Summary of 2018 GAO Moving To Work Report

On February 15, 2018, the Government Accountability Office (GAO) released a 110-page report evaluating HUD’s Moving to Work (MTW) demonstration program. The MTW demonstration, created in 1996, allows 39 public housing agencies to obtain broad waivers of federal statutes and rules governing the public housing and Section 8 Housing Choice Voucher programs and to transfer funds from those programs to other HUD-approved purposes. The 39 MTW agencies represent about 1.2% of public housing agencies nationwide and administer approximately 13% of the total public housing and Section 8 Housing Choice Voucher stock. In 2015, Congress authorized the expansion of MTW by adding 100 new agencies.

The GAO report, Rental Housing: Improvements Needed to Better Monitor the Moving to Work Demonstration, Including Effects on Tenants, confirms NHLP’s concerns and experiences with HUD’s implementation, oversight, and expansion of the MTW program that we recently expressed to HUD Secretary Carson. Specifically, the GAO study reveals:

Serious Questions About MTW’s Effectiveness

- Current MTW agencies are serving fewer families than non-MTW agencies.
  - MTW agencies had lower public housing occupancy rates and lower voucher unit utilization rates than similar non-MTW agencies.
- MTW agencies divert money away from the voucher program.
  - The current 39 MTW agencies have amassed more in voucher funding reserves ($800 million) than the remaining 2,166 non-MTW agencies combined ($737 million).
- Rent hardship policies are being administered inconsistently, if at all.
  - Five MTW agencies claimed to have not received any tenant requests for rent hardship exemptions between 2011-2015. Additionally, five MTW agencies could not explain why tenants who requested a hardship exemption were no longer receiving assistance.
- MTW agencies had higher costs than similar non-MTW agencies.
  - For example, MTW agencies’ average public housing expenses were $6,048-$11,436 per household in 2009-2015, while non-MTW agencies’ average public housing expenses were $5,827-$8,355 per household. Also, MTW agencies’ median yearly administrative expenses were 43% higher than comparable non-MTW agencies.

Inadequate HUD Oversight

- HUD does not currently monitor, nor does it have an adequate plan to monitor, the effect of rent changes, work-requirements, and time-limit policies on tenants in MTW jurisdictions.
  - HUD does not require MTW agencies to report their annual reevaluations of its rent changes policies because, as long as agencies had a plan to annually reevaluate their activities, “HUD did not want to require agencies to report information that HUD did not intend to analyze.”
- HUD has not implemented a process to monitor MTW agencies’ reserves to determine what agencies plan to do with the reserves and assess whether those plans are reasonable. HUD’s definitions of “rent reform,” “self-sufficiency,” and “hardship” policies are unclear or nonexistent, resulting in inconsistent reporting and limited comparable data.
Insufficient HUD MTW Staffing

- HUD does not have adequate staffing levels to oversee the activities and outcomes of MTW agencies, including the new 100 agencies that will be added to the MTW program beginning in summer 2018.
  - Currently, there are nine staff in the MTW Office. HUD estimates that it needs 41 full-time personnel across various HUD offices to adequately monitor the 100 additional MTW agencies.
- HUD’s review of annual reports and compliance assessments has not been timely, which diminishes HUD’s ability to oversee and address issues that negatively impact tenants.

Additional Concerns

NHLP is deeply troubled by HUD’s disagreement with three of GAO’s recommendations that HUD:

1. develop and implement a process to track how public housing and voucher funding is being used,
2. develop and implement a process to monitor MTW agencies’ reserves, and
3. set parameters for its definition of “self-sufficiency.”

Failing to implement these recommendations will only further decrease accountability and oversight of MTW agencies.

Even though the MTW program is on the brink of significant expansion, HUD still does not have the data, process, or staffing in place to effectively oversee MTW agencies and assess the effect of the MTW program on low-income tenants. While we support the broad goals of the MTW program—to expand housing choice, reduce costs, and increase program efficiency—this report confirms that HUD has failed to further those goals and does not plan to take important steps to ensure adequate oversight. We urge HUD to more closely monitor MTW agencies’ activities moving forward and adopt all eleven of GAO’s recommendations to increase accountability and protect low-income tenants in MTW jurisdictions.