# Proposed MTW Impact Analyses
# Yakima Housing Authority

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| **Activity** | **Activity 1.s. Elimination of Deduction(s) (HCV)** |
| **Fiscal Year** | **FY 2023** |
| **Program** | **Voucher Program (HCV)** |
| **1.** Impact on the agency's finances | YHA proposes eliminating the following standard expense deductions, to be replaced under Activity: 1.u. - Standard Deductions in each of the same types of expense deductions as described.<br><br>In 2022, approximately 35 percent of voucher families leased meet the definition of applicable households for triennial reexaminations:<br><br>• the head of household, co-head, and/or spouse is elderly or disabled,<br>• the only current income in the household is fixed income (e.g., social security, pension), and<br>• there are no minors in the household.<br><br>The replacement value of unreimbursed medical and disability expenses of any elderly family or disabled family, is based on the average for all applicable households with such expenses over the three percent threshold of **each** household's gross income. As such, it is designed to be budget/revenue neutral. If however, all applicable household over that threshold request a hardship and receive it, the anticipated HAP expense would be approximately $86,042 per year or 1.1 percent of our 2022 HAP expenditures.<br><br>By eliminating and replacing the elderly/disabled allowance of $400 and replacing it with one that is worth $400 and adjusted by inflation and then used once the inflated amount reaches an increment of $25, the same treatment as under the Housing Opportunity Through Modernization Act of 2016 (HOTMA), will result in an increased expenditure of HAP funds of $1 per qualifying household per month or approximately $4,164 per year when the inflation adjusted amount is first applied, equaling 0.0005 percent of our 2022 HAP expenditures. |
| **2.** Impact on the affordability of housing costs for affected families | None. The 1.7 percent of households that had medical and disability expense deductions over the replacement value, would be able to file hardship and have their documented expenses counted towards their medical and disability expense deductions. |
| **3.** Impact on the agency's waitlist(s) | None |
| **4.** Impact on the agency's termination rate of families | None |
| **5.** Impact on the agency's current utilization rate in the HCV program | None |

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| **6.** | Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency and/or housing choice | This activity increases YHA's ability to meet the statutory goals of cost effectiveness, through a simpler method to calculate tenant rent and to eliminate original and third-party documentation for medical and disability expense deductions two out of the three years of triennial reexaminations.<br><br>creating a simpler method to calculate tenant rent and to eliminate original and third-party documentation for two out of the three years of triennial reexamination. |
| **7.** | Impact on the agency's ability to meet MTW statutory requirements | None |
| **8.** | Impact on the rate of hardship requests and the number granted and denied as a result of this activity | 1.7 percent |
| **9.** | Impact on protected classes (and any disparate impact) | This activity is expected to have no disparate impact on protected classes. |

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| **Activity** | **3.b. Alternative Reexamination Schedule for Households (HCV)** |
| **Fiscal Year** | **FY 2023** |
| **Program** | **Voucher Program (HCV)** |
| **1.** Impact on the agency's finances | This activity is expected to reduce administrative costs and to be budget and revenue neutral in Housing Assistance Payments. By going to triennial reexaminations for elderly and disabled households with fixed-incomes, YHA estimates that over a three-year period, annual reexaminations will be reduced as follows.<br><br>In 2022, approximately 35 percent of voucher families leased meet the definition of applicable households for triennial reexaminations:<br><br>• the head of household, co-head, and/or spouse is elderly or disabled,<br>• the only current income in the household is fixed income (e.g., social security, pension), and<br>• there are no minors in the household.<br><br>In 2022, across all programs and household types (regular vouchers), YHA's transactions were made up of:<br><br>Other Change Of Unit 2%<br>New Admissions and Port-Ins 8%<br>Annuals 50%<br>Interims 39%<br><br>For active participants, "interim recertifications" are for households with decreased income and FSS participants with increased income.<br><br>HUD's "Housing Choice Voucher Program Administrative Fee Study" (August 2015) found that the average time PHAs spent on annual recertifications was 3.0 hours per voucher per year for elderly households and 2.4 hours per voucher per year for non-elderly disabled households.<br>Annual recertifications include preparing for and scheduling recertification, conducting interviews, verifying income and household composition, |

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| | reviewing Enterprise Income Verification (EIV), and calculating total tenant payment and housing assistance payment. Based on this study, and the scope of YHA's proposed activity/waiver, we anticipate significant administrative cost efficiencies.<br><br>Triennial reexaminations for the elderly and disabled households with fixed-incomes who qualify, where YHA will not apply Cost of Living Adjustments from applicable sources of fixed-income on their lease anniversary between triennial reexaminations will result in our agency forgoing that income in their Total Tenant Payment calculations, and there will be increased HAP expenditures as follows.<br><br>Combining both years and averaging them together, the increased tenant rent contribution under the existing non-MTW income and rent method was \$73,598 per year. It is estimated to increase HAP expenditures by \$147,196 over the two-year period, when YHA does not make any COLA adjustments at the annual lease anniversary during years 2 and 3 of the triennial reexamination period.<br><br>The amount of increased HAP funds (above) that YHA spent on behalf of qualifying households under triennials where COLAs in two out of the three years would not be counted at their lease anniversaries, would be reduced as a result of capturing all of their current and anticipated income in the third year of triennial reexaminations. Compared to the current system, these would be temporary increased HAP expenditures. Then the above cycle would repeat itself.<br><br>Households on fixed incomes through Social Security received an 8 percent Cost of Living Adjustment due to inflationary costs, and in 2021 the COLA was 1 percent.<br><br>Because of HUD's unique HAP renewal funding inflation factor in FY 2023 which is greater than YHA's slowing growth rate in rent increases in 2022, YHA has a significant amount of HAP and HAP Reserves with which to work in 2023 that will be applied to this activity. |

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| **2.** Impact on the affordability of housing costs for affected families | None. Qualifying elderly and disabled will be allowed to retain more of their annual COLAs without those increased funds being taxed/counted in their Total Tenant Payment two out of the three years. |
| **3.** Impact on the agency's waitlist(s) | None |
| **4.** Impact on the agency's termination rate of families | None |
| **5.** Impact on the agency's current utilization rate in the HCV program | None |
| **6.** Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency and/or housing choice | This activity will increase YHA's ability to meet the statutory goals of cost-effectiveness. |
| **7.** Impact on the agency's ability to meet MTW statutory requirements | None |
| **8.** Impact on the rate of hardship requests and the number granted and denied as a result of this activity | This is the initial year of implementation. The YHA expects a hardship rate up to 0%. |
| **9.** Impact on protected classes (and any disparate impact) | This activity is expected to have no disparate impact on protected classes. |

| Activity | Activity: 1.u. - Standard Deductions (HCV) |
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| **Fiscal Year** | **FY 2023** |
| **Program** | **Voucher Program (HCV)** |
| **1.** Impact on the agency's finances | This activity is expected to reduce administrative costs and to be budget and revenue neutral in Housing Assistance Payments.<br><br>The replacement value of unreimbursed medical and disability expenses of any elderly family or disabled family, is based on the average for all applicable households with such expenses over the three percent threshold of **each** household's gross income. As such, it is designed to be budget/revenue neutral. If however, all applicable household over that threshold request a hardship and receive it, the anticipated HAP expense would be approximately $86,042 per year or 1.1 percent of our 2022 HAP expenditures.<br><br>By eliminating and replacing the elderly/disabled allowance of $400 and replacing it with one that is worth $400 and adjusted by inflation and then used once the inflated amount reaches an increment of $25, the same treatment as under the Housing Opportunity Through Modernization Act of 2016 (HOTMA), will result in an increased expenditure of HAP funds of $1 per qualifying household per month or approximately $4,164 per year when the inflation adjusted amount is first applied, equaling 0.0005 percent of our 2022 HAP expenditures. |
| **2.** Impact on the affordability of housing costs for affected families | None. The medical and disability expense deduction is designed as a budget and revenue neutral measure. Specifically, to the extent the sum exceeds three percent of annual income, the amount equal to 13 percent of a qualifying elderly/disabled household's gross annual income.<br><br>Analysis over the last three years shows that of all elderly/disabled fixed-income households, 5 percent have medical and disability expense deductions above three percent of their gross income. Of the 5 percent of elderly/disabled households with medical and disability expense deductions above three percent of their income, a majority of all qualifying households will receive at least as good or better disability / medical expense deduction than under the existing system. |

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| | The other standard deductions below are also designed as a budget and revenue neutral measures.<br><br>The $400 elderly/disabled household deduction will be tied to inflation and applied at triennial reexamination effective dates for each fixed-income household when the inflation adjusted elderly/disabled household deduction reaches an increase of $25, that increased increment will be added to the deduction and applied to their gross income.<br><br>In determining adjusted income, qualifying households (described below), YHA must deduct the following amounts from annual income. The amount equal to 4 percent of a qualifying household's gross annual income of record for any reasonable childcare expenses necessary to enable a member of the family to be employed or to further his or her education. Only include childcare expense for children under the age of 13. |
| **3.** Impact on the agency's waitlist(s) | None |
| **4.** Impact on the agency's termination rate of families | None |
| **5.** Impact on the agency's current utilization rate in the HCV program | None |
| **6.** Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency and/or housing choice | This activity will increase YHA's ability to meet the statutory goals of cost-effectiveness. |
| **7.** Impact on the agency's ability to meet MTW statutory requirements | None |
| **8.** Impact on the rate of hardship requests and the number granted and denied as a result of this activity | This is the initial year of implementation. The YHA expects a hardship rate up to 1.7%. |
| **9.** Impact on protected classes (and any disparate impact) | This activity is expected to have no disparate impact on protected classes. |

| Activity | Activity 2.a. Payment Standards-Small Area Fair Market Rents (SAMFR) (HCV) |
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| **Fiscal Year** | **FY 2023** |
| **Program** | **Voucher Program (HCV)** |
| **1.** Impact on the agency's finances | Historically, YHA has had voucher lease-up rates in the mid to high 90s (e.g. 95 – 100 percent) with Housing Assistance Payment (HAP) budget utilization rates in the high 90s to over 100 percent, with very little HAP reserves available each year. In order for YHA to increase the number of families served, maintaining affordable income to housing cost burdens overall, ensuring good housing quality stock and providing opportunities to lease in opportunity areas, utilizing SAFMRs as the basis for YHA's payment standards within the 80% to 150% range, in conjunction with its "rent reasonableness" system is intended to help achieve these goals. Over time, the use of SAFMR-based payment standards that are more finely attenuated to submarkets within YHA's service area, will result in relatively greater HAP expenditures in some areas and relatively lower HAP expenditures in other areas, with modest HAP cost savings. |
| **2.** Impact on the affordability of housing costs for affected families | None |
| **3.** Impact on the agency's waitlist(s) | Over time, this activity is intended to enable YHA to serve more eligible households from its waiting list by maximizing the use of limited Federal HAP funding efficiently and effectively, but also by helping some families to become self-sufficient from the voucher program. |
| **4.** Impact on the agency's termination rate of families | None |
| **5.** Impact on the agency's current utilization rate in the HCV program | None |
| **6.** Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency and/or housing choice | This activity increases YHA's ability to meet the statutory goals of housing choice and self-sufficiency. This activity will allow YHA to adopt and implement a reasonable policy to establish payment standards based upon applicable Small Area Fair Market Rents (SAFMRs). YHA may use this flexibility to establish payment standards for grouped ZIP code areas between 80% and 150% of the applicable SAFMRs, based on a range of voucher programmatic outcomes, private market unassisted rents, census data, etc., or may establish payment standards for each ZIP code within its jurisdiction. Among the geographic considerations in |

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| | grouping SAFMRs, YHA may explore the use of school districts.<br><br>This activity will increase the YHA's ability to encourage self-sufficiency and increase housing choices for HCV participants by utilizing mobility counseling and Small Area Fair Market Rent (SAFMR) payment standards.<br><br>YHA's goal is to utilize a comprehensive approach to expand housing opportunities for HCV participants and to increase landlord participation in the HCV Program. Ultimately, the YHA will provide HCV participants with information about housing opportunity areas and bargains. This will be done through SAFMRs and the provision/access to information to families with neighborhood data and information to exercise their choices about where to live. YHA will increase housing choices for HCV participants to live in areas of opportunity based on Payment Standards between 80% and 150% of the SAFMRs. Through the measures above, YHA plans to increase housing choice and opportunities and deconcentrating poverty for HCV participants in neighborhoods that have access to jobs, good schools, healthcare, a healthy environment, healthy foods, safe neighborhoods, and transportation services. |
| **7.** Impact on the agency's ability to meet MTW statutory requirements | None |
| **8.** Impact on the rate of hardship requests and the number granted and denied as a result of this activity | None |
| **9.** Impact on protected classes (and any disparate impact) | This activity is expected to have no disparate impact on protected classes. |

| Activity | Activity: 10.c. Alternative Family Selection Procedures (HCV) |
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| **Fiscal Year** | **FY 2023** |
| **Program** | **Voucher Program (HCV)** |
| **1.** Impact on the agency's finances | YHA proposes making participation in the Family Self-Sufficiency Program With MTW Flexibility, mandatory for any non-elderly or non-disabled individuals with zero income. Approximately, 23 households (not individual members) meet this definition.<br><br>Participation by qualifying households in YHA's FSS program will increase administrative costs and decrease its HAP costs. |
| **2.** Impact on the affordability of housing costs for affected families | None |
| **3.** Impact on the agency's waitlist(s) | Over time, this activity is intended to enable YHA to serve more eligible households from its waiting list by maximizing the use of limited Federal HAP funding efficiently and effectively, but also by helping some families to become self-sufficient from the voucher program. |
| **4.** Impact on the agency's termination rate of families | None |
| **5.** Impact on the agency's current utilization rate in the HCV program | None |
| **6.** Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency and/or housing choice | This activity increases YHA's ability to meet the statutory goals of self-sufficiency. |
| **7.** Impact on the agency's ability to meet MTW statutory requirements | None |
| **8.** Impact on the rate of hardship requests and the number granted and denied as a result of this activity | This activity is expected to result in a significant increase in hardship requests, with both the numbers being granted and denied being significant as the hardship policy is applied in the first year. |
| **9.** Impact on protected classes (and any disparate impact) | Both the alternative selection procedures and hardship policy along with exclusion of all family members that are elderly or disabled, are expected to have no disparate impact on protected classes. |

| Activity | 10.e. Policies for Addressing Increases in Family Income (HCV) |
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| **Fiscal Year** | **FY 2023** |
| **Program** | **Voucher Program (HCV)** |
| **1.** Impact on the agency's finances | Instead of the escrow contribution calculation used in standard FSS programs, under this FSS program with MTW flexibilities, each participating household's escrow account would receive an amount equivalent to any rent paid over $350 (the "strike point") each month.<br><br>They will earn escrows with a maximum earning potential of $10,000 and a minimum of $500.<br><br>In terms of HAP, we anticipate decreased expenditures. In addition to being more cost-effective than the traditional escrow (because no escrow is paid before the household passes the strike point) and thus potentially more scalable, this incentive avoids the "fairness" problem of providing a larger escrow-building opportunity to households that begin FSS with little or no earnings and thus have the biggest potential to increase their earnings.<br><br>The strike point model would also be simpler for YHA staff to administer than the traditional model, resulting in administrative cost savings. |
| **2.** Impact on the affordability of housing costs for affected families | In conjunction with YHA's other MTW activities, such as SAFMR-based payment standards with greater ranges, all affected households are expected to continue to have reasonable income to housing cost burdens within the 40 percent threshold for initial tenancies. |
| **3.** Impact on the agency's waitlist(s) | Over time, this activity may increase program self-sufficiency for a greater number/percentage of participants resulting in greater attrition rates of vouchers being available on an annual basis for unassisted eligible waiting list families. |
| **4.** Impact on the agency's termination rate of families | None |
| **5.** Impact on the agency's current utilization rate in the HCV program | None. YHA's assumption is that an increase in the number and percentage of families becoming self-sufficient from the voucher program as well as the |

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| | increase in attrition rates from this activity, will be offset by the increased successful leasing and voucher program participation and retention rate for FSS participants who realize the benefits of their increased education, employment and income resulting from this activity. |
| **6.** Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency and/or housing choice | YHA believes that this activity will increase the percentage of voucher-assisted households' participation in self-sufficiency and cost effectiveness. |
| **7.** Impact on the agency's ability to meet MTW statutory requirements | This activity increases YHA's ability to meet the self-sufficiency statutory requirement of MTW, by enabling the agency to set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency's existing rent policy) or changing the amount of funds moved to escrow/savings through the program. |
| **8.** Impact on the rate of hardship requests and the number granted and denied as a result of this activity | This activity is expected to result in a significant increase in hardship requests, with both the numbers being granted and denied being significant as the hardship policy is applied in the first year. |
| **9.** Impact on protected classes (and any disparate impact) | This activity is expected to have no disparate impact on protected classes. |