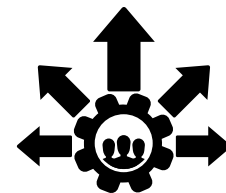


Public Housing: Moving to Work Demonstration Program



By *Linda Couch*,
Senior Vice President for Policy,
National Low Income Housing Coalition

Moving to Work (MTW) is a HUD public housing agency (PHA) demonstration program that provides PHAs with enormous flexibility from most HUD statutory and regulatory requirements. The flexibilities, regarding key programmatic features such as rent affordability and income targeting requirements, can impact residents in both the public housing and Housing Choice Voucher programs. Authorized in 1996, the demonstration program continues even though it has not been evaluated on a broad scale.

While some underfunded PHAs are desperate for flexibility from HUD rules, NLIHC and others contend that the MTW demonstration may result in more harm than good for extremely low income people in the public housing and voucher programs. In early 2012, NLIHC and several other groups developed a compromise “stakeholder agreement” that would provide for MTW expansion but require significant resident protections and rigorous evaluation. The stakeholder agreement did not address the treatment of existing MTW demonstration sites. The stakeholder agreement was never formally introduced, and broad rental assistance reform legislation is not expected in 2014. Even if it were, with the MTW contract expirations for existing sites close approaching in 2018, the agreement would need to be re-worked to include their treatment.

ADMINISTRATION

MTW is administered by HUD’s Office of Public and Indian Housing.

HISTORY

The MTW demonstration program was initially created in a 1996 appropriations act. The act authorized 30 PHAs to participate in the demonstration.

Since 1996, various HUD appropriations bills have authorized additional housing authorities to

participate in this demonstration. Meanwhile, some demonstrations ran their course and ended. As of the close of 2013, 39 PHAs have MTW status, including four designated in December 2012. These PHAs operate 12% of the nation’s public housing and housing choice voucher units. No more MTW demonstrations are currently authorized, although HUD said in its FY15 budget request that it will transmit a legislative proposal to Congress in 2014, asking for an expansion of MTW to high capacity PHAs.

PROGRAM SUMMARY

As stated in Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (the demonstration’s authorizing statute), the purpose of MTW is to give PHAs and HUD the flexibility to design and test various approaches for providing and administering housing assistance that:

1. Reduces cost and achieves greater cost-effectiveness in federal expenditures.
2. Gives incentives to families with children in which the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient.
3. Increases housing choices for low income families.

PHAs selected for the MTW demonstration can seek waivers from most of the existing statutes and regulations governing the public housing and Section 8 voucher programs. For example, they can seek HUD approval to merge public housing and operating funds with voucher funds. Waivers can harm residents if PHAs are allowed to divorce rents from incomes by charging rents that are unaffordable, serve higher income residents even though the lowest income households have the greatest need, or impose work requirements and time limits.

Analyses by both the HUD Inspector General and the Urban Institute concluded that the

MTW demonstration was not designed to enable a meaningful demonstration and lacked a data system that could lead to an assessment of MTW's impact, especially on residents. Given the lack of proof that the program is accomplishing its goals, expansion of MTW has long seemed ill-considered. Perhaps influenced by the compromise stakeholder agreement, according to HUD summaries of the final four MTW PHAs announced in December 2012, controlled studies of rent reform will be conducted at each, along with mobility studies at two and cost savings studies at two.

In 2005, the HUD Inspector General found that HUD did not design the MTW demonstration to collect any data. Instead, HUD relied on its existing systems to collect data. But, the report says, "the existing system could not accept tenant information and was not adapted in time to support the interim evaluation and, as a result, HUD was not able to collect tenant information needed to measure interim program impact on costs, family self-sufficiency, and housing choices as planned."

Further, the report found that "HUD's evaluation could not cite (1) statistics showing MTW demonstration activities could be considered models for reducing costs and achieving greater cost-effectiveness, promoting resident employment and self-sufficiency, and increasing choice for low income households, and (2) comparative analyses intended to show the impact of program activities and importance of individual policy changes. We recommend the Office of Public Housing Investments develop a means to collect performance information needed to evaluate Public Housing/Section 8 MTW Demonstration housing authority accomplishments and determine whether any replicable models exist."

Several other HUD Inspector General reports have been extremely critical of MTW implementation by specific PHAs.

In a June 2004 report on the MTW demonstration prepared for HUD, the Urban Institute concluded that three key aspects of the design and implementation of MTW have limited its ability to inform public housing policy going forward:

1. The MTW framework put limitations on what could be deregulated and for how long. These restrictions could have discouraged PHAs from implementing reforms that might otherwise

have been implemented if MTW had been permanently authorized, rather than being a time-limited demonstration.

2. MTW was not designed as a rigorous research demonstration.
3. Due to HUD's systems, critical data on the characteristics of public housing residents and Section 8 households have not been collected from the demonstration sites in a consistent and uniform fashion. This leaves much of what is known about MTW's impacts to anecdotes and piecemeal information gathering.

The Urban Institute report also found that there is no way to determine with certainty whether individual programs have achieved the goal of work and self-sufficiency. In addition, while some PHAs have expanded housing options for low income people, others have restricted it. There has been no mechanism in MTW's history to move forward what has worked within MTW to improve affordable housing options for the lowest income households and improve the physical and financial health of the housing agency and, more critically, leave behind what in MTW agreements has harmed residents and housing agencies.

An August 2010 report to Congress by HUD on the MTW demonstration called for an expansion of MTW. Heralded by many PHAs, the report was roundly criticized by other housing advocates for lacking any rigorous or complete data analysis and instead relying on accounts provided by MTW sites themselves.

The latest Government Accountability Office (GAO) report on MTW was published in December 2012. In this report, GAO faulted HUD for not identifying standard performance data and indicators to evaluate MTW. It also noted that HUD lacks a process for culling anecdotal reports from MTW sites to identify practices that other PHAs can replicate. GAO found that program design and data weaknesses have prevented a comprehensive expansion of MTW. "Until HUD develops and implements a plan (that includes the identification of standard data) to quantitatively assess similar activities and the MTW program as a whole, HUD cannot determine their effectiveness," according to the report.

NLIHC's concerns about MTW have been focused on the ability of the voucher and public housing

programs to continue to address the housing needs of their targeted populations in ways that are affordable to each household and that continue to provide residents choice. NLIHC does not think that work requirements, self-sufficiency contracts, and time limits should be allowed in federal housing safety net programs. Rent policies that increase rents beyond a household's affordability level are tantamount to time limits.

In 2012, NLIHC, HUD, and other national organizations hammered out a "stakeholder agreement" on MTW expansion, which was included in a draft House rental housing reform bill in April 2012. The stakeholder agreement would allow for an MTW expansion, but only with strict protections and safeguards for residents and the future availability of housing assistance in general.

FUNDING

There is no funding specifically for the MTW demonstration. Under MTW, PHAs receive funding equal to what they would have received had they not participated in MTW. However, one critique of MTW is that because it allows fungibility between voucher and public housing funding, voucher funding has been diverted from serving voucher households, while at the same time no new public housing residents are served. HUD has said it will not renew existing MTW PHA contracts past their 2018 expiration if their voucher utilization rates are below 90%, as several of them are.

The serious lack of sufficient funding for public housing is likely one of the reasons some PHAs promote the MTW demonstration. Advocates must be committed to identifying and advocating for new resources and new ideas to ensure that public housing and vouchers remain an affordable housing option for the lowest income households. Deregulating public housing and vouchers through the MTW demonstration will not preserve these units as affordable for the lowest income groups.

FORECAST FOR 2015

HUD is currently negotiating with the existing 39 MTW sites on the extension of their MTW contracts, which all expire in 2018. In its FY16 budget request, HUD is seeking an expansion of the MTW program to another 150,000 combined units of public housing and housing choice vouchers (for no more than 15 PHAs). In HUD's request to

expand MTW to another 150,000 units there is no evaluation component beyond whatever the HUD Secretary devises at a later date. Given the fact that one of the most oft-cited issues with MTW is the lack of understanding regarding how the broad flexibilities really impact residents and the financial and physical health of the PHA, due to the current MTW program's lack of evaluation component, this is a large and disappointing omission from HUD's request.

In HUD's proposed expansion, PHAs with voucher utilization rates of above 90% would be eligible for inclusion into the expansion. A 90% voucher utilization rate is a very low bar for "high capacity," the type of PHAs that will be eligible for inclusion into its MTW expansion.

Along the lines of the low voucher utilization threshold, HUD's MTW expansion request does not define what assistance is. MTW sites must assist substantially the same number of households: How "assistance" gets defined has become a very hot-button issue. Many PHAs would prefer to define assistance as a very broad range of activities, including resident services, having 5% public housing funds in an LIHTC property, a very shallow voucher subsidy, etc. Finally, 150,000 units is a very large expansion. Today, there are about 440,000 public housing and voucher units in the MTW program. Bringing in another 150,000 units would be a 34% expansion.

It is also possible that the House and Senate could take up MTW expansion, either in the authorizing committees (i.e., the House Financial Services Committee and the Senate Banking, Housing and Urban Affairs Committee), or by amendments to the FY16 HUD appropriations bill.

TIPS FOR LOCAL SUCCESS

Advocates should be alert to whether their PHA is seeking approval to become an MTW site, if more sites become available due to Congressional action. MTW agreements between HUD and PHAs must be tailored to preserve housing options while protecting the affordability of homes for extremely low income people.

WHAT TO SAY TO LEGISLATORS

Advocates should urge Members of Congress to support increased funding for public housing and vouchers in FY15 so that PHAs can thrive as they

operate safe, decent, and affordable public housing and voucher programs.

Advocates should also ask legislators to oppose continuation or expansion of MTW. Numerous reports from the HUD Inspector General suggest that the program has caused harm to the lowest income residents and potential residents and to the physical and financial futures of PHAs. ■

FOR MORE INFORMATION

National Low Income Housing Coalition, 202-662-1530, www.nlihc.org

Center on Budget and Policy Priorities, 202-408-1080, www.cbpp.org

National Housing Law Project, 415-546-7000, www.nhlp.org

HUD's MTW website provides information on current and past MTW demonstration sites, www.hud.gov/offices/pih/programs/ph/mtw/index.cfm.

View the 2012 “stakeholder agreement” for MTW expansion, http://nlihc.org/sites/default/files/MTW_Stakeholder_Agreement_0.pdf

Access the Urban Institute's 2004 MTW evaluation: www.hud.gov/offices/pih/programs/ph/mtw/evalreport.pdf.