4-26-22

To: **Alison Bell, Danielle Bastarache**
Cc: **Ryan Jones, Steven Durham, Dominique Blum, Douglas Rice, Peggy Bailey**
From: Will Fischer and Sonya Acosta, Center on Budget & Policy Priorities
Philip Tegeler, Poverty & Race Research Action Council
Re: Suggestions for implementing new housing mobility funding in the 2022 Congressional Appropriations Act

Thank you for the opportunity to provide input regarding HUD's plans for distribution of the $25 million appropriated by Congress for "mobility-related services" in the *Consolidated Appropriations Act, 2022* ("Appropriations Act").

Our comments will address the following priorities and criteria for the anticipated competitive grants program:

1. Anticipated size and duration of grants.
2. Performance goals.
3. Program eligibility and targeting of services.
4. Implementation of the Congressional directive regarding agencies with "higher concentrations of housing choice voucher families with children residing in high poverty neighborhoods."
5. Ensuring an adequate number of appropriately sized units in higher opportunity areas within the Small Area Fair Market Rent (FMR) payment standard range.
6. Selection of high-performing agencies.
7. Ensuring that a selected public housing agency (PHA) has an area of operation that includes a reasonable number of rental units in low poverty neighborhoods or has agreements in place that remove barriers to access to low poverty neighborhoods in nearby PHAs.
8. Adoption, or a commitment to adopt, exception payment standards based on Small Area FMRs in high opportunity, low poverty neighborhoods in the region.
9. Priority for programs committed to engage clients in program oversight through client advisory councils or similar client engagement efforts.
10. Mobility services offered.
11. Commitment to fair housing enforcement.

Anticipated size and duration of grants: A basic housing mobility program should include at least two mobility counselors, one landlord outreach staff, and a director, along with sufficient funds to support security deposits for families and financial incentives (such as holding fees) for landlords. We estimate these costs at a minimum of $400,000 per year. In order to give agencies the ability to hire staff and aim for program sustainability, we recommend that the funding notice provide for a minimum of three years funding: $200,000 for the initial hiring/start-up year and $400,000 for years 2 and 3, for a minimum grant size of $1 million.

Performance goals: Based on the per-family cost estimated for the mobility demonstration, agencies receiving $400,000 annually after the initial start-up year should be expected to provide services to 130 families in a given year. In addition, we hope that HUD will set expectations for the number of families expected to move to high opportunity, low poverty neighborhoods, recognizing the wide variation in housing markets. High performing PHAs can receive priority in future renewal funding, or for any funds reallocated in the current grant cycle. [1]

Program eligibility and targeting of services: The Appropriations Act explicitly makes only "voucher families with children" eligible for the new mobility-related services funding. In addition, the committee report accompanying the version of the 2022 appropriations bill passed by the House in July 2021 (which included a mobility services provision with identical language to the final Act, except for the funding amount) focuses on families with young children who seek to move to an area of opportunity:

> Housing and economic mobility. The Committee supports the Department's new initiative to target funds to a mobility services demonstration *to help families with children move to areas of opportunity* and provides [$150,000,000] for this purpose. This level of funding is in addition to the combined $50,000,000 provided in fiscal years 2019 and 2020 for the housing mobility demonstration, which builds on *research that has found that when families with young children* use housing vouchers to locate in areas with quality schools and other opportunities, their children are much more likely to attend college and earn more income as adults.

House Report 117-99, at 114 (emphasis added). Based on this language, and consistent with the research, we believe that the new program should require PHAs to prioritize outreach to families with young children (both existing voucher holders and families coming off of the Housing Choice Voucher waitlist) living in high poverty neighborhoods. Families with only older children should also be permitted to enroll in the program, though they need not be prioritized for affirmative outreach or recruitment. Further, based on the House Report and our own experience with existing mobility programs, services provided under this program should be focused on families expressing an interest in moving to an area of opportunity. These limited funds are not intended by Congress to provide general search assistance to "movers" but are designed to help families move to areas of opportunity.

Implementation of the Congressional directive regarding agencies with "higher concentrations of housing choice voucher families with children residing in high poverty neighborhoods": The language of the Appropriations Act seems to anticipate a preference for agencies with a relatively high concentration of voucher families living in neighborhoods of high poverty, compared to other PHAs. We recommend that HUD provide this preference to all agencies or groups of agencies where the share of voucher holders with children living in high poverty areas is at or above the national average, which we estimate to be 26 percent (using 2020 voucher program microdata). This approach would achieve the key goal of directing resources to agencies where a substantial share of voucher holders with children could benefit from mobility services. We do not recommend prioritizing agencies with the *highest* shares of their vouchers concentrated in high poverty areas, since this would reward agencies that have been the worst

[1] In this regard, we note that the Appropriations Act provides that "the Secretary may recapture from the public housing agencies unused balances based on utilization of such awards and reallocate such amounts to any other public housing agency or agencies based on need for such mobility-related services as identified under such competition."

performers at helping people access opportunity to date and may be ill-suited to administer an effective mobility program.

Ensuring an adequate number of appropriately sized units in higher opportunity areas within the Small Area FMR payment standard range: Similar to the formula used in the final Small Area FMR rule, priority should be given to applications that demonstrate a reasonable number of affordable rentals in the lower poverty areas targeted in the program.

Selection of high-performing agencies: HUD should only award mobility funds to agencies that administer high-performing voucher programs since those agencies will be more likely to implement effective mobility services. HUD could use SEMAP high performer status for this purpose; however, because of pandemic-related waivers and exceptions, many agencies have SEMAP scores that are years out of date. In addition to (or instead of) using SEMAP ratings, we recommend that HUD only make awards to agencies with budget utilization percentages above the national average in 2021, which is 96.2 percent for non-MTW agencies according to HUD's Housing Choice Voucher data dashboard. Budget utilization would serve as a useful proxy for overall performance since it is difficult for agencies to maintain high budget utilization without competent administration across a range of program areas.

Ensuring that the PHA selected has an area of operation that includes a reasonable number of rental units in low poverty neighborhoods with rents affordable using Small Area FMR-based payment standards or has agreements in place that remove barriers to access to low poverty neighborhoods in adjacent PHAs: Ideally, agencies prioritized for participation in this program would have authority to administer vouchers directly in a wide range of low poverty neighborhoods – for example, countywide or statewide PHAs. But agencies with more limited areas of operation should also be able to compete if they have interagency cooperation agreements in place to permit cross-agency administration of vouchers or state law provides similar flexibility.

Adoption, or a commitment to adopt, exception payment standards based on Small Area FMRs in high opportunity, low poverty neighborhoods in the region: If a PHA is unwilling or unable to adopt significantly higher payment standards in high opportunity, low poverty neighborhoods, their mobility program will fail, and HUD's limited funds will be wasted. We recommend that HUD *require* adoption of exception payment standards in low poverty areas of at least 100 percent of the Small Area FMR and provide additional points to PHAs committing to higher payment standards. This requirement should apply whether or not agencies are in metro areas where Small Area FMRs are required and whether or not they participate in the Moving to Work demonstration.

Priority for programs committed to engage clients in program oversight through client advisory councils or similar client engagement efforts: We have seen substantial benefits to mobility programs when clients organize in client advisory councils to engage with program staff, give feedback, and provide support to other voucher families new to the program. These programs should compensate participants for their time, but this would not add significant cost to the mobility services budget.

Mobility services offered: The Appropriations Act indicates that the mobility services provided in this program be "modeled after services provided in connection with the mobility demonstration," but this does not mean that the program design needs to be identical to the demonstration. The House Report similarly does not indicate fealty to the demonstration, but only describes the general contours of a successful mobility program, noting that "counseling, relocation assistance, landlord incentives, and targeted coordination between families, PHAs, financial institutions, landlords, and other key stakeholders will be critical to helping improve outcomes for low-income children and families." Consistent with this language, we urge HUD to permit some degree of flexibility and creativity among grantees in this new program, and with program materials and design from the demonstration provided as resources and best practices, not as required elements of the new programs.

Commitment to fair housing enforcement: HUD should require applicants to demonstrate a meaningful enforcement plan for all federal, state, and local fair housing laws, including any source of income protections.