AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

EVALUATING HOW HUD'S MOVING-TO-WORK PROGRAM BENEFITS PUBLIC AND ASSISTED HOUSING RESIDENTS

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND INSURANCE

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

JUNE 26, 2013

Printed for the use of the Committee on Financial Services

Serial No. 113–35

U.S. GOVERNMENT PRINTING OFFICE

81–770 PDF WASHINGTON : 2013

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

HOUSE COMMITTEE ON FINANCIAL SERVICES

JEB HENSARLING, Texas, *Chairman*

GARY G. MILLER, California, *Vice Chairman*
SPENCER BACHUS, Alabama, *Chairman Emeritus*
PETER T. KING, New York
EDWARD R. ROYCE, California
FRANK D. LUCAS, Oklahoma
SHELLEY MOORE CAPITO, West Virginia
SCOTT GARRETT, New Jersey
RANDY NEUGEBAUER, Texas
PATRICK T. McHENRY, North Carolina
JOHN CAMPBELL, California
MICHELE BACHMANN, Minnesota
KEVIN McCARTHY, California
STEVAN PEARCE, New Mexico
BILL POSEY, Florida
MICHAEL G. FITZPATRICK, Pennsylvania
LYNN A. WESTMORELAND, Georgia
BLAINE LUETKEMEYER, Missouri
BILL HUIZENGA, Michigan
SEAN P. DUFFY, Wisconsin
ROBERT HURT, Virginia
MICHAEL G. GRIMM, New York
STEVE STIVERS, Ohio
STEPHEN LEE FINCHER, Tennessee
MARLIN A. STUTZMAN, Indiana
MICK MULVANEY, South Carolina
RANDY HULTGREN, Illinois
DENNIS A. ROSS, Florida
ROBERT PITTENGER, North Carolina
ANN WAGNER, Missouri
ANDY BARR, Kentucky
TOM COTTON, Arkansas
KEITH J. ROTHFUS, Pennsylvania

MAXINE WATERS, California, *Ranking Member*
CAROLYN B. MALONEY, New York
NYDIA M. VELÁZQUEZ, New York
MELVIN L. WATT, North Carolina
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
MICHAEL E. CAPUANO, Massachusetts
RUBÉN HINOJOSA, Texas
WM. LACY CLAY, Missouri
CAROLYN McCARTHY, New York
STEPHEN F. LYNCH, Massachusetts
DAVID SCOTT, Georgia
AL GREEN, Texas
EMANUEL CLEAVER, Missouri
GWEN MOORE, Wisconsin
KEITH ELLISON, Minnesota
ED PERLMUTTER, Colorado
JAMES A. HIMES, Connecticut
GARY C. PETERS, Michigan
JOHN C. CARNEY, Jr., Delaware
TERRI A. SEWELL, Alabama
BILL FOSTER, Illinois
DANIEL T. KILDEE, Michigan
PATRICK MURPHY, Florida
JOHN K. DELANEY, Maryland
KYRSTEN SINEMA, Arizona
JOYCE BEATTY, Ohio
DENNY HECK, Washington

SHANNON McGAHN, *Staff Director*
JAMES H. CLINGER, *Chief Counsel*

SUBCOMMITTEE ON HOUSING AND INSURANCE

RANDY NEUGEBAUER, Texas, *Chairman*

BLAINE LUETKEMEYER, Missouri, *Vice Chairman*
EDWARD R. ROYCE, California
GARY G. MILLER, California
SHELLEY MOORE CAPITO, West Virginia
SCOTT GARRETT, New Jersey
LYNN A. WESTMORELAND, Georgia
SEAN P. DUFFY, Wisconsin
ROBERT HURT, Virginia
STEVE STIVERS, Ohio

MICHAEL E. CAPUANO, Massachusetts, *Ranking Member*
NYDIA M. VELÁZQUEZ, New York
EMANUEL CLEAVER, Missouri
WM. LACY CLAY, Missouri
BRAD SHERMAN, California
JAMES A. HIMES, Connecticut
CAROLYN MCCARTHY, New York
KYRSTEN SINEMA, Arizona
JOYCE BEATTY, Ohio

CONTENTS

	Page
Hearing held on:	
June 26, 2013	1
Appendix:	
June 26, 2013	31

WITNESSES

WEDNESDAY, JUNE 26, 2013

Nackerman, Daniel J., President and CEO, San Bernardino County Housing Authority	8
Reed, Gene, Executive Director, Abilene Housing Authority	9
Russ, Gregory P., Executive Director, Cambridge Housing Authority	14
Scire, Mathew J., Director, Financial Markets and Community Investment, U.S. Government Accountability Office	11
Woods, Larry C., CEO/Executive Director, Winston-Salem Housing Authority	12

APPENDIX

Prepared statements:	
Neugebauer, Hon. Randy	32
Nackerman, Daniel J.	35
Reed, Gene	45
Russ, Gregory P.	53
Scire, Mathew J.	64
Woods, Larry C.	80

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Luetkemeyer, Hon. Blaine:	
Written statement of Douglas Guthrie, President and CEO, Los Angeles Housing Authority	88
Written statement of John B. Rhea, Chairman, New York City Housing Authority	91
Written statement of the New York State Public Housing Authority Directors Association	93
Written statement of the Riverside County Board of Supervisors	95

EVALUATING HOW HUD'S MOVING-TO-WORK PROGRAM BENEFITS PUBLIC AND ASSISTED HOUSING RESIDENTS

Wednesday, June 26, 2013

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING
AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2:20 p.m., in room 2128, Rayburn House Office Building, Hon. Blaine Luetkemeyer [vice chairman of the subcommittee] presiding.

Members present: Representatives Luetkemeyer, Royce, Miller, Capito, Garrett, Westmoreland, Duffy, Stivers; Capuano, Clay, Himes, Sinema, and Beatty.

Ex officio present: Representative Hensarling.

Also present: Representative Green.

Mr. LUETKEMEYER [presiding]. This hearing will come to order.

As previously agreed to, each side is going to have 10 minutes to present opening statements.

And we also would like to recognize any Members who are not on the Housing and Insurance Subcommittee if they are in attendance. I ask for unanimous consent that any members of the Financial Services Committee present today who are not members of the Housing Subcommittee be permitted to participate in the hearing.

With that, the Chair will begin his opening statement, and I yield myself 2 minutes.

Thank you to our panel for appearing today. This hearing will allow the subcommittee the opportunity to hear from folks on the front lines of housing assistance, those who participate in the Moving to Work Program, and those who don't but see the potential of the program.

Millions of Americans are in need of housing assistance. However, according to a May 7th Wall Street Journal article, the average New York City resident in public housing stays there for more than 20 years. That article goes on to quote the executive director of the housing authority in Milwaukee who says that in some cases you practically get through a generation before you get a shot at a unit.

The average wait for a housing voucher in the Tacoma Housing Authority is nearly 8 years. The director of that housing authority told the Wall Street Journal that the organization "gives very valu-

able housing vouchers to a group of very fortunate families but then is left with thousands of people in desperate need of housing but getting no assistance."

Families shouldn't be penalized because the Federal Government refuses to grant flexibility to their local public housing authority. HUD's Moving to Work Program is an important tool that allows flexibility in administering housing programs on a local, individualized basis.

The Obama Administration has recognized the successes of the program and has publicly called for a substantial expansion. HUD has indicated that the program has seen a reduction in costs and yet an increase in the number of families served. Nevertheless, there are many more that are still waiting for assistance.

It is my hope that with the help of today's testimony, Congress can begin to recognize the need and desire for expansion of this program. We should allow more families in need to access public housing programs, but we must do so in a manner that allows for flexibility and efficiency. An expanded Moving to Work Program may be just the solution.

Again, I thank the members of the panel.

And just one housekeeping note that I probably forgot to mention is that I am the vice chairman of the subcommittee, and Chairman Neugebauer will not be here today. He has a family situation he is addressing at home. And I appreciate your indulgence.

With that, I yield to Ranking Member Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman.

I would like to publicly express my support and condolences to Representative Neugebauer for his family situation.

First of all, I would like to welcome the panel. I look forward to the testimony.

This is an important issue and one that I actually hope and think presents itself for a great opportunity for compromise. This particular legislation was on the verge of being marked up just 2 years ago, and it got pulled at the last minute for some unknown reasons; we are not sure why. But it seemed at the time that almost everybody who was involved in this was, if not on the same page, at least in the same chapter of the book, and we were moving forward on it. I hope that this year we will be able to go forward. I think many of us see a value in expanding this program and making sure that it works.

I particularly would like to find ways to make it more reportable. All the stories we hear are pretty good. The one that I am particularly familiar with in Cambridge is a very good program. But, at the same time, I know it is a national program. There will be some that are better, some that are worse, and some things we can learn from. And I don't think we have done a very good job yet of really seeing how this can be expanded in a real way. I want it to be, but I want to make sure that it is done thoughtfully and properly as opposed to just done haphazardly because it has a good title.

I look forward to this hearing, and I look forward to actually, hopefully, drafting a bill later on this year.

I yield back.

Mr. LUETKEMEYER. Thank you, Mr. Capuano.

With that, I yield 3 minutes to Chairman Hensarling, the chairman of the full Financial Services Committee.

Chairman Hensarling?

Chairman HENSARLING. Thank you, Mr. Chairman.

The topic of today's hearing is how HUD's Moving to Work Program benefits public and assisted housing residents.

When Congress passed the Program in 1996, it was to give public housing authorities the flexibility to innovate and design local strategies to meet local needs, as well as encourage greater housing choice and self-sufficiency for low-income families. And while the Program has shown great success in places like Atlanta and Chicago, after 17 years, Moving to Work shamefully remains only a demonstration program at HUD, with a meager 35 participating PHAs out of 3,100 nationwide. So I hope we can use this hearing to learn more about how to increase the number and successes of MTW participants.

But we need to do more than simply talk about the benefit of the program. Fundamentally, we need to rethink public housing. Let's not lose sight of the most important fact: Our system of public housing is failing, and by refusing to reform and innovate, we elected officials are failing the very people who are in most need of our assistance.

Many share the blame. Too many have turned a blind eye to the very real human tragedy of generational cycles of poverty that we see in so many communities. Too many others share the blame for thinking that simply spending more and more money on failed programs is an acceptable form of compassion. Particularly, it is not when it interferes with the downtrodden's unalienable right to the pursuit of happiness, which cannot be separated from earned success.

Consider this: The Fiscal Year 2012 gross discretionary budget authority for HUD was $43.26 billion, and yet advocates for a greater role in housing are just as dissatisfied with the results we get for those dollars as are critics of HUD. How can it be that year after year we can spend so much money to achieve so little and fail so many?

The fault, I would argue, is not with good intentions but rather our inability to recognize that more of the same will not change the fundamental equation. We need new ideas, bold new ways of approaching the problems of poverty and housing affordability, new strategies that are premised on choice and self-sufficiency.

For too long, we have defined success in housing by how many vouchers we give out. In the 21st Century, we need to define success by how many people we help graduate from Federal assistance to lives of dignity, self-sufficiency, and happiness. Every day that we fail to hold ourselves to that high standard is another day that we have failed the very people we claim we want to help.

Thank you, Mr. Chairman, for holding this hearing. I yield back.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

And I would be remiss if I didn't offer you the opportunity to make an introduction of a very special guest with you today.

Chairman HENSARLING. On a point of personal privilege, this is my 11-year-old daughter, Claire, from Dallas. This is "daughter goes to work with daddy day."

Thank you very much, Mr. Chairman.

Mr. LUETKEMEYER. Very good. Claire, welcome to the hearing.

With that, Mr. Royce is recognized for 1 minute.

Mr. ROYCE. I would like to thank all our witnesses for being here today. In particular, I would like to welcome Dan Nackerman, who is the executive director for the Housing Authority of San Bernardino County, which serves part of Mr. Miller's district and part of my district.

And in San Bernardino we have a success story, not just for the housing authority and its leadership but, more importantly, for the residents that it serves. The Moving to Work Program has provided local flexibility, it has promoted creative housing solutions, and it has moved the local residents there to self-sufficiency.

And so, one of the things we look at is, with the large deficits, it is important to note that Moving to Work allows agencies to lower their costs while at the same time serving far more people. So, during this hearing today, I hope we tackle some of the obstacles to making this a permanent program and answer any questions about how best to expand it.

Thank you, Mr. Chairman. I yield back.

Mr. LUETKEMEYER. Thank you.

With that, we will go to Mr. Miller of California for 2 minutes.

Mr. MILLER. Thank you, Mr. Chairman.

I want to thank the ranking member for mentioning my bill that we had before us in the previous term. We got it out of subcommittee, but we could not get it to final passage. But this is an issue that is very important to me. I helped San Bernardino come into Moving to Work in 2008, and they are an amazingly great success story.

And it is good to see Mr. Woods with us today. I remember having all the national associations, and I asked the question, who would like to become a Move to Work, and every member of the audience raised their hands. And I recall Mr. Woods saying something that was very germane to this hearing. He said, "Trust me, and hold me accountable."

The problem we have in government is we go before the voters every 2 years and we say, "Trust us, elect us." And then when those same people who are doing a good job come back to us and say, "Give me a chance, trust me," we don't trust the same people we reach out to very often for trust. And these are the people who provide help to the people at the local level. They know the people. They understand the needs of the local people. This one-size-fits-all approach we have had for years just does not work.

My housing agency in San Bernardino County has helped more people get through the system. We have brought more people in who need help, and we have done it with far less funds. And in the last bill I introduced, we put in very stringent oversight that made sure that you were held accountable. You had to work within a framework that was reasonable. And everybody has done it.

The problem is that 1 percent of all our housing agencies in this country whom we trust to be Move to Work; that is 39 PHAs out of 3,000. And the problem I have, when you have all these PHAs coming to Washington saying, you give us less money, we are willing to make it work with less money, but give us flexibility to look

the people in the eye that we know need help and help them the way we know that will help them and get them through the system to self-sufficiency to bring those who have been on the waiting list for 8 or 10 years into the system to help them.

It is time for Congress to trust the people who trust us. But yet, at the same time, we are going to hold you accountable. But I am looking forward to having this become law and letting you do your job.

I yield back the balance of my time.

Mr. LUETKEMEYER. Thank you, Mr. Miller.

Mrs. Capito from West Virginia for 2 minutes.

Mrs. CAPITO. Thank you, Mr. Chairman.

And I would like to thank the witnesses for coming today to discuss this very important topic.

On May 6, 2013, the Wall Street Journal published an article, quoting, "Public housing agencies push to impose time limits and work requirements for aid recipients." This piece highlighted the value of Moving to Work as a successful alternative to the traditional structure of public assistance under the 1937 Housing Act.

Today, there are rules and restrictions in place for many public housing authorities that simply do not allow tailored solutions to circumstances that are unique in every community. I live in rural West Virginia. Solutions in rural West Virginia are not going to be the same as Massachusetts or Connecticut or Texas. I am not sure anything is the same as Texas, is it?

But anyway, local agencies are restricted in how they design and utilize their funds, and thus cannot benefit from the most effective and cost-effective approaches to assist individuals and families. In Moving to Work, they are able to blend their funding sources, experiment with policies like work requirements and time limits, leverage existing resources, and develop partnerships. It sounds like a winning formula. The Moving to Work Program offers flexibility and discretion to develop and implement strategies to best serve needs in your jurisdiction.

According to the Journal article, an average person in New York City stays in public housing for almost 21 years. Meanwhile, as has been stated before, waiting lists for families seeking assistance are growing longer and longer. These waiting lists are a serious problem, and I anticipate we will hear in the testimony today from our witnesses who are experiencing this.

As the subcommittee has heard before, the alternative methods of providing housing assistance offer insight into a more efficient housing assistance configuration. I look forward to the unique experiences I am sure our witnesses are eager to share.

And I thank the chairman for his time. Thank you.

Mr. LUETKEMEYER. Thank you.

With that, the gentleman from Georgia, Mr. Westmoreland, is recognized for 2 minutes.

Mr. WESTMORELAND. Thank you, Mr. Chairman.

And I personally want to thank Mr. Nackerman, Mr. Reed, Mr. Woods, and Mr. Russ for what you do, because we have gone and met with our public housing authorities and talked to them and seen the sincerity that they have for what they do. And so I want to thank you for working in your cities and your communities.

It is my fundamental belief that we have local solutions to local problems, and that is one of the reasons I am such a big supporter of expanding the Moving to Work Program.

Unfortunately, some of those housing authorities who want to pursue the innovation to help solve some generational poverty are handcuffed by outdated HUD rules and regulations. I want to encourage and motivate people to better themselves, to become self-sufficient so they no longer rely on the government for the roof over their heads or possibly the food in their stomachs. And that is why I have visited so many of these housing authorities and gone through them and talked to the individuals who live there and I have seen their desire to move and to grow in society.

Moving to Work gives local communities the flexibility that they need to address these concerns. In turn, those who once relied on the government reach the American dream and live life to its fullest potential.

Moving these Americans through this innovative Moving to Work Program subsequently will allow more public housing authorities to serve the needs of others. Public housing authorities are clamoring, at least in my district, for the access to move to this Moving to Work Program because they know more Americans can be helped through this Program than under the traditional HUD programs.

Without an overhaul, this Congress could be condemning Americans to a cycle of poverty from which they cannot escape. Mr. Chairman, let us not leave these Americans behind. Let us empower local communities and give all Americans the tools that they need to be self-sufficient. Moving to Work must be expanded to allow high-performing public housing authorities to give a hand to Americans to reach their potential. I urge this committee to move quickly on a bill to accomplish this goal.

And I yield back.

Mr. LUETKEMEYER. Thank you.

The gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. I thank you and the ranking member for allowing me to be a part of this hearing.

I also thank the witnesses for appearing. I have had an opportunity to peruse all of your statements, and I want you to know that I think very much of each statement, but I want to single out Mr. Reed, if I may, because he said a couple of things in his statement that I would like to call to your attention.

Perhaps you will say them, as well, Mr. Reed. Some things bear repeating, so if you say them, as well, I think it will bode well for us.

One statement you make that I find favor with is the notion that we can recertify persons on a basis other than doing it annually. And you have indicated that every 2 years or possibly every 3 years for elderly and disabled families with fixed incomes may be of benefit and that this helps us with our operating costs, in terms of helping us to reduce the cost.

Now, what I really want to focus on is this next part of your statement over on page 7. And I would like to just read from page 7, if I may. You indicate one specific perceived notion that many Americans have about assisted housing programs is that low-in-

come families are getting rich off of their tax dollars, and you go on to say that this could not be further from the truth.

If you follow the money in our programs, you will see that these Federal funds benefit the local economy much more than they benefit the participants on the program. I think this is good for us to let the public know, that their dollars benefit more than the actual participants in the program.

You go on to indicate that the reinvestment happens in the following ways. You indicate that bank accounts are set up, which is a good thing, to have persons engaging in commerce, to take up the notion that they should have bank accounts and that, in so doing, the bank benefits. You indicate that landlords who receive payments pay property taxes. You indicate that area contractors secure contracts. You go on to talk about how vendors secure contracts to maintain the housing authority IT system, the vehicle fleets. You mentioned that the PHAs are able to create jobs in the community.

And I want to just say this: While we are helping persons who are indeed in need of help with these programs, the community benefits as well. And we should never forget that these dollars turn over in the community and that jobs are created in these communities. We should see the persons who are benefiting from the programs not as a liability but also as an asset to the community. They are also human beings who need a hand up. Many of you have addressed the notion of these programs being a hand-up as opposed to a handout.

So I thank you for the testimony. I have had a chance to peruse it, and I look forward to hearing more details about what you plan to do.

I yield back.

Mr. LUETKEMEYER. Thank you.

I will now introduce today's panel: Mr. Daniel Nackerman, President and CEO, San Bernardino County Housing Authority; Mr. Gene Reed, Executive Director, Abilene Housing Authority; Mr. Matthew Scire, Director, Financial Markets and Community Investment, U.S. Government Accountability Office; and Mr. Larry Woods, CEO/Executive Director, Housing Authority of the City of Winston-Salem.

And Mr. Capuano will introduce our last guest today.

Mr. CAPUANO. Thank you, Mr. Chairman.

I just want to introduce Mr. Gregory Russ, who is the Executive Director of the Cambridge Housing Authority, in Cambridge, Massachusetts.

And I want to introduce him with a warning, especially to my colleagues on the other side of the aisle. Be warned, you might find some things you agree with him on. And I know it won't be good to tell people at home you agree with anybody in Cambridge on anything, so find a way to couch those terms so you can protect yourself at home.

Thank you, Mr. Chairman.

Mr. LUETKEMEYER. Thank you for the warning there, Ranking Member Capuano. We will take that to heart.

Each of you will be recognized for 5 minutes to give an oral presentation of your testimony. And without objection, each of your written statements will be made a part of the record.

Just a quick primer on the lights. If you have been watching: green means go; yellow means you have a minute to start wrapping up; and red means time is up. We have the same set of lights up here. Members are allowed 5 minutes to ask you questions, and we will try and keep it within that framework.

Mr. Nackerman, you are recognized for 5 minutes.

STATEMENT OF DANIEL J. NACKERMAN, PRESIDENT AND CEO, SAN BERNARDINO COUNTY HOUSING AUTHORITY

Mr. NACKERMAN. Thank you, Vice Chairman Luetkemeyer, Ranking Member Capuano, and honorable members of the subcommittee.

And thank you, Mr. Chairman. It took me 2 days to memorize the last name of the chairperson, so thank you for throwing me off to start the day.

Mr. LUETKEMEYER. You did very well.

Mr. NACKERMAN. Okay.

It is an honor for me to appear here today to discuss how we can move forward in expanding the great work beaconed by the existing MTW demonstration sites.

In San Bernardino, California, we know firsthand how MTW can eliminate waste, serve more families, improve customer service for our residents, and more effectively invest taxpayer dollars to serve lower-income families and seniors who are in great need throughout this country.

As president and CEO of the Housing Authority of the County of San Bernardino, I have assisted local residents for 23 years at 5 different California housing authorities, including executive director and deputy director at the Marin County Housing Authority, Contra Costa Housing Authority, City of Richmond Housing Authority, and as senior manager at the Oakland Housing Authority.

Our jurisdiction—Mr. Miller and Mr. Royce are our leaders there—is located east of Los Angeles, containing 24 cities and covering the largest county in the contiguous USA. That portion of the county actually has a greater population than 15 of the country's States. This region likely contains every aspect of your own represented communities, such as rural areas, cities of both wealth and poverty, urban treasures and ills, and, of course, ongoing needs for every type of housing.

This backdrop of our region creates an even greater need for the hub in the wheel, the launchpad for all: stable, safe, affordable housing. Our waiting lists at our agency have reached over 45,000 at times.

As you have heard or will hear today, this demonstration program—which is really not a program but a broad waiver of regulations kind of redesigned at a local level—which also has tremendous HUD oversight by an excellent HUD staff which has allowed housing authorities to operate much more efficiently and effectively.

Our housing authority currently has 22 approved MTW activities. We are here to testify that Moving to Work works. It can

make rents much more simple and fair. For an example, we are about to start a streamlined assisting program where rents will start at 21 percent of gross income, go up by 2 percent every year for a couple of years, and then stabilize. That means if families make more money, they get to keep their money instead of have their rent go up—not a disincentive to employment.

Moving to Work works locally such as abolishing the HUD fair market rent system and having a market-like study to pay rents. Everybody here, at HUD and the housing authorities, will testify that HUD fair market rent is not fair and it is not the market. That allows deconcentration of residents, residents to move into better neighborhoods with better schools and that kind of thing.

We are also one of the few agencies in the country—and I want to emphasize that, that we are one of the few MTW agencies instituting trial time limits for new families pulled from the housing choice voucher waiting list, or Section 8 waiting list. This 5-year strategy, applicable to non-senior and non-disabled adults only, is a bold initiative that changes the premise that once a person is in the program, they get to stay forever. It makes space on our waiting lists. It has kind of a life coach and counselor for each resident entering the program. And it really is helping to advance the quality of life of the persons we serve.

I mentioned the waiting lists. Some of our agency neighbors have waiting lists which have more than 100,000 families waiting to get in. Many will never get in. Those families are affected by the policies of HUD and the policies locally, yet those waiting-list families really don't have a voice and are not heard.

We have an increase in the total number of families served due to MTW. We have an increase for non-housing services related to school, mental health counseling, transportation. We have an increase in the number of effective initiatives that we can now fund. We have a tremendous decrease in the number of staff hours utilized for some of these old-fashioned, out-of-date regulations.

In conclusion, Moving to Work works. We urge your committee to help make it permanent and to help other public housing authorities move forward with creative, timely, life-changing advancements, even in this time of program budget cuts.

Thank you for this opportunity to testify today about our local strategies, reduced costs, permanent and expanded Moving to Work, and the same levels of people served.

[The prepared statement of Mr. Nackerman can be found on page 35 of the appendix.]

Mr. LUETKEMEYER. Thank you, Mr. Nackerman.

Next, Mr. Reed for 5 minutes.

STATEMENT OF GENE REED, EXECUTIVE DIRECTOR, ABILENE HOUSING AUTHORITY

Mr. REED. Vice Chairman Luetkemeyer, Ranking Member Capuano, and members of the Subcommittee on Housing and Insurance, I thank you for the opportunity to testify.

My name is Gene Reed. I am the executive director of the Abilene Housing Authority in Abilene, Texas. I have 19 years of combined leadership experience between the affordable housing industry and the gas and electric utility industry.

During my time in the affordable housing industry, I have worked 4 years at the Cincinnati Metropolitan Housing Authority, which is the 17th largest in the country, and 5 years for the Abilene Housing Authority. My housing authority is authorized to serve 1,536 vouchers in a 20-county area, 213 public housing units, and a 170-unit affordable/market complex in Abilene, Texas.

Over the past 3 years, public housing authorities have experienced unprecedented funding cuts in our programs. Unfortunately, the cuts come at a time when unemployment rates are still extremely high. Hardworking American middle-income families who never thought about utilizing affordable housing programs now qualify. It is my hope that funding for our programs will stabilize. Our programs only represent 2 to 3 percent of the overall Federal budget.

In addition to the challenges that hardworking Americans are facing in the current economy, PHAs are also faced with the challenge to meet the same regulatory requirements that we were required to meet when we were receiving higher funding amounts.

Today, I am speaking from the perspective of housing authorities wanting access to MTW. There are four points that I would like to make in support of expanding MTW to housing authorities nationwide.

First, MTW can assist housing authorities by allowing them to have the flexibility to change, alter, and remove costly practices required under the housing choice voucher and public housing programs.

Due to deep budgets cuts over the past 3 years, regulatory reform that the MTW Program allows is increasingly needed by PHAs nationwide. Again, given our current and projected funding situation, MTW provides PHAs with the ability to determine what is important in their programs and communities and provides them with the ability to manage those processes in a way that are in the best interests of the housing authority participants and the community in which we serve.

I would like to be clear on this point. My intent for allowing more regulatory reform is to allow better management of operational funds and to continue to abide by the rules. It is not my intent to lose the focus on our mission of housing low-income families.

Second, MTW has a component which allows PHAs to properly manage the full range of funding that they receive. Presently, PHAs receive funding from the government in four areas: two in the HCV Program; and two on the public housing program. Each pot of money is designated for specific activities. The ultimate goal is to provide decent, safe, and sanitary housing for low-income families while they live in units provided by the PHA. Why should it matter if PHAs want to move money from one program to another to accomplish this goal?

Third, I am a big advocate of assisting families to become self-sufficient. During my time at AHA, we have grown our family self-sufficiency program from 5 participants to 50 participants. Over the past 18 months, we have had 2 families complete the FSS program early and purchase a home. While our efforts have been substantial for a program of our size, having access to MTW would

provide AHA with more tools to assist more families to move toward self-sufficiency.

Fourth, public housing funding has been, again, on the decline for years. In the past 3 years, I have seen AHA's capital funds absorb a 22 percent cut. AHA typically received anywhere between $400,000 to $600,000 in operating subsidy annually. In 2012, we didn't receive any subsidy at all.

Looking for new ways to increase funding streams outside of Federal funding is paramount. MTW gives PHAs the ability to combine funding to meet the PHAs' strategic plans, one of which includes leveraging resources to drive new development and rehab.

AHA is currently looking for ways to generate revenue outside of the traditional government-provided funding streams. Development activities such as low-income housing tax credit programs, et cetera, will allow PHAs the opportunity to move away from dependence on traditional government funding. This, in turn, will assist the government in reducing the Federal budget.

In summary, I would like to once again thank the members of the Housing and Insurance Subcommittee for allowing me to share my views on how MTW can better assist PHAs during these budget-cut times. It is my hope that in the near future, PHAs across the country will be given the necessary flexibility to best use the resources we have at our disposal. Programs with MTW-like features are needed to provide PHAs the flexibility needed to continue to service the housing needs of low-income families nationwide.

Thank you.

[The prepared statement of Mr. Reed can be found on page 45 of the appendix.]

Mr. LUETKEMEYER. Thank you, Mr. Reed.

Next, Mr. Scire. Did I pronounce that correctly?

Mr. SCIRE. It is "Scire."

Mr. LUETKEMEYER. "Scire." Thank you.

STATEMENT OF MATHEW J. SCIRE, DIRECTOR, FINANCIAL MARKETS AND COMMUNITY INVESTMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. SCIRE. Vice Chairman Luetkemeyer, Ranking Member Capuano, and members of the subcommittee, thank you for the opportunity to be here today to discuss our work on HUD's Moving to Work Program.

We conducted our study at the request of this subcommittee and focused on program results, agency monitoring, and potential expansion. Overall, our report raised serious questions about HUD's evaluation of program results, identification of lessons learned, and establishment of monitoring standards. We made a number of recommendations, and HUD has recently taken action in response to several of them.

With regard to program results, we found that HUD had not required that annual performance information reported by MTW agencies be quantifiable and outcome-oriented. Thus, the results of like activities could not be readily evaluated. Also, HUD had not identified performance measures that might be used in assessing the effectiveness of the program as a whole. Such performance measurement weaknesses limit efforts to comprehensively evaluate

program results. HUD also lacked a systematic process for identifying lessons learned or for promoting practices more broadly.

We made a number of recommendations, including that performance information be quantifiable and focus on outcomes, that HUD develop a strategy for quantitatively assessing effectiveness of similar activities and the program as a whole, and that HUD create a systematic process for identifying lessons learned.

With regard to program oversight and monitoring, we found that HUD had not defined key terms needed for ensuring that program purposes are addressed and requirements are met. For example, the purpose of increasing housing choice had not been defined. Also, the requirement of serving a comparable mix of families had not been defined, and HUD had not assessed compliance with that particular requirement.

Finally, HUD had not performed required annual risk assessments of the program and was not verifying reported performance information. Here, we recommend that HUD do much more to define key program terms, assess compliance with statutory requirements, and verify the accuracy of agency-reported information.

HUD has taken some important steps in addressing these recommendations. Most notably, it has revised its reporting form to collect standard, quantifiable information on program activities. This revised form was just approved by OMB last month.

Ultimately, the weaknesses we observed in performance measurement and evaluation make it difficult to assess the results of the program and the potential benefits of expansion. Likewise, the lack of a systematic process for identifying lessons learned and bringing them more widely to the remaining housing agencies limits the potential for the MTW Program to serve as a test platform for innovation.

Looking ahead, the demand for most efficiently using limited budgetary resources and the continuing demand for affordable rental housing for households with limited income make it more pressing that HUD, working with Congress, work to improve the efficiency of housing assistance programs. Improving the capacity of the MTW Program to serve as a testbed has the potential to help in this effort, but only if it clearly demonstrates the impact that flexibilities have on reducing costs, helping households become self-sufficient, and increasing housing choice.

This concludes my opening remarks. Thank you again for the opportunity to speak today. I would be glad to answer any questions you may have.

[The prepared statement of Mr. Scire can be found on page 64 of the appendix.]

Mr. LUETKEMEYER. Thank you.

Mr. Woods, you are recognized for 5 minutes.

STATEMENT OF LARRY C. WOODS, CEO/EXECUTIVE DIRECTOR, WINSTON-SALEM HOUSING AUTHORITY

Mr. WOODS. Vice Chairman Luetkemeyer, Ranking Member Capuano, and members of the subcommittee, good afternoon. Thank you for the opportunity to testify.

I am Larry C. Woods, chief executive officer for the Housing Authority of the City of Winston-Salem, North Carolina. I have over

27 years of experience in the field of community and economic development. The authority I represent has approximately 1,300 public housing units. We administer 4,600 housing choice vouchers. We manage market-rate units and two office buildings.

In 2010, we opened our housing choice voucher waiting list for only 5 days and received over 6,000 applications. It would take approximately 10 years to realize enough voucher turnover to address these applications. Our public housing waiting lists are currently at 130 percent of our total units.

These difficult days in our economy, given the current pressures on the Federal budget, it is now more important than ever to empower local housing authorities to do all they can with the available funding. Moving to Work, with this program and funding flexibility is the most effective means to address the needs with a positive and long-lasting effect for both families and our community.

I testified before this subcommittee in October 2011. I asked at that time to be an MTW agency, and I asked that you hold me accountable. I am here today to renew my request and my commitment for you to hold me accountable.

In preparation to becoming an MTW agency, we designed and implemented a program, the PATH Program, that will reduce families' dependency on Federal support, break generational poverty, and provide a controlled transition for families to move back into the mainstream, thereby opening up new opportunities to help others.

The PATH Program is a hands-up assistance approach to families. All program activities are based on a unique, permanent, and positive exit strategy for the family. The personal skills portion of the program has several components, such as full educational services, job training, people skills training, employment placement, retention, services, and financial literacy. These services are available at no cost to all tenants.

Another component of the PATH Program is STEP-UP housing. These units mimic traditional market rate communities and serve to ease the families' transitions back into mainstream housing.

Each family's needs for housing and assistance to reach self-sufficiency are clearly unique. So are the issues and solutions for each city. No single standard or federally prescribed solution will work since the issues in Winston-Salem are not the same as in other cities across America.

MTW contracts need to be for an indefinite term. This would allow housing authorities to undertake long-term planning and continue to develop programs as local circumstances and their economy changes.

MTW is the solution for Winston-Salem, and the PATH and STEP-UP housing are some of our tools. We have gone as far as we can, as a traditional housing authority can under existing rules and regulations. We are at a huge risk of losing the momentum that has been built amongst our community partners. I need full flexibility in funding the programs with the greatest impact and designing programs that will work in my City. Without MTW, I cannot fully execute the PATH Program, and thereby I cannot achieve the above goals and objectives.

I invite you to come to Winston-Salem and see what we are doing, meet with our partners, my board of directors, staff, and city officials. Vice Chairman Luetkemeyer and members of this subcommittee, again, I ask you to give me full, flexible MTW and hold me accountable.

This concludes my testimony. Thank you for the opportunity. I am happy to answer any questions you may have, and provide greater detail about our PATH Program and our immediate need for MTW authorization now.

Thank you.

[The prepared statement of Mr. Woods can be found on page 80 of the appendix.]

Mr. LUETKEMEYER. Thank you, Mr. Woods.

And finally, Mr. Russ for 5 minutes.

STATEMENT OF GREGORY P. RUSS, EXECUTIVE DIRECTOR, CAMBRIDGE HOUSING AUTHORITY

Mr. RUSS. Thank you.

I would like to thank Vice Chairman Luetkemeyer, Ranking Member Capuano, and the other members of the subcommittee for allowing me to speak here today.

My name is Gregory Russ, and I am the executive director of the Cambridge Housing Authority. And I have been involved with the public housing program for over 40 years, in fact, even before there was a voucher program. So that is a long time ago now. I have worked in small, medium, and large housing authorities, including Chicago and Philadelphia. And I also served at HUD in the Troubled Agency Recovery Program in the mid-1990s.

In my testimony today, there are a couple of things, some ideas, some snapshots of Cambridge, things that I would like the committee to be aware of.

Why is MTW so important to us, and why do we believe that its expansion is critical to the public housing and related programs?

In our community, we have to balance four things. I have to balance the mission that the 1937 Housing Act has given us. I have to balance the market demands that the real estate market in Cambridge dictates. I have to look at our family profile and their needs, which is different from some other housing authorities and different even from other communities in Massachusetts. And now, because of the capital funding, I have to make sure that we preserve hard units.

That I can do that, that our organization is capable of walking across those four things, is a revolutionary statement. And I can make it because we have Moving to Work. It is a unique business model in terms of how you can have a national housing act and respect local decisions and local issues. It is a very unique model that I believe could benefit my colleagues here at the table and many, many others.

What is Cambridge like? We are a city of about 105,000 population compressed into 6½ square miles, home to Harvard and MIT, thousands of students, lots of biotech and high-tech, and a high demand for housing. Our housing prices are stratospheric. We have a two-bedroom unit range right now of between $1,450 and $3,500 in the community. In addition, the average sale price of a

condo, which accounts for most of the market, is up over $570,000. In that kind of real estate market, there is pressure to even keep the hard units that we have in place in Cambridge.

And how have we responded to that? Through MTW, we have project-based 852 vouchers to keep those properties available for low-income families. And, in probably one of the most unique alliances I have ever had the privilege to participate in, we have been able to preserve expiring-use multifamily properties for low-income by project-basing vouchers into those buildings using our MTW authority. And that was an activity we never even dreamed of when we started the program. It has been very successful, and we did 130 units of that just last year alone.

We currently assist about 4,500 families in Cambridge: 74 percent are extremely low-income; and 45 percent are senior-disabled. The families pay a healthy rent, on average around $390 a month.

And we are unusual in that we have about 46 percent of our families with earned income. And when we saw that, we said, well, what is a package that we can put together to use MTW to assist those families? The first thing we did was simplify the rent rules to allow families to keep more of the income they earn and to encourage asset-building. If you look at the regulations that come out around public housing, there is very little in there that encourages people to save and build assets and encourages them to work, with a few exceptions.

We also use public housing subsidies that are modified to support the mentoring and coaching programs that we are involved with with our nonprofit partners. And, in doing that, we modify the size of the subsidy, how long the duration, and we change that subsidy to tie into the economic mobility advancement of the family. It is very flexible and very helpful in terms of dealing with families who are on the path to self-sufficiency.

Our process is very public. We have public meetings on all of these items. I had a resident leader tell me just last week that she felt she could influence policy more with MTW than in any other public context she has had the opportunity to participate in—a very powerful statement that I wanted to share with the committee.

My last comments are around evaluation and monitoring. We think there is more that can be done, and the MTW agencies are already working amongst ourselves and with HUD to do this. We can make better use of the existing plans and reports.

This is the report I will be turning in to HUD in a few weeks. It tells you everything we did in the last fiscal year; it documents it. And we think that access to this information, in cooperation with HUD, would be very beneficial to the program and address some of the concerns that the GAO has noted.

With that, I want to conclude my testimony and thank the committee for the opportunity to speak.

[The prepared statement of Mr. Russ can be found on page 53 of the appendix.]

Mr. LUETKEMEYER. Thank you, gentlemen, for your testimony.

And, with that, I will begin the questions. I will yield myself 5 minutes.

Mr. Woods, thank you very much for your very passionate and very thorough testimony today.

We are highlighting the need to reform public housing, the model. You state an expectation of lifetime entitlement by the non-elderly, non-disabled has been created, and this expectation is passed from one generation to the next. As a result, there is an inability to assist those families who have been on the waiting lists.

What would the MTW Program mean for the housing authority in Winston-Salem to address that problem and others?

Mr. WOODS. We think that if we were an MTW agency, we could help families who are highly motivated to move forward, to increase their family income. We would require all able-bodied eligible adults in that household to be involved in the PATH Program.

The PATH Program is not just for adults, though. It runs from cradle through college. We have both the Forsyth Community College involved, the Forsyth community school system involved. We have foundations involved. We have a lot of resources available to residents.

Our biggest problem right now is we have no way to require residents to participate at all. Residents can live in public housing right now without having any responsibility of becoming self-sufficient. As a result, our waiting lists are being backed up, and we cannot help as many families as we choose.

We believe that by being an MTW Program, we could put in rules and regulations and still protect the most vulnerable families in our communities, help them to become self-sufficient, help them move through a public housing assistance program, and ease them slowly back into mainstream housing, thereby reducing their dependency on the Federal Government, and breaking the cycle of poverty.

Everybody agrees that the way you break the cycle of poverty is both through education and employment. Volunteerism, watching someone's children does not bring income into someone's family.

Mr. LUETKEMEYER. You mentioned a number of agencies that you work with. Do they come to you, or do you go to them?

Mr. WOODS. What we did in Winston-Salem after the last testimony here, I looked within my own community to see exactly what is the best way of mobilizing agencies. We identified our local workforce development agency, which is already funded by the State.

They have 30 separate agencies under their umbrella, agencies that provide GED assistance, job training assistance, after-school programs for adults, ex-offender programs, substance abuse programs. We have groups like the Urban League. We have groups like Goodwill, Best Choice Center, Head Start, day care.

We went into an intergovernmental agreement with them at no cost, that they are already funded. What they agreed to do is to provide these services to our residents. We identified 729 households that would be eligible for these programs. I went out personally to three developments twice, had community meetings. I sent staff out, knocked on everyone's door. I would tell you today, right now, we have 15 participants, period.

Mr. LUETKEMEYER. Okay. MTW would not stymie what you are trying to do here either, right?

Mr. WOODS. Actually, it would help us.

Mr. LUETKEMEYER. It would enhance it?

Mr. WOODS. It would enhance it because we would have certain requirements. Right now, there are no requirements for participation.

Mr. LUETKEMEYER. In your testimony, you gave a nice list of about 12 different things that really, you believe, would help you with the implementation of all these things. It is a very extensive list, and we appreciate your thought there.

Mr. Nackerman, I have a quick question for you. You are in the program. Can you give me an example of the flexibility and/or the cost savings of some things that you are able to do because of this?

The word "flexibility" is thrown around, but I never heard a concrete example of what you actually can do with that flexibility.

Mr. NACKERMAN. Yes, Mr. Chairman. I would start by mentioning that we are in the third worst foreclosure spot in the United States, and we have had $21.4 million cut from our HUD budgets over the past 5 calendar years. Yet we are serving more people with less money, just like everybody talks about doing.

But some of the specific things that we are doing: We are eliminating very dated programs. We are, on a trial basis, doing time limits for some adults. We only do income examinations on people with fixed incomes. I emphasize the term "fixed." Why would you have to take a senior in and practically do their—it is like doing your income taxes just to calculate their income once a year. We do that every 2 or 3 years now. That is saving money.

So we have saved at least $300,000 a year in staff time. We very carefully measure the hours in the very report that my colleague just mentioned that we give to HUD every year. And we have many, many other examples.

Mr. LUETKEMEYER. Okay. Very good.

I want to set a good example here. I am out of my time, and, with that, we will go to Ranking Member Capuano—oh, I yield to Mr. Clay. Excuse me.

Mr. CLAY. Thank you. Thank you, Mr. Chairman.

And I want to thank the panel for participating in this hearing today. Let me start with Mr. Woods.

And welcome back, Mr. Woods. A recent Wall Street Journal article stated that the average length of stay for non-disabled, non-elderly voucher recipients at the housing authority was nearly 8 years. Recent HUD studies have shown that this number is 5½ years for voucher holders.

Is this number consistent with the median length of stay in your agency?

Mr. WOODS. In Winston-Salem, ours today is approximately, for the housing choice voucher, about 8 to 10 years.

Mr. CLAY. Okay. Now, under an MTW Program that you envision, how long do you predict the stay would be? Could you actually transition these recipients?

Mr. WOODS. Our MTW Program will allow for a 7-year transition. Our goal is to develop alternative housing through a goal through diminished support over a 7-year period while bringing up families' income and their educational level to a point where they can move either into market rate units or into other affordable

units that are below market rate that we would develop or partner with other agencies on.

And I want to be very clear. I am not here to blame the victim.

Mr. CLAY. Yes.

Mr. WOODS. I believe they are following the existing rules and regulations. They are in full compliance with the law. These rules and regulations are just outdated.

Mr. CLAY. What about the other program that requires that any construction going on, that a percentage of those construction jobs be given to housing authority tenants? Have you experienced that program?

Mr. WOODS. Yes, we have. We have a project going on right now, which is our first STEP-UP development unit. We partnered with our workforce development agency who had underneath our construction site anyone in the community, particularly public housing residents, who were interested in a construction job to contact them, to get assessed, so that when the general contractor was hiring local labor, they would pull from that pool.

We got zero participation from public housing residents. And the reason why, once again, the comment we received the most was that they were not required to participate.

Mr. CLAY. Okay. Thank you for your response.

Mr. Reed, how has your experience been? Are the Wall Street Journal numbers close to what your authority has experienced?

Mr. REED. Yes, when you look at the Abilene Housing Authority, I think there is a dynamic that is a little different than some of the other housing authorities that are here. Some of these guys are from larger housing authorities. I am from a large housing authority but at the very lower end of a large housing authority.

So, in our community, we are looking at about 3 years as the average stay for a person on the program. Our rates in terms of employment are typically a little bit higher than the State's and also for the entire country. We have about 56 percent of the families on our public housing program who are employed currently, and about 32 percent of the folks on our voucher program have earned income, as well.

So we are a little different dynamic than what you are going to find at some of your larger housing authorities and whatnot, so—yes?

Mr. CLAY. You also cover a 20-county region; is that what you said?

Mr. REED. Correct.

Mr. CLAY. Okay. Now, do they transition out and go on to their own housing?

Mr. REED. Yes. The 3-year time frame is for everyone, the entire 20 counties that we service.

Mr. CLAY. Okay.

Mr. Nackerman, what has been your experience? How long is the length of stay of your tenants?

Mr. NACKERMAN. Because we are in an MTW Program, we carefully measure everything with our partner, Loma Linda University. And that is the same for all of the newer MTWs, for sure. Our average stay in the Section 8 Program is 7.4 years.

And I will mention that this is a great example of the reason to have MTW, that those numbers will vary so much from housing authority to housing authority. There are cities, like Santa Monica in California, where nobody ever moves, I think. They have rent control.

But if we move that 7.4 years to 4.4, we conceptually house approximately 1,500 more people over that 5-year or 4.4-year period. If you had to build new units to house those 1,500 more people, that would be over $110 million just to build more units to house that many people—upfront costs, by the way, not subsidy costs.

Mr. CLAY. Sure.

Mr. NACKERMAN. So, the stereotypes of people staying for generations are sometimes true, sometimes not. But the economics of moving people through programs, as opposed to stagnation, and having incentives to move through the programs have a real great economic bottom line.

Mr. CLAY. And I thank you all for your responses. My time is up. Thank you.

Mr. LUETKEMEYER. Thank you.

I now recognize the gentleman from California, Mr. Royce, for 5 minutes.

Mr. ROYCE. Thank you, Mr. Chairman.

There are many, many stories of families with heartbreak, with job loss and homelessness. We need more positive stories of recovery and return to self-sufficiency. And with the Moving to Work Program, Section 8 does have the potential now to be viewed not as another entitlement program but as an empowerment program. And I think that is what is interesting about these stories.

And, Mr. Nackerman, your staff has related the story of Yvette from Chino, a mother of three providing for her family by driving a bus for the local school district there. Yvette had been living in an affordable housing complex since July of 2000, but she cherished the dream of owning her own home. And through the help of your agency and, in particular, the family self-sufficiency program made possible through Move to Work, Yvette this year was able to realize that dream and purchase her own home free of any rental subsidy.

And so I was going to ask you a couple of questions, but the first is, what obstacles were removed by Move to Work that made Yvette's story possible?

The second I was going to ask you is, have you seen more success stories like this one? Because when you relay that type of a story, it helps us to better understand exactly why the program works.

And, also, specifically, what has been the reaction to your time limits, to the focus on helping residents get up and out?

Those were the three questions I was going to ask you.

Mr. NACKERMAN. Thank you, Representative Royce. Let me start with Yvette and our homeownership program.

MTW, it gets a little technical, but it allowed us to do some things like take this traditional family self-sufficiency program, where you put money in an escrow account over years instead of having your rent raised, we used MTW to actually make that account much more flexible. You can actually draw the money over those 5 years if you have some kind of emergency. And we also

have incentives that go beyond 5 years. So we took a traditional HUD program and made it better.

We are one of the biggest homeownership housing authorities west of the Rockies. We sell between one and two houses a month to public housing and Section 8 residents.

People don't give these residents enough credit. There are many residents who work and many residents who need a helping hand. So people like Yvette are happening one to two a times a month.

To answer your—another kind of interesting element of MTW on the homeownership side is we are able to, once a year, kind of ask HUD to modify regulations that customize them towards our homeownership program. And HUD sometimes says no. The idea that HUD doesn't monitor this is—that GAO account I would encourage you to read. It is over a year old now. HUD agreed with every finding but one at the time. They are now running with it. So the idea that it is not monitored is a little bit of a stretch.

How our residents are reacting to the 5-year lease assistance program, which is what we call it—I am really surprised myself how the residents are embracing the fact that they have a life coach when they come in the door, that they have somebody who cares about their life and is going to help them over the next 5 years, that we have a bigger and bigger quiver of resources in order to help that family. So the residents are very positive about this.

We are a year-and-a-half into it, I should caution you. Tulare County near us has been in it for many years. But the residents' reaction is overwhelmingly positive that the housing authority is going to be a part of their lives for that 5 years and that we have an individual case plan for each resident for improvement over that 5 years. And, most importantly, at the end of the 5 years, we will have all kinds of ways to continue if you haven't been successful versus just ending the process cold.

Mr. ROYCE. Thank you, Mr. Nackerman.

Mr. Chairman, I yield back.

Mr. LUETKEMEYER. Thank you.

With that, we will recognize the gentlelady from Ohio, Mrs. Beatty, for 5 minutes.

Mrs. BEATTY. Thank you, Mr. Chairman, and Mr. Ranking Member.

Let me say to all the gentlemen present, thank you for your testimony and for allowing us the opportunity to hear your stories, especially those in public housing authorities.

Let me also disclose that for about 20 years, I was a consultant to public housing authorities in Ohio. So I have had an opportunity, whether it was Section 8, whether it was one of the training and work programs, to see firsthand your work.

And, oftentimes, those lessons learned are not documented in an analytical way that can be presented. Thus, in reading about Move to Work, I have two basic questions. For me, it was always difficult to discern when you talk about self-sufficiency, what that really means to a person who is not in the system, someone who is not in leadership at a public housing authority.

And so I guess my question is, I have looked through the documents and I have listened today, and I have heard a double-digit

number of times, "We have moved people to self-sufficiency." I guess I would like to know if you have a definitive definition.

I can remember working with the public housing authorities and using "self-reliant," when the person could become more self-reliant was easier to be defined. So I want you to think about that.

Also, you see that a lot when you talk about Move to Work. And I am a big proponent of Move to Work. I think it makes a difference. I think it is creative. And it is moving us from what we were doing 20 and 30 years ago when I was there.

But, with that, my second question is, when I look at the Move to Work Program and I look at the fact that the public housing authorities have to have 5,000 units or less—I am from Ohio. So in Ohio, we have—in Columbus, Ohio, we have more than 5,000 units, just a little more, but we are not allowed to participate in the program.

I like the word "flexibility," so you know where the question is going. Do you think, or can you help me figure out so I can make my public housing authority folks happy with me, if there would be any consideration to having a waiver or allowing those housing authorities with 5,000 or more to participate?

Because one of the critical things is that you don't have a sophisticated system to document in an analytical way the lessons learned. So now to have to create this only for about 1 or 2 percent of the public housing populations would be, for me, a good argument to have some type of guidelines to let public housing authorities with more units be engaged.

And we can start with any one of you.

Mr. Woods?

Mr. WOODS. Thank you.

I like your definition, or your comment about "self-reliant" versus "self-sufficiency." I think that makes a lot of sense. Our PATH Program, in thinking about it, is geared toward helping reduce family dependency on government support. That is how we say we are trying to help someone become more self-reliant or self-sufficient.

Your experience in Ohio has been our experience in Winston-Salem. I started in 2006. I received a phone call from my local Greensboro office that said, guess what, there is a NOFA out concerning Moving to Work applications. We wanted to apply. Back then, we found out we were too small. Two years later, we got the call once again, and now we were too big. So I share the frustration that you share.

We believe that MTW—and we have contacted many MTW agencies around the country. It is amazing that residents respond extremely well under a structured program to trying to improve their lives when it becomes a requirement. Though I complain about lack of participation, I received that same comment in many MTW agencies in the past prior to becoming MTW. They become MTW; you then interview their residents. They are a complete turnaround. I am a full proponent of MTW.

Mr. REED. Under the definition of "self-sufficiency," I would really define it as a person being able to leave the program.

We had one individual lady who joined the program who was divorced, had several kids, and utilized the housing choice voucher program because of a low subsidy. She joined our FFS program to

redevelop her job skills, volunteered at a department store, and then actually was hired on as a manager making over $50,000.

She didn't have to move off the program right at that particular point, but she wanted to give another family an opportunity to be able to utilize that spot who may need that spot, and she actually moved off of the program.

So when I look at self-sufficiency, I am really looking at a family who is able to do it financially, on their own, and to really make it happen. And, kudos to her. She really made it happen.

Mrs. BEATTY. Thank you.

Mr. LUETKEMEYER. Thank you.

Next, we will recognize the gentleman from California, Mr. Miller, for 5 minutes.

Mr. MILLER. Thank you, Mr. Chairman.

This kind of reminds me of the song, "Now the Times, They Are A-Changin'." Because when I remember when I first started this—you do, Mr. Woods, where none of my friends on that side of the aisle would support it. They thought I was a demon trying to throw people out in the street. You remember this. And I am so glad to hear the testimony, because we need to focus on how we can really help people.

And this is probably the most bipartisan issue I have ever seen. There are three major housing authorities, CLPHA, PHADA, and NAHRO, and all three of their organizations support Move to Work. And I don't think I have ever seen anything like this, which is really, really a good thing.

And another thing we have been fighting for is, we want to help people become self-sufficient. And another argument I have had for years, that we do everything wrong to make sure that can't happen.

For an example, if you want to build an apartment complex today or a townhome, condo, or apartment today, you have to get an FHA-insured construction loan, because nobody will lend money if you are not insured by FHA. Yet, FHA reads the law wrong. They require every FHA loan to be Davis-Bacon. Now, I am not anti-union. I am just saying that the law says that if government dollars are expended, they need to be expended through Davis-Bacon. But FHA is not spending any money; FHA is merely guaranteeing a loan.

And so we are saying we want to help you get people into self-sufficiency. Yet, by requiring this Davis-Bacon mandate, we are beating up the price of apartments and condos and townhomes by 20 to 25 percent, relegating people to where they are today and the exact opposite of what we are trying to do.

And time limits has been the biggest argument I have heard people make against Move to Work. Mr. Nackerman, you testified that San Bernardino County implemented a new time limits program. How did you design it to ensure that it is useful and does not unintentionally harm the participants?

Mr. NACKERMAN. Thank you, Congressman Miller.

We are one of the few agencies in the country trying this. I want to emphasize that again. Sometimes, all MTWs are painted with this time-limit issue.

This 5-year lease assistance strategy, again, is applicable only to non-senior and non-disabled households, are helping to change that premise, that you can really stay as long as you want. You know going in up front that you are going to have 5 years. You know that there are some escapes from that 5 years at the end, with reason.

But, as I mentioned, each household is given kind of a counselor or a life coach. And our university partner is creating a baseline for these residents. We found, as an example, Loma Linda University found that even some of these residents who are on disability want to be employed. We are advancing the quality of lives kind of on a case-by-case basis. Each resident signs and helps develop an improvement plan over time.

And we have already had some great success stories. Renee Calloway allowed us to use her name. Her plan went into superdrive, and she already has a security job. She has already reconnected with the university. She will probably leave the program in less than a year because of Moving to Work.

And then, again, the protections will be, if somebody doesn't try at all, that is not okay. We are looking for people who try, and to—and try to help. And if you think about it, the only way to really move through housing is to have higher economic income in that household, again, for the non-disabled, non-seniors.

Mr. MILLER. And one problem I have always had is that we have a system that people are involved in, yet other people who need the same assistance are kept outside the system for years and years because we are unable to move people to self-sufficiency. And I believe time limits, where you have support services and proper hardship exemptions, can be a useful tool for motivating people.

But, Mr. Woods, you talked about the situation you have been put in. If you were able to require participation in the PATH Program, with exemptions for the elderly and disabled, what would that mean for participants currently and the ones you would like to help?

Mr. WOODS. We are in a unique position in Winston-Salem. Currently, we have a new medical research park that is under construction. It is targeted to employ 27,000 to 30,000 new employees within our City. The bus transportation that runs through that research park actually stops at three of our larger public housing developments. The closest one is actually a 5-minute bicycle ride; the furthest is no more than a 15-minute bus ride.

We have Winston-Salem State and Forsyth Community College that has guaranteed to put a small campus, train, assist the lab technicians, get janitors. Anyone who finishes that program will be guaranteed a job.

So we have an opportunity here. With MTW, we could require participation. It would open up a world of career opportunities, employment opportunities, raise family income levels—

Mr. MILLER. And those people who are unserved out there, how—

Mr. WOODS. That is my biggest issue.

Mr. MILLER. That is mine.

Mr. WOODS. And I have a waiting list. Again, we opened up in 2010. I am only around about 4,200 that I still haven't even processed yet.

Mr. MILLER. My time has expired, but these are good men, Mr. Chairman, who want to be trusted to help the people who need help in this country. And I think we as a committee and as a Congress need to do everything we can to support them.

I yield back the balance of my time.

Mr. LUETKEMEYER. Thank you, Mr. Miller.

With that, we will yield 5 minutes to the gentleman from Massachusetts, the distinguished ranking member, Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman.

And I thank the panel for being here.

I am a former mayor of my city. We used to get CDBG money and other Federal funds. I empathize very strongly with the idea of getting a little more flexibility and getting the Federal Government off your back a little bit.

At the same time, I also know that there were other cities that got Federal money where people went to jail for misuse of that money. So that is the balance of reporting and keeping some kind of a thing. Which I know you know that, because all public housing authorities have to do that.

I also—it is my understanding that HUD joins all of us in wanting to expand the MTW Program. I am not aware of them being opposed to it at all, with one caveat: They want the resources to be able to do it. And it is my understanding they have three people currently on staff dedicated to MTW. There is no way they can expand the program unless they get the proper resources, as none of you could expand any program you ever wanted unless you have the resources.

So I think we are all on the same page, as far as that goes. But let's be honest. If we are going to expand this program, we have to understand that we have to empower HUD to actually do a reasonable and decent job doing it.

Mr. Nackerman, you have had the MTW for several years now. Do you still have a waiting list?

Mr. NACKERMAN. Oh, yes. We have 32,600 people on our waiting list.

Mr. CAPUANO. Okay. Thank you.

Mr. Russ, do you have a waiting list?

Mr. RUSS. I do, Congressman, about 10,000 people.

Mr. CAPUANO. All right.

So I ask that question because, though, again, I am a supporter of MTW, let's not pretend that it is the panacea and answer to every issue that faces people with housing problems. We will still have a waiting list. It will be a shorter one. We will be able to serve more people, and I think that is a good thing. But you are still going to have waiting lists. There is still going to be more that we can do.

Mr. Nackerman, I believe you said you have lost $24 million of Federal money in the last few years?

Mr. NACKERMAN. Yes, sir, $21.4 million.

Mr. CAPUANO. $21.4 million.

Mr. Reed, have you lost Federal money in the last few years?

Mr. REED. Yes, we have.

Mr. CAPUANO. Several million dollars? A million dollars?

Mr. REED. About a million dollars.

Mr. CAPUANO. Okay.

Mr. Woods, have you lost Federal funds?

Mr. WOODS. Yes, we have.

Mr. CAPUANO. Mr. Russ, have you lost Federal funds?

Mr. RUSS. Yes, we have.

Mr. CAPUANO. So what if I told you that I would bring you back to the level that you were 3, 4, 5 years ago, whatever it was, could you do more with that money? Or would it just be wasted money? Would you not be able to service more people on the list?

And I know the answer. We all know the answer. The answer is, yes, of course you could. And, again, I say for the same reason.

MTW is a good program. I don't know why we couldn't pass an expansion 2 years ago. I don't know what the holdup is now. I don't know why we have to reinvent the wheel.

Mr. Russ, are you familiar with the stakeholder compromise that was on the table in 2011?

Mr. RUSS. I am, Congressman.

Mr. CAPUANO. Mr. Woods, are you familiar with it?

Mr. WOODS. I am familiar with it.

Mr. CAPUANO. Mr. Reed, are you familiar with it?

Mr. REED. Yes, somewhat.

Mr. CAPUANO. Mr. Nackerman, are you familiar with it?

Mr. NACKERMAN. Yes, I am, and I would love to comment on it.

Mr. CAPUANO. If we could pass that tomorrow, as is, not that you get everything you want, would you suggest I vote yes or no, Mr. Nackerman?

Mr. NACKERMAN. I would suggest you vote no.

Mr. CAPUANO. Why?

Mr. NACKERMAN. The stakeholder agreement did not include many stakeholders, for one thing. We have many resident organizations in California, as you might expect. None of those resident organizations were involved in any kind of stakeholder agreement.

There are some items in the stakeholder agreement, we think it may add bureaucracy to a program that is attempting to streamline. Also, there are some really dangerous things in the stakeholder agreement where it doesn't really mirror the MTW Program that we have now, so you are, in essence, creating a brand-new complicated program.

So I don't want to dismiss it completely. I think there are some great core pieces that we can work with there. But I think that is—

Mr. CAPUANO. Do you think it is a place we should start with or a place we should just throw it out and start from scratch?

Mr. NACKERMAN. I think we should take one step back to some of the earlier iterations of that bill and then move from there.

Mr. CAPUANO. Okay.

Mr. Russ, how do you feel about it?

Mr. RUSS. I will give you an honest answer.

Mr. CAPUANO. I would like an honest answer.

Mr. RUSS. Yes. I have mixed emotions about the stakeholder agreement. I like the agreement because it brings more agencies into the portfolio. I think that is very, very important. And for me, or for our organization, that trumps what I would echo that Dan said, that there are elements of that agreement that I think are

very, very complicated and would, in fact, really radically change the program.

I am not opposed to that if it advances the opportunity for more agencies to get Moving to Work, and in the end that is why I decided to support it. But there are things in the agreement that I think deserve further attention.

Mr. CAPUANO. Yes.

Mr. Woods, how would you feel about it? My time is actually up, but—

Mr. WOODS. I would also have mixed emotions about it. I think that the basic MTW portion of it does provide the flexibility, but it doesn't give you the ability to make the necessary policy changes that are really key, a key factor in changing the lives of individuals, to helping families move through the system. That is a big problem for me. That is a huge problem for me.

Mr. CAPUANO. My time is up, but, Mr. Reed, I would like to hear your opinion, as well.

Mr. REED. Okay. I have mixed emotions, as well. I think some of those pieces and share some of the sentiments of my colleagues, that there is some flexibility allowed, but there are some things that would hold housing authorities back. I think more housing authorities should have the opportunity to have the full expanse, ability to utilize MTW at its best. So, mixed emotions right now.

Mr. CAPUANO. Great. Thank you all very much.

I thank the chairman for indulging me.

Mr. LUETKEMEYER. My pleasure.

Next, we will recognize the gentleman from Wisconsin, Mr. Duffy, for 5 minutes.

Mr. DUFFY. Thank you, Mr. Chairman.

I appreciate the panel being here today and I thank you all for your testimony. We are doing a fantastic job of shattering the reputation of this committee and of Congress to actually have such a beautiful "Kumbaya" moment, all agreeing that we should support MTW. And to have a panel who is in agreement, as well, is actually fantastic.

I have to tell you, I would agree with the Assistant Secretary of HUD when she was talking about rental assistance, talking about moving in, moving up, and moving out. And I appreciate the reality that you all deal with in shrinking budgets as we sit in difficult times. I realize how much more strain that puts on all of you to do your jobs and do them well and serve folks in your community who are in need.

We are faced continuously with trillion-dollar deficits, a $17 trillion debt. And we have to look around our agencies and ask, how can we ask everyone to do more with less, how can we ask everyone to be more efficient and still not let people fall through the cracks, still have a system that helps people who fall on hard times, have a safety net for them and, frankly, hopefully, have a trampoline for them where they can hit and bounce back up into a lifestyle that they can support.

And it sounds like, as we are talking about MTW, that it is not necessarily, as the gentleman from Massachusetts was discussing, spending more money, which is always helpful. How can we find a program and ideas that will allow you to spend money more effi-

ciently, to help more people be more effective in these very difficult budgetary times?

And I appreciate everyone coming in and sharing your points of view. But is it fair to say that you all would agree that we should expand the MTW? To all of you. Yes?

Mr. NACKERMAN. Yes.

Mr. DUFFY. I am not misreading the panel, am I?

Mr. Reed?

Mr. REED. Yes.

Mr. SCIRE. So the point that I would make here is that the MTW Program and how it might offer the opportunity to serve as a platform for demonstrating the efficiencies from these practices, these flexibilities, is not being optimized right now.

So if you were to expand MTW, I think it would be important to build into it an evaluation component so that you can then take these practices that are working at one or more agencies and possibly apply them more broadly. And that is the opportunity for greater efficiency for those agencies that are not now MTW agencies.

Mr. WOODS. I would totally agree with the expansion of MTW, but my caveat is that there needs to be full flexibility within MTW and not limited flexibility.

Mr. DUFFY. Are you telling me, Mr. Woods, that you know how to better spend your budget than bureaucrats in Washington?

Mr. WOODS. Not to pat myself on the back, but the answer is yes.

Mr. DUFFY. You can pat yourself, that is fine.

Mr. RUSS. I would definitely support the expansion.

And I do believe that there are two questions in the evaluation part of this that deserve some thought. The first is, and I would make sure that we all understand that the kinds of evaluations we are talking about are very difficult to do. If you are talking about sort of the gold standard social policy study, you are looking at probably a 5- to 7-year commitment and you are looking at funding someone, potentially the housing authority or HUD or some other group, to do that. And we must be cognizant that these studies will take time.

I do think that the program as it currently exists has really demonstrated that it is a workable solution in the communities in which it is operating. And we could do more with the reporting structures we have now. The MTW agencies recognize that, and we are collaborating amongst ourselves and hope to continue collaborating with HUD to do that.

And our long view, if I may offer that, is that part of what should come out of this, we feel, is an accreditation program. And the accreditation program would get to some of the fundamental issues that deal with not only evaluation but also things like the governance of the organizations that we all run. And we feel that the MTW platform is an ideal platform to help launch that idea.

Mr. DUFFY. And, Mr. Russ, I think that is good advice.

I only have 25 seconds left. But, to the panel—we have a wealth of knowledge here—any downside risk to us if we make this move on a bipartisan level? Or any advice you have for us, as we have you all together, on how we could effectively make these changes?

That is an open-ended question to anyone who wants to take it.

Mr. RUSS. I think you should go ahead and do it.

Mr. NACKERMAN. I would just say, make sure that almost all agencies can get in, I think. There is a very few—this term "troubled" or "high performer," I would stay away from. I think all agencies can do this, except the very, very few that are completely mismanaged that would ruin our program if they got in.

Mr. REED. I know we are out of time, but I would like to bring up one point that I haven't heard.

A lot of times, you have large housing authorities and then you also have smaller housing authorities. And the dynamic between the two is pretty significant. So if you talk about implementing a Moving to Work Program with all of the requirements and reporting requirements that are involved, some of your smaller housing authorities are going to struggle to be able to provide that type of information and continue to service the needs of the families that they have. So larger organizations have many more resources, but, again, the small guys don't have as much.

Mr. DUFFY. Good point.

And my time has expired, but I want to thank you all for the good work you do and for coming in today and testifying. Thank you.

I yield back.

Mr. LUETKEMEYER. Thank you.

Mr. Stivers from Ohio?

Mr. STIVERS. Thank you, Mr. Chairman. I appreciate it.

And thank you to the witnesses for being here.

I want to follow up on something Mr. Reed just talked about, and it follows up on a question that my colleague from Ohio, Mrs. Beatty, asked earlier.

But you just talked about some of these small agencies. And, as you know, the Moving to Work Program was recently expanded but limited to smaller agencies. And I am just curious how these smaller agencies are doing at utilizing the opportunities that are created by the program. And why shouldn't—and you guys have all kind of spoken to this already—there be more of a competitive opportunity and allow basically everyone into these opportunities of Moving to Work?

I guess I will direct that one to Mr. Reed.

Mr. REED. Yes, I definitely agree that all housing authorities should have the opportunity to have full access to MTW. Again, my one caveat is that the smaller guys will struggle somewhat with some of the reporting requirements. So, as more definitive studies come out of the program and they look at different size agencies and how they are doing, that would be really good information to bring back to the housing authority and maybe make adjustments on the fly.

But right now we are really experiencing a lot of funding shortages. And, really, one of the reasons that I would like to have access, with the size agency that I have, is because when we have full fungibility, if we are short from one pot of money, we can actually subsidize that with another pot of money without going through the reporting requirements that we do right now.

So I don't have a lot of information on how the small guys have implemented the program. But those are a couple of things that we would be interested in.

Mr. STIVERS. And that gets me into, sir, my second question, which follows up on something that my colleague from Massachusetts talked about. And his point was, would you like to have all the money you had 8 years ago? I guess I would ask the converse of that. Which program is the best for you to utilize every single dollar you get, the standard program or the Moving to Work Program, for housing?

And you can just go down through the list and let each of you say whether you think that the current program or Moving to Work would be a better way for you to utilize every single dollar you get in the best way possible to help your residents get positive outcomes and serve your mission.

Mr. NACKERMAN. That is a fantastic question, because it really, again, hits the nail on the head as to each local housing authority has different issues. The housing authority I just came from was Marin County Housing Authority, really low on public housing budget. Now we have enough.

So the site-by-site, place-by-place elements of Moving to Work allow us to balance those groups of HUD funds and survive things like sequestration. It is a huge—it is probably the first thing an MTW agency would do is combine their funding so they can weather the storm.

Mr. REED. Yes, I would echo those sentiments. Yes, we would definitely like to have the flexibility of MTW with the funding that we have had in the past. All the programs and some of the things that we have talked about already, it would give us more funding and financing available to assist families, create new developments, and a multitude of other things in terms of assisting families to become more self-sufficient.

So there are a few programs, a transportation program, that I would love to get into. We had one individual lady on our program who was going to quit her job because she didn't have reliable transportation. So, we would definitely create programs like that.

Mr. SCIRE. There have been several attempts to try to assess the impact of this program overall. None have been successful in doing that. So I think the verdict is really out right now as to whether or not, on net, the MTW Program agencies are doing more than they would have without the MTW flexibilities. I think that remains to be demonstrated.

Mr. WOODS. I totally agree with my colleagues. I believe that MTW is the solution at this present time.

I believe that the income that is generated from there, for us in Winston-Salem, our goal is to plow those dollars back into our program to make our PATH Program self-sustaining, give us the ability to develop new housing opportunities so that we can serve more people. We cannot do that under existing rules and regulations. It is very prohibitive.

Mr. RUSS. I have two thoughts. The first is, it is money, honey, if you want to get along with me. And that is a—that is true. You would long for those days because there was more. But I have to

be a realist. And, realistically, where we are now, it is a much more difficult position.

I would say this. I would say with the additional money, or our current situation, we are managing to figure out how to do more things. The Preservation Program for the multifamily that I told you about, that is an activity that we would never have imagined. And it has a spillover effect that is very positive for the community.

We are doing more. We are assisting families in very difficult circumstances that we normally couldn't assist. We have sponsor-based vouchers to assist the nonprofits in our community. There is a long list that my colleagues who have MTW share.

And I would say there is a combination here, and it is pretty powerful. And, yes, would I use additional money? Sure. But where we are now, I believe we are doing more and we are using the resources to the best of our ability.

Mr. STIVERS. Thank you, Mr. Chairman. My time is gone. I yield back what I don't have.

Mr. LUETKEMEYER. Thank you.

With that, I would ask unanimous consent to introduce into the record the following: a letter from the New York State Public Housing Authority Directors Association dated June 26, 2013.

Mr. Capuano, do you have a letter also?

Mr. CAPUANO. Yes, from New York City.

Mr. LUETKEMEYER. Okay.

Without objection, we would like to also introduce a letter of June 26, 2013, from the New York City Housing Authority, also to the chairman and ranking member.

Without objection, it is so ordered.

With that, I would like to thank each of the witnesses who appeared here today for your testimony. It has been excellent and enjoyable and informative. And I appreciate each of you taking the time to come to us with your ideas and concern and passion. I certainly appreciate it and certainly note it.

Is there another letter?

We have another letter to be submitted for the record, without objection. And it is a letter from Doug Guthrie, president and CEO of the Housing Authority of the City of Los Angeles, dated June 26, 2013.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

Without objection, this hearing is adjourned.

[Whereupon, at 3:51 p.m., the hearing was adjourned.]

A P P E N D I X

June 26, 2013

Written Statement of Randy Neugebauer
Subcommittee on Housing and Insurance
"Evaluating How HUD's Moving-to-Work Program Benefits Public and Assisted Housing Residents"

June 26, 2013

Thank you all for attending this important hearing examining the effectiveness of HUD's Moving-to-Work Program. The hearing today will help us determine whether the MTW program should be expanded and whether a more robust MTW program can better serve low and moderate income families in achieving self-sufficiency when the terms of federal housing assistance are determined locally.

Before I move forward I would like to take some time to thank the Gentleman from California, Mr. Miller, for his hard work on this issue last Congress. While we may have fell a bit short of our goals in expanding MTW last Congress, I think we have a strong foundation to build upon. I look forward to working with Mr. Miller and the rest of my colleagues to achieve our goals this Congress.

HUD's Section 8 program has increased dramatically both in terms of the number of people it assists and its overall portion of the HUD budget – which is currently roughly 60%. Without proper reforms, these costs will continue to grow on their unsustainable path. That is where the MTW program comes into the picture.

The MTW program was created as a demonstration program in 1996 and gave a select number of local public housing authorities the discretion to test alternative policies for providing housing assistance. The MTW program has three underlying goals: to reduce costs in federal expenditures; increase housing choice for low-income families; and, more importantly to lend a hand to assisted housing residents so they can become economically self-sufficient.

Given the problems associated with HUD's section 8 program – both fiscal and socioeconomic – the MTW program appears to be a perfect solution to right the ship.

The flexibility allowed under the program is an appropriate alternative for Congress to consider in this time of record deficits -when all Americans, including HUD and PHAs - will have to tighten their belts and think creatively about ways to make Federal taxpayer funds work in ways not considered in the past. And the reforms to help move our fellow citizens to economic independence will not only help improve the lives of those residents, but it will also allow us to deliver housing assistance to the thousands of people who have been waiting in line for section 8 vouchers for years.

The Administration recently highlighted some of the successes of the MTW program, which included a reduction in costs ***and*** an increase in the number of families served – a rare feat in today's Washington, DC. It is my hope to build off that success by expanding the program to more PHAs. Obviously, I hear the

concerns that there needs to be more robust evaluation and monitoring. I think this Committee can achieve that balance between appropriate oversight and expansion.

I look forward to hearing from our panelists on how we can responsibly achieve that goal. Doing so would not only benefit U.S. taxpayers, but it would also provide great opportunities to our fellow citizens in their time of need –which is a true reflection of the compassion that is so much a part of this Country's make-up.

###

Written Testimony
Daniel J. Nackerman
President, CEO
Housing Authority of the County of San Bernardino
San Bernardino, California

United States House of Representatives
Committee on Financial Services
Subcommittee on Housing and Insurance
"Evaluating How HUD's Moving-to-Work Program Benefits Public and Assisted Housing Residents"
June 26, 2013

Chairman Neugebauer, Ranking Member Capuano, and honorable Members, it is an honor to appear here today to discuss how we can move forward in expanding the great work of Moving-to-Work (MTW) demonstration sites. In San Bernardino CA, we know first hand how MTW can eliminate waste, serve more families, improve customer service for our residents, and more effectively invest taxpayer dollars to serve lower income families, and seniors in great need.

I am Daniel Nackerman, President and CEO of the Housing Authority of the County of San Bernardino (HACSB) in Southern California. I have been assisting local residents for 23-years at five different California housing authorities including leading as Executive Director or Deputy Director at the Marin County Housing Authority, Contra Costa County Housing Authority, City of Richmond Housing Authority and as a senior manager at the Oakland Housing Authority.

The Inland Empire and MTW Background

Our agency jurisdiction, located east of Los Angeles, contains 24 cities and covers the largest county in the contiguous U.S., containing a population greater than 15 of the country's states. [1] San Bernardino County is part of a vibrant region including Riverside County and parts of Orange County that is known as the Inland Empire. This region likely contains every aspect of your own represented community with rural areas, cities of both wealth and poverty, urban treasures and ills, and of course on-going needs for housing of every type.

Our agency is dead center in the third worst foreclosure spot in the U.S. with 43.7% of homes still "underwater" as of the beginning of the year.[2] Our headquarters is located in an officially bankrupt city and we also have some of the highest rates of poverty within the Golden State. Paradoxically, our region booms with job growth, population growth, and quality of life

[1] Census Population Estimates Program, (2011). *Estimates by County.*
[2] Economics & Politics, Inc. (www.johnhusing.com)

advancement when economic conditions are right such as they were from 2000-2008 - and as these conditions appear to be in place again.

This backdrop of our region creates an even greater need for the hub in the wheel - the launch pad for all - stable affordable housing. Our waiting lists have reached over 45,000 families at times.

Our housing authority, one of the larger agencies amongst approximately 3,200 nationwide, was already deeply involved in real estate development, demonstrating a private-like corporate culture, and in a focus on resident lives before we became a Moving- to- Work site in 2008.

As you have heard or will hear today, this demonstration "program" - which really is not a program but a broad waiver of national regulations combined with HUD oversight - has allowed housing authorities to operate much more efficiently and effectively.

We have used our designation to streamline processes and eliminate redundant, outdated program work tasks. With housing programs designed during the World War II era and redesigned in the 1960's, there are many policies and procedures that need updating to ensure efficiency is achieved. For example, housing authorities are required to check the fixed income on seniors every single year through a process more complicated than doing your income tax.

What is the effect of these old regulations on the approximately 3,160 non-MTW agencies?

- Too many distinct programs with exclusive funding albeit all with HUD funding. When hard work and efficiency in one program saves funding in that program it cannot be utilized for another where cuts might be occurring.
- Wasteful, illogical work required due to antiquated regulations.
- Complex and unfriendly service forced on residents due again to dated regulations or national regulations that do not fit at the local level.
- Higher staff levels required to do the increasingly complex work at a time when funding sources are reduced each year.

As a non-traditional housing authority, our agency's success is a result of our business approach to strategic planning and delivery of services. Assistant Secretary Sandra Henriquez stated that the success of the Boston Housing Authority during her tenure was a result of "operating as a private business with a social mission." This resonates at our agency. As a business entity that serves as good stewards of taxpayer's dollars, we cannot properly serve our families unless we operate an effective and productive business. This approach has become even more crucial during these times of austere budgets and long-term economic challenges.

Our effective business operations helps us achieve our primary goal, which is to provide our families with the resources, skills, and motivation to transition out of government assisted programs into economic independence. As a reflection of our mission and service philosophy,

we have increased our resident services and coupled them with new initiatives such as five year term limits, "work" requirements, tiered lease assistance and minimum rent increases, among others. These new initiatives also ensure accountability by combining our assistance in helping residents find jobs with their commitment to transition out of government assistance. As catalysts, in collaboration with our partners, we provide and leverage services that will help our families build a foundation for economic independence.

Prior to our MTW designation, HACSB embarked on a 30-year strategic planning process and in early 2008 solidified our agency's long-term goals that guide us in our annual strategic planning. Our proactive planning and strategy efforts have helped us face budget reductions of $21.4 million within the past five calendar years, yet we had been able to increase the services we provide to our families. Our long-term goals are aligned with statutory MTW goals and they enhance our efforts to implement an array of innovative business practices and program services. The flexibility granted by our MTW designation coupled with our 30 year strategic plan will help us realize these goals and objectives.

HACSB 30 Year Strategic Goals:

- No eligible family waits longer than 10 days for housing
- Clients have achieved their own personal level of stability and economic independence
- For those whom a transition is appropriate, the maximum stay in assisted living is 5-years
- HACSB leaders and supporters are innovative policy makers and influencers of legislation
- HACSB has secured the resources needed for accomplishing its Mission
- HACSB is a leading developer and provider of affordable housing in the County of San Bernardino
- HACSB is adequately staffed with well trained and fully developed employees
- HACSB communication is open, honest and consistent
- HACSB employees have a high level of morale
- HACSB clients, programs and properties are embraced by all communities
- HACSB clients live in safe and desirable homes and communities where they can develop and prosper

We design our programs as a stepping-stone providing additional assistance to our families on the path to economic independence. In conjunction with an extensive list of community partners, government agencies, employment service providers, and institutions of higher education we work to: provide family/individual case management and counseling, assist with career training and job placement; and ensure program integrity. These efforts are building blocks to achieve our mission and vision of upholding our core values of respect, safety, integrity and service.

The three MTW statutory objectives are the core filters for what we strive for in MTW, which are as follows:

- ***Operational efficiency through innovation*** *– Maximizing HACSB's economic viability and sustainability and being good stewards of taxpayers' dollars.*
- ***Develop economic independent clients*** *– Facilitating opportunities for families and individuals to become self-sufficient and financially independent.*
- ***Ensure freedom of housing choice*** *– Providing quality affordable housing opportunities in mixed income communities with access to excellent quality of life services.*

HACSB currently has 22 approved MTW activities. Twelve of these address the objective of operational efficiency, seven assist families with economic independence efforts and three help expand housing opportunities. These MTW activities help advance our global strategic goals outlined above, which unlike many other plans at other businesses serve as a daily guide to what we do.

REASONS FOR MOVING TO WORK

Moving –to-Work works. It can make rents much more simple and fair. As an example, we are in the process of developing a streamlined lease assistance program, which we anticipate to implement in 2014. This program sets households on a tiered rent system where a household's rent will start at 21% of gross income - and then raised by 3% every two years and no deductions or allowances are included. For the elderly and disabled in that program the rent will simply be 24% of gross income. In another major program, we subsidize 50% of the fair market rents and the residents pay the rest, giving them the power to select a home that meets their needs. This approach replaces HUD's 30% income rent rules, which provides financial disincentives for employment and higher income for residents.

Moving-to-Work focuses the non-senior, non-disabled adult on gaining job readiness, or gaining employment, or gaining better employment, all with our help. We have channeled many resources towards this. We do understand that pre-employment barriers to this such as educational shortcomings, transportation, or even more serious elements such as substance abuse are also a part of the now single minded mission of better economic situation within the household. Therefore, our help comes on several levels. If you think about it, the only way to move through housing programs into the private market is through advancing economics resulting in a higher household income.

Moving-to-Work works locally such as our abolishing the HUD Fair Market Rent system and utilizing third party market studies in establishing a local system of nine different rents, thereby paying lower rent in some of our 24 cities and higher in others. This has accomplished the following to date:

- Residents are 'deconcentrating' from low-income regions and moving towards healthier communities with better schools, etc.
- Overall, we have related savings in landlord payments thereby helping house 500+ more families this year than last – with that trend expected to continue.

INNOVATIVE SPECIFIC MTW ACTIVITIES

The Five Year Lease Assistance Program is a five-year term limit activity for all new individuals/families (except seniors and disabled individuals) pulled from the voucher program waiting list. HACSB's staff works with each adult to develop a personalized education and/or professional plan, which serves as a guide for self-sufficiency goals. After a year of implementation, 567 households are being assisted under this program and 767 adults have developed their plans. A flat subsidy is provided, which is equal to the lessor of the contract rent or 50% of the payment standard for the given submarket. As we backfill through attrition and limit the years families can receive housing assistance, we hope to promptly serve the applicants on our waiting lists.

We work in partnership with Loma Linda University (LLU) as they are conducting a longitudinal study to analyze the impact of this activity on families, what types of services were leveraged, specific outcomes, etc. Since the activity has only been in place since January 2012, LLU is currently analyzing year 1 data.

We are one of the few agencies in the country instituting these trial 'time limits' for new families pulled from the Housing Choice Voucher Program wait list. This five-year lease assistance strategy, applicable only to non-senior and non- disabled adults, is a bold initiative changing the premise that once a person is in the program they can stay indefinitely. After 16 months into the start of this initiative, this has so far proven to:

- Give each household a counselor or life coach. Not surprising to us but likely to many these moms and dads want a better life; want help in gaining education and jobs; want to move into private housing or homeownership someday. Our university partner, Loma Linda University, found that even disabled residents on SSI are seeking jobs[3].
- Make space for those mentioned on our waiting list. If we move our average use of the subsidy from 7.4 years to 4.4 we conceptually house approximately 1,500 more people over that period, at little or no additional cost. To build new housing to accomplishment the same would be an upfront cost of approximately $110,000,000.
- Help advance the quality of lives with the home as the stable start and all else kinetic. This helps as a powerful part of neighborhood revitalization, educational reform, healthier living and movement vs. stagnation.

We are also one of the only agencies in the U.S. advancing the concept of required effort - misleadingly labeled a "work requirement". This pilot project at one site encourages adults (not seniors and not those with disabilities) to try training, school, volunteer time, and related advancement not unlike a small scale Welfare to Work program. Again, we are helping face obstacles such as violence in the household, mental health, lack of transportation, and other challenges in order to advance our omnipresent cause - moving customers *through* our programs. With this pilot we also utilize our university partner Loma Linda University on a weekly basis to track, advise and perform direct service on site.

[3] Distelberg, B. (2010). Needs assessment study. *Housing Authority County of San Bernardino*

A quick list of the major change components underway at HACSB due to MTW is as follows:

- Elimination of dated program requirements and related reporting in order to save resources and deliver services simply.
- Program time limits for some adults. Appeal process available.
- Income examinations every 2-3 years instead of annually.
- Simple, fair, customer-friendly rent systems. Systems that don't punish residents by raising rent when employment is gained.
- Incentives for economic advancement instead of rent raises.
- Blending of program funds in order to sustain consistent budget cuts and to target highest goals.
- Eliminate calculation of assets towards rent.
- Establish a higher minimum rent (pending).
- Test a pilot program for required efforts towards employment.
- Change tenant/landlord systems to reflect the private sector and prepare residents for such.
- Simplify utility allowance systems.
- Higher level inspection systems although with less frequency.

EQUITABLY ALLOCATING OUR LIMITED HOUSING RESOURCES

Most importantly, Moving-to-Work works to recognize the desperate needs of the millions of people in the U.S. who critically and desperately need a place to live. As mentioned, our waiting list once exceeded 45, 000. Our neighboring agencies have lists longer than 100,000. No one is representing these families. They are affected by policies but have no voice in guiding them.

HACSB WAITING LIST TOTAL JUNE 2013
Total Extremely Low Income Applicants = 25,758
Total Very Low Income Applicants = 5,487
Total Low Income Applicants = 1,404
Total Applicants = 32,649**
**Includes people that do not meet the defined criteria due to income or family size

Note that these wait list residents are not demonstrative of the total of those who need housing in the U.S. According to the Bipartisan Policy Center only 25% of those desperately needing housing get it.[4] MTW policies and practices such as time limits, shifting of funds towards more housing, and employment incentives can help solve the wait list dilemma.

[4] Bipartisan Policy Center (2013). (www.bipartisonpolicy.org)

HACSB EFFECTIVENESS UTILIZING MTW

It is important to supply metrics to show the impacts of MTW. HACSB metrics to date include the following highlights:

- An *increase* in the total number of families served. Due to cost efficiencies resulting from MTW directly, approximately 508 more families were housed in 2012 than 2011.
- An *increase* in help for non-housing needs such as school, mental health counseling, transportation, computer training and other supportive services. HACSB spent over $850,000 in 2012 on such services and as importantly shifted regional services towards HACSB residents at little or no cost to HACSB or to the residents.
- A steady *decrease* in the number of hours needed to perform our work thereby saving significant resources. HACSB spent approximately 6,000 fewer hours annually since 2009 (averaged since 2009) performing basic program work.[5] This savings was due directly to MTW.
- An *increase* in the number of effective initiatives due to efficiency funding being shifted to new, creative efforts such as homeless housing and veterans housing.
- An increase in flexible funding, some gained from efficiencies, now targeted to new resident support or new local initiatives.

MEASURING MTW ACTIVITIES AND METRICS

One of the only setbacks to expansion of the MTW designation is a constant drum beat from all directions that HUD and for that matter Congress may not really know what is happening at MTW sites. We understand but reject this notion. While the HUD system for monitoring may be different than for most other programs we offer the following:

1. The very nature of each local MTW program is different on purpose – these HUD programs are redesigned locally to be more effective locally and **HUD can't really measure all – they can only measure each.** As such the traditional program metrics and assessments don't work, especially for 39 agencies of 3,200. Annually, we provide HUD with an Annual MTW Plan and Annual MTW Report that describes all new initiatives and provides metrics on our specific activities. HUD is aware of each and every local initiative and the results of such - it is just difficult to report that out in summary. We work very closely with exceptional HUD staff and they firmly guide our activities and occasionally deny portions of our plans.
2. HACSB is pleased to be taking a major role, in conjunction with other MTW agencies and HUD, in designing metrics to assess tangible achievements of MTW agencies. Started as a swift solution to unknowns, 34 of 39 MTW sites are directly involved in establishing measurement systems for HUD final approval. This is critical to address concerns that federal tax dollars are spent wisely on Housing Authorities, and in particular MTW agencies. Development of effective metrics allows relaxation of bureaucratic rules - so

[5] MTW Annual Reports HACSB (2010-2012).

that PHAs are judged not on degree of compliance with those rules, but with actual real world results.

3. Throughout the years, there has been an ongoing negative sentiment about participating MTW agencies; however, we have found most are based on outdated information, or lack of better information and studies, which we are currently providing. Some of the expressed concerns include: MTW agencies serve fewer families; self-sufficiency activities are forcing low-income families out of affordable housing; and lack of reporting. We cannot speak for other MTW agencies, but we have had a great deal of success with most of our activities and the misconceptions to date do not apply at our agency. In terms of reporting, we currently provide HUD with both an Annual Report and Annual Plan that follow the guidelines and requirements set by HUD (known as Attachment B). We are not opposed to any additional reporting if necessary. We are a demonstration site, and we willing to do what is necessary to ensure lessons learned are leveraged and documented accordingly.
4. One idea to solve the reporting and monitoring concern is to have a third party provide such under HUD's direction and paid specifically through MTW agencies. The initial metrics could be gleaned from the 'Chicago' study. Agencies such as Standard & Poors are already entrenched in similar work at some agencies on the financial side.

BUDGET PROPOSALS MAY UNDERMINE MTW AGENCIES

Early FY 2014 budget proposals to apply Section 8 reserve recaptures to MTW agencies are not fair and would undermine MTW effectiveness. Reserve recapture may make sense for non-MTW agencies that can only use Section 8 for voucher assistance and admin costs, since high reserves indicate the funds are not needed. But reserves can be used for other activities for MTW agencies, and are commonly built up to implement long-term strategies and plans as well as direct services to residents. Draft FY 2014 budget proposals to allow funding reductions on MTW agencies if new expansion bills are enacted are counterintuitive as well. Cuts are not appropriate, as MTW agencies would achieve no cost savings because they are not subject to the PHA rules they provide relief from.

CONTRACT EXPIRATION COULD UNDERMINE MTW AGENCIES

There is a lack of clarity for what MTW agencies can do when their current contracts run out in 2018. This is a threat to the planning, continuity, and effectiveness of existing MTW agencies. Congress and/or HUD should provide clarity on two major points:

1. HUD should not be allowed to consolidate the programs and authorities of the existing MTWs and the new MTW agencies that might be created by authorizing legislation - which HUD may be tempted to do to reduce their costs of administering MTW. This would likely result in a significant rollback of the authorities of existing MTWs and frankly ruin much progress.

2. Specific types of activities currently being employed by MTWs should be grandfathered in. HACSB is implementing time limits - it would fatally undermine initiatives like this if HUD could cut them off when the existing MTW contract expires

MTW EXPANSION IS NEEDED

On the expansion of MTW let us offer the following:

- HUD has been heroic on a national programmatic level in initiating this pilot project and in guiding and administering such. The lessons learned will no doubt shape HUD housing history but more importantly change lives for the better throughout the U.S.
- You may hear from many Housing Authorities how overdue the streamlining of programs are - particularly the Housing Choice Voucher Program- and how futile past efforts to do so have proven to be.
- There are some near-finished proposed bills that could advance this soon – but cautions that the original MTW structure remains in place are paramount. The last thing needed is a new round of complicated regulations differing from MTW but named MTW.
- If a new bill is presented it must reflect the existing work and flexibility of existing sites almost verbatim or it will only be a fig leaf on the powerful work that is underway - and may then be another new program with the opposite effect of streamlining.
- It is time to make this Moving –to- Work that works long term or permanent. 17 years as a demonstration? With no additional funding needed? In fact significant savings often in place?
- We are not only protecting our residents we are injecting hope, thankfulness, and progress...lets expand that to most agencies.
- The common hymn of why not expand has to do with 'monitoring' and 'metrics' as you will hear from a witness today. We welcome and demand scrutiny. In fact we are swiftly helping HUD to complete new measurement tools based on an informal term 'Chicago study' that will no doubt be in place before expansion is fully approved.
- Only well run agencies should be allowed to jump in. What is a well-run agency? Not necessarily a labeled HUD high performer (over half of U.S. Housing Authorities now have that label). We think a combination of fiscal audit reviews, metrics from the Bipartisan Policy Center[6] and initial benchmark metrics from the Chicago could help HUD determine entry - which would be almost every Housing Authority in the U.S.

FUTURE LEGISLATION

Since we received our MTW designation in 2008, we have transformed our agency by setting ourselves to these high standards. Building upon our practices, we have executed 22 innovative initiatives with the three MTW statutory objectives in mind: save taxpayer dollars through

[6] BPC, Housing America's Future (2013). *Executive Summary*

efficient work; help our families achieve economic independence; and ensure a family's freedom of housing choice.

For any future legislation that proposes the expansion of MTW, existing sites would like to have current contracts that expire in 2018 made permanent if any future bill does not reflect the current MTW program we operate today- or at least have protections to allow them to continue existing activities. . Comments on previous legislative proposals:

- Previous proposals were not an expansion of MTW, but rather a new program. Based on the new program requirements we would not be able to continue many of our ongoing activities, therefore existing MTW agencies should be made permanent or have exiting activities protected under their current contractual agreements.
- Bill language suggested that agencies would not be able to apply rent reform activities to families which would prohibit the continuation of some of our existing initiatives such as: five year lease assistance, pilot "work" requirement, increase minimum rent, and streamlined leased assistance.
- We would not support any language that would give HUD the flexibility to alter our MTW agreements at any time without cause.
- We would also see a possible loss of current flexibility and efficiency if bill language was included that would require that HUD also consult with an evaluation advisory group before an activity is approved and/or continued annually by an MTW agency.

In conclusion, Moving to Work *works*. We urge your Committee to help make it permanent and help other Public Housing Authorities move forward with creative, timely, life-changing advancements even in this time of domestic program budget cuts. Thank you for this opportunity to testify regarding our experience and the tangible results achieved.

534 Cypress Street, Suite #200
Abilene, TX 79601

Written Statement

Gene Reed

Executive Director

Abilene Housing Authority

Abilene, TX

Before the Sub-Committee on Housing & Insurance

United State House of Representatives

June 26, 2013

Hearing: "Evaluating How HUD's Moving-to-Work Program Benefits Public & Assisted Housing Residents"

Phone: 325-676-6385 Fax: 325-676-6375 Relay Services: 711 OR 1-800-RelayTX Website: www.abileneha.org

Equal Opportunity Employer / Equal Housing Opportunities

Testimony of Gene Reed

Executive Director
Abilene Housing Authority
Abilene, TX

Before the Sub-Committee on Housing & Insurance
June 26, 2013

Chairman Neugebauer, members of the Sub-Committee on Housing & Insurance, I thank you for the opportunity to testify; my name is Gene Reed and I am the Executive Director of the Abilene Housing Authority in Abilene, TX. I have 19 years of combined leadership experience between the Affordable Housing industry (approximately nine years) and the Gas & Electric Utility industry (approximately 10 years). In each industry I have had the opportunity to analyze business needs, rebuild an organization, restructure organizations/departments, develop new programs and build teams in an effort to meet the goals of each organization.

The Abilene Housing Authority (AHA) is at the lower end of what is considered to be a large Public Housing Authority (PHA). AHA manages 1536 Housing Choice Vouchers (HCV) consisting of 145 HUD-VASH (Veteran's Affairs Supportive Housing) vouchers, throughout 20 counties in West Central Texas, as well as 213 Low Rent Public Housing (LRPH) units and 170 affordable and market-rate units in the City of Abilene.

During my career in the affordable housing industry I have had the fortunate opportunity to have worked for the Cincinnati Metropolitan Housing Authority (the 17th largest PHA in the country), as the HCV Manager from 2004 to 2008, in a very politically charged environment. Since October 2008, I have been employed as the Executive Director of AHA. During this time AHA has been able to successfully separate from the City of Abilene, acquire the HCV programs of three small PHAs, acquire a Project-Based Section 8 "Opt-Out" complex, developed a Project-Based Voucher program, successfully apply for and receive the Ike/Gustav Hurricane Disaster Housing Assistance Program (DHAP) and HUD-VASH vouchers and, receive Family Self-Sufficiency (FSS) Coordinator Grant. AHA also increased participation in the FSS program from five participants in 2008 to 50 participants in 2012. AHA's HCV Program has been recognized as a "High Performer" program for the past five years and the LRPH program has been recognized as a "High Performer" program for the past two years. The AHA itself has been recognized as a "High Performer" agency for the past two years. AHA is currently in the process of preparing to apply for a Tax Credit development in 2014.

Over the past three years Public Housing Authorities have experienced unprecedented funding cuts in our programs. Unfortunately, the cuts have come at a time when unemployment rates are still extremely high (over 7 percent). Families have lost their homes and jobs have continued to be sent overseas. Hard working, American, middle-income families that never thought about utilizing affordable housing programs now qualify. For years their tax payer dollars have paid for programs like ours and now when they need affordable housing programs, due to continued deep budget cuts, PHAs across the country are serving fewer families and unable to assist these families as needed. It is my hope that funding for our programs be stabilized in order for PHAs to adequately assist elderly and disabled families (approximately 46 percent of the families AHA

assists), struggling, hard-working and well-educated Americans that need assistance due to situations beyond their control. Let's help American families recover. Our affordable housing programs only represent 2 to 3 percent of the overall federal budget.

In addition to the challenges that hard-working Americans are facing in the current economy, PHAs are also faced with the challenge to meet regulatory requirements that we were required to meet when we were receiving higher funding amounts. Higher funding amounts provided adequate staffing levels to administer the programs in a way that allowed PHAs to meet HUD's regulatory requirements and to meet the special needs of the communities that we serve. For the past two years I have personally been asking Congress & HUD to provide regulatory relief to PHAs that will enable the AHA and other housing authorities nationwide to still meet their mission of providing decent, safe and sanitary housing to low-income families in this budget-cutting environment.

As I mentioned before, I truly appreciate the opportunity to address the Sub-Committee on the potential benefits of expanding the Moving-To-Work (MTW) program. MTW presents PHAs with what I would consider a "fighting chance" during these budget-cutting times. The merits of the MTW Program, for AHA are:

Meeting the Community Needs:

MTW allows PHAs to analyze the local communities that it services and allow the PHA to tailor programs and services to specifically address the housing needs of their communities. For example, in Abilene, TX we have a large population of homeless veterans, due to the fact that Dyess Air Force Base is our largest employer. Through MTW my PHA would be able to develop programs in collaboration with numerous other social service agencies and the local Military Partnership of West Central Texas that service the various needs of veterans. We could use public-private dollars to develop a more robust program.

Fostering Self-Sufficiency:

Assisting families to become self-sufficient is a part of the AHA mission statement. Throughout my career in affordable housing I have always said that, a "self-sufficiency" program should be a "flag ship program for Housing Authorities." Not only is it a life-changing program for participants, it is also a program that shows the community that their tax payer dollars are being spent for a "hand-up and not a hand-out." Many participants on our programs began from a disadvantaged starting point. Many others have fallen upon "hard times" in their lives and need assistance and guidance to get back to self-sufficiency.

One married young lady on our program found out that her husband was molesting one of her children. The divorce left her with a single income and two kids. The Housing Choice Voucher Program was a saving grace for this family, which was devastated and in need of assistance to recover from this traumatizing experience. She was approved to participate in the HCV program, saved money while living in a government subsidized home, decided to pursue her degree, graduated Summa Cum Laude and, got a good-paying job. On her own, she decided to graduate two years early from the HCV FSS Program to provide another family the opportunity to benefit from the Program, received her FSS Escrow check and purchased her own home. This is why I decided to stay in the affordable housing industry, because these programs are positively

changing the lives of American families. What better investment can government make than to assist families to become self-sufficient?

These stories, in our programs, are endless. The design of MTW allows agencies to build and grow self-sufficiency programs by having the capacity to move funds into developing larger more robust programs. MTW will allow agencies to add more staff into the self-sufficiency programs and to use the FSS Coordinator to supplement the workload of other departments as needed. Currently, a FSS Coordinator obtained under the FSS Grant can only work on FSS work.

Regulatory Relief:

As funding continues to decrease, the ability of a PHA to adequately meet the regulatory requirements set forth by Congress/HUD greatly decreases. Given the regulatory requirements PHAs have to meet and the fact that our industry may continue to see more budget cuts, the funding formula simply does not work.

MTW allows PHAs the ability to change or remove certain regulatory requirements. The program is designed to allow innovation and also to allow PHAs to manage their program in a way that meets the needs of their communities and not from a one-size fits all regulatory model.

For example, many PHAs have removed the requirement to conduct recertifications on an annual basis. Many have moved to conducting them every two years or even every three years for elderly and disabled families on fixed incomes. This can dramatically reduce the operating expense of administering PHA programs during these budget-cutting times.

Development Activity:

AHA is currently looking for ways to generate revenue outside of the traditional government provided funding streams. Development activities such as Low-Income Housing Tax Credit (LIHTC) programs, and affordable housing programs, will allow PHAs the opportunity to move away from dependence on traditional government funding. This in turn will assist the government in reducing the federal budget. Through MTW PHAs are allowed to use current government funding to leverage non-federal development activity. Over a period of time this will allow PHAs to migrate away from full dependence on government funding to minimal dependence on government funding while still meeting their mission, which is to serve the housing needs of low-income families across America.

Full Management of Funds Provided to PHA's:

Presently, PHAs receive four pots of money (HCV is provided Admin Fees and HAP Fees, and LRPH are provided Operating Subsidy & Capital Funds). These four pots of money have very specific and designated uses. Currently, PHAs at times can move money from pot to pot, although, the approval process is arduous and time consuming. If you have ever experienced working in private sector business, which I have, you know that making things happen quickly and having the flexibility to make key decisions is critical to the success of a business.

Under MTW, PHAs have the ability, to make key business decisions, whether through process and regulatory requirement changes or through having the ability to move funds in a way the PHA sees fit, in order to expeditiously and efficiently run its business.

Recommendation:

Overall, MTW can provide PHAs with the ability to remove policies and practices that are mundane, outdated, and in need of reform given our current funding situation. MTW provides PHAs with a more business-like model that enables PHAs to address the current local needs.

My recommendation to Congress is to expand the MTW program and allow more PHA access to the program in order to better manage their limited resources.

Response to Sub-Committee Questions:

1. HUD should continue to base MTW eligibility on a PHA having an overall "High Performer" rating. These agencies have shown that they have the ability to manage their agencies in a way that meets or exceeds the current assessment requirements. There are many "Standard Performer" agencies that have the ability to be successful under MTW as well. For "Standard Performers," HUD should review progress made in assessment areas over the past few years then get a recommendation from the PHAs HUD Field Office. The make-up and qualifications of staff may also be taken into account in determining whether to give the PHA access to the MTW program.

2. The future of public and assisted housing is "bleak" if MTW or some other progressive program is not instituted. Currently, funding is being reduced at an alarming rate while regulatory requirements are not being removed in any substantial or meaningful way. Reductions in funding are contributing to a higher national unemployment rate, due to PHAs having to lay-off and/or not replace staff after natural attrition. This reduces PHAs ability to meet the regulatory requirements, which can and will cause sub-par performance ratings under the current assessments. These sub-par ratings will later manifest in lower funding for PHAs (budget cuts plus non-performance funding cuts will equal catastrophic damage to PHAs). I always say, "You can't squeeze orange juice from an apple."

3. MTW allows PHAs to effectively meet the needs of their local communities by redirecting funds to the PHAs' mission. One of the big problems many of our participants have is reliable transportation. AHA had one lady that had a decent job in which she had held for a substantial amount of time that was ready to quit because she didn't have reliable transportation. My FSS Coordinator addressed this issue with his Public Coordinating Committee (PCC) and they came up with a plan to address this issue. Fortunately, in this situation the community was able to pull it off for us. But the massive budget cuts we are experiencing at every level of government are affecting the ability of communities to support or assist other agencies. If AHA were a MTW agency, we would be allowed to redirect funds to address this issue of reliable transportation so families do not have to quit their jobs, but have a reliable program to get them to work even when their transportation options were lacking. Under MTW we would have more

ability to collaborate with other community programs and to develop programs that could better assist our participants to be self-sufficient.

4. It is my understanding that, HUD has provided Congress with one report on the status of MTW and the Congressional Research Service provided a second study. The first one was released in August 2010: "Interim Policy Applications & the Future of the Demonstration." The second was released in June 2012: "Housing Assistance Demonstration Program." Presently, assisted housing industry groups, the National Association for Housing & Redevelopment Officials (NAHRO), Public Housing Authorities Directors Association (PHADA), Council of Large Public Housing Authorities (CLPHA) and the Housing Authority Insurance Group (HAI Group) are conducting a comprehensive study of the MTW demonstration.

   HUD's 2010 Report stated that, "MTW was designed as a temporary response to the ongoing need for a sustainable public housing platform. While the nation's public housing system faced a number of challenges, more information was needed before making sweeping changes. MTW was predicated on the belief that giving public housing authorities more flexibility would allow them to make more efficient use of federal funds, better incentivize self-sufficiency in residents, and provide more housing choices for low-income families. The experiences of MTW agencies have supported this theory. At the same time, the need for comprehensive reform has only grown. While MTW can continue to inform the housing industry about the outcomes of various approaches, a more extensive overhaul of the public housing laws would allow all public housing authorities to experience the benefits available to MTW agencies."

   The Congressional Research Service wrote, "While the data available are insufficient to know if the discretion afforded to MTW agencies allows for a more cost-effective administration of assisted housing programs, the belief that the program has been a success on this front is generally held by supporters of the program, including PHA industry groups, some assisted housing practitioners, and some Members of Congress. The fact that most participating PHAs have chosen to renew their participation and more PHAs wish to participate than there are advertised slots is evidence of the popularity of the program among assisted housing practitioners. Congress has exhibited some support for the program by taking action to expand the number of agencies participating. Further, HUD officials have suggested that they believe MTW agencies are more cost-effective in their administration of assisted housing."

5. To my understanding, there are presently three individuals on HUD's staff who oversee the MTW program. If the program is to expand, obviously, there would need to be more staff. Currently there are consultants and CPA firms that monitor/audit PHA firms who may be able to assist with oversight of an expanding MTW program, in the event Congress does not want to add additional government employees. Currently, the concept has already been established in the way that HUD administers REAC inspections across the country (they hire contractors to do the audits and report the results back to HUD staff).

6. As long as adequate funding is provided to administer the MTW Program, and MTW is not being instituted as a means to continue to cut funding for Affordable Housing, MTW

would assist residents in developing life-skills, provide participants with more quality affordable housing options, services and employment opportunities. Although, I will caution that this statement is only a microcosm view of possible improvement opportunities from a low-income housing prospective. Until the U.S. economy rebounds in a way that not only benefit major investors, these items will not be fully executable by low-income families under any program.

Currently, there are legislative proposals circulating that would encourage defunding Pell Grants and other financial resources that assist middle and low-income families obtain higher education. Higher education typically equates to higher incomes that allow families to move off of government assisted programs. I ask that we all take responsibility, at all levels, to further self-sufficiency of American families. PHAs cannot work miracles to assist in increasing self-sufficiency among its participants, if anti self-sufficiency legislation is allowed to pass. This works in direct opposition to what self-sufficiency programs are set-up to accomplish. In addition, United States falls further and further behind many other countries in education, how can defunding educational opportunities be a tool for promoting self-sufficiency?

7. MTW has currently provided current MTW PHAs with the ability to leverage new housing developments, rehab existing developments, merge supportive services with housing and to create more self-sufficiency programs. If MTW is expanded, I would expect to see more of the items mentioned above.

8. To my knowledge, affordable housing programs were designed to house low-income families. As a part of the running the business of affordable housing, it is in the best interest of the PHA to help our residents stay for the full amount of time that they need to transition off the program and/or to gain and maintain employment. This way, PHAs can assist more families while controlling the cost of the program for our tax payers.

In summary, I would like to once again thank Chairman Neugebauer and the members of the Housing and Insurance Sub-Committee for allowing me to share my views on how MTW can better assist PHAs during these budget cut times. It is my hope that funding for affordable housing programs will be revived so that we can assist the growing need of American families that need assistance in these trying economic times. Our programs have taken significant funding cuts over the past three years and can-not afford to continue to endure additional cuts. In a program that only represents 2 to 3 percent of the overall federal budget I think we have done our share to assist in reducing the federal deficit.

As Members of Congress leave this meeting and journey back to their home districts I encourage you to challenge your political base on the benefits of assisted housing and the importance of adequately funding programs like these for American families. One specific preconceived notion that many Americans have about assisted housing programs is that low-income families are getting rich off of their tax payer dollars. ***This could not be further from the truth.*** If you follow the money in our programs you will see that these federal funds benefit the local economy much more than they benefit participants on the program. Funding received by PHAs is truly a reinvestment into the local communities that we serve. The reinvestment happens in the following ways:

1. Banking accounts are set-up with local banking institutions that then reinvest the billions of dollars that Housing Authorities receive back in the local communities;
2. Housing Assistance Payments (HAP) are made to landlords (in AHA's program we typically pay landlords approximately $6.5 million annually), who then reinvest these funds into the up-keep of units and thus contribute to maintaining or increasing community property values. Landlords also pay property tax on HCV program units with the profits received from the HCV program;
3. Area contractors secure contracts with PHAs to maintain, rehab and develop quality low-income housing units in our communities (AHA's program pays in the range of $300K to $1 million annually);
4. Local vendors also secure contracts to maintain housing authority IT systems, vehicle fleets, provide legal services, accounting services, etc.;
5. PHAs are able to create jobs in the community;
6. Employees earn a living and patronize local business establishments that assist the local economy. Many of these employees own homes and also use these federal funds to pay property tax.

Approximately 99 percent of the tax payer dollars used to fund assisted housing programs, **do not** go directly into the pockets of low-income participants on the AHA program. The 1 percent that does is paid to graduates of the FSS program as a down payment on their move to self-sufficiency. The remaining 99 percent go toward community investment activities that assist the local economy. The only benefits that participants receive from the assisted housing programs are non-monetary in nature. The participants benefit by having a decent, safe and sanitary housing in which to raise their families at an affordable price; they have the opportunity to move their families to areas of town that they may not have been able to afford without a government subsidy; they have more access to better school districts through the "portability" component that the HCV program provides; and they have an opportunity to save money.

As things progress from this meeting, if I or my agency can assist in advancing the position on expanding the MTW program, please let me know. Thank you.

362 Green Street, Cambridge, MA 02139 • P 617 864 3020 / TDD 800 545 1833 x112 • F 617 868 5372 • www.cambridge-housing.org

Written Testimony of
Gregory P. Russ, Executive Director of the Cambridge Housing Authority

Submitted to the U.S. House of Representatives Committee
on Financial Services,
Subcommittee for Housing and Insurance

June 26, 2013

I would like to thank Chairman Neugebauer and Ranking Member Capuano, and the rest of the subcommittee for the opportunity to appear before the committee.

The CHA was one of the original Moving to Work agencies, becoming part of the program in 1999. Since that time, the CHA has been able to pursue many innovative policies and programs that have increased the efficiency of the agency, promoted economic betterment for our tenants, simplified the burdens placed on tenant families who participate in the public housing and leased housing programs, and served unique and underserved populations. CHA's designation as a Moving to Work Agency has permitted it to develop innovative economic mobility programs for low-income families including the restructuring of the housing subsidy to encompass housing and other necessary financial and educational tools.

Demonstration no Longer

MTW as a demonstration has established its merits, and provides the framework for re-structuring affordable housing programs for the future. Given the myriad of examples from MTW agencies across the country, it is time to remove the program from its "demonstration" status and to recognize that not only has it been successful and deserves the long-term stability that comes with being a program, but it offers a template that other agencies can follow and benefit from.

Elements and ideas originally developed in the MTW program are already making their way into legislative proposals such as last year's AHSSIA. MTW has become the nation's housing policy lab, it is the testing and proving ground for a way forward as the traditional programs struggle with reduced resources. But beyond funding is the growing realization that Federal Housing programs work better when they easily align with the local market and the demographics of families served.

With MTW, an agency can:

- Flexibly create "local programs" with solutions and approaches that reflect the market conditions in the locality;
- Permit creative use of resources to provide a broader and more effective tool to encourage family economic independence;
- Respond more quickly to changes in appropriations;
- Leverage private capital funds through ability to provide guarantees, seed money for projects and working capital;
- Partner more easily and more deeply with other organizations and service providers;
- Increase local transparency and accountability through the Annual Plan and Report process;
- Allow programs to evolve over time based on need and experience.

The Cambridge Housing Authority (CHA)

CHA is over 75 years old. As of March this year we assisted about 4,512 households through a variety of Federal and State programs. We are a "medium large" housing authority and we also operate four nonprofit affiliates. We are an organization of 177 employees, 21 resident coordinators, and 5 board members operating in market and budget conditions that demand all our skill and innovation to succeed. Our overall budget, excluding funding for capital, is around $70M/annually from all funding sources. Our capital program greatly expanded in the past three fiscal years as we administered Federal, State and Local grants, tax credit capital investment, and ARRA funds totaling $100M. We do our own development and redevelopment and with a few exceptions we manage what we own or what is owned by our affiliates. We act as owner, real estate developer, property manager, and as a service leader and connector for our families; a set of demanding, and increasingly complex, roles that require private sector business approaches in pursuit of our public mission.

Our Housing Market

Cambridge is a city of about 105,000 in population, compressed into 6.5 square miles. We are home to Harvard and MIT and the comings and goings of thousands of students plus we are also experiencing a hi-tech/bio-tech development boom. The result is high demand with limited supply. Rents for even average, non-luxury, units are staggering. We recently used a well-known rental market application to sample the cost and found market rent ranges as follows:

1 Bedroom units: $1200 to $2600
2 Bedroom units: $1450 to $3500
3 Bedroom units: $2,000 to $4100

The average sale price of a condo in Cambridge in 2013 (condos are around 70% of the sales market) is $571,884 a 12% increase over 2012.

To help preserve existing units or create new units for low-income families in the City we have used MTW to create our own local project-based voucher program and now have 852 such units in the City. We have also acted, again using our MTW authority, to preserve housing for low-income families by project-basing tenant protection vouchers into expiring use multi-family properties. We retained 130 such units for low-income families in past year alone.

The Families

Combined, public housing and voucher programs assist about 4,512 households (10,900 individuals), 63% of those occupy 1 and 2 bedroom units. Across the two programs, 3,338 families or 74%, are extremely low-income: that is, below 30% of the Area Median Income. In the public housing program 45% of the families are seniors or persons with disabilities. In the voucher program, over 30% of the families are seniors or persons with disabilities.

Our families pay a healthy monthly rent to the housing authority, on average $393/month, which exceeds the sequestered subsidy we currently receive by $41/month. And the vast majority of families are good rent payers, CHA typically collect 97% of rent we bill over the course of the fiscal year. CHA also has a significant number of households with earned income: 983 families have earned income in public housing and 1076 have earned income in the voucher program. Combined, about 46% of all families served have earned income.

MTW has allowed a package of initiatives that greatly enhance the ability of families to advance economically. Here is short list of some of our efforts:

- Greatly simplified rent rules that allow families to keep more of the income they earn and encourage asset building.
- Tiered approach to minimum rents.
- Expanded opportunities for adult education.
- Strong youth development programs that will include college savings accounts (and services provided in collaboration with the high school).
- Expanded opportunities for financial counseling and budgeting.
- Mentoring and coaching programs with modest financial incentives combined with strong goals and requirements, coupled with a housing subsidy that is modified to support the program.

These programs follow from the MTW statutory requirement to provide incentives for employment and education for our families.

Many of these economic mobility options are recent efforts but here are some numbers through March of this year: since 2011 we have added 194 families with wage income; in the past year 177 high school kids enrolled in our Work Force program (a program that graduates 93% of its participants from high school); and 92 individuals enrolled in our ramp up of economic mobility programs.

CHA believes that we should invest in our families – we do not advocate for program or subsidy limitations that come at the expense of the families losing housing. Rather any such limitations applied to the family must be balanced against a varied platform of support and education options. Additionally, all of our MTW economic mobility initiatives are vetted publicly through the Annual Plan process (with public meetings and comment), further these initiatives come with hardship provisions.

Policy Questions

(1) PHA's capacity to manage co-mingled funds, commit to the development of self-sufficiency programs with community non-profit partners, respond with real-time data to HUD and researchers, utilize technology to decrease operational cost and increase services to residents.

All of the above are important qualifications to consider in awarding MTW status. High performer status may be a good proxy for capacity to manage funds and to respond to data requests. All recent MTW entrants have been high performers (as required by their statutory authorizations).

The Stakeholder Agreement on MTW emerged as part of the discussions around advancing AHSSIA. The Agreement requires applicants to have occupancy/utilization rates of at least 95 percent and either to be high performers (in both PH and HCV, as applicable) or "taking into account its relative score under PHAS and SEMAP, [to be] an agency with other characteristics, achievements, capabilities, or experience...that demonstrate the agency has the capacity to successfully exercise the discretion and undertake the responsibilities made available by this section."

Evidence of the capacity to commit to develop self-sufficiency programs with community non-profit partners can be found by looking at what kinds of partnerships the agency already has in place. Many housing authorities currently operate partnership programs with community non-profits in order to better the life outcomes of their residents, including increasing their self-sufficiency, even without MTW authority.

(2) Future implications if MTW is not extended or is discontinued

The entire basis of the MTW program is to design and test innovative strategies for affordable housing and serving the needs of tenants and their local communities. The MTW program has served as a laboratory of innovation, shaping much-needed reforms to the public housing and Section 8 programs. They are pioneering new operating models that are more streamlined, efficient, and responsive to local needs.

Without the MTW program, innovations such as the sponsor-based housing program (e.g., Cambridge and King County), subsidized low-income homeownership programs (DCHA), and successful youth mentorship programs (e.g., the DREAM program from Cambridge) would either be much more difficult to develop, or simply would not be possible.

MTW agencies are better positioned to help individuals and families achieve greater self-sufficiency. Unlike non-MTW agencies, they can fully incentivize residents to participate in job training, educational programs, or other programs that assist people to obtain employment in an effort to promote self-sufficiency. Helping residents achieve better life outcomes will be much more difficult without the tools that MTW agencies have to create incentives. The current system is too focused on regulation and compliance rather than innovation and solution-finding, which makes focusing on finding ways to help residents achieve self-sufficiency nearly impossible.

MTW agencies are more agile in addressing funding issues, reducing costs, and achieving greater cost effectiveness. Given the poor state of appropriations, MTW allows agencies to make necessary adjustments to preserve the fundamental operational services that are most critical on a local and efficient basis.

(3) MTW Effectively Addresses the Needs of Low and Moderate Income Families and Communities

MTW is a program that changes the business relationship among HUD, local housing agencies, low-income households, and the administrators of non-public housing subsidies. Within the context of the MTW program's three Congressional goals, there is broad authority for an agency to approach every aspect of its mission and its business processes with a singular focus on improving and increasing affordable housing opportunities for low-income families.

MTW provides a much needed re-balancing of the mission of the 1937 Housing Act by allowing the PHA the flexibility to meet the local capital and market realities of 2013.

Some examples of how Cambridge has managed to use this flexibility are:

- Providing a shallow subsidy on top of a state subsidies that would not work in the Cambridge market;
- Buying condominiums to preserve rental opportunities for our voucher participants at a time when the rental market has priced tenants out of Cambridge;
- Recent development of a domestic violence initiative with a non-profit partner than provides a mix of public housing, voucher assistance, and funding for a domestic violence liaison;
- Revisions to the Family Self-sufficiency program that permit additional incentives for economic advancement;

In Keene, NH, MTW completely transformed the relationship between housing subsidy and socio-economic empowerment. In Keene all work able families receive several years of intense supportive services and deep subsidy followed by a ratcheting down of support as they become more self sufficient in later years. Not only does Keene Housing use MTW to increase families' economic outcomes, they are reducing program expenses, thereby freeing up funds for even greater commitments to substantive resident self-reliance efforts.

MTW opens the door to continued innovation in programmatic design, as well as preserving physical assets and provides a better basis for the expansion of housing choice. MTW provides the ability to "restructure" subsidy to address specific types of needs, e.g.: homeless, education or training need, elderly, domestic violence, sponsor-based, shallow subsidy, lifetime subsidy budgets and other ideas can be tested – the MTW program is the nation's housing policy lab.

(4) Data is Available to Document MTW's Effectiveness

MTW agencies have submitted Annual Plans and Reports to HUD that document the numerous successes that they have achieved. However this data is not in a form that can be readily shared and distributed. The MTW agencies recognized this as they discussed metric and outcome measures in the MTW Chicago Summit that occurred last fall. We believe it is possible to better mine the data in the Annual Plan and Reports by "automating" portions of the those documents, conforming data to an agreed upon format, and providing access to HUD and others through a cloud-based system.

Cambridge adopted rent simplification in our FY 2006. We later hired an outside firm to take a look at the administrative effects, our study noted that we saved about 10 minutes per recertification, the rate of interim de-certifications declined, overall transaction counts dropped significantly. The Study estimated that we saved about 770 hours of staff with FTE dollar savings of $26,500 per year. This was all reported in our FY 2007 Annual Report but because we lack the ability to easily lift electronic

data from these documents few knew about this encouraging early results or our continued annual savings.

In considering the data question it is also important to remember that MTW encompasses a variety of local initiatives, and it is more appropriate to evaluate these specific initiatives or similar sets of initiatives than it is to complete a program evaluation of the collective activities of all MTW agencies. Other types of research are more appropriate for summarizing the activities of MTW agencies and understanding how these activities have affected the communities served (both those assisted and those waiting for assistance) and the ability of MTW agencies to operate.

HUD's 2010 Report to Congress (Report to Congress: Moving to Work Interim Policy Applications and the Future of the Demonstration), while generally qualitative in nature, found that MTW agencies serve more families than they would have without MTW flexibility. The report also described the innovative and effective approaches MTW agencies have developed to better provide housing assistance and supportive services to vulnerable households.

There is other independent research that documents the outcomes of the MTW Demonstration program. There are approximately 17 single-site overviews evaluating the efforts and outcomes of MTW agencies either completed or underway, some of which have been directed by universities such as UNC-Chapel Hill and Kansas State University. Similar to most research, these studies do not come to hard-and-fast conclusions, but provide evidence. Thus far, the evidence supports the continuation and expansion of the MTW program.

The growing body of MTW research can be made available to the committee, but one example of robust research on MTW initiatives is a study on King County's Housing First Program, a program designed to reduce homelessness in a suburban context using multiple supportive services and sponsor-based housing. The study showed that the health and housing outcomes for participants greatly increased and that clients made progress towards housing stability and a decrease in the use of costlier systems (e.g., emergency visits) in year one. The study also provides benchmark data and an outline of metrics used to measure success (e.g., reduction in emergency room visits, counseling, addiction outcomes and other health outcomes, etc.). Source: "The South King County Housing First Pilot: Innovations and Lessons Learned" prepared by Building Changes-End Homelessness Together.

It should also be noted that MTW agencies are engaged in research projects with both MDRC and Urban Institute. These projects are examining how traditional housing assistance programs can be modified to improve the life outcomes of assisted households, but these studies would not be possible without MTW agencies to serve as the site of study. Importantly, these gold-standard studies derive from the initiatives of MTW agencies. In other words, MTW allows those on the ground to develop and propose initiatives and program changes that can be evaluated and

adopted more widely. In addition, another group of MTW agencies are involved with MDRC and the Urban Institute on a study of rent reform and its affect family economic opportunities. The study itself would not be possible without the policy flexibility provided by MTW.

(5) HUD Capacity to mange the program/accreditation

HUD's approach to monitoring and oversight is evolving over time. The Department has taken seriously the conclusions and recommendations of the GAO report. They have since issued a notice specifying their baseline methodology for determining compliance with the "substantially the same number of households" statutory requirement and have just released a significantly revised Form 50900 (Attachment B).

After the GAO report came out, the current MTW agencies organized themselves into working groups tasked with helping HUD improve its capacity to manage the program by creating a model Reporting and Assessment tool. The MTW Working Groups want to be able to report on all of their activities and want to help HUD devise a system that can capture the data completely. (See prior comments on better use of the Annual Plans and Reports).

The group developed an initial Reporting and Assessment tool at a meeting in Chicago in October 2012. They have presented it to HUD and received feedback and are now reconstituting the working groups to complete their proposed tool. This is a voluntary effort to report data more effectively and help HUD do a better job of oversight. Adoption of the model Reporting and Assessment tool would help HUD manage and supervise the MTW program.

At the same time, there is a broader effort in the field to develop more effective monitoring through third-party accreditation for housing authorities. Members of the MTW Working Groups have been engaged in that effort. Such an accreditation system would allow greater focus on outcomes and performance instead of on processes, and would benefit from the input of practitioners in its development.

The recent Bipartisan Policy Center Housing Commission report recommended "establishment of a performance management system that measures resident outcomes...focused on creating incentives for greater efficiency and improved housing quality, as well as ensuring that rental assistance meets its full potential to serve as a platform for the achievement of other social outcomes." Accreditation would be such a performance management system.

Accreditation has the potential to shift many compliance functions from HUD to a new leadership group: an accreditation board, where HUD is a participant in establishing standards but not the sole arbitrator of the rules.

Accreditation is an improvement on the current monitoring system in three ways: (1) accreditation is industry driven, it dramatically changes HUD's role and is likely to result in a much needed resetting of the relationship between HUD and PHAs; (2) the process of accreditation typically includes much deeper consideration and evaluation of board relationships and the governance processes, including how the board and executive director interact, something that recent events require us to address; and (3) accreditation also has a heaver focus on community and outside partnerships, something PHAs do now but get very little credit for.

Elements of accreditation might include indicators and on-site evaluation (not necessarily a numerical score) of: property management, asset management and capital, financial, governance process/internal (board profiles, public record of board activity, actions and relationship to the Executive Director) and governance process/external (relationship to the community, partnerships and programs).

(6) MTW Helps Participants and Does no Harm

Despite many who have predicted that MTW would hurt participants, there have been no examples of harm since the first agreements were signed in 1999. The "potential harm" mantra has been attached to the program but has no objective support. MTW affects the use of funds, so that the traditional program resources (units and vouchers) can be targeted differently by the MTW PHA. But this is the very point of the program's single-fund budget. The refocus of the funding stream is for beneficial purposes that are designed, and have in fact, promoted the interests of the low-income tenants who are affected by it. While term limits and work requirements are often feared, they have been adopted on a very limited basis, and are often part of larger supportive initiatives.

Housing authorities are simply not in the business of harming assisted households. Housing authorities want MTW flexibility because they want to better serve their communities. High-capacity agencies, with forward-thinking leadership, are able to improve upon existing housing assistance models and create better life outcomes for assisted households when given MTW flexibility. Rather than thinking about how to satisfy each and every program rule, MTW agencies are able to think about how to help assisted households overcome the challenges they face in gaining economic stability and mobility.

(7) Impact of merging capital and operating and ability to preserve affordable housing and provide economic opportunity to residents

Merging public housing operating and capital funds (as HUD is doing with RAD) provides some needed flexibility- an important step but in our view one that does not go far enough. The added components of combining Section 8 voucher funds as well as the ability to implement rent simplification and reform initiatives and other administrative streamlining measures more completely enables housing authorities

to do more with their limited funds. These flexibilities, coupled with the MTW single fund budget, are critical to helping residents achieve pathways out of poverty as well as preserving housing already in the ground.

MTW is changing Housing Authorities' DNA. In Keene, NH the Agency is able to find non-punitive ways to drastically reduce Administrative costs so that they can make substantial investments into designing, implementing and studying new ways of helping make sure that the children growing up in their properties won't need Keene Housing's helps when they are adults, with families of their own.

(8) Changing role of the PHAs

Partnering with social service agencies and non-profits is a key way that housing authorities help assisted households improve their life outcomes. To meet the statutory objectives of improving self-sufficiency and housing choice, many MTW agencies choose to draw upon the expertise and resources of other organizations to serve households as efficiently and effectively as possible.

There are different types of households receiving assistance, with their own unique challenges, and through partnerships MTW agencies are able to tailor service models to address these challenges; for most agencies, addressing the varying needs of seniors, persons with disabilities, the chronically homeless, and families disconnected from the employment and education systems would be difficult without partners.

MTW flexibility allows housing authorities to partner with organizations that are able to provide supportive services, but that do not have the expertise in developing and managing property. Together, they have designed new supportive housing models for the homeless, seniors and people with disabilities, and vulnerable families.

While many housing authorities form partnerships with social service agencies and non-profits to make more services and resources available, MTW flexibility allows housing authorities to go a step further by allowing a deeper aligning of local resources to best meet the needs of assisted households. MTW agencies are able to offer housing resources that can be tailored to specific needs and projects, and allow some use of funds in support of the service portions or self-sufficiency goals if these are part of the project.

For example, Home Forward in Portland, Oregon was instrumental in consolidating multiple short-term rental assistance programs operated by local governments and non-profits into a countywide program that effectively assists families experiencing or at the risk of experiencing homelessness. In this program, families can receive up to two years of assistance which can include rent or mortgage payment, deposits

and application fees, move-in costs, and support services. These services are provided through 19 public and non-profit agencies that are selected based on demonstrated expertise and results. The consolidated program would not have happened without MTW flexibility because absent the flexibility Home Forward.

could not use resources for short-term rental assistance, an element vital in bringing partners from across the county to the table in shaping this program.

***

In sum, the CHA considers security and stability in one's home as a fundamental prerequisite to fulfilling personal potential and reducing reliance on government assistance. In a time of serious budget cutbacks, public and subsidized housing programs, always underfunded, are now faced with hard challenges to their continued survival – MTW is the only program that allows for innovative approaches to preserve these valuable affordable housing assets while encouraging the economic advancement of the families who live there.

United States Government Accountability Office

Testimony
Before the Subcommittee on Housing and Insurance, Committee on Financial Services, House of Representatives

For Release on Delivery
Expected at 2:00 p.m. EDT
Wednesday, June 26, 2013

MOVING TO WORK DEMONSTRATION

Improved Information and Monitoring Could Enhance Program Assessment

GAO-13-724T

GAO Highlights

Highlights of GAO-13-724T, a testimony before the Subcommittee on Housing and Insurance, Committee on Financial Services, House of Representatives

June 2013

MOVING TO WORK DEMONSTRATION

Improved Information and Monitoring Could Enhance Program Assessment

Why GAO Did This Study

Implemented in 1999, HUD's MTW demonstration program gives participating PHAs the flexibility to create innovative housing strategies. MTW agencies must create activities linked to three statutory purposes—reducing costs, providing incentives for self-sufficiency, and increasing housing choices—and meet five statutory requirements. Congress has been considering expanding MTW.

This testimony discusses (1) the program's progress in addressing the three purposes, (2) HUD's monitoring efforts, and (3) potential benefits of and concerns about expansion.

This testimony draws from a prior report on the MTW program (GAO-12-490). For that report, GAO analyzed the most current annual reports for 30 MTW agencies; compared HUD's monitoring efforts with internal control standards; and interviewed agency officials, researchers, and industry officials. For this testimony, GAO also reviewed actions HUD has taken in response to the report's recommendations.

What GAO Recommends

GAO recommended that HUD improve MTW information and monitoring. HUD partially agreed with these recommendations and has since issued new guidance to MTW agencies.

View GAO-13-724T. For more information, contact Mathew J. Scire at (202) 512-8678 or sciremj@gao.gov.

What GAO Found

Opportunities existed to improve how the Department of Housing and Urban Development (HUD) evaluated the Moving to Work (MTW) program, which is intended to give participating public housing agencies (PHA) flexibility to design and test innovative strategies for providing housing assistance. GAO reported in April 2012 that HUD had not (1) developed guidance specifying that performance information collected from MTW agencies be outcome-oriented, (2) identified the performance data needed to assess results, or (3) established performance indicators for the program. The shortage of such standard performance data and indicators had hindered comprehensive evaluation efforts; such evaluations are key to determining the success of any demonstration program. In addition, HUD had not developed a systematic process for identifying lessons learned from the program, which limited HUD's ability to promote useful practices for broader implementation. Since the GAO report, HUD has revised reporting requirements for MTW agencies. These requirements were approved by the Office of Management and Budget in May 2013. GAO is reviewing this new guidance.

In 2012, GAO also reported that HUD had not taken key monitoring steps set out in internal control standards, such as issuing guidance that defines program terms or assessing compliance with all the program's statutory requirements. As a result, HUD lacked assurance that MTW agencies were complying with statutory requirements. Additionally, HUD had not done an annual assessment of program risks, although it had a requirement to do so, and had not developed risk-based monitoring procedures. Without taking these steps, HUD lacked assurance that it had identified all risks to the program. Finally, HUD did not have policies or procedures in place to verify the accuracy of key information that MTW agencies self-report. For example, HUD staff did not verify self-reported performance information during their reviews of annual reports or annual site visits. Without verifying at least a sample of information, HUD could not be sure that self-reported information was accurate. According to HUD, the recently approved reporting requirements will result in more standardized data that HUD can verify either through audits or during site visits.

Finally, GAO noted in 2012 that expanding the MTW program might offer benefits but also raised questions. According to HUD, affordable housing advocates, and MTW agencies, expanding MTW to additional PHAs would allow agencies to develop more activities tailored to local conditions and produce more lessons learned. However, data limitations and monitoring weaknesses raised questions about expansion. HUD had reported in 2010 that expansion should occur only if newly admitted PHAs structured their programs to permit high-quality evaluations and ensure that lessons learned could be generalized. Since the GAO report was issued, four additional agencies were admitted into the program. HUD required these agencies to implement and study rent reform activities through partnerships with local universities and a research organization. Until more complete information on the program's effectiveness and the extent to which agencies adhered to program requirements is available, it will be difficult for Congress to know whether an expanded MTW would benefit additional agencies and the residents they serve.

GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

Chairman Neugebauer, Ranking Member Capuano, and Members of the Subcommittee:

I am pleased to be here today to discuss our work on the Department of Housing and Urban Development's (HUD) Moving to Work (MTW) demonstration program. The MTW program has three statutory purposes: to reduce costs and achieve greater cost-effectiveness in federal housing expenditures, to give families with children incentives to obtain employment and become self-sufficient, and to increase housing choices for low-income families. MTW was conceived to help test new ideas for providing and administering housing assistance that could be replicated on a broader scale. However, HUD only recently has begun to put in place policies and practices that could help realize that potential.

My statement today is based on an April 2012 report on the MTW program.[1] Specifically, I will discuss (1) what was known at that time about the extent to which the program had addressed statutory purposes, (2) HUD's monitoring of the way MTW agencies addressed statutory purposes and met program requirements, and (3) potential benefits of and concerns about expanding the number of public housing agencies in the program. I also will provide information on actions that HUD has taken in response to the report's recommendations.

For our April 2012 report, we reviewed the annual reports (as of January 2012) for 30 MTW agencies and compared HUD's guidance on the type of performance information participating agencies should report with the GPRA Modernization Act of 2010 (GPRAMA).[2] We reviewed HUD's monitoring policies and procedures and documentation of the steps HUD had taken to help ensure compliance with its policies and procedures. We compared HUD's monitoring policies and procedures to internal control standards for federal agencies as well as HUD's guidance on internal controls. We also reviewed studies, reports, and testimonies by researchers and affordable housing advocates, and interviewed HUD

[1]See GAO, *Moving to Work Demonstration: Opportunities Exist to Improve Information and Monitoring*, GAO-12-490 (Washington, D.C.: Apr. 19, 2012).

[2]According to HUD data, as of January 2012, 35 agencies were in the MTW program. Of these, 30 had submitted an annual report to HUD and the other 5 had not been in the program long enough to report on their accomplishments.

officials, officials from a sample of seven MTW agencies, and organizations that advocate on behalf of residents, among others. Our prior report includes a detailed description of our scope and methodology. For this testimony, we reviewed some recent changes to the program.

We performed the work on which this statement was primarily based from July 2011 to April 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

HUD implemented the MTW demonstration program in 1999.[3] As of June 2013, 35 public housing agencies (PHA) were participating through the end of their fiscal year 2018.[4] To put in place the innovations intended under the program's authorizing legislation, agencies may request waivers of certain provisions in the United States Housing Act of 1937, as amended.[5] For example, housing agencies may combine the funding they are awarded annually from different programs—such as public housing capital funds, public housing operating funds, and voucher funds—into a single, authoritywide funding source.

In addition to addressing the program's three statutory purposes—reduce costs and achieve greater cost-effectiveness in federal housing expenditures, give families with children incentives to obtain employment and become self-sufficient, and increase housing choices for low-income families—MTW agencies must meet five requirements. The agencies must (1) serve substantially the same total number of eligible low-income families that they would have served had funding amounts not been combined; (2) maintain a mix of families (by family size) comparable to those they would have served without the demonstration; (3) ensure that

[3]The program was authorized by the Omnibus Consolidated Rescissions and Appropriations Act of 1996. Pub. L. No. 104-134, 110 Stat. 1321, 1321-281.

[4]While 39 are authorized to participate in the program, 35 have signed contracts with HUD and are actively participating.

[5]42 U.S.C. 1437 et seq.

at least 75 percent of households served are very low-income;[6] (4) establish a reasonable rent policy to encourage employment and self-sufficiency; and (5) assure that the housing provided meets HUD's housing quality standards.

A standard agreement (between HUD and each MTW agency) governs the conditions of participation in the program. The agreement includes an attachment that sets out reporting requirements, as well as the information that MTW agencies must include in annual reports. For example, these reports must include detailed information on the impact of each activity.

MTW agencies also must self-certify that they are in compliance with three of the five statutory requirements: assisting substantially the same total number of eligible low-income families that they would have served had funding amounts not been combined; maintaining a mix (by family size) comparable to those they would have served had funding amounts not been combined under the demonstration; and ensuring that at least 75 percent of households served are very low-income.

HUD Lacked Standard Data and Indicators That Would Aid Program Evaluation

In our 2012 report, we identified a number of weaknesses related to MTW data, performance indicators, and identification of lessons learned—all of which resulted in a limited ability to determine program outcomes as they related to statutory purposes. Although MTW agencies reported annually on their activities, which included efforts to reduce administrative costs and encourage residents to work, the usefulness of this information was limited because it was not consistently outcome-oriented. For example, for similar activities designed to promote family self-sufficiency, one MTW agency reported only the number of participants, which is generally considered an output, and another did not provide any performance information. In contrast, a third agency reported on the average income of program graduates, which we consider an outcome. To be consistent with GPRAMA, HUD's guidance on reporting performance information should indicate the importance of outcome-oriented information.[7] Without more specific guidance on the reporting of performance information—for

[6]Section 3 of the 1937 Housing Act, as amended, defines very low-income families as those whose incomes do not exceed 50 percent of the median family income for the area.

[7]Pub. L. No. 111-352, 124 Stat. 3866 (2011).

example, to report quantifiable and outcome-oriented information—HUD could not be assured of collecting information that reflected the outcomes of individual activities.

As we reported in 2012, HUD had not identified the performance data needed to assess the results of similar MTW activities or of the program as a whole.[8] Obtaining performance information from demonstration programs is critical—because the purpose of a demonstration is to test which approach obtains positive results.[9] Although HUD started collecting additional data from MTW agencies (including household size, income, and educational attainment) in its MTW database, it had not analyzed the data. And since 2009, HUD had required agencies to provide information on the impact of activities, including benchmarks and metrics, in their annual MTW reports. While these reports were informative, they did not lend themselves to quantitative analysis because the reporting requirements did not call for standardized data, such as the number of residents who found employment. Whether these data would be sufficient to assess similar activities and the program as a whole was not clear, and as of April 2012 HUD had not identified the data it would need for such an assessment.

HUD also had not established performance indicators for MTW. According to GPRAMA, federal agencies should establish efficiency, output, and outcome indicators for each program activity as appropriate. Federal internal control standards also require the establishment of performance indicators.[10] As we noted in 2012, specific performance indicators for the MTW program could be based on the three statutory purposes of the program. For example, agencies could report on the savings achieved (reducing costs). However, without performance indicators HUD could not demonstrate the results of the program.

The shortage of standard performance data and performance indicators had hindered comprehensive evaluation efforts, which are key to determining the success of any demonstration program. We

[8]GAO-12-490.

[9]GAO, *Program Evaluation: Improving the Flow of Information to the Congress*, GAO/PEMD-95-1 (Washington, D.C.: Jan. 30, 1995).

[10]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

recommended in 2012 that HUD (1) improve its guidance to MTW agencies on providing performance information in their annual reports by requiring that such information be quantifiable and outcome-oriented, (2) develop and implement a plan for quantitatively assessing the effectiveness of similar activities and for the program, and (3) establish performance indicators for the program. HUD partially agreed with these recommendations. Since our report, HUD has revised the performance reporting requirements for MTW agencies. The Office of Management and Budget (OMB) approved these revisions on May 31, 2013. The new requirements state that MTW agencies are to report standard metrics and report outcome information on the effects of MTW policy changes on residents. HUD also provided a standard format to allow analysis and aggregation across agencies for similar activities. We are currently assessing the extent to which these new requirements address our recommendations.

Furthermore, as we indicated in our 2012 report, while HUD had identified some lessons learned on an ad hoc basis, it did not have a systematic process in place for identifying such lessons. As previously noted, obtaining impact information from demonstration programs is critical.[11] Since 2000, HUD had identified some activities that could be replicated by other housing agencies. For example, a HUD-sponsored contractor developed five case studies to describe issues and challenges involved in implementing MTW. However, these and subsequent efforts had shortcomings. In most cases, the choice of lessons learned was based on the opinions of HUD or contracted staff and largely involved anecdotal (or qualitative) data rather than quantitative data. Because HUD had not developed criteria and a systematic process for identifying lessons learned, we reported in 2012 that it was limited in its ability to promote useful practices for broader implementation. Thus, we recommended that HUD create a process to systematically identify lessons learned. HUD agreed and in response, stated that once its revised reporting requirements were implemented, the resulting data would inform an effort to establish lessons learned. Consistent with this, HUD noted that one purpose of the revised reporting requirements that OMB approved in May 2013 was to identify promising practices learned through the MTW demonstration.

[11]GAO/PEMD-95-1.

HUD Could Strengthen Some Monitoring Policies and Procedures

HUD had policies and procedures in place to monitor MTW agencies but could have done more to ensure that MTW agencies demonstrated compliance with statutory requirements and to identify possible risks relating to each agency's activities. For example, as noted in our 2012 report, HUD had not issued guidance to MTW agencies clarifying key program terms, including definitions of the purposes and statutory requirements of the MTW program. Federal internal control standards require the establishment of clear, consistent goals and objectives.[12] Agencies also must link each of their activities to one of the three program purposes cited in the MTW authorizing legislation. However, at that time HUD had not clearly defined what some of the statutory language meant, such as "increasing housing choices for low-income families." HUD officials acknowledged that the guidance could be strengthened. At the time, they told us that they planned to update the guidance to more completely collect information related to the program's statutory purposes and requirements. As discussed later, HUD has since updated its guidance.

Additionally, we reported in 2012 that HUD had only recently assessed agencies' compliance with two (self-certified) requirements—to serve substantially the same total number of eligible low-income families that they would have served had funding amounts not been combined and ensure that at least 75 percent of households served were very low-income. Also, HUD had not assessed compliance with the third (also self-certified) requirement—to maintain a comparable mix of families. Federal internal control standards require control activities to be in place to address program risks.[13] In addressing these risks, management should formulate an approach for assessing compliance with program requirements.[14] Without a process for systematically assessing compliance with statutory requirements, HUD lacked assurance that agencies were complying with them.

Furthermore, we reported that HUD had not annually assessed program risks, although it had a requirement to do so, and had not developed risk-based monitoring procedures. HUD's internal control standards require

[12]GAO/AIMD-00-21.3.1.

[13]GAO/AIMD-00-21.3.1.

[14]GAO, *Internal Control Management and Evaluation Tool*, GAO-01-1008G (Washington, D.C.: August 2001).

program offices to perform an annual risk assessment of their programs or administrative functions using a HUD risk-assessment worksheet.[15] By not performing annual risk assessments or tailoring its monitoring efforts to reflect the perceived risk of each MTW agency, HUD lacked assurance that it had properly identified and addressed risks that may prevent agencies from addressing program purposes and meeting statutory requirements. HUD also lacked assurance that it had been using its limited monitoring resources efficiently.

Finally, we reported that HUD did not have policies or procedures in place to verify the accuracy of key information that agencies self-report, such as the number of program participants and the average income of residents "graduating" from MTW programs. Internal control standards and guidance emphasize the need for federal agencies to have control activities in place to help ensure that program participants report information accurately.[16] For example, HUD staff did not verify self-reported performance information during their reviews of annual reports or annual site visits. GAO guidance on data reliability recommends tracing a sample of data records to source documents to determine whether the data accurately and completely reflect the source documents.[17] Because HUD had not verified the accuracy of any reported performance information, it lacked assurance that this information was accurate. To the extent that HUD relied on this information to assess program compliance with statutory purposes and requirements, its analyses were limited.

To improve HUD's oversight over the MTW program discussed previously, we recommended in April 2012 that HUD (1) issue guidance that clarifies key program terms, such as the statutory purposes and requirements MTW agencies must meet; (2) develop and implement a systematic process for assessing compliance with statutory requirements; (3) conduct an annual risk assessment for MTW and implement risk-based monitoring policies and procedures; and (4) implement control activities to verify the accuracy of a sample of the performance

[15]HUD, Office of the Chief Financial Officer, *Departmental Management Control Program*, Handbook 1840.1 Rev-3 (Washington, D.C.: 1999).

[16]GAO/AIMD-00-21.3.1 and GAO-01-1008G.

[17]GAO, *Assessing the Reliability of Computer-Processed Data*, GAO-09-680G (Washington, D.C.: July 2009).

information that MTW agencies self-report. HUD partially agreed with our recommendations, citing potential difficulties in verifying MTW performance data. HUD also described steps it was taking to improve its guidance to MTW agencies and implement risk-based monitoring procedures. In May 2013, OMB approved revised reporting guidance to MTW agencies. The guidance requires agencies to report information related to the program's statutory purposes and requirements. For example, it includes a template for data on compliance with the requirement to maintain a comparable mix of families. Additionally, according to a HUD official, the recently approved reporting requirements will result in more standardized data that HUD can verify either through audits or during site visits. As noted above, we are assessing this guidance.

An MTW Expansion May Offer Benefits but Has Raised Questions

Legislation has been proposed to expand the number of PHAs that can participate in the MTW program, and a 2010 HUD report recommended expanding the program to up to twice its size.[18] We reported in 2012 that HUD and some stakeholders believed that expansion could provide information on the effect of the MTW program and allow more PHAs to test innovative ideas, but questions remained about the lack of performance information on current MTW activities. Since our report was issued, four additional agencies were admitted into the program. HUD required these agencies to implement and study rent reform activities through partnerships with local universities and a research organization.

According to HUD, some affordable housing advocates, and MTW agencies we interviewed for our 2012 report, expanding the MTW program could help demonstrate the program's effect and increase the number of lessons that could be learned from the program. HUD had reported that doubling the number of MTW agencies could help demonstrate the effects of MTW on a broader scale and enable the housing industry to learn even more from the demonstration.[19] In addition, some affordable housing advocates that we met with emphasized the value of the changes, such as decreases in concentrated poverty, that

[18]See S. 117 (112th Cong.); and HUD, Office of Public and Indian Housing and Office of Policy Research and Development, *Moving to Work: Interim Policy Applications and the Future of the Demonstration*, a report to Congress (Washington, D.C.: 2010).

[19]HUD, *Moving to Work* (2010).

had occurred in some of the communities affected by the MTW program and indicated that expansion could enable more PHAs to address local needs and therefore benefit additional communities. Similarly, officials from MTW agencies that we contacted stated that expansion of the program would provide a broader testing ground for new approaches and best practices. Finally, information from a private research organization, affordable housing advocates, and MTW agencies suggested that allowing additional PHAs to participate in the program could result in additional opportunities to test innovative ideas and tailor housing programs and activities to local conditions. In 2004, the Urban Institute reported that the local flexibility and independence permitted under MTW appeared to allow strong, creative PHAs to experiment with innovative solutions to local challenges.[20] We have reported separately on cost savings that could be realized from allowing additional housing authorities to implement some of the reforms MTW agencies have tested.[21]

Some proponents of expansion that we interviewed also noted that expanding the MTW program could provide more PHAs with the ability to use funding from different sources more flexibly than possible without MTW status. As we have seen, MTW agencies may request waivers of certain provisions of the 1937 Housing Act in order to combine annual funding from separate sources into a single authoritywide funding source. HUD field office staff with responsibility for monitoring MTW agencies observed that the single-fund flexibility was beneficial because it enabled participating agencies to develop supportive service programs, such as job training or educational programs, which help move families toward self sufficiency. Further, officials from the MTW agencies we interviewed agreed that this flexibility was beneficial. For example, officials from one MTW agency stated it had been able to use the single fund to organize itself as a business organization, develop a strategic plan based on the housing needs of low-income families in the community, leverage public funds and public and private partnerships, and develop mixed-income communities.

[20]Martin D. Abravanel, Robin E. Smith, et al., *Housing Agency Responses to Federal Deregulation: An Assessment of HUD's "Moving to Work" Demonstration* (Washington, D.C.: 2004).

[21]GAO, *Housing Choice Vouchers: Options Exist to Increase Program Efficiencies*, GAO-12-300 (Washington, D.C.: Mar. 19, 2012).

However, a lack of performance information (which creates a limited basis for judging what lessons could be taken from the program to date), limited HUD oversight, and concerns about the program's impact on residents raised questions about expanding the MTW program. In its 2010 report to Congress, HUD acknowledged that the conclusive impacts of many MTW activities, particularly as they relate to residents, were not yet known.[22] For example, the report noted that the rent reforms implemented under MTW varied greatly and were not implemented using a controlled experimental methodology. As a result, it was not clear which aspects of rent reforms should be recommended for all PHAs. The report also noted the limitations relating to evaluating the outcomes of MTW—limitations that stemmed from the weak initial reporting requirements and lack of a research design. The report concluded that, given these limitations, expansion should occur only if newly admitted PHAs structured their programs for high-quality evaluations that permitted lessons learned to be generalized for other PHAs. Similarly, representatives of affordable housing advocates and legal aid organizations that we interviewed stated that because lessons had not been learned from MTW, there was no basis for expanding the program.

In addition, our own work, some research organizations, and affordable housing advocates questioned HUD's ability to effectively manage an expanded MTW program. As previously noted, HUD's monitoring procedures had several key weaknesses, including the lack of a systematic process for assessing agencies' compliance with statutory requirements and an assessment of program risks. Some research organizations also had questioned HUD's capacity to oversee additional MTW agencies. For example, the Urban Institute reported that the approval process that HUD was using at the time of the institute's 2004 review would not be feasible for an expanded program because of the administrative burden involved.[23] At the time of the 2004 study as well as our review, HUD reviewed each individual request to waive specific provisions of the 1937 Housing Act before approving annual plans. Also at the time of our review, HUD had four full-time MTW coordinators, who each managed from 6 to 10 MTW agencies. According to the Director of the MTW Office at the time of our review, it took more resources for HUD to oversee MTW agencies than non-MTW agencies. Thus, if additional

[22]HUD, *Moving to Work* (2010).

[23]Abravanel and others, *An Assessment of HUD's Moving to Work Demonstration* (2004).

agencies were added under the current program design, HUD might need additional resources.

Researchers and representatives of several affordable housing advocates and legal aid agencies with whom we met also suggested that an expanded program could negatively affect residents. For example, two research organizations had stated that some voucher policies could reduce portability—that is, residents' ability to use their rental vouchers outside the area that the voucher-issuing PHA served. One of these organizations stated that differences in the way voucher programs were implemented across MTW agencies could reduce residents' ability to use vouchers outside of the area where they received assistance. Officials from the other organization noted that some MTW agencies prohibited vouchers from being used outside of the originating jurisdictions, thereby limiting housing choices. According to HUD officials, MTW agencies with policies that limit portability could make exceptions. For example, these agencies had made exceptions for residents seeking employment opportunities.

Until more complete information on the program's effectiveness and the extent to which agencies adhered to program requirements is available, it will be difficult for Congress to know whether an expanded MTW would benefit additional agencies and the residents they serve.

Mr. Chairman, Ranking Member Capuano, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

For further information about this testimony, please contact me at (202) 512-8678 or sciremj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this testimony include Paige Smith, Assistant Director; Emily Chalmers; John McGrail; Lisa Moore; Daniel Newman; Lauren Nunnally; Barbara Roesmann; and Andrew Stavisky.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission	The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.
Obtaining Copies of GAO Reports and Testimony	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (http://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to http://www.gao.gov and select "E-mail Updates."
Order by Phone	The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, http://www.gao.gov/ordering.htm. Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537. Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.
Connect with GAO	Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at www.gao.gov.
To Report Fraud, Waste, and Abuse in Federal Programs	Contact: Website: http://www.gao.gov/fraudnet/fraudnet.htm E-mail: fraudnet@gao.gov Automated answering system: (800) 424-5454 or (202) 512-7470
Congressional Relations	Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

Please Print on Recycled Paper.

Statement of

Larry C. Woods

Chief Executive Officer/ Executive Director

Housing Authority of the City of Winston-Salem

Winston-Salem, North Carolina

Before the Housing Financial Services Committee

United States House of Representatives

June 26, 2013

Hearing: "Evaluating How HUD's Moving-to-Work Benefits Public and Assisted Housing Residents"

Testimony of Larry C. Woods

Chief Executive Officer/Executive Director
Housing Authority of the City of Winston-Salem
Winston-Salem, North Carolina

Before the House Financial Services Committee
Subcommittee Housing and Insurance
June 26, 2013

Chairman Neugebauer, Ranking Member Capuano, members of the Subcommittee on Housing and Insurance, good afternoon and thank you for the opportunity to testify. My name is Larry C. Woods and I am the Chief Executive Officer/Executive Director of the Housing Authority of the City of Winston-Salem in North Carolina. I have over 27 years of leadership experience in the field of community and economic development and I have been involved in the development of a variety of affordable housing opportunities in a wide variety of economically challenging urban environments during my career. I have worked in the South Bronx and Harlem in New York City, North Philadelphia in Pennsylvania, in Wilmington, Delaware and now in Winston-Salem, North Carolina. In each of these communities, the economic and social environments are unique and complex. Each community requires customized solutions to its issues.

The Housing Authority of Winston-Salem has approximately 1,300 public housing units, administers 4,600 housing choice vouchers, and manages market rate housing units and two office buildings. Over 90% of our current housing inventory is located in communities of high concentration of poverty, with poor public transportation and few employment opportunities. In 2010, our housing choice voucher waiting list was opened for five (5) days and over 6,000 applications were received. It will take approximately 10 years to realize enough voucher turnover to address those applications. Our public housing waiting lists are currently at 130% of our total units. The length of time on the waiting list for public housing is 2 - 3 years.

There is an economic stagnation of non-elderly, non-disabled families living in subsidized housing resulting in unnecessary lengthy stays, generational poverty and increased demands for governmental subsidies and lengthening of waiting lists. Current policies, rules and regulations provide for unconditional, open-ended housing subsidies that discourage self-sufficiency and nurture generational poverty.

In surveys taken of non-elderly/non-disabled residents in Winston-Salem's public housing, residents stated that they liked living in public housing because they were on their own and taking care of themselves. They have reached their goal of independence. Many have no intention of furthering their education or of finding employment. When asked how long they plan to live in public housing, the answer is forever. There is no understanding by the residents that someone is supplementing their "independence". Often residents in public housing are simply waiting on a housing choice voucher which will provide them with more choice of where to live with even less requirements than public housing.

Housing Authorities are required to adhere to first-come, first-serve / open-ended policies while being asked to solve the problem of long-term use of the program by multiple generations of the same family. An expectation of lifetime entitlement by the non-elderly/non-disabled has been created, and this expectation is passed from one generation to the next. As a result, there is an inability to assist those families who have been on the waiting lists.

These issues must be addressed, in addition to the provision of housing, in order to use taxpayer dollars most efficiently and effectively and to assist individuals to reach their highest potential. This is most effectively done with the Moving-to-Work (MTW) program flexibility.

In order to advance the Housing Authority's mission in Winston-Salem, I began to implement strategies with the objective being to serve as many families as possible with the programs and resources available to us, while addressing generational poverty and the concentration of poverty.

I assembled a staff of credentialed professionals from both the public and private sector in order to ensure the Authority would be well managed and had the capacity and creativity to enhance its role in our jurisdiction.

Since I testified before the Subcommittee in October 2011, we have designed and implemented additional programs and strategies to reduce or eliminate a family's dependency on government support, and to assist these families in reaching their full potential.

It is still my belief that as a housing authority, our core business is real estate and our focus is and needs to remain real estate management and community development. However, I recognize that the availability and accessibility of quality and performance-based resident services are vital for the advancement of the individuals and families which we serve. I also realize the problems facing each family are extremely complex and uniquely challenging, requiring a multi-discipline and holistic approach.

As real estate managers and development professionals, we need to do what we do best – real estate. We are not educators, law enforcement officers, healthcare providers, mental health professionals or workforce development experts. We have determined that within the City of Winston-Salem there are a wealth of agencies with experience, expertise, and an excellent track record that are more qualified to provide these services. Many of these agencies are currently funded through city, state and federal grants targeting families and individuals with the same or similar demographic profiles of those living in federally subsidized housing. Bottom line, our attempt to mimic their services and operations would only result in the duplication of services and that clearly would not be the best use of taxpayer dollars.

As a result, we developed the PATH program to assist public housing residents to reach self-sufficiency. The focus of the PATH program is to provide a "HAND-UP" approach in assisting families to reduce or eliminate their dependency on government support and to transition into the economic mainstream of our City. The program is designed to provide a positive and permanent exit strategy so that families remain self-sufficient, based on the needs and economy in Winston-Salem.

The PATH program is a collaborative program whose lead agency is the local Workforce Development Board. The partnership of agencies involved include Goodwill Industries, Crosby Scholars, Consumer Credit Counseling, Family Services, Winston-Salem/Forsyth County Schools, Forsyth Technical Community College, Smart Start, Urban League and the YWCA. Services include early childhood education, college readiness, career counseling, vocational education, job skills training, people skills training, employment placement and retention services and financial literacy. The Authority plans to expand the program. One example of the capabilities of two of our partners, Workforce Development and Goodwill, was the placement of 3,600 individuals into permanent employment.

These services are at no cost to public housing residents. Funding has been secured through the agencies themselves, charitable and private philanthropic organizations in Winston-Salem and competitive grants. The Authority has been able to bridge any gap so far. Without the funding flexibility of MTW, we will not be able to continue to provide funds for this program.

To encourage participation, funding from the Authority and private grants are used for transportation, books, equipment and computers that tenants may need to be successful. There are also monetary rewards for tenants that reach certain milestones in the completion of educational goals, employment goals or entering into military service. This program was primarily designed for non-elderly, non-disabled individuals to have the greatest possibility of personal success. The elderly and disabled are welcome to participate. With MTW, we can provide continual incentives for participation.

In addition to services, the Authority has started a STEP-UP housing program. Two apartment communities are currently under development by the Authority. These are to provide an incentive and to move families toward a market rate, mainstream community environment to ease the transition of families into market rate and true mixed-income housing opportunities as the families reach self-sufficiency. The first community will be ready for occupancy by the end of this year. In future years with MTW, the Authority wants any new housing acquired or constructed to be mixed-income with a goal of 80% market rate (unsubsidized), 10% affordable (with no operating subsidy) and 10% subsidized. This mix will not only deconcentrate poverty, it would also provide mainstream housing without the stigma that currently exists in 100% subsidized housing developments. In a mixed-income environment, attitudes change, possibilities that the middle class take for granted are recognized and behaviors change.

In 2012, when we introduced the PATH initiative at four of our public housing developments, only 60 public housing residents attended out of 729 households. Additional efforts were made to engage tenants with these services and the opportunity for them to improve their lives. Upon investigation and interviews with the tenants and former tenants who have had successful exits from public housing, the reasons for lack of interest in the program were basically the same - there was not a requirement that the tenants participate in order to continue receiving housing assistance. It was expressed that until participation in a self-sufficiency program was a requirement, there was no intention to participate or work toward self-sufficiency. Under current rules and regulations, without MTW designation, participation in self-sufficiency cannot be

mandatory, although housing authorities are asked to encourage self-sufficiency. Self-sufficiency cannot happen without the means to earn a living.

We asked ourselves, why would our tenants not jump at this no-cost opportunity? It has become apparent that we were looking at our tenants through our own criteria for making decisions, our own obstacles, our own motivators and our own support systems and willingness to change rather than our tenants. To better understand this phenomenon, we engaged Dr. Ruby Payne, whose extensive research and practice of working with families in poverty, and she opened our eyes as to how to best work with the families we serve. Her principles have helped us to understand the program elements that are needed and to incorporate those elements that must be in place in order for there to be success in working with our tenants on the issue of self-sufficiency. Many of these principles can only be employed with the flexibility of MTW.

Although we are excited about the coming completion of our first STEP-UP apartment community, we are concerned how current rules and regulations will undermine our intent for this to be an incentive and transition to mixed-income and market rate housing. Current rules and regulations allow for an admission preference for working families. However, there is no work requirement for continued occupancy. Without a change, this progressive housing will quickly revert back to a traditional low income public housing development with high rates of unemployed tenants and another place that encourages generational poverty.

Winston-Salem is a vibrant community with a multitude of opportunity for our tenants. An investment of $50 million has been made in a career center which serves over 2,200 students from across the county to prepare them for college or a career by offering courses with college credit and technical career classes. The downtown Innovation Quarter (associated with Wake Forest University's Medical Center) is a 200-acre bio-medical research park that has created almost 1,000 jobs in the last year and anticipates 4,000 by the end of next year. At build out, there is anticipated to be 27,000 to 30,000 new jobs from entry-level to the PhD level. Caterpillar opened a plant in late 2011 and anticipates having a workforce of at least 500 in 2014. Caterpillar partnered with Forsyth Tech to train its employees. The Wake Forest Baptist Medical Center is the largest employer in Winston-Salem with over 12,000 jobs at all levels. Job growth has been in the areas of health care, education, construction and manufacturing. The Winston-Salem Metro Area added the second most jobs of any Metro Area in North Carolina in 2011. Downtown is particularly experiencing tremendous growth in housing, hospitality and leisure due to amenities such as the new downtown baseball park and its concentration of galleries and performing arts centers. BB&T Financial Services is headquartered in Winston-Salem. The City is home to the North Carolina School of the Arts and was the home of the first local Arts Council in the United States.

There are sufficient educational and employment opportunities to support our tenants in Winston-Salem. We not only want our tenants to access the opportunities in the City, but to thrive because of them.

Although we have made great progress, there are issues in our City that cannot be solved with the inflexibility currently found in existing rules and regulations. There are policies, rules and regulations in place now that simply do not allow us to tailor solutions to more comprehensively

meet our needs in Winston-Salem. We have gone as far as a traditional housing authority can, and are at a huge risk of losing the momentum that has been built with our community partners.

To address our situation in Winston-Salem, the Moving-to-Work model with full flexibility in the use of funding and in program design must be available to provide a comprehensive, effective and cost-efficient approach to assist individuals and families to obtain self-sufficiency and move into the mainstream with little or no need for continual governmental support. This will also enable my Housing Authority to increase the number of people that can be assisted, particularly those who have been struggling and waiting for so long.

Current Moving-To-Work (MTW) demonstration objectives are to:

1. Provide incentives to families who are seeking employment and economic self-sufficiency,
2. Reduce costs and achieve cost effectiveness, and
3. Increase housing choices for low-income individuals.

MTW, with its flexibility to align resources with the needs that exist in local areas, is currently the only means to provide a lasting and perpetual impact. Local authorities, like mine, must be allowed to develop and implement strategies to best serve the needs in their jurisdiction. The ability to become a MTW agency should be a choice open to housing authorities meeting basic qualifications, such as capacity and a plan that meets the purpose of the MTW program, rather than through a competitive process.

A MTW contract does not result in any increase in federal funding for the Authority. However, it provides the significant flexibility we need to use our available resources in more innovate and creative ways that are currently unavailable to us. As a MTW agency, our goal would be to achieve real results that will provide greater incentives for families to become less dependent on subsidy and to move away from outdated policies that perpetuate the warehousing of low-income individuals in functionally obsolete housing within severely distressed neighborhoods that provide no hope for a better life. The current public housing inventory in Winston-Salem has physical needs in excess of $40 million with many items being structural in nature. Housing authorities must evaluate whether it is prudent to invest more funds in developments with high needs and short remaining economic lives or use its funds to leverage private capital to build mixed-income communities with long economic lives and access to employment and better schools. We think the choice is simple. Therefore, all of our financial resources, operating subsidy, capital fund and housing choice voucher funds, must be employed to apply a holistic approach to the brick and mortar, as well as, the tenant self-sufficiency goals.

As each individual's circumstances and needs for housing and assistance to reach self-sufficiency are unique to that individual, so are the issues and solutions unique for each city. No one standardized/cookie cutter solution will work since the issues in the City of Winston-Salem are not the same as St. Louis, San Diego or any other city across America. It is not reasonable to believe or expect that there is a one size fits all solution or a set of regulations that can solve all housing and self-sufficiency needs. A standard MTW contract would be just another one size fits all approach, which we already know does not work. The existing 10-year MTW contract

needs to be revised to allow for an indefinite term. This would allow housing authorities to undertake long-term planning without having to worry unnecessarily about winding down program improvements in the last several years of the contract.

I do believe that a specifically-tailored, fully-flexible agreement between HUD and the housing authority to meet the unique challenges in its locality would provide the means for me to solve the issues I face in Winston-Salem and my colleagues face in their communities. HUD should have or should obtain the capacity to handle specifically designed MTW agreements. All businesses, including housing authorities, manage many types of contracts and manage the changes to their operating environments every day. It is not unreasonable for there to be the same expectation of HUD. HUD should manage the MTW contract, act as an advisor as to what has worked in the past for other agencies with the same economic climates, and monitor the outcomes of the housing authority. With the proper reporting matrix designed using the three goals of the MTW program, housing authorities can document the outcomes of its MTW contract with HUD on a contemporary basis.

There are additional issues that also need serious review and the development of new solutions. Many of these issues are unintended outcomes of otherwise well-meaning rules and regulations. You may be surprised that under current rules and regulations, the elderly and disabled pay rent from the funds they receive each month, while these same rules and regulations, make it possible for the non-elderly, non-disabled, who choose not to work, to not pay rent. Sadly, in the housing arena, often what appears to be a progressive idea in theory, results in abuse of the system, exorbitant administrative burdens and unnecessary expenditures that reduce our ability to assist low-income families. MTW allows for the serious review of the issues and for the development of new solutions.

As a MTW agency, the Housing Authority of the City of Winston-Salem would have, at the minimum, the opportunity to:

1. Allocate funds to programs with the greatest impact using the flexibility of funding; and adjust programs and funding allocations as the local circumstances and economy changes.
2. Develop and implement positive and lasting exit strategies with an appropriate safety net. This would be accomplished by designing programs to use subsidized housing as a stepping stone to self-sufficiency, rather than subsidized housing being a way of life generation after generation.
3. Provide a means for individuals entering housing assistance to proceed through a series of services so that the individual can reach a point where housing assistance, and possibly other governmental support, is no longer needed or is significantly reduced.
4. Create additional partnerships to develop individual life plans and goals for those receiving assistance since the needs of each individual are unique. For example, the needs are different for someone needing temporary assistance due to a job loss versus someone who has a lack of skills or who is in a low paying, yet essential, job.
5. Provide transitional support for program participants as they move to economic independence.

6. Require participation in self-sufficiency programs.
7. Implement a work requirement for the non-elderly and non-disable in all programs as a foundation to build economic independence.
8. Standardize program eligibility and operations to make programs more understandable by participants and to provide for efficiency of operations. This would create significant cost savings which would streamline operations and eliminate redundant paperwork.
9. Utilize all the funding for the Housing Choice Voucher program to assist additional families, such as the chronic homeless, rather than capping the number of vouchers when the funding is available and the need is so great.
10. Develop "step-up" housing in mixed-income communities to deconcentrate poverty and assist families in the transition to the private market.
11. Develop affordable housing without the need for ongoing federal subsidy.
12. Develop mixed-income communities throughout the City in order to promote true deconcentration of poverty by providing low-income families access to transportation, healthcare, educational and employment opportunities. A portion of the units, 10-20%, would be for low to moderate income families. This type of deconcentration will greatly assist with removing the stigma of living in subsidized housing.

These are difficult days for our economy and there is a pressing need to get our fiscal house in order. Given the current pressures on the federal budget, it is now more important than ever to empower local housing agencies to do all that they can do for their communities with the funding available to them. MTW allows for greater opportunities for tenants to have access to services, to have more choices in housing types and locations, and to have a wider range of employment opportunities. Without MTW, housing authorities will continue to apply band-aids to its current housing inventory, make little advancement with its tenants toward self-sufficiency, grow waiting lists, and will not be able to sustain its own operations.

The MTW Demonstration Program is now over 15 years old. MTW agencies with this designation have changed the lives of families by moving them into mainstream society with assistance with education, employment, transportation and housing options. It is time for this successful program to be made permanent.

This Authority wants and needs MTW and must be able to determine the details of program design and solutions that are the best fit for the local needs in Winston-Salem. We want the responsibility and expect to be held accountable. I have families in Winston-Salem that are desperate for advancement, not only for themselves, but their children as well. However, I am not able to help them due to the lack of positive and lasting exits of our tenants from the housing programs. I am asking you here today to provide me with the flexibility to enable me to maximize the potential of my Authority to assist the citizens of Winston-Salem.

This concludes my testimony. I want to thank you again for the opportunity to address public policy based upon our efforts in Winston-Salem. I am happy to answer any questions you may have.

Statement for the Record
Submitted by
Douglas Guthrie, President and CEO
Housing Authority City of Los Angeles

for the Hearing entitled
"Evaluating How HUD's Moving to Work Program Benefits Public and Assisted Housing Residents"

United States House of Representatives
Subcommittee on Housing and Insurance
Committee on Financial Services

June 26, 2013

The Housing Authority City of Los Angeles appreciates the opportunity to submit this statement for the record for the hearing entitled "Evaluating How HUD's Moving to Work Program Benefits Public and Assisted Housing Residents".

The Housing Authority City of Los Angeles (HACLA) owns and operates 6,921 public housing units and administers over 47,000 housing choice vouchers. HACLA is the largest public housing authority in California and is one of the largest public housing authorities in the nation.

HACLA was one of the seven (7) original participants in MTW's Jobs Plus Initiative as part of a welfare-to-work demonstration project aimed at significantly increasing the employment and income of Public Housing residents in selected cities. With a stock consisting almost entirely of large family developments over 50 years old that need approximately $600 million in capital work, HACLA is particularly vulnerable to the HCV and PH budget crises. HACLA stands as a last defense against homelessness in the City of Los Angeles (City), which ranks near the very top in the lack of affordability in housing – greater than any city in the country. HACLA actively works as a very critical partner with

the City, County, State, and local civic and nonprofit providers to combat these issues, yet an inability to have adequate flexibility in the administration of our programs will undermine these efforts significantly and will begin to reverse our success.

HACLA has managed to achieve High Performer status over the past several years for both the HCV and PH programs. The magnitude of the budget cuts, however, will not allow HACLA to sustain this performance. HACLA has implemented cost-saving measures for both the HCV and PH programs, but needs to do more in view of the limited resources likely to be available. Now that we are at such a critical administrative stage for our programs, and vulnerable stage for our residents, expanding the MTW designation is critical to sustaining affordable housing in Los Angeles.

We thank the Committee for holding this hearing and appreciate the opportunity to add our comments to those calling for the expansion and permanency of Moving to Work (MTW), a critically important program to public housing authorities across the nation.

While HACLA is not a MTW agency, we have long been interested in participating in the program. After observing other MTW agencies, we have been made well aware of how the program allows them to design and test innovative strategies to address the affordable housing and service needs of their tenants and their local communities. We are also aware of how MTW has served as a laboratory of innovation, shaping much needed reforms to the Public Housing and Section 8 program. MTW agencies are pioneering new operating models that are more streamlined, efficient and responsive to local needs. MTW has allowed housing authorities to operate with greater levels of administrative and funding flexibility along with local decision-making.

For these reasons, a wide range of stakeholders, including industry groups, the U.S. Department of Housing and Urban Development (HUD), tenant and civil rights organizations, came together to negotiate what has come to be called the "stakeholder agreement" in order to expand and make the program permanent.

The agreement would allow housing authorities to participate in one of two ways: 1) a basic MTW program that provides housing agencies with the flexibility to combine voucher, capital and operating funds as well as implement rent simplification and other administrative streamlining measures; and, 2) an enhanced MTW program that would include the elements of the basic MTW program, but would also permit a limited number of agencies to undertake major rent reform initiatives, work requirements, and time limits, with a focus on rigorously evaluating the impacts of these activities. Both participation methods provide essential protections safeguarding low-income families' rights and ensuring that agencies maintain the number of families they assist.

HACLA is supportive of the thoughtful approach to the stakeholder agreement, and believe it would serve as a solid starting point upon which to develop any future legislation by Congress to expand and make the MTW program permanent.

We understand a great deal of concern with the MTW program centers around the question of time limits on households receiving assistance. However, out of the 41 agencies that have enjoyed MTW status over the years, the majority have not employed time limits in any manner. HACLA is not considering the use of time limits. According to a review of MTW agencies' plans and reports, the overwhelming use of time-limit authority has been limited and cautious with the term-limited housing assistance often tied to a specific initiative or special program, including pilot programs designed to help particularly vulnerable populations.

Examples of these types of programs include a Family Economic Stability program where households receive a flexible subsidy for 3-5 years to be used for housing and services; a Youth Transition to Success program which provides youth aging out of foster care with 3-year graduated rental subsidy, an escrow account, and a support services funding account; a Self-Sufficiency Program which provides participants a voucher for 6 years while services are provided by referring agencies (e.g., homeless shelter, local social services departments); and a program which provides rental assistance to 50 of the poorest families at an elementary school to families who are, or who are at risk of experiencing homelessness, for a period of 5 years so that these families have the housing stability necessary for their children's academic success.

All of these programs are designed to benefit the families they serve and as most MTW agencies will tell you, they would be unable to provide this level of assistance without the flexibility and regulatory and administrative streamlining that MTW allows.

HACLA believes that agencies that have demonstrated their capacity warrant additional flexibility so that they can develop innovative solutions to their local challenges and continue to serve the needs of their residents. Especially in this budget environment, agencies with capacity should have the opportunity to find ways to make their programs work more efficiently and effectively to serve those in need of decent, safe, affordable housing. MTW is a way to make that happen.

After more than a decade of MTW operations, it is now time to permanently authorize MTW and significantly expand the number of agencies and localities that can benefit from this approach.

Thank you for the opportunity to submit our views, and we ask that you give them your full consideration.

NEW YORK CITY HOUSING AUTHORITY
250 BROADWAY • NEW YORK, NY 10007
TEL: (212) 306-3000 • http://nyc.gov/nycha

NEW YORK CITY
HOUSING
AUTHORITY

JOHN B. RHEA
CHAIRMAN
EMILY A. YOUSSOUF
VICE-CHAIR
MARGARITA LÓPEZ
MEMBER
VICTOR A. GONZALEZ
MEMBER
VILMA HUERTAS
CORPORATE SECRETARY
CECIL R. HOUSE
GENERAL MANAGER

June 26, 2013

Hon. Randy Neugebauer,
Chair
House Financial Services Subcommittee
on Housing and Insurance
1424 Longworth House Office Building
Washington, DC 20515

Hon. Michael E. Capuano
Ranking Member
House Financial Services Subcommittee
on Housing and Insurance
1414 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neugebauer and Ranking Member Capuano:

On behalf of the Board of the New York City Housing Authority (NYCHA) and the nearly 628,700 individuals provided with housing assistance through programs we administer, I write in support of efforts to provide public housing authorities (PHAs) the opportunity to design and test innovative and locally-designed housing and self-sufficiency strategies that would more effectively serve low-income families, as well as those that are elderly, fragile or have special needs. I ask that my comments be submitted for the record of your Subcommittee's June 26th hearing titled "Evaluating How the Department of Housing and Urban Development (HUD)'s Moving-to-Work Program Benefits Public and Assisted Housing Residents."

As the Subcommittee considers proposals to modify the successful *Moving to Work* (MTW) demonstration, NYCHA welcomes the opportunity to convey its strong support for making the MTW demonstration permanent and expanding the number of housing authorities that may participate. The basic concepts of increased administrative flexibility, relief from unfunded mandates and streamlined federal rules and regulations, and most importantly financial fungibility provided by MTW are essential to the preservation of public housing.

Agencies that receive MTW designation do not receive additional appropriations. Rather, they receive greater administrative flexibility in using the funds they receive by permitting them to combine their operating, capital and tenant-based assistance into a single agency-wide funding source. There would be substantial savings realized through administrative efficiencies. In addition, agencies would be able to position their properties to leverage private dollars to meet capital needs. NYCHA believes that MTW provides participating PHAs with the critical management and financial tools to preserve public housing at a time of severely reduced federal subsidies and painful sequestration cuts.

While not an MTW agency, NYCHA has observed the benefits accrued by currently designated MTW agencies and their residents; greater numbers of residents are served, residents are better positioned to achieve self-sufficiency with attendant improved economic circumstances and educational achievement, and the surrounding communities have been both improved and strengthened. In several instances, MTW agencies have been able to update and transform their aging housing stock, achieve energy savings and create additional units of new affordable housing. Indeed, HUD's 2010 Report to Congress identifies promising successes including a reduction in overall operational costs, an increase in the number of families assisted and greater capacity to better leverage the assistance received.

NYCHA's lack of MTW status has caused undue hardship on our families and limited our ability to address both public housing and Section 8 residents' needs. The inadequate levels of federal funding has resulted in terminations of voucher holders' subsidies, inability to repair apartments in a timely manner, insufficient ability to preserve capital investments, and reductions in critical staff. With MTW flexibility we could mute some of these draconian outcomes by prioritizing the most pressing need irrespective of underlying program funding source.

NYCHA estimates that its total funding loss as a result of reduced governmental support over the past 12 years to be $2.3 billion. Additionally, we have over $6 billion in unfunded capital needs and at current funding levels, that figure is estimated to increase to $13.4 billion over the next five years. Without sufficient funding we believe that MTW status would help NYCHA mitigate at least a portion of these losses.

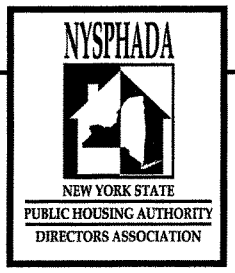
Further, this agency is committed to preserving the *Brooke Amendment's* leasing rates and has no intention to seek either term limits or to impose a work mandate.

NYCHA believes that the MTW program is the best vehicle for assisting PHAs to apply scarce federal resources in ways that are better adapted to local needs and conditions.

We urge your support for expanding the program.

Sincerely

John B. Rhea



President
Mack Carter
White Plains Housing Authority
223 Martin Luther King Blvd.
White Plains NY 10601

June 26, 2013

The Honorable Randy Neugebauer
Chairman
Subcommittee on Insurance, Housing and Community Opportunity
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Michael Capuano
Ranking Member
Subcommittee on Insurance, Housing and Community Opportunity
B371-A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Neugebauer and Ranking Member Capuano:

I am writing on behalf of the New York State Public Housing Authority Directors Association (NYSPHADA), to express our gratitude for your support for public and assisted housing across the Nation. We also have great appreciation for your very dedicated and extremely capable staffers.

NYSPHADA represents 70 small, medium and large public housing authorities (PHAs) across the great state of New York, from Niagara Falls in the west to Glen Cove on Long Island in the east. Together, our member agencies administer over 210,000 public housing units and over 125,000 Section 8 housing choice vouchers.

We thank you for holding today's very important hearing on the United States Department of Housing and Urban Development's Moving-to-Work (MTW) program. We strongly support a broad expansion of the MTW program. Such an expansion is absolutely critical to the successful future of public and assisted housing, and will hopefully allow New York State public housing authorities to gain their first of many Moving-to-Work designations.

The funding flexibility and regulatory relief provided by the MTW program are the only chance for PHAs to continue to perform effectively our missions in this time of severe budget austerity. We have learned of the positive transformations that have taken place at MTW-designated authorities. The self-sufficiency initiatives for recipients of housing provide significant new opportunities for education, job training, and employment that empower residents and significantly strengthen communities. In many

cases, MTW-designated public housing authorities have used their new flexibilities to allow them to leverage funding and create additional housing units. Many have rehabilitated dilapidated buildings with an emphasis on energy savings.

The MTW program is budget neutral, and is a success story. The Department of Housing and Urban Development has statistics verifying that MTW public housing authorities have served an increased number of vulnerable Americans at the same income levels.

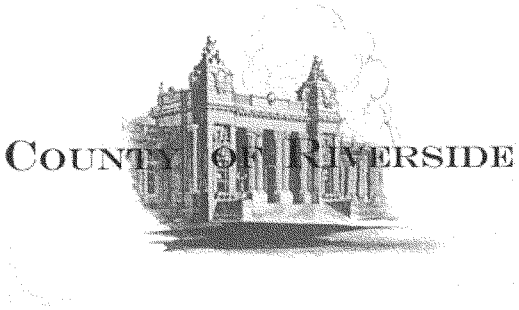
With the current budget constraints we are operating under now and expect in the future, we will not be able to continue our vital programs without the deregulation provided by the MTW program. We are in desperate need of your assistance, and urge you to once again develop legislation to significantly expand the MTW program.

Thank you very much for your consideration of our views. We look forward to further discussions with you and your staff on this crucial issue.

Sincerely,

Mack Carter

Mack Carter
President



Board of Supervisors

District 1	**Kevin Jeffries** 951-955-1010
District 2	**John F. Tavaglione** 951-955-1020
District 3	**Jeff Stone** 951-955-1030
District 4	**John Benoit** 951-955-1040
District 5	**Marion Ashley** 951-955-1050

June 17, 2013

The Honorable Randy Neugebauer, Chairman
Subcommittee on Housing and Insurance
House Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing on behalf of the Riverside County Board of Supervisors to express their support for the expansion of HUD's Moving to Work (MTW) program. The County's Public Housing Authority would greatly benefit from receiving a MTW designation.

The County Housing Authority is currently authorized to serve over 8,500 households through the Section 8 program and over 450 households through the Public Housing Program. In Riverside County, there are 14,877 households registered for the Section 8 waiting list and 29,005 households registered for the Public Housing waiting list. The economic downturn has prompted even more households to seek affordable housing units. Given current funding levels and program capacity, the only way for the Housing Authority to serve additional households is through program policy changes, which prompt working families to quickly transition to market rate housing. The MTW designation will enable the Housing Authority to implement such policies, which prioritize self-sufficiency and encourage short-term use of vouchers. For working families, affordable housing must be a stepping-stone not the end goal. Additionally, the MTW designation will align the Riverside County voucher program with local welfare-to-work goals, which have been successfully implemented by the Riverside County Department of Social Services and the Riverside Workforce Investment Board.

The County urges you to ensure that the Moving to Work program is expanded to allow local public housing agencies the flexibility to serve more households.

Sincerely yours,

Thomas P. Walters
Washington Representative

TPW:sbm

25 Massachusetts Avenue, N.W., Suite 570, Washington, D.C. 20001 (202) 737-7523