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Written Testimony of
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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 heavier 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.