



CBPP Criticizes Moving to Work Program Cites Misleading Voucher Utilization Figures

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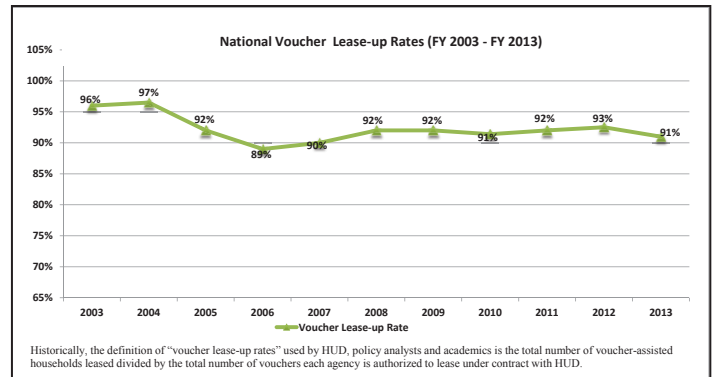
Introduction

The Center on Budget Policy and Priorities (CBPP) is an organization I respect for their work and analysis on all manner of policy issues. Recently, the Center issued another in a series of papers that is highly critical of the Moving to Work (MTW) program. On this policy issue many in the industry, myself included, have come to believe that the Center is way off the mark. The Center comes to the MTW issue with a strong bias against the public housing program and a policy preference for the Housing Choice Voucher program. This latest critique follows others by the Center alleging that MTW agencies are “diverting” Section 8 funds to other purposes (the implication is “less desirable” or even inappropriate uses) and the flawed assertion that MTW “block grants” are more susceptible to federal budget cuts than other accounts.

The paper has implications for our entire industry because the Center is influential in housing policy circles and a major MTW expansion is one of PHADA’s top legislative priorities. While PHADA respects the Center, and has collaborated with it on occasion, we are reminded of an oft-quoted admonition by the late statesman and U.S. Senator Daniel Patrick Moynihan: **“Everyone is entitled to his own opinion, but not to his own facts.”**

Fact-checking the CBPP MTW Paper

As a general policy, the Center objects to some MTW agencies using voucher dollars to preserve their public housing stock or other activities that support the objectives Congress articulated when it created MTW. This flexibility, the Center implies, has hurt many low-income voucher-holders. We should start by looking at the some of data from the Center’s paper; data that PHADA believes is too well massaged to be accurate. To buttress its position that MTW agencies aren’t serving as many households as non-MTW agencies, the CBPP uses a non-standard definition of Section 8 voucher utilization, claiming that all non-MTW HAS are at 99.5 percent, compared to an unflattering portrait of MTW HAS, which it says are at 86.3 percent. This portrayal is very misleading. **Indeed, HUD recently lamented that voucher lease up rates nationwide have dropped to the low 90 percent range.**



The following chart based on standard HUD data helps make PHADA’s point:

Voucher Lease-up Rate - 2013 PHADA Adjusted	% of MTW Agencies - 2013	% of Non-MTW Agencies - 2013
At or Above 90%	71%	53%
Average	86.3%	91.7% (99.5% CBPP)
Median	94.7%	90.0%

Data Source: HUD’s validated Voucher Management System (VMS) data for CY 2013, the most recent of years for which complete data is available.

As indicated in the above chart, PHADA’s analysis of non-MTW and the MTWs’ voucher “lease-up rates,” using HUD’s data and the uniformly accepted definition (the total number of voucher assisted households leased divided by the total number of vouchers each is authorized to lease), reveals a very different picture than the one CBPP paints. We note that the median is more accurate for a true basis of comparing lease-up rates than the average, given there are roughly three-dozen MTWs vs. thousands of non-MTW agencies. Indeed, the MTWs fare better in this comparison. (For reference, further elaboration and data analysis conducted by PHADA Policy Analyst Jonathan Zimmerman is available on our website at www.phada.org/pdf/RecentCBPPPa-perCriticizesMTWDemonstration.pdf).

Other Problems, Contradictions with the Center's Arguments

CBPP has other longstanding policy objections to the Moving to Work program, and these too surface in the paper. MTW allows HAs to try out housing policy solutions based on locally defined needs and priorities, adapting to the market and housing conditions in its community; the Center finds this flexibility objectionable.

We strongly disagree with CBPP and believe its thinking is misguided, particularly at a time when funding for housing and other domestic programs is at historic lows. PHADA believes that we are at a pivotal point for all of our programs. MTW, and similar programs, represent the future. The Center's critique damages the innovation we will need going forward. In the current budget environment, local agencies need the maximum amount of flexibility (with some safeguards, of course. For example, MTW has strong public process requirements) to protect their physical assets and residents. U.S. communities are much better positioned to understand their local needs than think tanks and academics based in Washington, D.C. The Center's MTW paper ignores or misrepresents a number of key policy and program approaches made possible by MTW. For example:

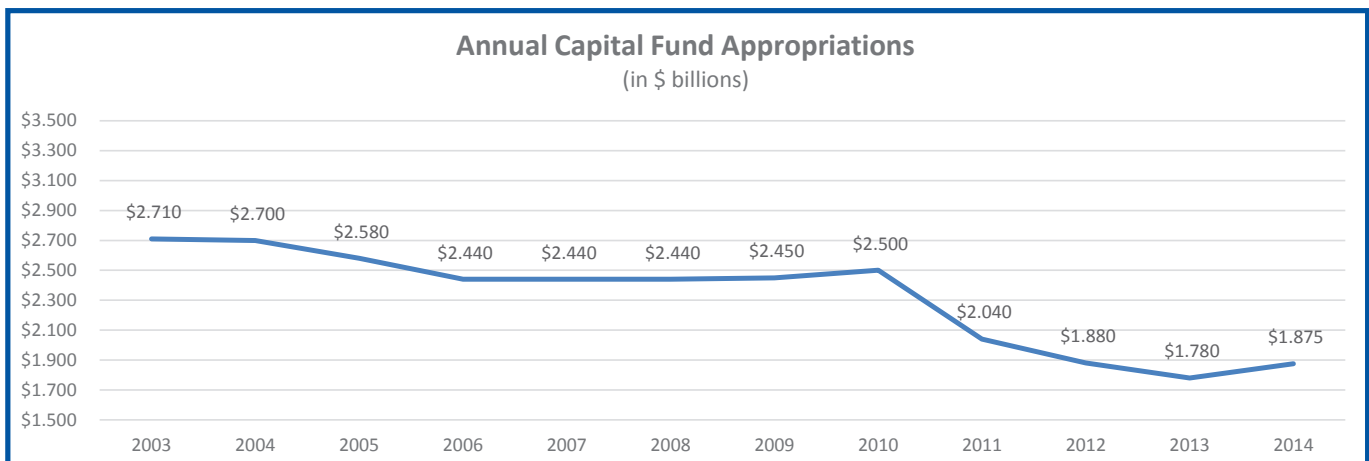
- Why does CBPP wish to deny this once in a generation opportunity for true innovation in government? A recent report from Abt Associates noted that MTWs have produced over 300 innovations, allowing them to save funds and serve more needy families. (Abt's full report was featured in the January 21 edition of the *Advocate* and is linked in the first paragraph of the article. See www.phada.org/admin/email_html.php?cm=true&id=2160). Some MTW innovations have been so successful that Congress has enacted several of these ideas into statutes to expand them to other housing authorities. HUD's proposed Streamlining rule also includes ideas borrowed from MTW. Although the Center fears that MTW HAs will somehow "mistreat" residents by raising rents or terminating assistance, more than 15 years into MTW, no such evidence has been documented.



- The Center clearly prefers the voucher program over public housing as a national housing policy strategy. Perhaps that is why it has frequently accused MTWs of "diverting" voucher funds to other local priorities even though the MTW statute clearly permits such flexibility within certain parameters. Still, CBPP's bias toward vouchers is deeply flawed because the group itself observed in 2008 that vouchers often cost considerably more than public housing, and the latter is far more "suitable" for many low-income persons. Ironically, the CBPP's 2008 report argues for the preservation of hard units noting that: "... less than 11% of all public housing in the nation outside New York City... are in ... high-poverty neighborhoods." The 2008 report continues, "public housing serves certain demographic groups [i.e. elderly and the disabled] better than vouchers can." We should reflect on this a moment: CBPP is highly critical of MTW agencies for using their statutory authority to re-purpose funds (diverting funds) to preserve units for senior and disabled families, the same group that the Center admits are not well served by the voucher program. This does not compute.

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- The Center fails to adjust its policy thinking by ignoring the massive capital funding cuts over the last several years. On this point, the Center's latest paper again contradicts earlier statements from 2008 in which it observed that "... large and persistent funding shortfalls threaten to undermine public housing's recent progress and also have contributed to the loss of thousands of public housing units, forced harmful cuts in security and other services, and delayed needed re-



pairs.” Why then does CBPP now seek to deny MTWs the ability to use funds for desperately needed capital improvements to preserve their stock? (Nationally, a 2010 HUD study estimates a cost of \$19,029 per unit to fix as-is. All in, the estimate is \$26 billion). Does the Center’s position truly protect the interests of the low-income public housing families it purports to represent when it advocates **against** options to address this deep capital need?

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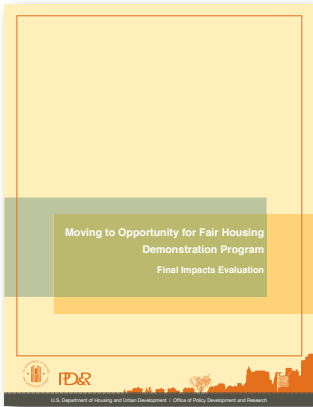
- From CBPP’s 2008 report.

- The Center ignores outcomes that saved public housing in communities where the portfolio teetered on the brink of collapse. MTW has helped preserve public housing in major U.S. cities including Philadelphia, Chicago, and Atlanta, among others. CBPP should consult public housing residents in these communities, many of whom would be without housing absent the MTW program and other tools such as HOPE VI.
- The Center has supported the Rental Assistance Demonstration (RAD) and so has PHADA. But RAD is finicky and in some communities, like my own, Cambridge, MA, RAD only works because of MTW. RAD with MTW allows HAs to use voucher funding to preserve their public housing. Why does CBPP oppose more MTW HAs having that same ability under an expanded program?

- CBPP objects that some MTW HAs have amassed millions of HCV dollars that are not yet spent. The implication is that the money is being wasted or frittered away. But MTWs are engaged in complex mixed finance real estate transactions that often require significant sums to cover reserves, lender guarantees, and other investor-related requirements. These investments also take years to unfold and require multi-year funding commitments. The Center’s criticisms ignore these very real capital financing demands.
- The Center objects that some MTWs legitimately negotiated favorable funding agreements with HUD. These formulas were not just “giveaways.” For example, one practice in some MTW agreements was to freeze the utility consumption so that the agency is held harmless from pricing changes but “... takes the risk/reward for any change in consumption.” The Center does not understand that the MTW agency only benefits because of the risk-taking and the Agency must manage the risk to reap any reward. If savings are earned the funds are put back into the property or to other MTW uses in the community. Is it prudent for CBPP to advocate so strongly to eliminate an energy-saving behavior that should be incentivized across the entire public housing portfolio?
- 11 MTW agencies have used their flexibility to fulfill another objective of the Center: support for vulnerable homeless and disadvantaged populations like victims of domestic violence or youth aging out of foster care. The Abt Innovations Report shows MTW agencies using unit set-asides, project-based vouchers, and sponsor-based vouchers to assist well over 5,000 families in populations that HAs are traditionally unable to serve. One MTW agency has added over 500 accessible units to its portfolio thereby increasing housing choice for disabled residents. The various types of innovations may be found Exhibits 5-1 and 5-2 of the aforementioned Abt Report.



Photos of the Cambridge, Massachusetts and Tacoma, Washington HA properties. Both agencies are successful MTWs that have used the program and other available tools to improve their stock.



• One last item, mobility. The Center continues to stress voucher mobility as a lynchpin of housing policy and represents the attractiveness of the voucher over a hard unit, where subsidy is tied to the unit and not the family. But the real world results of the Moving To Opportunity Study (a rigorous evaluation commissioned by HUD in late 2011) paint a very different picture. Here is an extract from the study's final report: "Families in

the experimental group did not experience better employment or income outcomes than the other families. The children in the Section 8 and experimental groups did not have better educational achievements than those in the control group... A more comprehensive approach is needed to reverse the negative consequences of living in neighborhoods with heavily concentrated poverty. Housing is a platform for positive outcomes, but it is not sufficient alone for achieving these additional benefits." **We suggest that MTW is the platform where housing can be easily coupled with services in a "comprehensive approach" to increase family economic opportunities.** It is MTW, not mobility on its own, that is implementing the policy findings from MTO study. (The MTO final report and outcomes can be found on the HUD website at www.huduser.org/portal/publications/pubasst/MTOFHD.html).

Conclusion

As noted above, some of the MTW innovations have been so successful that HUD has proposed they be expanded to other HAs. Congress has enacted several into law, and they can be found on PHADA's website at www.phada.org/pdf/MTWInnovations-BecomeNationalPolicy.pdf.

PHADA continues to support a major expansion of the Moving to Work program and strongly encourages the White House and Capitol Hill to enact legislation in this session of Congress.



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MTW Innovations Become National Policy Saving Tax Payers Millions

Since the mid-to-late 1990s, Moving-to-Work (MTW) agencies have been designing and implementing reforms that reduce costs and improve residents' lives. Many of these reforms have become national policy, saving American taxpayers millions of dollars. Listed below is a summary of MTW practices¹ that have become national policy.

Program Area	MTW Innovations Adopted Nationwide
Inspections	Simplifying the inspection process for the HCV program, including: <ul style="list-style-type: none"> reducing the number of HCV inspections by inspecting units every other year instead of annually, conducting inspections based on risk or previous inspection results, permitting landlords to self-certify the correction of minor violations of Housing Quality Standards, and eliminating duplicative inspections by accepting other inspections using Housing Quality Standards (HQS) or higher.
Utility Allowances & Utility Payment Schedules	Establishing a cap on tenant-paid utility allowances based on households authorized voucher size rather than unit size. Creating a single utility allowance table for the service areas using average consumption costs by unit size, makes the process less expensive to administer, easier for tenants and landlords to understand, and less prone to administrative errors.
Self-Certification of Household Assets Below a Certain Threshold	No longer requires third-party documentation below a reasonable threshold and instead allows self-certification for assets.
Recertification Schedules for Household Participants	Less frequent re-certifications for elderly and disabled households with fixed incomes.
Establishing Varied Voucher Payment Standards	MTW agencies have taken a variety of approaches to expand the geographic scope of assisted housing and facilitate moves to areas of "opportunity," including setting higher voucher payment standards in low-poverty zip codes. This practice is similar to HUD's Small Area Fair Market Rents (SAFMRs). Other MTW agencies have created new voucher payment standards that authorize higher subsidy levels than permitted under the standard voucher program, falling outside the 90 to 110 percent of Fair Market Rent permitted by regular program rules. To offset the costs of higher payment standards in certain parts of their service area, some MTW agencies lower payment standards in other parts, sometimes to levels below those permitted to non-MTW agencies.

MTW reforms listed were subsequently made available to non-MTW agencies and the people they serve through enacted legislation, and/or implementation through HUD's notices and/or rulemaking.

¹ *Moving to Work Innovations Report* (December 2014) authored by Abt Associates

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"Moving to Work (MTW) is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds; all such efforts are subject to a strong, local, public process. MTW PHAs are expected to use the opportunities presented by MTW to inform HUD about ways to better address local community needs."



Explanation of the MTW program from the HUD website.



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