racial and economic equity, with the goal of repairing decades of wealth disparity dating back to the Federal redlining program of the 1930s and beyond. HUD recently reaffirmed the critical value of homeownership for HUD-assisted families essential tool for eliminating the generational wealth gap.
- 2024-1 – Agency-Specific Waiver – Triennial Recertification: This waiver allows Asheville Housing to expand its current waiver for MTW Activity 3.b. (see Asheville Housing MTW Activity No. 2022-1 – Stepped Rent Study) to allow for triennial reexaminations of income and household composition for all households not exempted under the Stepped and Tiered Rent Demonstration. This waiver is approved with an intended implementation of Q4 of 2024.
- 2024-2 – Agency-Specific Waiver – Work Requirement: This waiver will increase economic self-sufficiency by creating a minimum threshold for employment to a notable percentage of tenants receiving assistance, as well as offering additional employment-seeking resources to households both subject and not subject to the requirement. This waiver is approved with an implementation timeline of June 2025.

We also plan to amend the following MTW Activity:

- 2022-1: Stepped Rent: While this is not an amendment to a waiver as such, it is an amendment to our process for applying new payment standards. For those enrolled in the Stepped Rent (MTW) program, the new payment standards will now be applied at the next regular stepped increase as opposed to the next triennial recertification. There will be no hardship incurred by the residents due to this change.
- 2023-3 – Local Non-Traditional Activity – Rental Subsidy Program: This waiver allowed independent non-profit private partners to administer federal resources entrusted to Asheville Housing. The HACA will utilize an electronic application for all programs. Third-party partners will receive application instructions to assist households seeking affordable rental housing through the single point of entry process.

All previously approved MTW activities are attached to this document. No new activities are proposed for 2025.

## Asheville Housing MTW Activity No. 2022-1 – Stepped Rent Study

### Waivers approved:

- MTW Activity 1.d. – Stepped Rent (HCV)
- MTW Activity 1.h. – Tenant Payment as a Modified Percentage of Income (HCV)
- MTW Activity 3.b. and Safe Harbor Waiver – Alternative Reexamination Schedule

### 1. Introduction

Asheville Housing is implementing a new rent policy known as “stepped rent.” Under stepped rent, your rent is not tied to your income. Rent will start at \$50/month or your income-based rent at the time of implementation, whichever is greater. Then it will increase by a set monthly amount each year, based on your bedroom size. See Table 1, below for the increase amounts.

Stepped rent will allow you to work – or add a working family member to your lease – without that income increasing your rent. Instead, your rent will step up each year, allowing you to plan for the future. When you go to work, stepped rent will let you keep more of your earnings for other expenses and savings.

Stepped rent will not apply if you are elderly, disabled, participating at the time of implementation in the Family Self-Sufficiency Program, or if you have a special purpose voucher such as a HUD-VASH, Mainstream, Non-Elderly Disabled, or Emergency Housing Voucher. For these groups we will continue to calculate your rent based on income.

HUD and Asheville Housing must study the impacts of this policy for six years. For study purposes, during the first year of implementation, eligible families will be selected randomly, and approximately half will be assigned to the stepped rent and half to the traditional income-based rent. After the first year of implementation, we will continue assigning approximately one half of eligible new families to the stepped rent for internal evaluation purposes.

Table 1 shows the current Fair Market Rent, the minimum and maximum annual rent increases allowed by HUD, and Asheville Housing’s annual rent increase amounts.

	<b>0BR</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR+</b>
2022 HUD Fair Market Rent	1,188	1,209	1,378	1,879	2,359
Minimum Rent Increase (2%)	24	25	28	38	48
Maximum Rent Increase (4%)	47	48	55	75	94
<b>Annual Stepped Rent Increases</b>	<b>\$25</b>	<b>\$30</b>	<b>\$35</b>	<b>\$40</b>	<b>\$50</b>

Prior to implementation, we will review the latest Fair Market Rent and may update this Table. Once we set the annual rent steps, they will be fixed until further notice. We will review the Table annually and may make changes to improve the effectiveness of stepped rent in encouraging work and self-sufficiency, to maintain budget neutrality, or for other reasons.

### Additional Policy Provisions

- a. **Measurement of Income.** When income is measured under this stepped rent policy it will be based on the traditional calculation of adjusted income, except that we will measure the family's actual annual income during the 12 months immediately prior to the reexamination notice letter we send to the family.
- b. **Initial Rent Determinations.** Current program participants selected for the stepped rent will be enrolled in the program at a rent (total tenant payment) equal to 28% of their annual adjusted income, or a \$50 minimum rent, whichever is higher. These amounts are set at the family's next recertification date after study implementation. Depending on the circumstances, a hardship adjustment may be available (see Stepped Rent Hardship Policy, below). The initial total tenant payment for new applicants from the waiting list will be based on 28% of the current adjusted income projected forward, rather than prior year income.
- c. **Utility Allowance.** The stepped rent will include a utility allowance and we will continue to provide utility reimbursements. If the family is required to pay utilities in their lease, their total tenant payment includes a utility allowance. That combined rent and utility allowance is known as the gross rent. For example, if the family's total tenant payment is \$300 and they are required to pay for utilities, they will pay the landlord an amount equal to \$300 minus the utility allowance.
- d. **Annual Stepped Rent Increase.** At the beginning of the second year and each year after that, the monthly total tenant payment will automatically increase by the amount in Table 1, without the need for an annual income reexamination. This gradual step increase will be applied each year as long as the family is a program participant, allowing families to plan for increases over time.
- e. **Triennial Income Reexaminations.** Every three years, we will document the stepped-rent family's income and any changes in family composition, but those later triennial income reexaminations will not affect the total tenant payment. Income calculated at the triennial reexamination will be based on actual adjusted income during the 12 months prior to the reexamination notice. Stepped rent families are encouraged but not required to report employment successes and income changes between these triennial reexaminations for informational purposes only.
- f. **Payment Standard.** The payment standard is the maximum allowed for each bedroom size and is established annually. If the family decides to use a tenant-based voucher for a unit where the gross rent is higher than the payment standard, the family is responsible for paying any amount above the payment standard.
- g. **Moves.** When a stepped-rent family moves, adjustments may be made based on the bedroom size and utility allowance changes, but we will not adjust the total tenant payment based on income. The family's total tenant payment will continue as it was prior to the move, with annual increases from Table 1.
- h. **HUD Safe Harbor Provisions.**
  - i. Stepped rent increases will not occur more than once per year.

- ii. Asheville Housing will conduct an annual impact analysis of this stepped rent initiative. See the initial Impact Analysis below.
- iii. Elderly and disabled families are excluded from this rent policy. If the family is not currently elderly or disabled, but becomes elderly or disabled in the future, they may request to change to the standard income-based rent.
- iv. See Hardship Policy below.
- v. Services will be available through the Family Self Sufficiency Program to support families preparing for eventual termination of assistance when their rent reaches maximum levels in the future.
- vi. Documentation of rent reasonableness will be provided to HUD upon request.
- vii. Initial rents will not exceed 28% of a family's adjusted income, and rent step increases will not be more than 4% of the applicable Fair Market Rent.

**i. Stepped Rent Hardship Policy.**

As a general rule, each family's rent (total tenant payment) will increase by the stepped rent increase each year after the first year. The sole exception will be if the family is granted a hardship under this policy.

- i. Hardship Process:
  - a. Hardships must be requested by the family in writing, with the exception of the automatic transition hardship described below.
  - b. When a hardship request is received and it states a valid reason for a hardship, staff will provide a temporary adjustment, consistent with the guidelines below, effective the first day of the next month after the request is received. This temporary adjustment will apply only during the first month.
  - c. The family must provide written third-party documentation to support the hardship request within 14 days, to enable staff to verify the hardship. Staff will decide whether to grant the hardship within 14 days after receiving the required third-party documentation.
  - d. If staff determine that a verified hardship exists, they will provide hardship relief as outlined in the guidelines below.
  - e. If the family does not provide third-party documentation or staff determines that the request does not meet the hardship requirements, the temporary relief will end on the last day of that first month, and the family may be required to enter into a repayment agreement.
  - f. If a family is approved for a hardship, and later experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their total tenant payment.

- g. If a family is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once staff approves a hardship, the hardship will not end early.
  - h. When a family is approved for a temporary hardship, they will be notified when the hardship expires. Prior to that expiration date, the family may request an extension in writing.
  - i. When a hardship expires, the family will return to paying the stepped rent, including any annual stepped rent increases that were scheduled to take effect during the period of the hardship.
  - j. The total tenant payment will never be adjusted below the \$50 minimum rent.
  - k. Hardship decisions are subject to second level review under the informal review and hearings procedures in Chapter 16 of the Administrative Plan.
- ii. Hardship Guidelines:
- a. Hardship Due to High Rent Burden: Families participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The rent burden may be caused by a reduction in income, an increase in eligible deductions or allowances, the annual stepped rent increase, or a combination of factors.
    - i. *Automatic Transition Hardship:* For families already receiving assistance at the time of enrollment in the stepped rent, when we conduct the transition income examination, we will compare the family's current adjusted income with their prior year adjusted income. If the current adjusted income is lower than their prior year adjusted income, staff will automatically determine if the family is eligible for this hardship, and, if so, apply the hardship adjustment.
    - ii. *Hardship Requested by Family:* At any other time, this hardship must be requested in writing by the family.
    - iii. *Eligibility:* A family will be eligible for this hardship adjustment if their rent burden (total tenant payment divided by their current monthly adjusted income) exceeds 40%.
    - iv. *Remedy:* The family's total tenant payment will be adjusted downward to 40% of their current monthly adjusted income, or the \$50 minimum rent, whichever is higher.
    - v. *Duration:* Three months, which may be extended in three-month increments, if the family requests an extension and provides appropriate verification.

- b. Stepped Rent Reset for Sustained Hardships. If a family receives a temporary hardship due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the family may request that we reset their stepped rent. Staff will consider these requests on a case-by-case basis and decisions will be made in consultation with a senior Housing Support Specialist.
  - i. *Eligibility:* The family has been approved for a hardship due to high rent burden, above, and remains in hardship status with approved extensions for at least 12 consecutive months. The family requests a reset, and we determine this remedy would be better than renewing temporary income-based hardships. Except in extraordinary circumstances, this reset will be available only once for each family.
  - ii. *Remedy:* Staff will calculate a new stepped rent total tenant payment at 28% of prior year adjusted income, or the \$50 minimum rent, whichever is higher. This will not be a temporary hardship; the reset total tenant payment will apply for 12 months and will establish a new base on which future annual step increases will be applied.
- c. Retirement/Disability. If the head of household, spouse or co-head becomes elderly or disabled, or if a family member becomes disabled requiring full-time home care by the sole head of household, the family may request a hardship.
  - i. *Eligibility:* The head of household, spouse or co-head reaches age 62 and decides to retire, or becomes disabled, or a family member becomes disabled requiring full-time home care by the sole head of household.
  - ii. *Remedy:* Transition to the income-based rent.
- d. Other Changed Circumstances. A family may request a hardship for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-of-pocket expenses (for example, a large medical bill that the family is required to pay), or if the family is facing eviction due to inability to pay rent. We will consider these requests on a case-by-case basis.
  - i. *Eligibility:* Staff determine that circumstances beyond the family's control make it difficult for the family to pay the stepped rent total tenant payment, and temporary rent relief is necessary.
  - ii. *Remedy:* Staff will set the family's total tenant payment to the \$50 minimum rent for up to two months.

**Asheville Housing MTW Activity No. 2022-5 – HQS Inspections**

Asheville Housing Authority will begin using its own trained employees in the Housing Choice Voucher Program to perform regular and interim HQS Inspections of PBV units that Asheville Housing owns and manages.

**Quality Assurance Plan:**

1. Asheville Housing will in no way alter any aspect of HQS Inspection requirements as pertains to frequency of inspections, performance requirements, acceptability criteria, or certification standards for the individual inspectors completing the assessments as defined by HUD.
2. Inspectors will report directly to the HCV Director and will in no way be under the supervision or direction of property management staff or leadership.
3. To ensure objective analysis in the completion of the HQS Inspections, Authority-owned units will be folded into the existing quality control metrics currently utilized for HQS inspections generally. This will include an auditing of a minimum sample of units completed within a three-month window following the original inspection. These audits will be conducted by a staff member certified in HQS Inspections, including but not limited to the HCV Director or Assistant Director, a senior inspector, former inspector, or any other sufficiently qualified agency employee.
4. The table below shows the standard minimum number of quality control inspections to be completed based on the number of units under contract at the end of the agency’s fiscal year.

Number of Units	Minimum number of audits to be completed
50 or fewer	5
51-600	5 plus 1 for each 50 (or part of 50) over 50
601-2000	16 plus 1 for each 100 (or part of 100) over 600
Over 2000	30 plus 1 for each 200 (or part of 200) over 2000

**For Authority-owned units, we will conduct quality control inspections at twice these standard rates.**

5. Families who request an interim inspection will be provided one.
6. At HUD request, Asheville Housing will obtain the services of a third-party entity to determine if PHA-owned units pass HQS.



## Asheville Housing MTW Activity No. 2022-6 – Verification Hierarchy

### Waiver Requested:

- Agency Specific Waiver – PIH Notice 2018-18 and related regulations

### 1. Proposed MTW Activities.

Asheville Housing Authority will adopt a more streamlined hierarchy for various means of verification of income for participants in all voucher programs. We will modify the PIH Notice 2018-18 verification hierarchy by as follows:

<b>Table 3. Revised Verification Hierarchy</b>		
<b>Level</b>	<b>Verification Technique</b>	<b>Ranking</b>
1	HUD's <b>Enterprise Income Verification (EIV)</b> system, for use with all income sources and period for which it reports, including Social Security, SSI, SSDI, Wages, and Unemployment	<b>Highest</b> (Mandatory when available)
2	<b>Non-HUD Upfront Income Verification (UIV) system</b> , such as The Work Number, for all employers available.	<b>High</b>
3	<b>Written Third-Party Verification</b> , including pay stubs, payroll reporting, payment summary from income providers or official agencies.	<b>Medium</b> (used for non-EIV/UIV reported income sources and disputes of EIV reported information)
4	<b>Self-Certification</b> , submitted in written form and certified by the family detailing all relevant income for the period in question.	<b>Acceptable</b> (when sources above are unavailable; subject to subsequent EIV/UIV review).

Asheville Housing will continue to use EIV as the mandatory and highest form of verification for any information available on that system. We will also continue to use another Upfront Income Verification (UIV) source as a secondary verification source. When EIV or UIV are unavailable for a particular income source or time frame, we will ask the family to provide written third-party verification documents as described above.

If written third-party documentation is unavailable, Asheville Housing will accept the family's self-certification of income. We reserve the right to follow-up on self-certified income in EIV and UIV later, reverse a rent determination, and require a repayment plan if either database shows that the family's annual income is at least \$2,400 higher than the self-certified amount.

This verification process applies to all income verifications, including but not limited to new admissions, annual, interim or triennial reexaminations, and hardship rent adjustments. The process applies to families with an income-based rent and, at initial enrollment, to families on the stepped rent. (After initial enrollment, the stepped rent is not based on income, so verification is for information purposes only, unless the family requests a hardship adjustment.)

In addition to the hierarchy changes, we will extend the time that third-party income verification documents are valid for determination of current/anticipated income. For applicants, verifications are valid if dated within 180 days of move-in to a project-based

voucher unit, or voucher issuance for a tenant-based voucher participant. For reexamination of ongoing participant families, verifications of current/anticipated income are valid if dated within 180 days of the effective date. For fixed-income sources (such as Social Security award letters and fixed pensions), verifications are valid for the full calendar year they cover.

These verification modifications will streamline the income verification process both for families and staff, relying more on available electronic systems and reducing the burden on participants to submit extensive financial records. It will reduce the administrative burden of multiple follow-ups with voucher participants and their income providers to secure documentation that can be weeks or months past the initial change. This will allow staff more time to serve families in more positive and personalized way.

## 2. Impact Analysis

- a. **Agency finances.** This activity is revenue neutral. Asheville Housing projects that there will no significant change to a family's contribution based on the use of an alternative verification hierarchy. We project some staff time-savings associated with staff using the streamlined verification hierarchy.
- b. **Impact on affordability for affected families.** Asheville Housing does not project any impact on the affordability of housing costs for families. The only change is the method of verifying household income.
- c. **Impact on waitlists.** Asheville Housing does not expect any impact on the agency's waitlists including on the amount of time families are on the waitlist.
- d. **Impact on the termination rate for families.** Asheville Housing expects that this waiver will modestly reduce the termination rate for failure to recertify by simplifying the documentation that families are required to locate and provide to us.
- e. **Impact on the occupancy rate for project-based voucher communities and utilization rate in the HCV Program generally.** Asheville Housing does not expect that implementation of the alternative verification hierarchy will have any significant impact on occupancy or HCV utilization rates.
- f. **Impact on MTW statutory goals of cost effectiveness, self-sufficiency, and housing choice.** Asheville Housing projects that the alternative verification hierarchy will have a positive effect on the goal of increasing cost effectiveness as it will streamline the income verification process for both families and staff. In conjunction with the stepped rent and other proposed waivers it will reduce the time that families need to spend securing documentation and allow them to focus on self-sufficiency and housing choice goals.
- g. **Impact on the agency's ability to meet the MTW statutory requirements.** Implementation of the alternative verification hierarchy will not adversely impact our ability to meet the five statutory requirements:

- We will continue to ensure that at least 75% of families assisted are very low-income.
  - This simplified verification process may support employment and self-sufficiency goals by requiring less paperwork and time navigating the bureaucratic process for families who are working or moving to work.
  - We will continue to assist substantially the same total number of eligible low-income families as would have been served without MTW flexibility.
  - We will maintain a comparable mix of families by family size as would have been provided otherwise.
  - We will continue to ensure that our assisted housing under MTW meets the Secretary's housing quality standards.
- h. **Impact on hardship requests.** Asheville housing does not anticipate that this waiver will generate additional hardship requests, and expects that it will streamline the process of reviewing hardship requests.
- i. **Impact on protected classes.** Asheville Housing does not expect any negative impacts on protected classes as a result of implementing the amended hierarchy. For people with disabilities, families with children, and others, it may enhance access by reducing the paperwork they are required to gather and provide.

**Asheville Housing MTW Activity No. 2023-1 – Payment Standards – Fair Market Rents**

Asheville Housing Authority will adjust its payment standards to between 80% and 120% of the Fair Market Rent for standard tenant-based rentals in its Housing Choice Voucher (HCV) Program. This waiver will serve the statutory goal of increasing housing choice by making our families more competitive on the private rental market.

The payment standard is the maximum amount we can pay for gross rent (including both rent and utilities) in the private rental market. In a rapidly increasing rental market, as Asheville has seen over the last decade and particularly since the pandemic, restricted payment standards result in lower success rates for our families, because owners can make more money with less paper work from a non-voucher rental.

The standard HUD Fair Market Rent (FMR) has lagged significantly behind the Asheville market over the last decade. We have requested reevaluation and submitted data to successfully increase the FMR twice since 2019. We have also requested and received approval from the HUD Field Office to use the 50<sup>th</sup> Percentile Rents based on our low success rate using the standard HUD FMR. As a result, we have increased our success rate and voucher utilization. For 2023, MTW flexibility will allow payment standards within these ranges:

MTW Payment Standard Range					
	OBR	1BR	2BR	3BR	4BR
2023 FMR	1,270	1,298	1,466	1,949	2,497
80%	1,016	1,039	1,173	1,560	1,998
120%	1,524	1,557	1,759	2,338	2,996

To maximize our families’ competitiveness in the market, we expect to establish payment standards at or near the high end of that range. If necessary to achieve an appropriate leasing success rate, we may also seek Field Office approval to continue using the 50<sup>th</sup> percentile rents as the baseline FMR for these calculations.

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*Waiver requested:* MTW Activity 2.b. – Payment Standards – Fair Market Rents (HCV – Tenant-Based Assistance)

*Statutory Objective(s):* Housing Choice

*Cost Implications:* Neutral

*Applies to:* New admissions and currently assisted households; all family types; tenant-based voucher families only.

*Safe Harbor Waiver Required?* No

*Impact Analysis or Hardship Policy Required?* Yes

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## Hardship Policy – Payment Standards

Hardship Due to Reduced Payment Standard: Because Asheville Housing will be setting payment standards at or near the high end of the approved range and we do not as a matter of policy reduce established housing assistance payments downward as a result of a subsequent reduction in the payment standard, we do not anticipate many hardships. However, if payment standards are reduced in the future and that reduction results in a family rent burden exceeding 40% of adjusted income, the family may request a hardship.

- i. *Eligibility:* A family will be eligible for this hardship adjustment if a reduction in the payment standard causes a rent burden (total Family Share divided by current monthly adjusted income) that exceeds 40%.
- ii. *Remedy:* The payment standard reduction will be limited to an amount that results in a total Family Share of 40% of monthly adjusted income.
- iii. *Duration:* The hardship adjustment will remain in effect until the family's next interim or annual recertification, at which time it will be reassessed based on family composition and income at that time.

## **Asheville Housing MTW Activity No. 2023-2 – Rent Reasonableness – Third Party Requirement**

Asheville Housing will use its own trained employees in the Housing Choice Voucher (HCV) Program to perform rent reasonableness determinations for project-based voucher units that we own, using AffordableHousing.com or another similar independent third-party online comparability site to gather appropriate data.

*Quality Assurance Method:* For quality assurance purposes, we will utilize an online rent comparability service (currently AffordableHousing.com) to pull at least three comparable rental units and ensure that rent reasonableness is based on objective third-party data regarding comparable rents in our market. Unit description data will be entered and results determined by our trained inspection staff. Rent reasonableness will not be determined by staff on the property management team. At least 10% of the resulting rent reasonableness determinations will be reviewed for accuracy and reasonableness by a senior HCV staff member.

We will make available the method used to determine that rents charged by owners to voucher participants are reasonable when compared to similar unassisted units in the market area. At HUD request, Asheville Housing will obtain the services of a third-party entity to determine rent reasonableness of PHA-owned units.

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*Waiver requested:* MTW Activity 2.d. – Rent Reasonableness - Third-Party Requirement

*Statutory Objective(s):* Cost Effectiveness

*Cost Implications:* Neutral

*Applies to:* All family types in PHA-owned project-based voucher properties.

*Safe Harbor Waiver Required?* No

*Impact Analysis or Hardship Policy Required?* No.

## **Asheville Housing MTW Activity No. 2023-3 – Local Non-Traditional Activity – Rental Subsidy Program**

Asheville Housing will initiate an MTW sponsor-based program to provide rental subsidies to third-party entities (other than a landlord and tenant). Selected entities will manage intake and administration of the subsidy program to implement supportive housing programs and services to help individuals and families experiencing homelessness reach independence. This flexibility may include either shallow subsidies for families who need short-term assistance, or deeper long-term subsidies for families who need permanent supportive housing, or both.

We will implement this initiative in collaboration with the Asheville-Buncombe Continuum of Care (NC-501) and its member agencies to prioritize needs appropriately. Through that collaboration, we will ensure that families, as well as individuals, experiencing homelessness receive appropriate support, and that implementation is reviewed through a racial-equity lens so that members of protected groups experiencing homelessness receive fair housing opportunities.

Asheville Housing will not spend more than 10% of its annual HAP budget on this program, alone or in combination with other local, non-traditional activities. Families receiving housing through this local, non-traditional activity shall meet the HUD definition of low-income (income at or below 80% of AMI). Activities will be subject to PIH Notice 2011-45 or any successor notice/guidance from the HUD MTW Office. MTW funds awarded to a third-party provider will be through a competitive procurement process.

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*Waiver requested:* MTW Activity 17.a. Local Non-Traditional Activities – Rental Subsidy Programs

*Statutory Objective(s):* Self-Sufficiency and Housing Choice

*Cost Implications:* Neutral

*Applies to:* All family types, with priority for current residents of existing properties to be redeveloped.

*Safe Harbor Waiver Required?* No

*Impact Analysis or Hardship Policy Required?* No.

## **Asheville Housing MTW Activity No. 2023-4 – Local Non-Traditional Activity – Housing Development Program**

Asheville Housing will initiate an MTW Housing Development Program to use HAP funding to acquire, renovate and/or build affordable units for low-income families that are not public housing units. Activities will include gap financing for development of affordable housing, development of project-based voucher units and tax credit partnerships.

The initial development projects include:

- Reimagining Deaverview, a tax-credit partnership that will include the phased redevelopment of Deaverview Apartments, an Asheville Housing project-based voucher community. New residential buildings will be constructed on vacant land before demolition of any existing units is required, ensuring that families will only have to relocate once, directly into their new apartments. When all phases are complete, the existing 160 apartments will be replaced by 320 new apartments and townhomes, including a combination of tax credit, PBV, and homeownership units.
- A similar phased redevelopment of Pisgah View Apartments, another Asheville Housing PBV community, in the future.
- Development of three new affordable housing apartments on Gaston Street, across the street from the Arthur Edington Career & Education Center.

Asheville Housing will not spend more than 10% of its annual HAP budget on this program, alone or in combination with other local, non-traditional activities. Families receiving housing through this local, non-traditional activity shall meet the HUD definition of low-income (income at or below 80% of AMI). Activities will be subject to PIH Notice 2011-45 or any successor notice/guidance from the HUD MTW Office. Asheville Housing will comply with any applicable provisions of Section 30 of the 1937 Housing Act. Any MTW funds awarded to a third-party provider will be through a competitive procurement process.

These activities will be funded initially from unused HAP funds currently in HUD-Held Reserves to minimize any impact on voucher utilization.

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*Waiver requested:* MTW Activity 17.c. Local Non-Traditional Activities - Housing Development Programs

*Statutory Objective(s):* Self-Sufficiency, Housing Choice

*Cost Implications:* Neutral

*Applies to:* All family types, with priority for current residents of existing properties to be redeveloped.

*Safe Harbor Waiver Required?* No

*Impact Analysis or Hardship Policy Required?* No.



## **Asheville Housing MTW Activity No. 2023-5 – Agency Specific Waiver – HCV Homeownership**

Asheville Housing sees HCV Homeownership as an essential tool for racial and economic equity, with a goal of repairing decades of wealth disparity dating back to the Federal redlining program of the 1930s and beyond. HUD recently reaffirmed the critical value of homeownership for HUD-assisted families:

Homeownership is a pillar of wealth building and for most families, it remains a critical way to build a source of wealth that can be passed down to future generations. Therefore, it needs to be attainable for more families, especially families of color. However, racial disparities in homeownership remain significant. Recent research shows that in 2020, the Black-White homeownership gap reached 31 percentage points, the greatest gap in decades. Notably, this is an even larger disparity than in 1968 when the Fair Housing Act was passed. [Bridging the Wealth Gap](#), U.S. Department of Housing and Urban Development, 8-4-2022, p. 11.

To date, Asheville Housing has assisted 76 families in achieving the goal of homeownership through HCV Homeownership. That goal, however, is threatened by rapid increases in the cost of homes in recent years, especially since the pandemic, and recent interest rate increases. As of July 2022, [Zillow](#) reported that the typical home value for the middle price tier of homes in Asheville has increased 20.8% over the last year, to \$437,626. This agency specific waiver will expand opportunities in our highly competitive market for HCV Homeownership families. To support expansion of HCV Homeownership, we seek the following regulatory flexibilities:

1. For HCV Homeownership families only, we seek to implement a monthly payment standard as necessary up to 140% of the Fair Market Rent (24 CFR 982.503).
2. If needed to bring an HCV Homeownership family's monthly homeownership expenses (24 CFR 982.635(c)) within the approved payment standard, Asheville Housing may also use HAP funds for assistance in the form a deferred second mortgage that will begin to amortize when the primary mortgage is paid in full. Such a deferred loan will be due and payable if the property is sold and will not be forgiven. Repayment proceeds will be used to fund homeownership assistance for future home buyers.
3. During the final year of the initial 10- or 15-year term of assistance (24 CFR 982.634(a)), we will allow an HCV Homeownership family to request an extension of the term. If we determine that the family, through no fault of their own, needs an extension to continue building equity in their home, we will grant the extension for an additional term of one to 20 years. In no event will the term of the monthly HCV Homeownership assistance, including all extensions, exceed 30 years.

With this MTW flexibility, we seek to expand our HCV Homeownership initiative gradually over time to approximately 10% of our total voucher families, supporting them for the long term as they build home equity and generational wealth.

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*Waivers requested:* 24 CFR 982.503 and related regulations; parts of 24 CFR Part 982; Subpart M, Homeownership Option, including 24 CFR 982.634 and 982.643

*Statutory Objective(s):* Self-Sufficiency and Housing Choice

*Cost Implications:* Neutral

*Applies to:* HCV Homeownership families

*Safe Harbor Waiver Required?* No

*Impact Analysis and Hardship Policy Required?* Yes

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### **Hardship Policy – HCV Homeownership**

Because Asheville Housing will be expanding support and protections for HCV Homeownership families, and we do not as a matter of policy reduce payment standards for families already participating in the program, we do not anticipate many situations that would require a hardship adjustment. However, if a payment standard is reduced in the future or another policy change is implemented that results in a family rent burden exceeding 40% of adjusted income, the family may request a hardship.

- i. *Eligibility:* A family will be eligible for this hardship adjustment if a reduction in the payment standard or other change in policy causes a rent burden (total Family Share divided by current monthly adjusted income) that exceeds 40%.
- ii. *Remedy:* The payment standard or other policy change will be adjusted to an amount that results in a Family Share of 40% of monthly adjusted income.

*Duration:* The hardship adjustment will remain in effect until the family's next interim or annual reexamination, at which time it will be reassessed based on family composition and income at that time.

## Impact Analysis – HCV Homeownership Agency-Specific Waiver

1. **Agency Finances.** We project that this agency specific waiver, in combination with other approved MTW activities will result in overall revenue neutrality. Although this waiver will likely result in increased HAP payments for future HCV Homeownership families, those increases will occur gradually over time. The relatively small number of homeownership families as compared to our overall HCV program will moderate the impact of those additional payments. We project these gradual increases will be offset by reductions in federal expenditures outlined in our primary impact analysis submitted with this 2023 MTW Supplement.
2. **Impact on affordability for affected families.** This activity will have a significant positive impact on affordability for HCV Homeownership families, making it possible for them to achieve the dream of building equity in a home of their own, rather than being lifetime renters.
3. **Impact on waitlists.** We do not expect any positive or negative impact on the length of our waitlists or the amount of time families are on an admissions waitlist as a result of this activity. HCV Homeownership participation is filled from within our project-based and tenant-based voucher programs as people complete the necessary prerequisites.
4. **Impact on the termination rate for families.** We expect that this waiver will modestly reduce the termination rate for families participating in HCV Homeownership, by extending the time they can be assisted under the program, and by reducing turnover once they are invested in preparing for and achieving homeownership.
5. **Impact on the occupancy rate for project-based voucher communities and utilization rate in the HCV Program generally.** This activity will not impact the occupancy rate for PBV communities. It may have a modest positive impact on HCV utilization due to the projected reduction in turnover discussed above.
6. **Impact on MTW statutory goals of cost effectiveness, self-sufficiency, and housing choice.** Expansion and improvement of HCV Homeownership will have a significant positive impact on *self-sufficiency*, because families are required to work and improve their credit scores to participate in HCV Homeownership and because building wealth through homeowner equity will increase their overall asset building and financial stability over time. It will also expand *housing choice* by making it possible for more families to pursue and attain the dream of homeownership. We do not anticipate any significant impact either positive or negative on *cost effectiveness*.
7. **Impact on the agency's ability to meet the MTW statutory requirements.** Implementation of these HCV Homeownership waiver activities will not adversely impact our ability to meet the five statutory requirements:
  - *Very Low-Income Requirement:* We will continue to ensure that at least 75% of families assisted are very low-income (at or below 50% of AMI). As a 100% HCV

agency, Asheville Housing is required to ensure that all new admissions meet that income requirement.

- *Reasonable Rent Policy:* We established a reasonable rent policy in our 2022 MTW Supplement with planning for and implementation of the Stepped Rent, which will support families seeking to become homeowners by allowing them to save more of their earned income as they prepare for homeownership.
  - *Substantially the Same Requirement:* We will continue to assist substantially the same total number of eligible low-income families as would have been served without MTW flexibility. We anticipate revenue neutrality as described above, which will ensure that the same number of families are served going forward, so long as HUD funding continues to grow to reflect the increasingly competitive housing market.
  - *Comparable Mix Requirement:* We will maintain a comparable mix of families by family size as would have been provided otherwise. The demographics of our applicant pool over the last two decades have trended toward smaller family sizes and we expect that trend to continue. HCV Homeownership is designed to serve all family sizes well.
  - *Housing Quality Standards:* We will of course continue to ensure that our assisted housing, including HCV Homeownership units, under MTW meets the Secretary's housing quality standards, by assigning well trained staff to carry out those inspections with appropriate quality control review.
8. **Impact on hardship requests.** We do not anticipate that this waiver will generate additional hardship requests. Because all of the policy recommendations are intended to expand HCV Homeownership opportunities, we have not identified any potential hardships for participating families.
9. **Impact on protected classes.** We seek to promote racial and gender equity by expanding HCV Homeownership success for our families. In [\*Bridging the Wealth Gap\*](#), HUD has emphasized, "Homeownership is a pillar of wealth building and for most families, it remains a critical way to build a source of wealth that can be passed down to future generations. Therefore, it needs to be attainable for more families, especially families of color." That is exactly what we seek to accomplish with this MTW Activity.

HCV Homeownership is already designed to provide long term mortgage support for other protected classes like seniors and families with disabilities who pursue homeownership. With this waiver, we plan to extend that support to benefit all of our low-income homeowners, especially families of color.

It is important to acknowledge that the Housing Choice Voucher program, designed to benefit very low-income families, who in this country are disproportionately Black, Indigenous and other People of Color, actually results in federal funds flowing to build wealth for private rental property owners, who are disproportionately White. From a racial equity perspective, expanding HCV Homeownership is one of the most important ways we can direct some of that wealth building to the families who need it most.

## Asheville Housing MTW Activity No. 2024-2 – Work Requirement

Asheville Housing will implement a Work Requirement for eligible households, mandating a minimum of 15 hours per week per eligible household member over the age of 18. This will not apply to elderly/disabled households, households in which the sole eligible adult or the primary caretaker to at least one child under six years of age, households receiving assistance under a Special-Purpose Voucher, or households enrolled in the Stepped and Tiered Rent Demonstration. This waiver will increase self-sufficiency by creating a minimum threshold for employment to a notable percentage of tenants receiving assistance, as well as offering additional employment-seeking resources to households both subject and not subject to the requirement.

### Additional Policy Provisions:

**a. Exemptions.** The Work Requirement will not apply to households for which one or more of the following applies:

- i. Head of Household qualifies as Elderly or Disabled under HUD’s current definitions.
- ii. Head of Household is the primary caretaker for a child or children under the age of six. Adults who are classified as full-time students may request an exemption from the requirement.
- iii. Special-Purpose Voucher Household (including HUD-VASH, Emergency Housing Vouchers, Mainstream, Non-Elderly Disabled, Enhanced Vouchers, and Homeownership).
- iv. Households currently participating in the STRD Study.

If a household previously covered under one of these exemption requirements has a change in circumstance such that they no longer qualify for exemption, the Work Requirement will subsequently apply and the household’s Action Period will begin on the first of the month after the change is verified (or in line with the effective date of the 50058 Action if change occurs in the course of triennial reexamination, Unit Transfer, etc.). Similarly, if a household’s circumstances change such that one of these exemptions would apply, the Work Requirement will immediately be suspended.

**b. New Admissions.** Within 3-6 months of signing their lease, households will become subject to the work requirement.

**c. Action Periods.** Upon entering non-compliance status with the Work Requirement (defined as a non-exempt household failing to report a cumulative minimum of 15 hours per week of work, or a sufficient substitute as defined in section (d) below), the household will enter an Action Period of three calendar months, beginning the first of the month following confirmation of the status.

During the Action Period, the household will continue to receive subsidy while they attempt to regain minimum employment or an acceptable substitute. They may also complete Unit Transfers, receive Utility Assistance, request Reasonable Accommodations, and generally utilize all voucher privileges as usual during this time.

The Action Period may be extended if the household enrolls in the Family Self-Sufficiency Program or to receive assistance from Residence Services prior to the expiration of the initial Action Period.

An additional three-month extension may be available if the tenant continues to demonstrate consistent and diligent effort to obtain employment or a suitable substitute and have just not been successful. This would need to be requested in writing, be accompanied by written verification from the supportive services representative working with the household attesting to their continued efforts, and subject to Director Approval.

- d. Substitutions for Employment.** A minimum of nine credit-hours (or equivalent if using a non-credit-based institution) at an accredited university, community college, technical college, or active enrollment in a jobs training or high school equivalency program may serve as an acceptable substitution for the minimum employment threshold. This must be renewed on an annual basis and will apply only to Head of Household or their spouse. Households that are self-employed and properly report income from their active business will also be considered in compliance without attestation of specific hours worked.
- e. Non-compliance.** Failure to comply will result in three warnings over a three month period of time. After three months of non-compliance, tenants will be subject to eviction. The household's voucher assistance will be terminated with appropriate notice and opportunity for an appeal hearing with the Directors of the Housing Choice Voucher Program.
- f. Implementation.** In order to meet the Safe-Harbor requirement of six months of notice prior to the sanction policy for non-compliance, implementation is expected to take place no earlier than June 1, 2024. Assuming this date, a program-wide mail-out will be made to all assisted households during the month of December 2023. This timing will also prevent the possibility of cross-communication for New Admission households into the program who may potentially be eligible for the STRD Study, but would otherwise have the Work Requirement apply.

During the month of April 2024 (or roughly 60-90 days prior to the implementation date), non-exempt households currently listed as working fewer than 15 hours per week will receive a follow-up notice informing them that Asheville Housing's records show them as currently in non-compliance with the new Work Requirement, and listing available options before their initial Action Period is scheduled to begin on June 1<sup>st</sup>.

- g. Supportive Services.** Asheville Housing will aid all assisted households seeking

employment or an acceptable substitute via Residence Services and the Family Self-Sufficiency program. These services will be available to all households regardless of whether they are in compliance, not in compliance, or exempt from the Work Requirement altogether.

Services will include but not be limited to: screening and addressing current barriers to employment, access to computers and internet on-site to assist in applications, resume and cover-letter writing, interview strategies, networking, and agency referrals. Asheville Housing may also provide on-site services at some of our developments for households needing childcare assistance in order to work or seek work.

Households may also pursue supportive services from other local agencies or providers. In order for these services to qualify for the extension of the Action Period for households in non-compliance status, the household will need to provide written verification from the provider confirming active enrollment and participation. This verification will be submitted to one of the Directors of the Housing Choice Voucher Program, and only qualify if approved. Participation with another provider will not preclude the household from also utilizing assistance provided by Residence Services or FSS.

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*Waiver requested:* MTW Activity 12.b. – Work Requirement (HCV – Tenant-Based Assistance)

*Statutory Objective(s):* Self Sufficiency

*Cost Implications:* Increased expenditures

*Applies to:* New admissions and currently assisted households; all family types; tenant-based voucher families only.

*Safe Harbor Waiver Required?* No

*Impact Analysis or Hardship Policy Required?* Yes

### **Hardship Policy – Work Requirement**

**Action Periods.** As a matter of course, households found in non-compliance with the Work Requirement will be given a three-month Action Period in which to regain employment, procure an acceptable substitute, or otherwise demonstrate a circumstance qualifying the household for an exemption. An additional three-month extension will be offered should the household sign up for assistance with Residence Services, the Family Self-Sufficiency program, or another agency (verification and Director approval required for the lattermost option to qualify).

In the event that at the conclusion of this six-month Action Period, the household has still been unable to secure adequate employment to meet the minimum threshold for compliance, the household may apply for an additional three-month extension. This request will need to be submitted in writing and be accompanied by a written statement from a representative of the program or agency with which the household has been working attesting to the consistent efforts over the Action Period to secure said minimum employment. Supplemental documentation, such as copies of submitted applications or additional statements from other providers, may also be submitted. Further extensions of the Action Period will be granted at the discretion of the Directors of the Housing Choice Voucher Program only after these minimum requirements have been met.

**Pending Disability.** For those seeking a determination in disability status, Asheville Housing will apply a temporary suspension of the Work Requirement pending the determination. Upon successful verification that the household has applied for disability benefits, the work requirement will be suspended for a period of either twelve months, or the time until the households next scheduled reexamination (whichever is shorter). Upon expiration of the suspension, the household will be required to either provide updated documentation showing that disability status is still pending, verification that a new application has been submitted and is pending, or proof of employment meeting minimum requirements or an acceptable substitute. In the former two cases, a new suspension will be put into place. Inability to do so will result in the commencement of the Action Period.

For cases where a household demonstrates a clear pattern of repeatedly gaining and losing employment or applying and reapplying for disability benefits despite repeated rejections for not meeting disability criteria, in such a manner to be judged as manipulating the hardship policy and Action Periods to artificially minimize rent responsibility for the household, extensions to the Action Period may be withheld at the discretion of the Housing Support Specialist assigned to the Household. Such withholdings may be appealed to the Directors of the Housing Choice Voucher Program in writing within 10 days of receipt of notification from the Specialist. Notifications will include instructions on how to file said appeals.

**Appeals.** In the event that a household's assistance is terminated for failure to comply with the Work Requirement, the household may appeal the termination using the procedures already in place for terminations of assistance. The household will need to request in writing a hearing with



the Directors of the Housing Choice Voucher Program within ten days of receipt of the termination notice. A hearing will then be scheduled within two weeks of the request submission. Following the hearing, a decision will be made by the Directors as to whether the termination will be upheld or overturned. If upheld, the voucher will remain terminated and the household will be required to re-apply to receive assistance in the future.

If overturned, the household will remain on the program. If at the decision point, the household is still not in compliance with the Work Requirement, a new three-month Action Period will commence on the first of the month following the decision.

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