

Moving to Work Local, Non-Traditional (LNT) FAQs

Updated March 18, 2024

Background: This document contains a list of questions and answers regarding how Moving to Work (MTW) Public Housing Agencies shall implement and report their approved Local, Non-Traditional Activities (LNT).

The contents of this document will be updated periodically as questions arise that can be addressed by HUD.

- 1. How are LNT activities approved?**
- 2. Can approved LNT activities support participants of the Public Housing or Housing Choice Voucher programs?**
- 3. Can LNT activities serve families who exceed 80% of the Area Median Income (AMI)?**
- 4. Do LNT units have to meet Housing Quality Standards?**
- 5. Do procurement requirements apply to LNT?**
- 6. Are families receiving LNT services required to meet citizenship or eligible status requirements?**
- 7. How do MTW PHAs report HCV Housing Assistance Payment (HAP) funds expended for approved LNT activities?**
- 8. Are the number of households served for LNT purposes reported in the Voucher Management System (VMS)?**
- 9. Do MTW PHAs report LNT activities on the 50058?**
- 10. How do LNT Development category units count towards Substantially the Same (STS)?**
- 11. Can Project-Based Voucher projects and non-public housing units be developed/acquired/renovated under the LNT Development category?**
- 12. Is an MTW PHA required to use the mixed-finance development proposal form for LNT development projects?**
- 13. Are LNT developments required to have a use agreement or covenant recorded on the property title?**

1. How are LNT activities approved?

LNT activities must be proposed and submitted in the Annual MTW Plan or Annual PHA Plan/MTW Supplement and can be implemented upon HUD-HQ's approval.

2. Can approved LNT activities support participants of the Public Housing or Housing Choice Voucher programs?

Yes. Under the category of Service Provision, MTW funding is allowable for HUD-approved self-sufficiency or supportive services that are not otherwise permitted under the public housing or housing choice voucher programs for participants. Also, through their LNT activities, MTW PHAs can use their MTW funds to acquire, develop, or rehabilitate non-public housing units, including units that will receive Project-Based Vouchers after they are completed. See PIH Notice 2011-45 for additional information.

3. Can LNT activities serve families who exceed 80% of the Area Median Income (AMI)?

No, the MTW authorizing statute requires that the approved LNT activities must exclusively serve families at or below 80% of AMI.

4. Do LNT units have to meet Housing Quality Standards?

Yes. LNT Development category units and LNT Rental Subsidy Programs category units must meet Housing Quality Standards (HQS). PHAs must ensure properties are safe, decent, sanitary, and in good repair, according to an inspection protocol established or approved by the Secretary. This does not preclude the PHA from using approved alternate MTW inspection protocols if such protocols meet the housing quality standards established or approved by the Secretary. Projects must meet HQS requirements (24 CFR 982.401), both at commencement of occupancy and throughout the term of time restriction on affordable units. This requirement applies to all local, non-traditional MTW units/subsidies, including assistance provided to projects as gap financing.

5. Do procurement requirements apply to LNT?

Yes. The use of MTW funding for LNT activities, which include services, homeownership, development, or rental subsidy, must adhere to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, implemented at 2 CFR Part 200 (formerly 24 CFR Part 85).

6. Are families receiving LNT services required to meet citizenship or eligible status requirements?

Yes. MTW PHAs that provide LNT services are required to determine the eligibility of families based on citizenship or eligible status in accordance with 24 CFR Part 5 Subpart E.

7. How do MTW PHAs report expended HCV Housing Assistance Payment (HAP) funds for approved LNT activities?

MTW PHAs must report the HCV HAP funds expended for LNT activities in the MTW - Local, Non-Traditional (LNT) Program field in the Voucher Management System (VMS) monthly.

8. Are the number of households served for LNT purposes reported in the Voucher Management System (VMS)?

No. Only the HAP funds expended for LNT purposes are captured in VMS.

9. Do MTW PHAs report LNT activities on the 50058?

MTW Expansion PHAs will report LNT data using the HUD-50058 MTW Expansion form in the Housing Information Portal (HIP), formerly known as IMS/PIC, once HIP becomes available. The Initial 39 MTW PHAs provide data on LNT households served in their Annual MTW Reports.

10. How do LNT Development category units count towards Substantially the Same (STS)?

Initial 39 MTW PHAs follow PIH Notice 2013-02 to determine how LNT Development category units count towards STS. From Notice PIH 2013-02: “Development (Affordable Housing): The

creation of affordable housing with MTW funds does not result in an adjustment to an MTW PHA's baseline. Such housing represents families that the MTW PHA is able to serve because of its participation in the MTW demonstration. As a result, each family that is housed through affordable housing development with MTW funds would be counted in the numerator under 'Other MTW Families Housed.' Families counted in this category must follow all requirements contained in Public and Indian Housing (PIH) Notice 2011-45 (or its successor guidance) on *'Parameters for Local, Non-Traditional Activities under the Moving to Work Demonstration Program.'*

Any units in an affordable housing development that were acquired/renovated and/or developed using MTW funds through an LNT Development category activity may be counted in the numerator under "Other MTW Families Housed." These LNT units may be counted for the term of affordability for the project.

Expansion MTW PHAs follow Appendix III – Substantially the Same Requirements of the MTW Operations Notice to determine how LNT Development category units count towards STS. To determine the number of families that count towards the STS Requirement in the HCV program each year, HUD will consider families housed through both the HCV program and any approved LNT program.

The calculation for total families housed in an approved LNT Development program involves HUD first determining the total investment of MTW funds in developing these units. The total dollar amount will be divided by the applicable HUD-published Total Development Cost (TDC). The resulting number of units will then count as families housed each year from when a certificate of occupancy is issued through the term of the affordability restrictions. Families that receive services only will not be included.

11. Can Project-Based Voucher projects and non-public housing units be developed/acquired/renovated under the LNT Development category?

An MTW agency can use its MTW funds to develop, acquire and renovate Low-Income Housing Tax Credit (LIHTC) units, units that will receive Project-Based Vouchers, and other types of affordable units that are not public housing. Any non-public housing unit whose development is supported with MTW funds is considered an LNT unit. As such, in accordance with Notice PIH 2011-45, this unit must serve families earning 80% AMI or less, and it must be subject to a use agreement that ensures that the unit will remain affordable for at least 30 years or until the MTW loan to the project is repaid, whichever is longer (unless otherwise approved by HUD). MTW agencies can use their MTW funds to develop LNT units themselves or to provide financing to other entities that are developing such units.

12. Is an MTW PHA required to use the mixed-finance development proposal form for LNT development projects?

No, an MTW PHA is not required to use the Mixed-Finance Development Proposal (HUD Form 50157) for LNT Development projects; however, this form does provide a useful roadmap/checklist for MTW PHAs undertaking LNT Development projects. MTW PHAs are encouraged to use it to ensure that all LNT Development requirements, as found in Notice PIH 2011-45, are satisfied. If a MTW PHA elects to submit a development proposal to HUD for

review, HUD can review it, as well as the project's use agreement if desired, and issue an approval letter stating that the project meets all the requirements found in Notice PIH 2011-45.

It is important to emphasize that while MTW agencies do not need HUD to approve a development proposal for local, non-traditional projects, MTW agencies do have to obtain approvals from other HUD officials in order to show that these projects meet the requirements of Notice PIH 2011-45. Specifically, MTW PHAs must maintain, documentation verifying compliance with HUD's environmental review, Site and Neighborhood Standards, Subsidy Layering Review requirements relating to the provision of Project-Based Vouchers and Low-Income Housing Tax Credits, and any applicable demolition and disposition requirements pursuant to Section 18 of the 1937 Housing Act. To verify compliance with the requirements listed above, the MTW PHA must obtain and retain on file approvals from the relevant HUD offices, as required. From Notice PIH 2016-22: "Only a Responsible Entity (RE) or HUD may make environmental determinations and provide environmental clearance. PHAs cannot make any final findings or determinations, and cannot take any choice-limiting actions or obligate any funds until they have received environmental clearance...Moving to Work (MTW) agencies do not have any flexibilities or waivers related to environmental reviews requirements..."

13. Are LNT developments required to have a use agreement or covenant recorded on the property title?

Yes. LNT developments must have a legally binding commitment recorded in first priority position on the property title. HUD may request to review the recorded commitment at any time.

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