

Foothills Regional Housing Moving to Work Plan and Application

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A: MTW Plan

1. Vision for Local MTW Program

MTW Goals and Rationale

Foothills Regional Housing (FRH) seeks to join the Moving to Work (MTW) demonstration program to increase housing choice and promote self-sufficiency for Housing Choice Voucher (HCV) recipients living in Jefferson County, Colorado. FRH serves families living in Jefferson County outside of the city of Denver alongside Metro West Housing Solutions and Arvada Housing Authority. All HCV recipients living in the city of Denver seeking to live in Jefferson County must port-in to FRH or a neighboring housing agency serving this area.

As the population of the greater Denver area and Jefferson County grows, affordable housing is becoming more difficult to obtain for working families, seniors and people experiencing disabilities, and other low-income individuals and households. The rental market in Jefferson County continues to tighten and median rents have risen 59% since 2010¹. Currently, many working individuals face high housing cost burdens or long commutes to work. At the same time, many seniors who want to age in place cannot afford to rent in their current neighborhood. While FRH's payment standards are strong, HCV tenants are priced out of some areas, creating a barrier to entry for HCV recipients in these neighborhoods.

As a result, HCV renters in Jefferson County are concentrated in neighborhoods offering the fewest opportunities for economic advancement. Sixty percent of FRH voucher holders live in neighborhoods that provide below typical amounts of opportunity capital, an index measuring the level of job access, health outlook, educational opportunity, and transit access of a neighborhood to the typical level in greater metro area².

MTW flexibilities will allow FRH to build on its current efforts to better serve HCV recipients in Jefferson County and open neighborhoods with higher levels of opportunity to HCV recipients, increasing the share of HCV recipients choosing to live in these areas. MTW flexibilities will also help improve equity in Jefferson County by increasing the share of HCV households of color choosing to live in neighborhoods with above typical levels of opportunity.

MTW waivers and funding flexibilities will provide additional tools for FRH to expand its current voucher footprint and increase housing choice for Jefferson County HCV recipients. To increase housing choice, FRH seeks to increase the number of property owners participating in the HCV program in target neighborhoods, particularly neighborhoods with high levels of opportunity that have strong job access and/or larger populations of older adults. Landlord incentives offered through MTW flexibilities will allow FRH to increase the number of property owners participating in the HCV program in target neighborhoods. Most importantly, MTW status will allow FRH to increase payment standards in target

¹ American Community Survey (1 year) Median Gross Rent, 2019, 2010.

² PAHRC tabulation of HCV participants living in opportunity neighborhoods. PAHRC's opportunity neighborhood methodology can be found [here](#) and is described in more detail below.

neighborhoods to better match prevailing rents. This will help HCV holders compete with market rate tenants for rental units. Other incentives offered to landlords could include funds to cover potential tenant damage or lost rent due to early vacancy and the ability to obtain a prequalifying inspection to allow them to lease a unit more quickly to an HCV holder. FRH will also continue to develop new affordable housing options.

FRH will support these efforts by building a robust landlord outreach program and dedicating staff to field landlord questions and settle tenant issues. They will continue to provide inspections within 24 hours for HCV moves, reducing the lease-up timeline, and explore additional ways to streamline the lease-up process. These communication and administrative improvements should foster greater landlord participation in the HCV program.

Providing residents with the choice to move into neighborhoods with better job access, health outlook, transit, and educational opportunities will increase self-sufficiency for HCV recipients by giving them more options for well-paying jobs that can help participants build their labor market capital and save for the future. To support residents who choose to move into these neighborhoods, FRH will continue to offer mobility counseling through its partnership with Housing Navigators. MTW status will allow FRH to provide additional supports to help HCV tenants move to target neighborhoods, such as flexible moving grants to help with unseen costs such as rental application fees. Other proposed efforts include an eviction specialist that can help navigate landlord-tenant issues as well as an outreach coordinator to support landlord and tenant outreach. FRH will also continue to work with its partners to support Jefferson County's prohibition against source of income (SOI) discrimination. Once work-able residents can access neighborhoods close to well-paying jobs, they will have a greater chance to achieve economic independence.

MTW Staffing Plans

FRH has a strong cadre of staff to support its expanded MTW efforts. There are currently seven staff members that support the HCV program: six HCV specialists and one HCV director. These staff will be primarily responsible for carrying out day-to-day MTW landlord incentive activities. All staff undergo yearly training and certification as HCV specialists. Several staff have over a decade of experience at FRH and the Director is nearing 25 years of service. FRH will also be hiring an evictions prevention specialist to help manage landlord-tenant issues as well as an outreach coordinator to help with landlord and tenant engagement whether or not they are granted MTW status. Data analysis and MTW reporting will be provided by FRH's business support specialist, who currently handles similar tasks for the enterprise. Additional MTW support and oversight will be provided by the Special Projects Coordinator, who may act as a dedicated MTW coordinator. MTW strategic planning and oversight will be provided by the Executive Director and Chief Operating Officer. Along with dedicated staff, FRH has a number of partners that will help aid their efforts, like Housing Navigators, to provide for HCV tenants' basic needs, offer job training, support mental health, and assist in meeting other needs.

MTW Plan and Fair Housing

FRH promotes fair housing goals in the HCV program by analyzing the housing market and populations served to identify underserved populations. It also targets outreach efforts to media outlets that reach

eligible populations underrepresented in the population and avoids outreach efforts that prefer or exclude people who are members of a protected class³. Currently, 42% of FRH voucher holder households include people of color⁴. Twenty-two percent of HCV households of color live in neighborhoods with above typical levels of opportunity capital compared to 28% of white households in FRH's HCV program⁵. FRH strives to increase equity through improving access to neighborhoods with greater opportunity capital for voucher holders of color. It also supports source of income (SOI) discrimination enforcement activities by working with Colorado Legal Services and attorney volunteers at The Action Center of Jefferson County, which can also combat discrimination against voucher holders of color⁶.

2. Plan for Future Resident & Community Engagement

FRH will continue to engage its various stakeholders—including landlords, tenants, and service partners—to enhance and implement its MTW plan serving low-income communities. In addition to public and resident meetings held during the application process, it will continue to offer a dedicated email and phone number for stakeholders and the public to provide feedback on its MTW plans. It will also continue to incorporate feedback received from tenants, the FRH HCV tenant advisory board, landlords, and service partners into its decision-making processes and explore ways to systematically gather this information. To reach potential and current clients who are non-English speakers, a group which represents 19% of Jefferson County residents living in poverty, FRH offers website translation via Google translate and has access to translators to assist clients.

As part of its MTW plan, FRH will build a robust landlord engagement and outreach strategy to reach new landlords and retain current landlords. Currently, landlord recruitment is done organically through information provided to rental property owners on the FRH website and through HCV tenants who seek to rent units from a property owner not currently participating in the HCV program. FRH seeks to expand its outreach network, by working with local apartment associations and realtor networks and providing HCV program marketing information to other Jefferson County organizations serving rental property owners, such as the Chamber of Commerce. Engagement with current landlords will include access to HCV staff to mitigate tenant issues. Future efforts may include landlord outreach forums, new landlord orientations, current landlord surveys, or a landlord portal.

FRH will continue to build engagement with current and potential tenants. Today, potential tenants are directed to FRH through local newspapers, marketing information distributed to other Jefferson County agencies, and through referrals from other agencies working with low-income families⁷. FRH takes new HCV applicants every three years and holds a lottery to identify a pool of new HCV recipients. Information about potential rentals is provided to tenants at intake. Housing Navigators work with new

³ Foothills Regional Housing HCV Administrative Plan. p.4-8

⁴ HUD Picture of Subsidized Households (POSH) 2020. People of color are defined households headed by Black, Asian, Native American, Pacific Islander, Native Alaskan, or Hispanic individuals.

⁵ PAHRC tabulation of FRH administrative data.

⁶ Center on Budget and Policy Priorities (2018). [Prohibiting Discrimination Against Renters with Housing Choice Vouchers Improves Results.](#)

⁷ FRH HCV Administrative plan p 4-8

and current tenants to help them make the best location decision for their family. FRH also maintains a tenant advisory board, which is helpful in obtaining feedback from residents and sharing new developments in the HCV program. FRH has a successful referral relationship with the local Veteran’s Affairs office (VA) to distribute VASH vouchers.

If granted MTW status, FRH first plans to build tenant outreach to support new and participating voucher holders in accessing new units in target neighborhoods. It will expand its work with Housing Navigators and create new materials about which neighborhoods may provide the best opportunities for stable jobs and other resources as well as information on its new adjusted payment standards to include in tenant information packets and on its website. It will also utilize its tenant advisory board to best circulate information about the new strategy to residents and continue to gather feedback about how the process works in practice. FRH also plans to expand outreach to the community by working with other Jefferson County agencies serving low-income families to build a robust referral network for those seeking housing opportunities. These efforts will both allow FRH to better engage tenants and provide more opportunities for tenant feedback.

3. PHA Operating Inventory Information

FRH manages 1,704 vouchers across Jefferson County, including 52 PBVs. This figure also includes NED, Mainstream and VASH vouchers. All voucher holders living in their jurisdiction (except for those receiving vouchers from MetroWest or Arvada Housing Authority) must port-in to FRH. The agency does not manage any public housing units.

A slight majority of FRH voucher holder heads of household are white (58%), while roughly a third are Hispanic or Latino (32%) and the remainder are African American (6%) or some other race (5%). Nearly half of HCV households are considered disabled (47%) while approximately one third are considered elderly (33%). Note that these figures include both tenant-based HCVs as well as the relatively small number of PBVs that FRH administers.

Category	% of HCVs
White	58%
Non-white	42%
Hispanic/Latino	32%
African-American	6%
Other non-white	5%
Elderly	33%
Disabled	47%

Every three years, FRH holds a lottery among applicants to create a pool of new HCV tenants. In 2018, FRH had approximately 1,500 applicants for the voucher lottery. It currently has 214 eligible families waiting for vouchers that become available this year and 2,568 families waiting for the 2021 lottery at the end of the year. FRH maintains site-based waiting lists for its apartment communities and project-based vouchers and a traditional standing waiting list for Mainstream and NED vouchers. It works with

the VA to provide VASH vouchers to eligible veterans. FRH has established waiting list preferences for local, working, and disabled individuals.

If granted MTW status, FRH anticipates largely similar demographic trends among its HCV residents in terms of age, income, and race/ethnicity. There may be a slight uptick in the share of career-age working individuals served as FRH gains more landlords in neighborhoods with access to jobs. There may also be a small increase in the share of seniors served in the HCV program as it targets neighborhoods where seniors need higher rents to age in place.

A key challenge in leasing vouchers is making payment standards competitive with market rents. There are many neighborhoods in which voucher holders fall short of market rents by several hundred dollars. Overall, the rental market in Jefferson County is competitive with low vacancy rates, an influx of market renters, and growing number of luxury apartment communities. As a result, there are few property owners participating in the program in many neighborhoods with levels of opportunity above what is typical of area neighborhoods. Especially lacking are affordable small (1BR) and large units (3+ BR). New landlords also find the administrative processes associated with the HCV program difficult to understand and an additional disincentive to participation. These challenges led to a voucher success rate of 69% in 2020 and a concentration of HCV holders in neighborhoods with below typical levels of opportunity. FRH anticipates that new landlord incentives granted through the MTW program will help improve voucher success, especially in target neighborhoods by removing many of these disincentives to participation.

FRH has already incorporated several innovations into its HCV program to help address these issues. It established a partnership with Housing Navigators to offer mobility counseling and aid HCV tenants in leasing a unit. While this is a new effort, there have been several cases where this service has been critical in creating successful moves for HCV families. FRH also established inspections within 24 hours of a request for HCV units, which is a selling point to landlords in Jefferson County's fast-paced rental market. It is also in the process of hiring an eviction specialist and an outreach coordinator, both of whom will serve HCV tenants.

FRH also has a history of being responsive to the housing needs of special populations. It was one of the first agencies to participate in the Foster Youth Initiative (FYI) program. It is awarded NED and mainstream vouchers and participates in the VASH program to better support individuals experiencing disabilities and veterans. FRH has also been successful at project-basing vouchers in its affordable and mixed income apartment communities.

To address the lack of affordable housing in Jefferson County, FRH has actively engaged in the development of new mixed income and affordable apartment communities. While FRH does not operate any public housing developments, the agency owns and manages 21 apartment communities totaling nearly 1,000 units of affordable housing. Seven of these communities are market-rate (just over 150 units) and 12 are mixed finance including HOME, LIHTC, and market rate units. Two properties of the 21 are in development and not yet occupied. FRH has project-based 52 vouchers (PBVs) in these communities. If granted MTW status, FRH plans to continue its strong track record of developing mixed

income and affordable communities using mixed financing strategies to offer more housing units to HCV families. It does not anticipate any major changes to its housing stock.

4. Plan for Local MTW Program

FRH is seeking MTW status to offer more housing options to its HCV participants in neighborhoods offering higher than typical opportunity close to jobs and transit and increase the share of voucher holders that choose to live in these neighborhoods. FRH plans to increase housing choice in three main ways.

First, FRH will adjust its payment standards to ensure that HCV rents are competitive neighborhoods with high levels of opportunity capital. To do so, FRH will likely develop tiered payment standards that open up target neighborhoods. Jefferson County is an affluent area with only two Census tracts with poverty rates below 20%. This makes opportunity for economic advancement rather than the poverty rate a key consideration in determining target areas to raise payment standards. The average poverty rate of voucher holder census tracts was 12% in 2020. However, 60% of HCV participants live in neighborhoods of Jefferson County considered to have less than typical opportunities that support economic independence compared to the greater metro area. Target neighborhoods with high levels of opportunity capital are defined by better than average job access, transit, health outlook, and educational opportunities using an index developed by the Public and Affordable Housing Research Corporation (PAHRC).⁸ Increasing payment standards to match market rents in these neighborhoods will encourage more landlords to participate in the HCV program and allow voucher holders to access them.

Second, FRH will increase housing choice in neighborhoods with high levels of opportunity capital by offering property owners incentives to join the program. Potential financial incentives could include a damage mitigation fund to compensate property owners for any tenant damage or a vacancy loss fund to ensure an ongoing rent payment if a tenant vacates the unit earlier than expected.

FRH will also work to streamline administrative processes that often worry landlords. These efforts could include a single point of contact, such as a landlord hotline, to ensure that FRH staff are assigned to each landlord and available to field questions, assist with paperwork, and mitigate tenant issues. They could also include offering prequalifying inspections to landlords seeking to join the HCV program to speed up the tenant lease-up timeframe. Other efforts could include updating the FRH website to provide a one-stop-shop for information and paperwork for landlords interested in joining the program or creating a current landlord web portal to expedite the exchange of paperwork, track HAP payments, and submit rent increase requests. These improvements will help assuage fears of financial risk and smooth out perceived bumps on the landlord side of administering the program.

Third, FRH will increase housing choice by updating their HCV landlord marketing materials and creating a landlord outreach and engagement plan that increases awareness about the HCV program and how it works. New marketing materials will provide information about the benefits of the program as well as new incentives offered to landlords to participate. Outreach will focus on making connections with

⁸ PAHRC. [Neighborhood Opportunity Search Tool Methodology](#).

rental real estate stakeholders, such as realtors, the Chamber of Commerce, and apartment associations to circulate materials and gain landlord referrals. Outreach will target landlords in target neighborhoods along with small landlords, those offering one bedroom and three plus bedroom apartments, and those housing seniors and disabled individuals. Future efforts could include landlord recruitment forums or signing bonuses. This effort will increase awareness about the program and its benefits.

In addition to these three main ways, FRH will also increase housing choice by continuing to develop affordable housing communities open to HCV recipients.

FRH also seeks to improve self-sufficiency among HCV residents by supporting their moves to neighborhoods with higher levels of opportunity capital with closer access to jobs. To support these moves, FRH will continue its partnership with Housing Navigators to offer mobility counseling to current and incoming HCV residents. It will also explore offering financial support for tenant moves, such as flexible moving grants to tenants moving to target neighborhoods to help with rental application fees, security deposits, and moving costs. These funds may also be used to help residents purchase a vehicle if they are moving to a target neighborhood and lack reliable transit options. FRH will also update their tenant informational materials to include information on which neighborhoods might be right for them and services to support moves to areas with high levels of opportunity capital. These supports can help work-able tenants live closer to better jobs.

5. Proposed Use of MTW Funds

FRH is requesting flexible use of HAP funds to support local, non-traditional MTW activities. FRH will use MTW funds to increase payment standards in target neighborhoods. It will also use MTW funds to support a package of landlord incentives, such as a potential vacancy loss fund or a damage mitigation fund. It may use MTW funds to continue the development of new affordable housing. FRH may also use MTW funds to support its resident initiatives such as providing flexible moving grants or expanding its mobility counseling partnership with Housing Navigators.

FRH does not receive Section 9 funds as it does not manage any public housing.

6. Significant Partnerships

FRH works with many partners to support its HCV residents, and it will continue to leverage these partnerships to support its MTW plan. A strength of FRH's current HCV program is its partnership with Housing Navigators. Mobility counseling has shown to be an effective way to support HCV participant choices to move to neighborhoods with higher levels of opportunity.⁹

FRH has other successful partnerships that support HCV holders and provide referrals to FRH for individuals seeking housing vouchers. The Action Center of Jefferson County supports residents in

⁹ Schwartz, H. Mihaly, K. & Gala, B. (2017) Encouraging Residential Moves to Opportunity Neighborhoods: An Experiment Testing Incentives Offered to Housing Voucher Recipients. *Housing Policy Debate*, 27(2), 230-260. Bergman, P. et al. (2019). Creating moves to opportunity: Experimental evidence on barriers to neighborhood choice. NBER Working Paper 26164.

immediate need of food, shelter and other necessities. CASA of Jefferson and Gilpin County provides services to support children in the court system. Family Tree supports families experiencing domestic violence, abuse, and homelessness. The Jefferson Center supports the mental health of individuals and families. Parker Personal Care Homes provides a variety of services to support youth and adults including vocational coaching. STRIDE Community Health Center meets tenant health needs.

FRH also refers tenants to Colorado Legal Services and the Legal Center for People with Disabilities to assist in source of income discrimination and other renter discrimination cases. FRH works with Jefferson County Human Services to support a variety of HCV resident needs from food assistance to healthcare. FRH also works within the metro Denver Continuum of Care coordinated by the Metro Denver Homeless Initiative to support individuals experiencing homelessness in their community.

These partnerships will help HCV participants use affordable housing as a platform to build their economic independence and support this portion of FRH's MTW plan. FRH will also explore ways to expand these partnerships and explore additional avenues of funding to support resident moves to opportunity such as philanthropic support or additional in kind services from partners.

B. Landlord Incentives

1. Landlord Needs Assessment

Current rental market conditions

The Jefferson County rental market is highly competitive, and FRH voucher holders compete with non-subsidized renters to access affordable housing. The county has seen the growth of luxury apartment complexes over the last decade, many of which have rents that exceed the voucher payment standard. FRH staff have seen many voucher holders coming up short in rent in trying to access these luxury apartment communities.

As in many growing cities across the U.S., rents in Jefferson County have increased dramatically over the last 10 years. From 2010 to 2019,¹⁰ nearly half (41%) of all Census Tracts in Jefferson County saw their median gross rent increase over 50% (see table below), and another 40 percent saw their median gross rent increase between 25–50%. Even looking at a smaller time frame (2015–2019), most Jefferson County tracts have seen growth in median gross rent exceeding 25%.

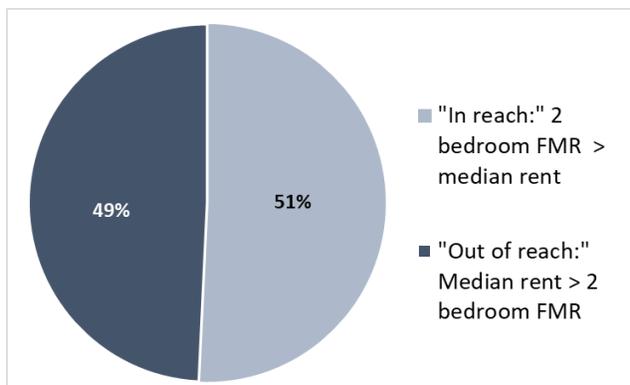
¹⁰ For this analysis, the year denoted here refers to the final year of the five-year American Community Survey estimates. Thus, '2010' refers to 2006–2010 American Community Survey estimates, '2015' refers to 2011–2015 American Community Survey estimates, and '2019' refers to 2015–2019 American Community Survey estimates.

Change in median gross rent across Jefferson County Census tracts

Change in median gross rent	Change 2010–2019	Change 2015–2019
Increased over 50%	54 (41%)	10 (8%)
Increased 25-50%	52 (40%)	67 (52%)
Increased 10-25%	15 (11%)	29 (22%)
Increased less than 10%	5 (4%)	15 (12%)
Decreased	5 (4%)	9 (7%)

Comparing 2019 median gross rents to FRH’s 2-bedroom payment standard (\$1,508 in 2019, the final year of the American Community Survey data analyzed), roughly 50% of Jefferson County tracts have median gross rents above the payment standard—so-called “out of reach” tracts—and about 50% of tracts have median gross rents below the payment standard, which we refer to as “in reach” tracts. Thus, the typical rent is out of reach for HCV holders in approximately half of Jefferson County neighborhoods.

Proportion of Jefferson County tracts that are 'in reach' and 'out of reach' for voucher holders.



Despite roughly half of tracts potentially ‘out of reach’ for voucher holders, a majority of rental units in the county are considered affordable using the 2-bedroom payment standard as seen in the table below. Using a method developed by the Center on Budget and Policy Priorities,¹¹ we analyzed the proportion of rental units were affordable (using 2015–2019 ACS data) to families using the 2-bedroom payment standard. It is important to note that these units may also be ‘near affordable’ given that the ACS includes the rents of long-time renters, who drive down the median rent, and FRH’s experiences of HCV renters being priced out in these areas by a few hundred dollars.

Mapping the proportion of units affordable based on the 2-bedroom payment standard shows that tracts with the most affordable units are concentrated in the cities of Arvada, Wheat Ridge, and Lakewood in the eastern part of Jefferson County (see Map 1 in Appendix 4). Tracts with relatively

¹¹ See Mazarra, A. and B. Knudsen. “Where Families with Children Use Housing Vouchers.” Washington, DC: Center on Budget and Policy Priorities. <https://www.cbpp.org/sites/default/files/atoms/files/1-3-19hous.pdf>

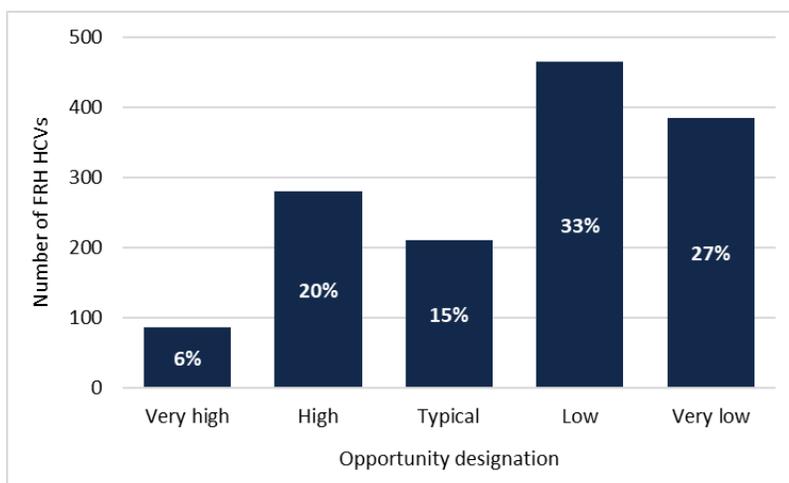
fewer affordable units are found in the southern suburban portion of Jefferson County (near Columbine) and in the more outlying suburban portions of the county.

Opportunity neighborhoods and FRH voucher holders

A key proposed FRH MTW activity is to help HCV holders who desire to move into higher opportunity neighborhoods. To define which neighborhoods may offer better access to jobs, transit, education, and positive health outcomes, we used the Public and Affordable Housing Research Corporation’s (PAHRC) Neighborhood Opportunity Search Tool. The ‘Opportunity Capital’ designation combines several outcome-based indicators to represent access to jobs, transit, healthcare, and educational opportunity.¹² The map depicted in Appendix 4, Map 2 shows opportunity capital levels for Census tracts across Jefferson County. Those tracts falling in the ‘very high’ or ‘high’ classifications are considered high opportunity neighborhoods. In general, ‘Very high’ and ‘high’ opportunity tracts are in the further suburbs of Jefferson County, as well as many tracts within the cities of Wheat Ridge, Columbine, and Westminster.

The chart below aggregates the number of FRH voucher holders by the level of opportunity available in their neighborhood. A majority (60%) of FRH HCV holders reside in either low (33%) or very low (27%) opportunity tracts. Roughly a quarter reside in tracts with either very high (6%) or high (20%) opportunity. Opportunity tracts also have somewhat higher average median rents (\$1,587) relative to low opportunity tracts (\$1,508); this may partly explain why more FRH voucher holders reside in low opportunity tracts.

Percent of FRH Voucher Holders by Neighborhood Opportunity Designation



The map depicted in Appendix 4, Map 3 shows FRH’s current voucher holder locations and opportunity tract designations. It shows that many FRH voucher holders do *not* reside in high opportunity tracts, but instead are in certain neighborhoods in the cities of Arvada, Wheat Ridge, and Lakewood that are not

¹² This tool is available at <https://www.pahrc.org/research/neighborhood-opportunity-search-tool/>. The methodology can be found [here](#).

considered high opportunity tracts. This suggests the need for greater supports to assist FRH voucher holders in moving to high opportunity tracts.

Race/Ethnicity and Opportunity

Current voucher holder trends in high opportunity neighborhoods also show slight disparities by race and ethnicity (see table below). The table below shows the breakdown of FRH voucher holders by race/ethnicity across the five opportunity classifications. In general, non-white¹³ voucher holders are more likely to reside in low opportunity tracts (78% vs. 72% for white voucher holders). Concurrently, white voucher holders are somewhat more likely to reside in high opportunity tracts (28% vs. 22% for non-white voucher holders). Driving these differences are that white voucher holders are more likely to reside in ‘high’ opportunity tracts (22% vs. 16% for non-white voucher holders), while non-white voucher holders are more likely to reside in ‘very low’ opportunity tracts (31% vs. 24% for white voucher holders). Thus, supports that encourage moves to neighborhoods offering higher levels of opportunity will also help improve equity in the voucher program.

Percent of FRH voucher holders by opportunity tract classification and race

Opportunity classification	White HOH # (%)	Non-White HOH # (%)
Very high	50 (6%)	36 (6%)
High	191 (22%)	98 (16%)
Opportunity tracts	241 (28%)	134 (22%)
Typical	133 (15%)	75 (12%)
Low	279 (32%)	217 (35%)
Very low	210 (24%)	189 (31%)
Non-opportunity tracts	622 (72%)	481 (78%)
Total	863 (100%)	615 (100%)

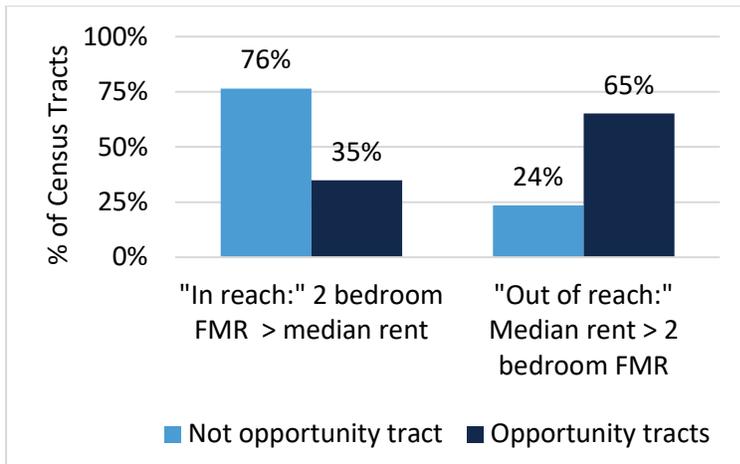
Affordability and Opportunity

As noted earlier, the typical rent in about half of Jefferson County tracts is considered “out of reach” for voucher holders—meaning the median gross rent exceeds the 2-bedroom payment standard—while in another half typical rents are considered “in reach” for voucher holders (the 2-bedroom payment standard exceeds the median gross rent).

Breaking this analysis down by opportunity tracts reveals substantial disparities in affordability across the opportunity tract designations. A majority of opportunity tracts are “out of reach” for voucher holders—meaning the median gross rent is above the 2-bedroom payment standard (see figure below). Meanwhile, most non-opportunity tracts are “within reach” – meaning the 2-bedroom FMR is above the median rent.

¹³ This category includes all household ideas identifying using HUD classification ‘Minority.’ Groups included in ‘minority’ are Black, Asian, Pacific Islander, or Alaskan Native, and Native American individuals as well as those identifying as Hispanic.

Affordable units by neighborhood opportunity classification



The map depicted in Appendix 4, Map 4 shows ‘in reach’ and ‘out of reach’ Census tracts across Jefferson County. Many ‘in reach’ tracts are in the eastern part of the county in the Denver suburbs; these tracts, unsurprisingly, are where many FRH voucher holder reside. Meanwhile, many of the ‘out of reach’ tracts are in tracts further afield in Jefferson County—that is, the outer suburbs of Denver—as well as the more affluent southern parts of the county.

In sum, the rental market analysis shows that 1) the majority of FRH voucher holders live in neighborhoods with low opportunity for economic advancement, 2) HCV holders of color are more likely to live in low opportunity neighborhoods than white HCV holders, 3) rents in opportunity areas are typically out of reach for HCV renters, and 4) there are a number of likely ‘near affordable’ units in opportunity areas that likely could be accessible to HCV tenants with slightly higher payment standards.

Strengths and Weaknesses of HCV Program

Looking at the landlord pool in Jefferson County, many landlords do not want to participate in the HCV program due to the current mismatch of payment standards and market rents. Given the county’s tight rental market, non-participating landlords believe they can obtain higher rents from market-rate tenants. They also believe they can sign a lease more quickly with market-rate tenants citing the payment lag involved in the HCV lease-up process. New landlords also tend to be reticent to allow FRH to inspect their units and are worried about possible tenant damage.

FRH believes that higher payments standards, new landlord incentives, and improved communication can help address these problems. Landlord outreach has also been difficult to maintain as Jefferson County grows and the rental market tightens. Many landlords do not know about the HCV program or its benefits and others maintain misperceptions about the administrative process or HCV tenants as described above.

FRH’s current landlord pool includes a higher proportion of property owners with large multi-family rental properties who understand the benefits of participating in the HCV program. These landlords enjoy the stable rent and protection from potential tenant income losses. However, as shown above,

there are fewer landlords participating in high opportunity neighborhoods that are close to jobs. The landlord pool also has a disproportionate share of two-bedroom units. In addition to expanding the number of landlords participating in high opportunity neighborhoods, FRH would like to expand the number of small landlords that participate in the HCV program and its options for one bedroom and three-plus bedroom units.

With fewer options in places where people want to live and work, it is difficult to lease-up vouchers. This trend has led to a success rate of 69% for FRH's HCV program. To address this issue, FRH partnered with Housing Navigators to help tenants successfully move or lease-up new vouchers. It is also hiring an eviction specialist to mitigate landlord-tenant issues and an outreach coordinator to assist in reaching new property-owners and potential tenants. FRH has a strong track record of paying landlords on time and accurately. FRH staff are dedicated to walking landlords through the process and helping them see the benefits of the program. They also provide reliable 24-hour inspections to ensure that the lease-up timeline for HCV tenants is closer to that of market rate tenants. FRH staff are also a resource for tenants and work with the tenant advisory board to obtain feedback and address concerns about the program. These strengths provide a strong foundation to build a successful MTW program and adapt to current market trends.

2. MTW Cohort Activities Selected

FRH has included four cohort-specific MTW activities in their MTW plan:

- Activity 2b, payment standard adjustments,
- Activity 4a, a vacancy loss fund,
- Activity 4b, a damage mitigation fund, and
- Activity 5a, pre-qualifying inspections.

Given the tight rental market and the difficulty of FRH's current payment standards to keep up with rents in neighborhoods of opportunity, the ability to adjust payment standards beyond the current level is a critical tool for increasing housing choice for HCV residents. There are many near-affordable rental units in these areas and when payment standards in opportunity neighborhoods match market rents, a key financial disincentive for landlord participation in the HCV program will be removed. Providing a vacancy loss fund and a damage mitigation fund will also provide assurances to landlords in opportunity neighborhoods who may be reticent to join the HCV program due to misperceptions about the financial risk associated with accepting HCV tenants. Both issues, along with a lack of knowledge about the administrative process associated with the HCV program, were the most-cited among landlords as to why they would not join or had left the HCV program¹⁴. Finally, providing pre-qualifying inspections will reduce the tenant lease-up timeframe, allowing landlords to be paid more quickly and HCV tenants to better compete with market renters.

¹⁴ Reasons shared by FRH HCV staff in their interactions with potential and previous landlords.

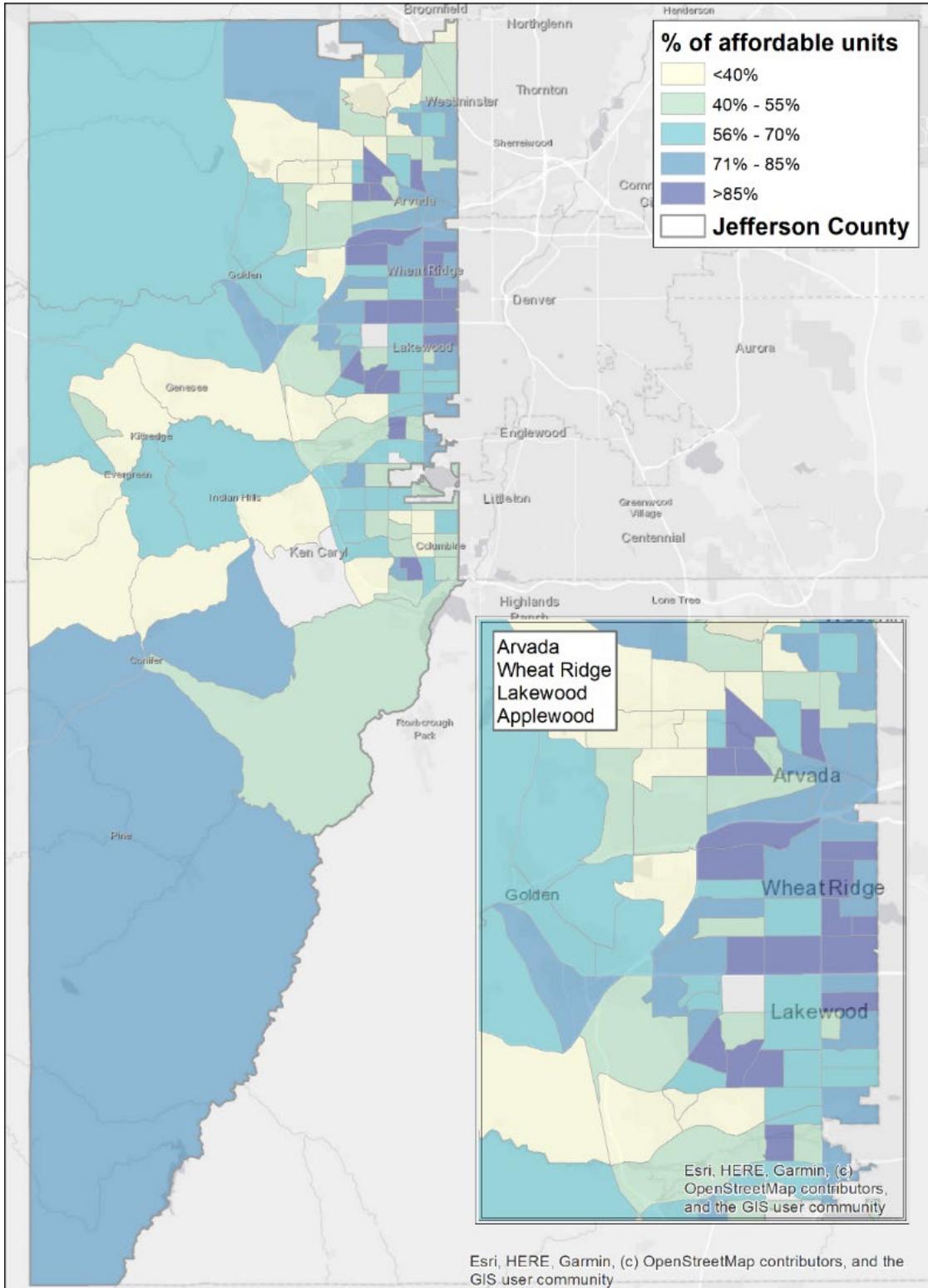
3. Other MTW Activities Selected

FRH will also seek additional MTW and agency-specific waivers to support its MTW goals. These include:

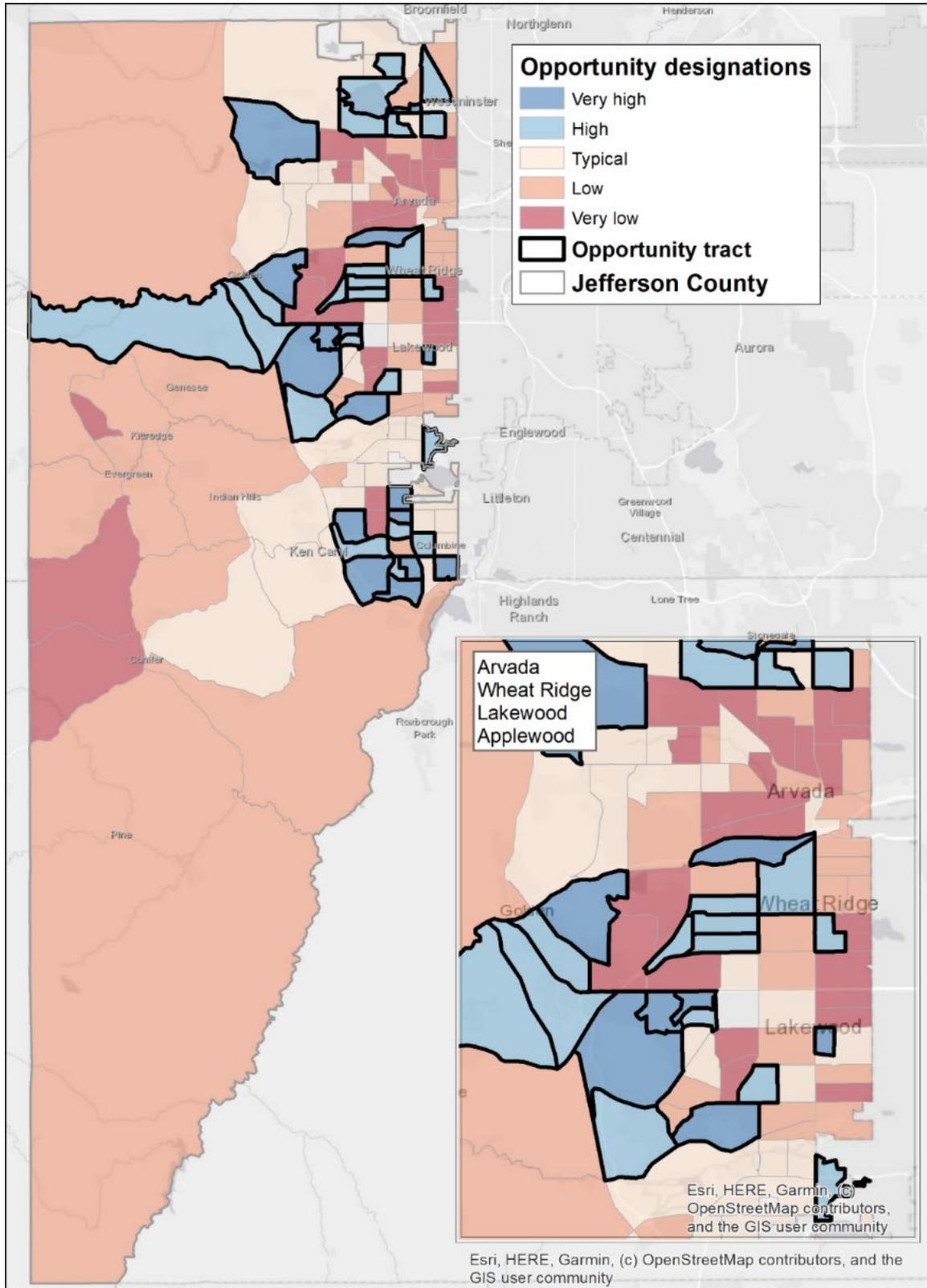
- In some opportunity neighborhoods that are out of reach for HCV tenants, FRH may need to increase its payment standard above the 120% allowable under the standard MTW waiver.
- Due to Jefferson County's high construction and repair costs, FRH may also want to offer a damage mitigation fund that is greater than two-months contact rent.
- To better streamline HAP payments to landlords, FRH may mandate direct deposit of HAP payments.
- To continue to offer increase the supply of affordable housing, FRH may seek to allocate some HAP funds to support affordable housing development utilizing MTW financial flexibility and as a local, non-traditional activity.
- Finally, to support tenant moves to neighborhoods that offer the best options for tenants, FRH may offer tenants flexible moving grants or other supportive services that would fall under local, non-traditional MTW activities and require either an MTW or agency-specific waiver.

Appendix 4: Supporting Materials

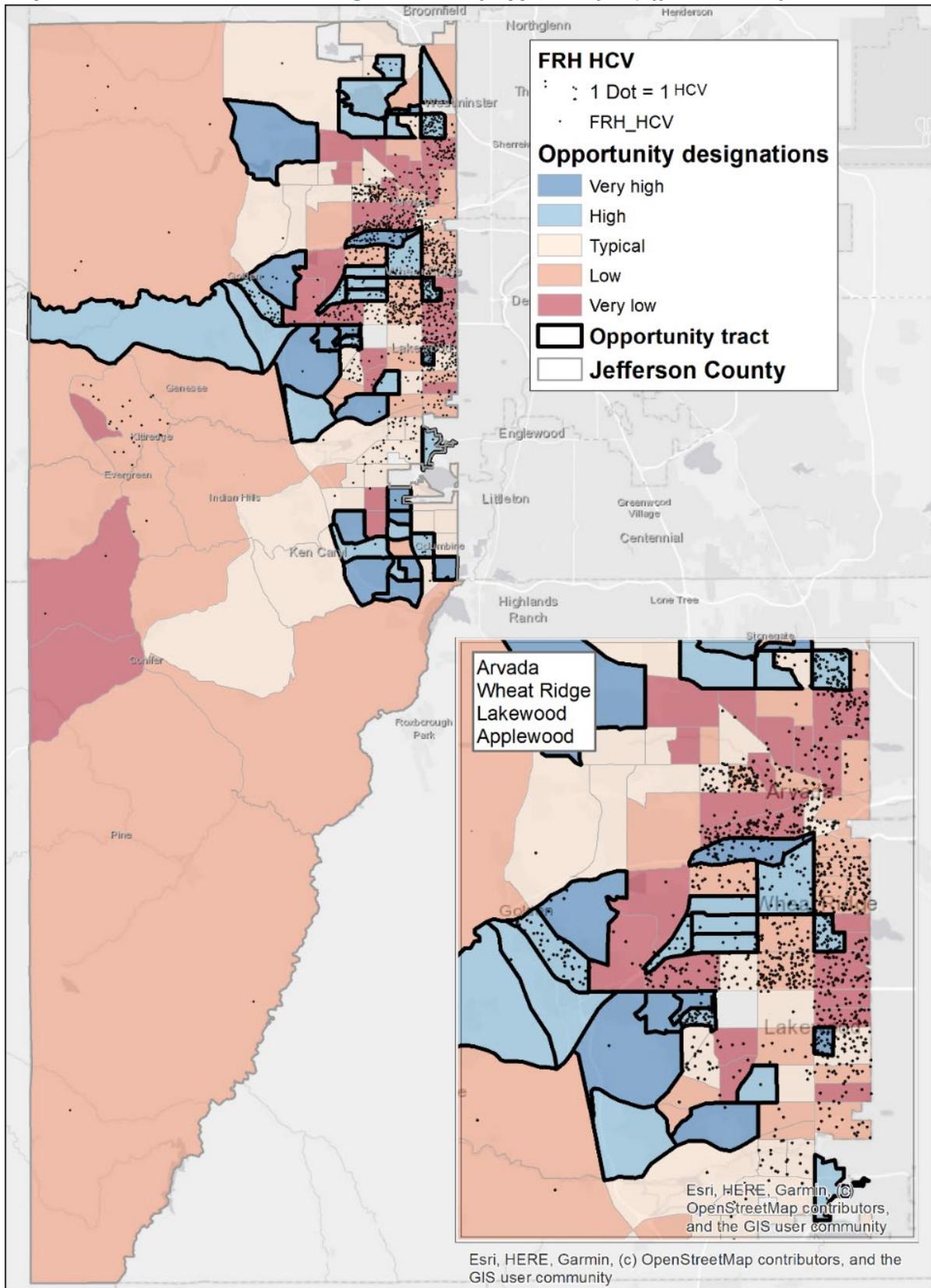
Map 1: Percent of affordable units by Census tract in Jefferson County



Map 2: Opportunity Neighborhood Designations in Jefferson County



Map 3: FRH Voucher Holders and Neighborhoods of Opportunity in Jefferson County



Map 4: FRH Voucher Holders, In Reach and Out of Reach Neighborhoods of Opportunity

