

September 8, 2015

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

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

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

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

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

On behalf of organizations that work with low-income families in communities across the nation affected by HUD's Moving to Work (MTW) Demonstration Program, we would like to express our concerns about provisions in the Senate FY 2016 Transportation, Housing, and Urban Development and Related Agencies Appropriations Bill that would greatly expand MTW and require HUD to extend MTW agreements for current agencies with no changes except those the agencies support. This provision is not included in the House Appropriations Bill. Based on our experience with MTW, we think it would be a mistake to expand the demonstration at this time. If Congress does move forward with expansion — or directs HUD to extend MTW agreements — it is critical that it include major reforms to address the demonstration's flaws.

We are concerned about the Senate's proposals because although the MTW Demonstration program has been in existence since 1998, HUD has not conducted a single systematic evaluation of its effectiveness. As a result, very little is known about whether the Program has been effective in achieving any of its three statutory goals, which were (1) to improve cost effectiveness, (2) to help families achieve economic self-sufficiency, and (3) to increase housing choices for low-income families.

To the contrary, in many regions where the MTW Demonstration has been implemented, much of the available data suggests that the experimental features of the MTW Demonstration have actually caused harm to residents and moreover, significantly reduced the cost effectiveness of the nation's housing programs by allowing Public Housing Authorities to underutilize available public resources. In response to serious and fundamental concerns about MTW raised by over 30 organizations across the country, the Government Accountability Office, and HUD's own Office of the Inspector General, HUD recently has begun taking steps to improve accountability, transparency, and equity in the MTW Demonstration. Following a meeting with our community leaders this past spring, HUD commissioned a \$2.175 million third-party national evaluation of the MTW Demonstration Program. The evaluation will be completed within the next 36 months.

The Senate's proposal to radically expand the MTW Program to 300 additional Public Housing Authorities before this third-party evaluation has been completed is rash and betrays a lack of

consideration for the communities who would be subjected to what amounts to a controversial and fundamentally ill-designed experiment on the nation's most vulnerable populations.

According to the Center on Budget and Policy Priorities, the Senate's proposal to expand MTW to encompass 300 additional housing authorities could result in as many as 35% of all available public housing units and housing choice vouchers in the nation entering what is still purported to be a "Demonstration". Removing HUD oversight from 35% of our public housing stock and vouchers places these public assets at risk of underutilization, lack of transparency, and mismanagement.

As you may be aware, in FY2014 alone, over \$590 million allocated to MTW Housing Authorities for their voucher programs was not spent to provide housing vouchers. These funds could have housed 63,398 households across the country. Instead, these funds were diverted for other purposes or went unspent. In one case study, Chicago Housing Authority used its MTW flexibility to divert an average of \$107 million from its voucher program each year from FY2008-FY2012 into its reserves, leaving 13,500 vouchers unused annually and ultimately stockpiling over \$432 million in excess cash.

Chicago Housing Authority's underuse of housing vouchers is not an isolated incident and cannot be written off as an aberration. In 2014, New Haven, CT used just 78% of the vouchers it could have used with its funds; Washington, D.C. 82%; Atlanta, GA 68%; Philadelphia, PA 75%; Pittsburgh, PA 70%; and Chicago, IL 76%. Overall, MTW agencies used just 81% of the vouchers they could have used with their funds, compared to 96% at non-MTW agencies.

We also want to express our strong concerns regarding the Senate appropriations bill's requirement that HUD renew current MTW Agreements for another 10 years past the current 2018 expiration date, e.g., through 2028, with no changes except those with which the MTW agencies agree. We consider a long-term extension of this Demonstration without evaluation to be extremely reckless. While the evaluation HUD has commissioned is underway, we are proposing that neither HUD nor Congress take action to renew an MTW Agreement for longer than 3 years past the current 2018 expiration date (e.g. to 2021). This more measured approach will give HUD, community stakeholders, and elected officials the opportunity to review the problems and opportunities surfaced by the third-party evaluation and incorporate both best practices and corrective measures surfaced by the Evaluation into future MTW contractual language.

Expanding or extending MTW before a comprehensive evaluation has been completed only expands the reach and potential harm of these untested and unproven policies. Considering your positions within the Senate and House Appropriations Committees, we are asking for your support in preventing any MTW expansion or extension to move forward before the evaluation HUD commissioned is complete. There has been an active discussion between community advocates, HUD, and local MTW public housing authorities.

After 15 years of "demonstrating" without reflection, it's time for an evaluation to provide appropriate language within future contracts to ensure this program is well-designed, demonstrates beneficial results with the families impacted, and dutifully maximizes the public funding entrusted to it. We urge you to help us ensure the MTW program is one that is truly effective in providing housing to our communities and increasing housing choices for our families.

In addition, it is essential that any MTW expansion or extension that does move forward include major reforms to address the demonstration's flaws. These should include, at a minimum:

- Prohibiting MTW agencies from adopting policies that pose serious risks for low-income families (including time limits, work requirements, and major rent changes) unless those policies will be subject to rigorous, controlled evaluations;
- Require that agencies use at least 90 percent of their voucher subsidy funds for rental assistance (definition of utilization excludes development expenditures), and enforce that requirement by providing at least 90 percent of MTW agencies' voucher funding through the same utilization-based funding formula used for non-MTW agencies (which plays a major role in driving those agencies to maintain high utilization today);
- Strengthen implementation of the existing requirement that agencies assist substantially the same number of families as they would without MTW funding flexibility;
- Prohibit waivers of key program standards (such as the requirement that 75 percent of families assisted with vouchers have incomes below 30 percent of median income) and provisions protecting tenant rights;
- Require agencies whose voucher holders are disproportionately concentrated in high-poverty areas to develop and implement a plan to provide participants access to a wider range of neighborhoods.
- Prohibit the renewal of special operating fund formulas in the extensions to the agreement for a more equitable distribution of funds between non-MTW and MTW housing authorities.

Sincerely,

National Housing Advocates

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Chicago, Illinois
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Community Legal Services of Philadelphia
Philadelphia, Pennsylvania
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George Gould, Managing Attorney, Housing and Energy Law Divisions

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