



*Winnebago County Housing Authority (WCHA)*

*IS NOW....*

**NORTHERN ILLINOIS REGIONAL AFFORDABLE COMMUNITY HOUSING**

**(NI REACH)**

**MOVING TO WORK (MTW) DEMONSTRATION PROGRAM**

**APPLICATION**

**COHORT #4 – LANDLORD INCENTIVES**

**JUNE , 2021**

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## **PART I – MTW PLAN AND LANDLORD INCENTIVE ACTIVITIES INFORMATION**

Formerly known as the Winnebago County Housing Authority, Northern Illinois Regional Affordable Community Housing (NI ReACH) provides well-functioning affordable housing; efficient and effective management services; and thoughtful economic self-sufficiency designed programs to support and catalyze communities in Winnebago, Boone, Stephenson, Jo Daviess, DeKalb, and Ogle Counties. At 2,719 square miles, these counties combined are half of the northwest section of the northern Illinois. With a combined population total of 442,418, the region is equivalent to one of the 40 largest cities in the U.S. according to the 2010 U.S. Census data. For the past 18 years, NI ReACH has administrated programs for almost 1,600 families by way of its own programs, and through Intergovernmental Agreements (IGAs) and contracts for services with neighboring housing authority jurisdictions. These partnerships have created increased mobility opportunities for families and concomitant paths to employment, education, and supportive services. The agency has won multiple national awards for merit, achievement, and innovation by HUD, NAHRO and others.

### **a) MTW Plan**

#### **(1) VISION FOR NI REACH'S LOCAL MTW PROGRAM**

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

Unique Opportunities include: 1) NI ReACH has contractual and IGA relationships with five adjacent counties in northern Illinois, but the lack of flexibility in the use of the FMRs and payment

standards means that neighborhoods of opportunity are out of reach for many voucher holders. Participation in MTW will allow us to test whether SAFMRs and higher payment standards result in more housing mobility for families. 2) The loosening of fungibility requirements will permit NI ReACH to direct funds to those activities that increase housing choice and support families in their self-sufficiency goals. Additionally, if there is a housing need in a certain population that is not otherwise served, such as female homeless veterans with children, funds could be set aside for that purpose. 3) Cost savings could be realized through changes in staffing structure focused more on the families rather than the process. For example, creating stepped rents and fewer required certifications would reduce staff time and provide more stability for families and landlords. 4) NI ReACH is a proven entity. We have a highly trained and experienced staff, and the agency is a long-term high performer in both SEMAP and PHAS. As such, we are poised to successfully assume the responsibility that comes with flexibility. And 5) NI ReACH has established many partnerships with nonprofit and government entities that provide supportive services to our residents. In many cases, senior NI ReACH staff serves on the boards of our partner organizations. As a result, it will not be necessary to develop those relationships at the beginning of the demonstration program. We are ready to go.

Unique Challenges include: 1) the need to develop a strong resident engagement process that lasts for the four-year demonstration period; 2) the need to develop a strong landlord contingent that will work with us in meaningful ways to ensure the success of the program; 3) ensuring that savings resulting from improved processes are channeled successfully into other mission driven activities; 4) if we become part of the control group, there will be difficult discussions to be had with landlords and voucher holders; And 5) the need to develop effective systems to monitor performance, track progress and measure the effectiveness of the proposed MTW activities.

NI ReACH wants to Participate in the MTW Program so we can better meet local housing needs, increase mobility opportunities in low poverty areas, operate more efficiently, be more flexible in the ways we can work with our partners and our landlords, and better support voucher holder's self-sufficiency goals.

Experience and Skills of NI ReACH Personnel with Primary Responsibility for Administration of the MTW Program. **Alan Zais** is the Executive Director of NI ReACH and neighboring Boone County Housing Authority (BCHA). Under Mr. Zais' direction, both NI ReACH and BCHA have been consistent high performers, year after year, in PHAS and SEMAP. His leadership led to the recovery of the Housing Authority of the City of Freeport's RAD program, and NI ReACH's administration of HCVs throughout Northern Illinois led to the rebranding of WCHA in 2020. The rebranding speaks to the agency's larger aspiration of promoting resident mobility for family stability and increased housing opportunities, as well as leveraging multi-jurisdictional resources. Mr. Zais holds an MPA as well as numerous other certifications and participated in "Achieving Excellence in Community Development" at the Harvard Kennedy School of Government. His resume can be found in the Attachments section. **Deb Alfredson** is Deputy Director of NI ReACH. Ms. Alfredson is an experienced, goal-orientated professional with an extensive background in program management and coordination of services, particularly in workforce development, and higher education. In addition to her years at NI ReACH, she has also worked at Rock Valley College, CCS Youthbuild, and Concord College, all in Rockford IL. Her resume can be found in the Attachments section. **Vickie Huwe** is Finance Director of NI ReACH. She has 17 years of finance and auditing experience and is responsible for all financial processes and procedures for NI ReACH and Boone County including their mixed finance developments, HCV HAP, RAD-I and RAD-II, CFFP and HUD reporting. Her resume can be found in the Attachments section.



**Kristin Andrews** is NI ReACH Director of Voucher Programs, which consists of administering 700 HCVs being utilized in three Northern Illinois counties as well as managing the staff that support the HCV and RAD programs. Earlier in her career, she was Community Supportive Services Coordinator for WCHA's HOPE VI. Ms. Andrews has a BS in Sociology and numerous certifications. Her resume can be found in the Attachments section. **Christina Coon** is the NI ReACH FSS Director. Ms. Coon successfully manages a caseload of approximately 325 HCV FSS families in Boone, Stephenson, and Winnebago Counties. She has an Associates of Applied Science Degree in Accounting and numerous certifications. Her resume can be found in the Attachments section.

Statement of Fair Housing and Other Civil Rights Goals, Strategies and Specific Action. NI ReACH complies fully with all federal, state, and local nondiscrimination laws, and with rules and regulations governing fair housing and equal opportunity in housing and employment, including: Title VI of the Civil Rights Act of 1964; Title VIII of the Civil Rights Act of 1968 (as amended by the Community Development Act of 1974 and the Fair Housing Amendments Act of 1988); Executive Order 11063; Section 504 of the Rehabilitation Act of 1973; The Age Discrimination Act of 1975; Title II of the Americans with Disabilities Act (to the extent that it applies, otherwise Section 504 and the Fair Housing Amendments govern); The Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity Final Rule, published in the *Federal Register* February 3, 2012 and further clarified in Notice PIH 2014-20; and Violence Against Women Reauthorization Act of 2013 (VAWA). NI ReACH does not discriminate because of race, color, sex, religion, familial status, age, disability, or national origin. In addition, NI ReACH does not discriminate on the basis of marital status, gender identity, or sexual orientation [FR Notice 02/03/12]. This subsection parallels the fair housing statement in the PHA Plan. The statement

supports the PHA's civil rights certification in its efforts to comply with 24 CFR 5.151, 903.7(o), and 903.15.

## **(2) PLAN FOR FUTURE COMMUNITY/RESIDENT ENGAGEMENT**

NI ReACH held two resident/participant meetings on April 6, 2021 to discuss the Moving to Work application and initiative. There was a session held at 10:00 am and one at 6:00 pm to reach as many people as possible. Participants told us that they were very much in favor of the proposed flexibility in payment standards because they could choose housing in safer communities. One participant noted that “nice housing builds self-esteem”, and “if you're not happy in your home, you're already depressed”. Another participant said that she had to fight to provide her children with a safe place to live. Participants liked the idea of being able to calculate the amount they can pay for rent before searching for housing. One person remarked that MTW is an opportunity for NI ReACH to advance, and the fact that “NI ReACH cares makes a big difference.” NI ReACH will continue to engage the community during the demonstration period by creating an MTW Advisory Group, which will be developed if NI ReACH is selected to participate in MTW Cohort #4. The MTW Advisory Group will be composed of NI ReACH staff, HCV families, landlords and other stakeholders described in the following section. The Advisory Group will assist NI ReACH in developing a formal and detailed MTW Plan, and during the four-year demonstration period, will assist in evaluating progress, identifying issues, and brainstorming solutions to be adopted as the program continues to evolve over time. In addition, NI ReACH plans to conduct affirmative outreach and engagement efforts with racial and ethnic minorities, persons with Limited English Proficiency, persons with disabilities, families with children and groups representing such persons through social service agencies and community groups such as RAMP

(serving people with disabilities), NYU's Graduated Re-entry Program, the Workforce Connection, Goodwill, Youthbuild, and the City of Rockford Homeless Coalition, among others.

### (3) PHA OPERATING AND INVENTORY INFORMATION

NI ReACH's mission of "Home is Where the Heart Is...." speaks to the agency's passion for affordable housing and its focus on improving the lives of residents and neighborhoods. NI ReACH is an innovator in the affordable housing industry, accustomed to taking bold steps toward meeting community needs while continuously elevating the quality and effectiveness of services provided. The Authority has received numerous awards for its initiatives including:

- **National Association of Housing and Redevelopment Officials (NAHRO's)** Annual Award of Excellence in Program Innovations for Resident and Client Services.
- **National Nan McKay & Associates (NMA's)** Excellence in Housing Award Honorable Mention for innovation in the assisted housing community.
- **Illinois Park and Recreation Association and Illinois Association of Park Districts** Community Service Award for contributions and devotion to the community and State of Illinois.
- **The Officer Residency Program** – the ROCK House – is a partnership between NI ReACH, the Rockford Police Department, and Comcast, designed to reduce crime in Rockford. NI ReACH provides a *free home* located in a high crime area to a Rockford Police Officer and his or her family. This program was one of 21 area partnerships named by **the Rockford Chamber of Commerce** in its first Confluence Honors awards in December 2017. "The organizations and people that exhibited the spirit of confluence represented collaborations that achieved mutually beneficial outcomes and positive



community impact. Simply put, the partnerships achieved something great together that they could not have done on their own.”

### NI REACH OWNED AND MANAGED HOUSING

- Public Housing Units – 227
- Tax Credit Properties – 3 properties, 252 units
- RAD I and II – 2 properties, 278 units

### NI REACH HOUSING CHOICE VOUCHERS

- Tenant Based – 814
- HUD Project Based – 358
- State of Illinois Re-entry Demonstration Program – 30
- State of Illinois Rental Housing Support Program -- 100

*[HUD Special Purpose Vouchers included in the total HCVs]*

- HUD’s Veteran’s Affairs Supportive Housing (VASH) Vouchers – 20
- HUD’s Mainstream Vouchers – 104
- HUD’s Family Unification Program (FUP) Vouchers – 51

### OTHER MAJOR INITIATIVES INCLUDE:

NI ReACH has utilized the **National Community Stabilization Trust (NCST) program** to address the issues of foreclosure and neighborhood blight by restoring vacant and abandoned properties. Its programs facilitate the rehabilitation of vacant but structurally sound homes, enable safe, targeted demolition when necessary, and support creative and productive re-use of vacant land. NCST grants have supported the renovation of 20 foreclosed homes so far, creating new housing opportunities for 20 families in Rockford and South Beloit, Illinois. The houses chosen for restoration are carefully selected – the intent is to invest the dollars in a way that will result in

the greatest impact in terms of neighborhood improvement and stabilization of home values. The program also created a partnership between NI ReACH and YouthBuild, which assists young adults in learning the construction trades.

#### **(4) PLAN FOR LOCAL MTW PROGRAM**

Cost Effectiveness. The loosening of fungibility requirements will permit NI ReACH to direct funds to those activities that increase housing choice and support families in their self-sufficiency goals. Additionally, if there is a housing need in a certain population that is not otherwise served, such as female homeless veterans with children, funds could be set aside for that purpose. Cost savings could be realized through changes in staffing structure focused more on the families rather than the process. For example, creating stepped rents and fewer required certifications would reduce staff time and provide more stability for families and landlords.

Self-Sufficiency. NI ReACH has established many partnerships with nonprofit and government entities that provide supportive services to our residents. In many cases, senior NI ReACH staff serves on the boards of our partner organizations. As a result, it will not be necessary to develop those relationships at the beginning of the demonstration program. Partnerships include: Rosecrance Mental Health Center, Janet Wattles (mental health), RAMP (serving persons with disabilities), Remedies, Winnebago County Health Department, Swedish American Hospital for Mental Health, Rockford Public Library, Rock River Training, Goodwill, Rock Valley College, Rockford Career College, Rockford Public Library, Rockford School District, Rockford Park District, Rockford YMCA, Meals on Wheels, Northern Illinois Food Bank, Rockford Mass Transit District, Crusader Clinic, Freeport Area Apartment Association, Rockford Area Apartment Association, City of Rockford Human Services, Rockford Township, HomeStart, and Workforce Connection.

Housing Choice. NI ReACH has IGA relationships with four adjacent counties in northern Illinois, but the lack of flexibility in the use of the FMRs and payment standards means that neighborhoods of opportunity are out of reach for many voucher holders. Participation in MTW will allow us to test whether SAFMRs and higher payment standards result in more housing mobility for families.

### **(5) PROPOSED USE OF MTW FUNDS**

NI ReACH intends to use all cost savings realized by the MTW program to promote family success through increased housing choice, education, jobs training, career development, financial literacy, housing search, goal setting, and one-on-one counseling with families.

Specifically, it costs money to provide mobility support – housing search, tenant education and goal setting. Dollars realized from the HAP savings will be invested in integration efforts such as security deposits and moving expenses.

### **(6) EVIDENCE OF SIGNIFICANT PARTNERSHIPS**

NI ReACH's vision is to use the MTW flexibility to expand housing choice in opportunity areas throughout Northern Illinois and to support resident success in the HCV program and in life. The following long-term partners of NI ReACH will be invited to join the MTW Advisory Group described above. Their involvement throughout the four-year demonstration period and beyond will assist NI ReACH in leveraging in-kind resources to ensure the long-term success of the program.

- The Workforce Connection – Employment and training opportunities
- City of Rockford Human Services -- LIHEAP Training, Rent Assistance
- Mile Square -- Healthcare resource
- Oak Street Health -- Healthcare resource

- HomeStart -- Housing resource for individuals seeking to purchase a home
- Remedies -- Referral source for addiction counseling
- Family Peace and Justice Center -- Streamlined process to accept VAWA applications for housing
- Region 1 Planning Council -- Collaboration for broadband with Illinois Connected Communities
- One Body Collaborative -- Referral of residents for “Bridges Out of Poverty-Getting Ahead” classes (supported with stipend)
- Crusader Clinic -- Collaboration for referrals and pilot telehealth clinic
- Housing Action of Illinois -- VISTA member for Housing Retention
- Rockford University -- Volunteer source
- University of Illinois Extension -- Provides informational resources for healthy living (food and gardening)
- Live Free -- Provides support to re-entry populations
- Rosecrance -- Referral source for addiction and mental health counseling
- Winnebago County Health Department -- Collaboration for on-site COVID-19 testing and vaccination
- Goodwill Industries – Furniture voucher program for needy residents, interns from their vocational programs, GED referrals, information on services available for people with barriers to residents
- Winnebago County Health Department – Illinois Quitline Partnership, trauma informed partnership, Narcan training
- Prairie State Legal – Education, and expungement and sealing of criminal records

**b) Landlord Incentive Activities Information****(1) LANDLORD NEEDS ASSESSMENT**

Locational and Economic Context. Winnebago County Illinois is located approximately 85 miles northwest of downtown Chicago and borders the State of Wisconsin to the north. The Rockford MSA includes Winnebago and Boone Counties, and NI ReACH operates in both jurisdictions (Boone County through an Intergovernmental Agreement or IGA). The MSA lost approximately 20,000 jobs, or 12.5% of total employment during the national recession in 2008 and 2009 and many of these jobs were in the manufacturing sector, which is the area's largest industry. Recent notable capital projects including a new Maintenance Repair and Overhaul Center at the Rockford International Airport, and Woodward, Inc., a 450,000 square foot facility in Loves Park north of Rockford has led to the area's prominence in the aerospace manufacturing industry on a national level. These investments have also led to more employment opportunities.

Rental Housing Market Conditions. HUD's 2014 "Comprehensive Housing Market Analysis: Rockford, IL described the rental housing market in the Housing Market Area (HMA) as soft, "with an estimated overall vacancy rate of 10.3% as of July 1, 2014." 2018 data shows that the rental vacancy rate was approximately the same at 10.04%. As a comparison, the 2018 U.S. housing rental vacancy rate was 6.18%, and the 2018 State of Illinois rental vacancy rate was 6.32%. A 2015 Housing Needs Assessment of Winnebago County, IL, conducted by Novogradac & Company LLP noted that "for market rate rental properties, the multifamily market in Winnebago County is predominantly one and two-bedroom units. Out of the total number of units, one and two-bedroom units comprise 87% of the housing stock. Of the 15 market rate properties surveyed, over 75% offer both one and two-bedroom units, while half offer three-bedroom units.

Studio units are the least common in the market. None of the properties surveyed offer four-bedroom units.” Further, the Novogradac study noted that “the housing market in Winnebago County is primarily characterized as older vintage single-family homes.” “New construction permits, particularly multifamily permits, have been nearly nonexistent since the recent recession. As of 2015, the current owner-occupied percentage in the county is estimated to be 66.4%.”

Landlords Active in the Local Market. As of March 16, 2021, 372 apartments were listed for rent on <https://www.apartments.com>. 339 of them were one- and two-bedroom units and 270 rented for \$1,100 or less per month. During the same period 55 houses were listed for rent, 47 of which rented for \$1,500 or less per month. Karl Fauerbach, President of the nonprofit Rockford Apartment Association (RAA), notes that of the approximately 150 primary members in the RAA, most owners have an average of 15-20 rental units in their portfolio. When we analyzed the number of owners/landlords with units in NI ReACH’s tenant-based HCV program, nearly 70% had only one unit in the program and an additional 13% had only two units in total in the program.

<b>TABLE 1: OWNER ENTITIES BY NUMBER OF UNITS IN NI REACH'S TENANT-BASED HCV PROGRAM</b>		
Total Units in HCV Program	Number of Owners/Landlords	% of Owners by Units in Program
1	174	69.60%
2	33	13.20%
3	15	6.00%
4	11	4.40%
5 to 9	11	4.40%
10 to 20	6	2.40%
<b>TOTAL</b>	<b>250</b>	<b>100.00%</b>

No owners/landlords had more than 20 units in NI ReACH’s HCV program and only six had between 10 and 20 units in total in the program. As was described in the Novogradac study, the multifamily market in Winnebago County is composed primarily of one- and two-bedroom units. The smaller landlords in the MSA provide the larger bedroom-size units that are needed by our

HCV families. As the following chart demonstrates, more than 50% of the units in the program are three-bedroom units or larger.

**TABLE 2: NUMBER OF TENANT-BASED HCV UNITS BY BR SIZE**

Bedroom Size	Units	% of Units by BR Size
0	1	0.21%
1	66	13.78%
2	158	32.99%
3	192	40.08%
4	55	11.48%
5	7	1.46%
<b>TOTAL</b>	<b>479</b>	<b>100.00%</b>

Landlord Outreach. On March 9, 2021, NI ReACH conducted a landlord focus group meeting via Zoom to present information about the MTW Cohort #4 application, present and discuss the MTW Cohort #4 Potential Activities List and hear their views about the HCV program in general. 27 individuals participated on the call. The two MTW activities that were selected for testing were 2.a. and 2.b pertaining to Payment Standards, and they are discussed in the next section. Landlords also expressed frustration with the housing search process, and in particular, that sometimes neither they nor the voucher holders know what the gross rent and tenant contribution to rent will be. In response to these concerns, modifications to the website including tenant and landlord portals with an online calculation tool will be in place by the end of the year.

Landlord Objections to the HCV Program. The three reasons we hear most often are: 1) we “do not want the government in our business”; 2) we cannot get the same amount of rent we can get in the private market; and 3) there is too much paperwork. We will streamline processes and procedures and enhance program clarity through the development of the online portals.

NI ReACH’s Assessment of the HCV Program’s Strengths and Weaknesses. In our view, the primary strength is that housing choice expands housing opportunity for voucher holder families

throughout Northern Illinois. The program stimulates the housing market and encourages landlords to maintain their property at the level of HQS or higher. In addition, with our agency's pre-existing stock, there are only so many units available in various size categories. The HCV program allows families to choose units from the broader marketplace. And finally, the cost savings we can realize in high-quality HCV administration enables us to serve more families. In terms of weaknesses, despite our attempts at landlord education, some landlords think that the housing authority is the tenant, and that the housing authority is responsible for screening and for tenant relations. We have observed that a subset of landlords has a slum lord mentality and do the bare minimum to pass HQS. Second, PHAs need greater flexibility in the FMR and the payment standards. The rigidity in the use of the FMR and payment standards has had the effect of forcing voucher holders into smaller niches in the HMA which have lower rents but also lack in resources that support family self-sufficiency. We have also observed that some families are so desperate for housing, they grab the first thing they find; they do not take advantage of the time they have to search for housing. With PHAs needing to speed up the search time to meet the HCV utilization requirement, the system works against encouraging families to take their time and make a thoughtful choice for their future. Finally, families that are close to coming off the program are often anxious about what no housing assistance will mean for their immediate and long-term stability. Extending the six-month off-ramp period would help families feel more secure.

## **(2) MTW COHORT #4 ACTIVITIES**

In the Landlord Focus Group, each of the activities from PIH 2021-03 was presented and discussed. The flexibility in the payment standards was the clear choice. It was viewed as being most responsive to the needs of the marketplace and particularly to sub-market conditions in opportunity areas. As a result, NI ReACH proposes the following activities for our test:



1. 2.a. Payment Standards – Small Area Fair Market Rents (SAFMRs): NI ReACH will establish payment standards between 80% and 150% of the SAFMRs.
2. 2.b. Payment Standards – Fair Market Rents (FMRs). NI ReACH will establish payment standards between 80% to 120% of the FMRs.

In both cases, NI ReACH will adopt a hold harmless policy (or gradual phase-in) to moderate the reductions in payment standards. In terms of the other possible activities: #2 Vacancy Loss was viewed as a gamble. In #3 Damage Claims, “the devil is in the details”. #4 Incentive Payment was viewed as “one and done” and “not a huge draw”. #5 Pre-Qualifying Unit Inspections would require a significant increase in staff time. #6 Alternative Inspection Schedule was viewed as not important or needed.

### **(3) OTHER LANDLORD INCENTIVES AND INITIATIVES**

No waivers are requested. However, in response to landlord and participant needs, there are non-MTW initiatives discussed in the previous section that NI ReACH is implementing to improve the HCV program and attract more landlords. The first includes new landlord and tenant portals on the agency website where expanded program information can be made available. The second is in response to landlord and participant concerns regarding how much a family can pay for rent. Not having a clear understanding of what a family can afford to pay before they go house hunting builds expectations on both sides that cannot always be fulfilled. NI ReACH is collaborating with other housing authorities and our software and website vendors to develop a simple-to-use module that will estimate the total rent and tenant contribution to rent based on data the landlord or tenant would input including zip code, bedroom size, tenant income and other factors to be determined. We are anticipating that the portals and the module will go live before the end of the year.