



MOVING TO WORK
DEMONSTRATION COHORT #4
APPLICATION: THE HOUSING
AUTHORITY OF THE CITY OF
WINSTON-SALEM

Housing Authority of the City of Winston-Salem's MTW Plan

Introduction: Since its creation in 1941, the Housing Authority of the City of Winston-Salem (HAWS) has taken a vital role in the development and operation of affordable housing in Winston-Salem. HAWS has led the planning, design, construction, and property management of dozens of communities that provide affordable housing to low-income residents of Winston-Salem and Forsyth. The success of these communities is, in large part, a result of HAWS' accomplishments in securing and strategically implementing complex federal grants, including two HOPE VI grants, a 2013 Choice Neighborhoods Planning grant, and a 2019 Choice Neighborhoods Implementation grant for the transformation of the Cleveland Avenue Homes site and surrounding neighborhood.

HAWS serves approximately 5,200 residents annually, with nearly 100 full-time staff striving to create and maintain sustainable communities through partnerships for the benefit of our residents. HAWS' strong relationships with the City of Winston-Salem and Forsyth County, important community stakeholders, major anchor institutions and residents have helped to support an improved quality of life for its residents and facilitate connections between public housing residents and areas of opportunity. HAWS has worked diligently to address the needs of its most vulnerable residents through advocacy, engagement, and collaboration with high quality social service providers.

HAWS recognizes that bricks and mortar alone do not transform the lives of residents; rather, investing in human capital is paramount. HAWS' range of supportive services to low-income families includes, but is not limited to, job training and placement assistance, asset building opportunities through its robust Family Self-Sufficiency (FSS) Program, and individualized care for special needs populations. HAWS has developed mixed-income and special needs housing throughout Winston-Salem to meet the affordability need of its residents. HAWS has partnered with community stakeholders and nonprofits to reach beyond housing to improve residents' lives and address poverty and crime in their neighborhoods.

Vision: Our vision for our local Moving to Work program is to cultivate a culture of dignity, respect, and prosperity through the expansion of access to areas of opportunity by supported households in our communities. HAWS is at a unique point in its history, where Winston-Salem will be undergoing immense change. This change presents a significant challenge, and a marvelous opportunity, to carry out a transformative shift in our city. Our vision is to utilize the regulatory relief provided in the Moving to Work demonstration to build upon this success and open up new areas of opportunity for low to moderate income families.

(i) Current Challenges: While the current Housing Choice Voucher (HCV) program provides opportunities for Winston-Salem residents, there are many challenges in the structure and administration of the legacy program that limit its effectiveness. Recently, increasing demand and limited supply have quickly driven up the cost of rental units. Many rental units that were previously available for HCV participants no longer are – either because landlords no longer accept HCV participants or because the contract rents exceed what the program is permitted to support. In Winston-Salem, the apartment vacancy rate has dropped by almost 75% over the last decade (12.5% in 2010, to merely 3.7% today). HUD’s Comprehensive Housing Market Analysis (as of January 1, 2021) indicated that this was largely due to the increase in new renter households significantly exceeding the number of new units brought to market. The decreasing apartment vacancy rate put upward pressure on rents, with average rents increasing approximately 5% annually since 2015. Over the next three years, HUD forecasts that there will be an additional 1,850 units demanded, but only 550 apartment units are under construction. Additionally, misconceptions, prejudices, stigma, and fear restrict the number of new landlords who are willing to accept HCV participants.

(ii) Opportunities to Address Current Challenges Through MTW: MTW will allow HAWS to better market the HCV program to prospective owners. Through the use of incentives, HAWS can mitigate the fears expressed by prospective owners regarding management challenges and property damage.

Incentives will allow HAWS to position the HCV program to compete for limited housing supply. Facilitating entry of higher quality housing and management into the HCV program will not only improve living conditions for participants, but will also promote self-sufficiency by increasing the number of available units in areas of opportunity (enabling access to education, employment, and healthcare). HAWS' participation in MTW will also improve cost-effectiveness by reducing the anticipated per family subsidy as self-sufficiency goals are realized and promote housing choice by increasing the number of participating units and diversifying the location and nature of those units.

(iii) MTW Challenges: HAWS does acknowledge that there will be administrative challenges in increasing the number of participating landlords and changing the image and reputation of the HCV program to combat prejudice and stigma. Additionally, HAWS anticipates opposition from advocacy groups who will object to additional payment to landlords in excess of what the advocacy groups feel are already high rental rates. However, HAWS is prepared to address these challenges directly.

(iv) Summary of Vision: HAWS desires to improve the health, education, employment, and safety needs of the Winston-Salem community. MTW will facilitate the creation of more affordable housing options in our city. Additionally, MTW will improve operational efficiency by allowing funding sources to be targeted when and where they are most needed. Through inventive programs, MTW will permit HAWS to shift the paradigm in the provision of affordable housing in Winston-Salem. Through MTW, HAWS will be able to further promote self-sufficiency, improve cost effectiveness, and increase housing choice.

Description of Experience and Skills

Kevin Cheshire, Executive Director and General Counsel: Mr. Cheshire has been a leader in the affordable housing industry since 2008. In addition to developing policy guidance and advocating the expansion of the MTW program on Capitol Hill, he led HAWS' Choice Neighborhoods Planning grant. He also served as the agency's primary point of contact during the Choice Neighborhoods Implementation grant application

phase. Mr. Cheshire oversees the strategic planning and day-to-day operations of the agency and will work closely with program staff to ensure the statutory objectives of the MTW program are met.

Kelly Church, VP of Operations/COO: Ms. Church serves as a member of the Authority's Executive Staff in developing the long-term goals for the agency and assists with future real estate development planning. She oversees the operations of the Housing Choice Voucher Program, the Property Management Department, and the Commercial Division. Operations include over 4500 housing choice vouchers, approximately 1200 public housing units and 200 market rate affordable units managed by Imperial Property Management Services.

Romonda Gaston, Director of Housing Choice Voucher Programs: Ms. Gaston has 21 years of experience at the Housing Authority. She has been the HCV Director for 12 of those years. Under Ms. Gaston's leadership, the Housing Authority has maintained SEMAP High Performer status for many years. Ms. Gaston provides leadership by committing staff to participate in the Continuum of Care's Central Intake Center. Ms. Gaston holds a Bachelor's degree in Business Management.

Denise Marshall, HCV Manager: Ms. Marshall has facilitated getting new owners to participate in the Voucher program. Ms. Marshall communicates with landlords and tenants, provides information in a timely manner, while making sure inspections are completed on time to ensure the families move process is smooth and timely. Ms. Marshall is knowledgeable on HCV policy and plays an integral part in the development of new policy for the Authority. Ms. Marshall has 14 years of experience at the Housing Authority.

Morticia "Tee-Tee" Parmon, Community and Government Relations Manager: As the Community and Government Relations Manager at Housing Authority of Winston-Salem, Ms. Parmon works to foster collaboration within the community through services and programs that address community needs and provide additional resources to the community. Ms. Parmon served on the City Council of Winston-Salem for six months as the Council Member of the Northeast Ward. During her time, Ms. Parmon created the

Parmon Plants for Prosperity Community Garden at Carl H. Russell Recreation Center. Parmon served her country for 20 years in the United States Army.

Darlie Dudley, Community Relations Analyst: During her 17-year career with the housing authority, Ms. Dudley has garnered a wealth of knowledge on the organization from every perspective. Ms. Dudley serves as the Community Relations Analyst with for the Engagement Team at the Housing Authority of the City of Winston-Salem (HAWS). A graduate of the Winston-Salem State University with a B.A. degree in Sociology & Social Welfare, Ms. Dudley focuses on ensuring all residents have an opportunity to enjoy safe, decent and equitable housing, and community inclusion.

Anya Brown, Resident Opportunities Self-Sufficiency (ROSS) Service Coordinator: Ms. Brown has 12 years of experience with self-sufficiency programs. She has been employed with the Housing Authority since January 2019 as the ROSS Service Coordinator. The scope of her work includes case management and service coordination that assists residents achieve employment, education, financial literacy, youth, digital inclusion, health, and wellness. She has over 9 years of experience with Family Self-Sufficiency, PIC and grant reporting.

Statement of Fair Housing: HAWS is committed to promoting civil rights, affirmatively furthering fair housing, and ending racism. In its implementation of the MTW program, HAWS will comply with the Fair Housing Act and related legislation (including Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act of 1990) by identifying impediments to fair housing and addressing any such impediments and maintaining records of such identification and action. The Housing Authority will take meaningful action to further the goals identified in its Assessment of Fair Housing submitted on October 4, 2017 (submitted jointly with the City of Winston-Salem and County of Forsyth).

Plan for Future Resident/Community Engagement: HAWS will build off its Choice Neighborhoods Experience in conducting community engagement and resident outreach. Specifically, HAWS has utilized mass emailing and established an extensive contact database. HAWS has utilized CoUrbanize, a project-specific interactive website designed to allow residents and community stakeholders to give real-time feedback on project goals and design models. HAWS also advertises public notices in publications circulated amongst traditionally underserved populations, such as the African-American and Latinx communities. HAWS anticipates continuing to utilize these tools to communicate with participants, landlords, and other stakeholders regarding the MTW program. The multimodal approach to resident and community engagement, which will include newsletters and social media outreach, will allow HAWS to continue to build trust and receive meaningful feedback with respect to the MTW program.

HAWS plans to establish an MTW Steering Committee made up of landlords, participants, and community stakeholders that will meet regularly to guide the implementation of the MTW program and the growth of HCV housing. The MTW Steering Committee will be a diverse group representing racial and ethnic minorities, limited English proficiency persons, persons with disabilities, families with children, and/or groups representing such persons. HAWS currently works with, and will continue to work with, Cardinal Health Innovations, the local Continuum of Care, and Solutions for Independence to support applicants and participants from a variety of backgrounds. HAWS has a number of committed partners already engaged in growing access to affordable housing opportunities, including standing Memoranda of Understanding with several service providers. HAWS also has a history of working collaboratively with the City (as co-grantees, managers of City-owned residential property, and administrators of special use vouchers under contract with the City) and will continue to do so in order to support the MTW program.

Changes to the program, including adjustments or discontinuation, will be communicated via a public process to share the reasons for changes and to give stakeholders an opportunity to communicate about needs and ideas while informing HAWS' future steps.

PHA Operating and Inventory Information: HAWS serves approximately 5,200 residents, with nearly 100 full-time staff striving to create and maintain sustainable communities through partnerships for the benefit of residents of Winston-Salem. HAWS manages approximately 1,200 public housing units and 200 affordable market rate housing units. These communities range from high-rise public housing to market-rate and project-based voucher supported developments. HAWS has authority to administer over 4,600 housing choice vouchers. These vouchers include 239 Special Programs vouchers, 144 VASH, and 278 Mainstream Vouchers.

The households HAWS serves are in significant need. The US Census American Community Survey indicated that for one major public housing community the median household income was merely \$13,784, almost one-third of the city's median income. HAWS clients are substantially more likely to identify as a member of a minority community than average. Neighborhood Residents are 77.7% black and 18.4% Hispanic, compared to city rates of 34.8% and 15.1%, respectively. Neighborhood residents are dramatically more likely than the average city resident to be in poverty (67% vs. 23.2%) and be unemployed (27.9% vs. 11.8%). There is therefore an urgent need to promote residency in areas of opportunity, where greater housing choice can generate a deconcentration of poverty, facilitating self-sufficiency, and improving the cost-effectiveness of HAWS programs. At the same time, HAWS anticipates that the demographics of the households HAWS serves will likely continue to shift older, as recent studies indicate that a plurality of new residents to Winston-Salem are elderly.

HAWS anticipates some changes to its housing stock as a result of participation in the MTW program. Specifically, HAWS plans to increase the number of project-based units within its portfolio, both through redevelopment and new construction. HAWS will expand the geographic footprint of private-market units participating in the HCV program. Finally, HAWS plans to increase its capital investment and unit modernization through utilizing funding fungibility.

However, HAWS faces challenges in leasing up vouchers, and developing affordable housing to meet the needs of the community. Leasing for HCV units takes a significant amount of time, requiring a portion of our voucher authority to go unutilized every month. There is a singular lack of units available for HCV renters, and contract rents are too high for many units to find suitable market comps. The HCV program has a cumbersome application process, and the quality of the housing stock has deteriorated significantly, resulting in units failing to meet HCV quality standards. HAWS has not been able to generate public housing development in areas of opportunity. Other Public Housing challenges with occupancy include a cumbersome paper application process, extensive and time-consuming background checks, and landlord reference reviews. Expenses relating to preparing and turning vacant units have also risen substantially. Special population challenges include co-population by elderly and non-elderly experiencing mental health crises. Finally, HAWS desires to do more to serve the special needs of specific populations

HAWS has demonstrated innovation and creativity within its current program by facilitating Low Income Housing Tax Credit projects and bond issuances, including the Skyline Village Project, which in 2021 financed significant capital improvement and modernization in a privately owned affordable housing community. HAWS was in 2020 awarded a Choice Neighborhoods Implementation Grant, which is transforming the Cleveland Avenue Homes neighborhood into a mixed-income community and redeveloping more than 200 public housing units.

Plan for the MTW Program: HAWS's local MTW program is organized around innovations that will help participants and tenants thrive, with a focus on short and long term outcomes. HAWS plans to use MTW flexibility to implement initiatives aligned with MTW statutory objectives. HAWS will continue to develop additional local strategies collaboratively with our community stakeholders throughout the duration of our MTW participation. Activities proposed focus on cost effectiveness, self-sufficiency, and housing choice.

Statutory Objective: Cost Effectiveness: HAWS will generate reductions in costs and other program efficiencies in order to achieve greater cost effectiveness. While we believe that all of the initiatives will improve our cost effectiveness from an administrative perspective, the following MTW activities are specifically oriented toward improved cost-effectiveness. These initiatives include that we will structure evaluation metrics and benchmarks to determine the degree of cost effectiveness and efficiency in program changes. Additionally, HAWS will utilize funding fungibility and regulatory relief to reduce costs.

Statutory Objective: Self-Sufficiency: HAWS will focus on this in modifying the FSS program to more accurately reflect local labor market and attainable, self-sufficiency goals that more accurately reflect matriculation through the program. HAWS will seek to modify the current FSS contract to better align with this new strategy. In collaboration with our community partners, HAWS will focus on implementing initiatives that aid in facilitating moving families toward self-sufficiency. MTW flexibilities will be used to help address economic mobility by promotion of our Family Self-Sufficiency Program to encourage families to set and attain goals toward economic independence and asset building. In addition, HAWS will design and implement a Voucher Mobility Program to encourage voucher holders to lease in areas of opportunity.

Statutory Objective: Housing Choice: HAWS has as a strategic priority that it will work to preserve and develop its housing portfolio, as well as the affordable housing stock of Winston-Salem and Forsyth County. The MTW Landlord Incentives demonstration theme will substantially expand the opportunities for housing for HAWS families. These initiatives include foremost that HAWS will design and implement a Landlord incentive program to expand housing choice. This may include a Landlord Loyalty Program where HAWS pays a landlord up to one-month contract rent as reimbursement for time the unit spent vacant between HCV participants. Additionally, HAWS is considering a Landlord Property Protection Program, where HAWS pays a landlord a reimbursement for tenant caused damages, after accounting for any security deposit. Finally, HAWS seeks to use MTW flexibility to increase the supply of affordable housing.

HAWS will raise the PBV program cap to allow more vouchers to be project-based, as well as eliminate the PBV selection process for PHA-affiliated projects to increase the amount of units developed. Finally, HAWS would seek to acquire, renovate, and/or build affordable units for low to moderate income families.

Proposed Use of MTW Funds

The Housing Authority requests to utilize public housing and HCV funds flexibly. HAWS has demonstrated its ability to use funds creatively for equity to develop new housing and supporting third-party development by providing gap financing. HAWS will use MTW funding to create a landlord liaison, who can serve as a customer service specialist and outreach coordinator to landlords and as an advocate for tenants with landlords of properties in areas of opportunity who have not traditionally participated in HCV program. HAWS will seek to utilize Section 9 reserves to support more creative Section 8 programming, such as landlord-tenant liaison function and the funding of landlord incentives. Additionally, the ability to utilize Section 8 reserves to support development via soft financing and Section 9 modernization and programming would allow HAWS to increase housing choice. HAWS would benefit significantly by participating in MTW due to the funding flexibility.

Evidence of Significant Partnerships: HAWS has built strong relationships with key partner agencies and institutions that will help HAWS implementation of its MTW initiatives be successful. Though outlined in the discussion of our innovative programs above, we have provided the below descriptions of the most significant partnerships we have formed and their impact on the implementation of MTW. HAWS has coordinated efforts with the City of Winston-Salem and other community groups as part of the Choice Neighborhood Implementation Grant.

HAWS currently has Memoranda of understanding with several partner agencies. These include with Winston-Salem Continuum of Care, coordinated with United Way of Forsyth County, Solutions for Independence, and Winston-Salem State University. Through these partnerships, participants and

residents have access to assistance on resume building employment search, independent living skills training for disabled individuals, peer support, interviewing skills, individual career counseling, and nursing aid. We have established standard referral practices to better serve families and allow partners to track success. In response to leverage question, we will take advantage of the existing infrastructure to support landlord reach-out, financial literacy and other self-sufficiency initiatives.

Landlord Incentive Activities Information

Landlord Needs Assessment: Rental Conditions, Types of Landlords, & Understanding HCV Hesitancy: The local rental market in the Winston-Salem Metropolitan area is in critical condition, and worsening for voucher participants. The area HAWS serves has highly segmented markets. The traditional Section 8 markets are in historically marginalized communities with high rates of poverty and crime. Rental properties in areas of opportunity are costly, exceeding FMRs. Current payment standards keep families locked into particular neighborhoods. Additionally, landlords in areas of opportunity have expressed disinterest, and sometimes even fear of the Section 8 program, owing to stigma and historical prejudices. As market conditions continue to tighten, the utilization rate changes. In the past several years, the utilization rate has drop drastically as market pressures have increased.

HCV Strengths and Weaknesses: While the HCV program has longstanding relationship with reputable landlords, and its experienced and stable staff have worked to keep HAWS a SEMAP High Performer, the MTW program would allow us to meet these challenges more robustly. Our Section 8 Director has more than a decade of experience leading her team, but the program also has significant weaknesses. HAWS lacks substantial relationships with landlords in high rent areas. We have been unable to this point to overcome in many cases the stigma of our programs. Participants and applicants have been unable to access markets in areas of opportunity. HAWS has lacked the staff and funding to monitor programmatic

violations as closely as may be necessary in dynamic situations. Finally, participants have a difficult time continuing a lease when steep rent increases push rent burdens past what is considered “affordable.”

Increased & Changing Housing Demands: According to a Winston-Salem and Forsyth County Housing Study and Needs Assessment, completed in August of 2018, more than 11,000 people have moved to the region in the prior decade, and this trend is expected to continue. Disproportionately, this increase was among adults aged over 64 years old. The average household in Winston-Salem has 2.46 members, with a plurality of households having a single member. Only one or two person households occupy many of Winston-Salem’s units, creating a mismatch between the household size and the unit size. Renters occupy 46.5% of all housing in Winston-Salem, with a median gross rent of \$806. Nearly 15,000 units of new housing will be demanded in Winston-Salem by 2027. Of these, more than half (68 percent or 9,941 units) will be demanded by older adults between the ages of 65 and 84. Displayed by income group, over 5,600 units will be demanded by households earning less than \$34,999 a year, and about 6,600 units demanded by individuals earning \$35,000 a year or more in Winston-Salem.

Affordability: According to the most recent HUD data, only 40 percent of all rental units affordable to families earning less than 80 percent of AMI are available to them in the city. This is equal to 29,533 units that are affordable for low income households, but only 11,831 units are available to them because they are occupied by renters in higher income groups. This pattern is especially true for households earning less than 80 percent AMI (0-30 percent AMI; 30–50 AMI and 50-80 percent AMI income ranges). This has resulted in a 16,244-unit shortage of affordable and available units for lower income households in Winston-Salem and Forsyth County. Similar patterns emerge with the elderly and persons with disabilities. For those groups, there is a housing shortage of 2,025 and 961 units, respectively. Surpluses exist for those households with incomes at 80 percent and above at all geographical levels.

Loss of Housing Stock: Recent trends show the city losing historic or older properties from the housing stock. A total of 1,107 units built between 1939 and 1949 were lost from the market between 2010 and 2016. This suggests a need for improved maintenance, code enforcement, and strategies that repurpose properties for other uses. Although the city has seen a 2,247-unit reduction in vacant units between 2010 and 2016, more than 11,320 vacant units remain unoccupied. Explicit focus on rehabilitation of vacant and historic units may present a strategic opportunity to help meet projected new housing demand over the next 10 years.

MTW Cohort #4 Activities

HAWS plans to implement the following Landlord Incentives if chosen to participate in the MTW Expansion:

- a) 2.b: Payment Standards- Fair Market Rents. HAWS plans on establishing a payment standard between 80% and 120% of FMR. HAWS believes this will be effective because this will allow HAWS to ensure that voucher holders are able to rent apartments that are right now priced beyond the range of the current payment standard. HAWS expects that this will expand the geographic scope of voucher participation into higher-priced neighborhoods and attract more landlords into participation in the program.
- b) 4.b. Damage Claims: HAWS will pay a landlord reimbursement for tenant-caused damages after accounting for any security deposit. The amount of the compensation will not exceed the lesser of the cost of the damage or two month's contract rent. HAWS believes that this form of protection for landlord will be effective because the compensation will help overcome hesitancy in program participation and stigma associated with HCV participants.

- c) 4.c. Other Landlord Incentives. In order to overcome widespread reluctance to participate in the HCV program due to the perception of an increased administrative burden or higher risk, HAWS is proposing the following owner incentives:
- New Landlord Bonus: A one-time bonus of one-month's contract rent, or \$1,000, whichever is less, for a landlord who has not previously participated in the HCV program. HAWS expects that this will increase the number of landlord who choose to participate in the program by attracting new landlords into participation.
 - Opportunity Area Bonus: An additional signing bonus will be granted to owners who submit an RFTA and lease a new unit to an HCV participant in an area of opportunity (i.e. where the poverty rate is under 20%). HAWS expects that this will increase the number of landlords who choose to participate in the program in areas of opportunity.
- d) 5a. Pre-Qualifying Unit Inspections: HAWS seeks to allow units to be pre-inspected for Housing Quality Standard Approval. This will help HAWS streamline the lease-up process and minimize landlord's lost revenue during a period of vacancy, thereby improving cost-effectiveness. HAWS expects that this will expand the number of units participating in the HCV program because it will reduce the vacancy period as well as the time voucher holders spend looking for units.

Other Landlord Incentives and Initiatives

Chief among the HAWS NON-MTW initiatives include the marketing of the HCV program to focus on the people that make up the HCV program, the faces over the façades. HAWS will initiate a campaign to shift the focus away from "property" identified as Section 8 to "people" who are part of the program. HAWS will identify "spokespersons" for the program who are examples of success and who will refute the stigma associated with the program and its participants. To do so will require HAWS to undertake a revamping of their social media presence to highlight successful Section 8 renters. Working with our Community Engagement Team to facilitate tenant education, landlord orientation, outreach events, and community

listening sessions. HAWS has conducted landlord outreach meetings at Lawrence Joel Coliseum. HAWS believes that building understanding of how the program functions could promote expeditious communication and reduce staff costs. Additionally, this outreach will hopefully expand the scope of the HAWS landlord network and increase housing choice. Through traditional and modern social media, HAWS will transform the focus of the HCV program.

Additionally, HAWS will utilize technological and human resource improvements to facilitate a new customer service experience. HAWS is already revamping their website, and has launched a Landlord Portal providing easily digestible information about the program, documents regarding specific standards, and links to HUD pages. We will also explore the potential options for a landlord portal that could allow for a more interactive landlord experience. This way, landlords could reduce the number of inquiries received, reduce communication and transaction costs, distribute more information electronically, and potentially improve our inspections process. By utilizing technology to improve scheduling and provide quick results to landlords, HAWS will increase housing choices for our participants, as well as reduce our costs through reductions in bureaucratic burdens.

Appendix 1: Moving to Work Certifications of Compliance & Commitment to Participate in the Fourth Cohort Evaluation

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