

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

July 14, 2015

The Honorable Hal Rogers
Chairman
U.S. House of Representatives
Committee on Appropriations
Washington D.C. 20515

The Honorable Nita Lowey
Ranking Member
U.S. House of Representatives
Committee on Appropriations
Washington, DC 20515

The Honorable Thad Cochran
Chairman
U.S. Senate
Committee on Appropriations
Washington, DC 20510

The Honorable Barbara Mikulski
Ranking Member
U.S. Senate
Committee on Appropriations
Washington, DC 20510

Dear Chairman Rogers, Ranking Member Lowey, Chairman Cochran, and Ranking Member Mikulski:

As you prepare to conference the fiscal year (FY) 2016 House and Senate Transportation, Housing and Urban Development and Related Agencies (THUD) appropriations bills, I urge you to omit harmful language currently included in the Senate THUD bill that would dramatically expand the U.S. Department of Housing and Urban Development's (HUD) controversial Moving to Work (MTW) demonstration program without adequate consideration given to serious concerns raised by Members of Congress, federal agencies, and affordable housing advocates. This language represents authorizing legislation that should be carefully considered through the regular order process in both the House Financial Services Committee and the Senate Committee on Banking, Housing, and Urban Affairs.

The language included in the FY16 Senate THUD bill would require a dramatic expansion of the MTW program to 300 additional housing authorities, which is well beyond the 39 agencies that are currently authorized to participate in the demonstration. According to an analysis by the Center on Budget and Policy Priorities (CBPP), the proposed language would add up to 800,000 units to the MTW portfolio, which would expand the current demonstration program three-fold and encompass nearly 40 percent of all public housing and Housing Choice Voucher (HCV) units.¹

¹¹ Rice, Doug (June 2015). "Moving to Work" Housing Program Should Be Reformed, Not Vastly Expanded. Center on Budget and Policy Priorities. Accessed at: <http://www.cbpp.org/blog/moving-to-work-housing-program-should-be-reformed-not-vastly-expanded>

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This vast expansion raises several concerns. Numerous studies have highlighted that the MTW demonstration program has serious shortcomings and is in need of reform, before any kind of expansion should be considered. For example, the U.S. Government Accountability Office (GAO), as well as HUD's Inspector General (IG), have raised concerns about HUD's ability to adequately oversee the activities and outcomes of the current 39 participating agencies.² Additionally, HUD's own report on the MTW demonstration program admits that the effects of the demonstration are "difficult to generalize"³ and that "conclusive impacts of many MTW activities, particularly as they relate to residents, cannot yet be known."⁴ Data also shows that several of the current MTW participants are serving substantially fewer families through the HCV program than they could with available funds, with non-MTW agencies using nearly 100 percent of their vouchers funded in 2013, while MTW agencies used only 86 percent.⁵

Another issue of great concern is that the demonstration program allows participating agencies to impose rent increases, work requirements, time limits, and other policy changes that risk serious hardship for recipients. These alternative policies can result in greater cost burdens or evictions of tenants, and there is no corresponding requirement on PHAs to provide robust supportive services in conjunction with these policies or to conduct rigorous evaluations of the impacts on residents. These alternative policies effectively put tenants at great risk without any solid evidentiary proof of effectiveness.

Additionally, a vast expansion of the demonstration program would effectively move towards a conversion of the voucher and public housing programs into block grants. This will leave the programs more vulnerable to deep funding cuts over time, similar to the major cuts that we have seen with HUD's major block grant programs in the past several years. Increased flexibility over use of federal dollars without appropriate measures to ensure accountability creates incredible difficulties in Congress and the Administration's abilities to adequately oversee the program and to protect tenants.

² U.S. Government Accountability Office (April 2012). *Moving to Work Demonstration: Opportunities Exist to Improve Information and Monitoring.* and U.S. Department of Housing and Urban Development, Office of Inspector General. (September 2013). *HUD's Oversight of its Moving to Work Demonstration Program Needs Improvement.*

³ U.S. Department of Housing and Urban Development, Office of Policy Development & Research (2010). *Moving to Work: Report to Congress.* (p. 3).

⁴ *Id.*, p. 4

⁵ Fischer, Will (January 2015). *HUD Seeks Significant Improvements to "Moving to Work" Demonstration, But Additional Changes Needed.* Accessed at: <http://www.cbpp.org/research/hud-seeks-significant-improvements-to-moving-to-work-demonstration-but-additional-changes>

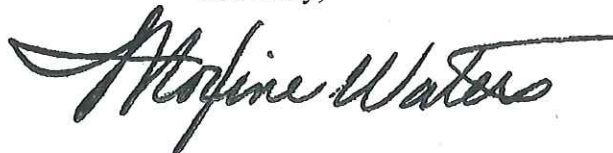
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Finally, the Senate THUD bill would also unilaterally extend the contracts for existing 39 MTW agencies without regard to several careful revisions to the program that HUD has been negotiating with MTW agencies for nearly a year. The Department has rightly identified several deficiencies in the current demonstration program after nearly 20 years of program oversight, and intends to use the opportunity contract extension provides to address a number of these shortcomings, including a requirement to tie an evaluation to any new alternative policy an MTW agency chooses to implement. While I still have several questions about whether all of my concerns are being addressed in the renegotiation efforts, I believe HUD is on the right track to addressing harmful aspects of the program. The current language in the Senate THUD bill would make it impossible for HUD to make any necessary improvements to the demonstration unless all MTW agencies agree to be bound by more stringent requirements.

As Congress considers modification and possible expansion of this demonstration, it must include strong reforms and protections to address the many risks outlined above. Much of the public discussion to date in the authorizing committees has focused on these various issues and how to address problems we know to be present in the demonstration program. Unfortunately, the proposed expansion in the Senate THUD bill neglects to address many of these important issues. For these reasons, I respectfully urge you to omit any language in a future appropriations bill that would expand the program, or stifle HUD's ability to renegotiate the existing MTW agreements.

Thank you for your consideration. Please contact myself or my staff Theresa Dumais at theresa.dumais@mail.house.gov with any questions about this letter.

Sincerely,



MAXINE WATERS
Ranking Member

cc: The Honorable Mario Diaz-Balart
The Honorable David Price
The Honorable Susan Collins
The Honorable Jack Reed