Good Afternoon Chairman Biggert, Ranking Member Gutierrez and Members of the Subcommittee, my name is Kris Warren and I am the Chief Operating Officer at the Chicago Housing Authority.

Thank you for the opportunity to give testimony on the importance of the Moving to Work (MTW) Demonstration Program and its impact on low-income families in Chicago. In 2000 Chicago became one of the fortunate agencies to be granted MTW status. I am here to share lessons learned and provide concrete examples on the impact of the MTW program. The landscape of Chicago and the life trajectory of thousands of low income families would not be the same without the local flexibility the MTW program provides.

Congress, with great foresight, created MTW in 1996 to allow cities and housing authorities to develop and implement localized plans, incorporating the intent of Congress and the accountability required by HUD, but also the local conditions, political realities, community dynamics and a range of partnerships. MTW allows the relationship between HUD and the housing authority to be a partnership to solve issues and not a cookie-cutter approach to compliance and regulations. Simply put, MTW allows PHAs to create specific housing models and services for their unique community needs.

With this flexibility, Chicago has implemented the Plan for Transformation, one of the largest and most ambitious redevelopment efforts of public housing in the history of the United States. The goals of the Plan for Transformation are to:

1. Ensure that all public housing is of the highest quality and contributes to the well-being of the renters and the neighborhood in which it is located;
2. Redevelop the land on which former failed housing stood into mixed income developments that are assets to their residents and surrounding neighborhoods, and
3. Build and strengthen residents and communities by encouraging economic independence and integrating the formerly isolated public housing and its leaseholders into the larger social, economic, and community fabric of Chicago.

MTW allowed Chicago to demolish dilapidated high-rise housing that blighted the lives of residents and the surrounding community while rebuilding, financing or acquiring over 20,000 units so far. The developments that replaced that housing now reflect the housing patterns in the rest of the city – with low and moderate income families as well as market rate families in each mixed-income development.
Home values around the surrounding communities have increased. Private investment in new businesses brings needed retail, services, and jobs; while city investments in infrastructure, schools, and parks have amplified the impact of the CHA’s work. To make these new communities a reality, CHA worked with private, public, nonprofit and investor partners to leverage 1.7 billion dollars, including 1 billion of direct investment or infrastructure improvements by the City of Chicago.

Perhaps most importantly, the Moving to Work demonstration program has allowed us to serve substantially the same number of people as when CHA entered the MTW program. But we are able to serve those families in safer and more dignified environments. In Chicago, those who rent through CHA are no longer warehoused in isolated islands of poverty. They are now integrated into the fabric of the city and part of the social structure of Chicago’s great neighborhoods.

While the change to Chicago’s public housing buildings and communities is impressive, the Plan’s impact on residents’ lives is perhaps more dramatic – people not only report feeling healthier and safer\(^1\), but more people are working, and income from employment has risen from an average of $10,000 to $19,000 per year.

Through the Plan for Transformation CHA has learned the critical importance of linking housing assistance with supportive service programs including job training, financial literacy, and educational opportunities. Due to the MTW program, CHA has been able to offer services that, under statute, could not otherwise be funded with Section 8 or public housing operating dollars. These services provide a multitude of opportunities that encourage resident accountability and progress toward economic independence. They are vital to the success of the Plan for Transformation and our goals of ending isolation, breaking the generational cycle of poverty and ultimately encouraging movement out of federally subsidized housing. To date, Chicago’s participation in the MTW program has allowed us to:

- Help over 6,000 residents find employment, many for the first time in their lives;
- Increase the employment rate from 15% in 1999 to 60% among work eligible residents today.
- Place nearly 2,000 residents in Transitional Jobs, connecting them to real work;
- Assist over 300 families in buying their first home; and
- Ensure thousands of youth have employment, academic enhancement, and summer opportunities every year.

We’re proud of these accomplishments, but the numbers they don’t fully capture the human impact of the MTW program. No one is more familiar with that impact than Crystal Palmer, who is here with us today. Crystal grew up in a CHA highrise and returned to CHA housing as an adult, where she soon became a resident leader. Drawing on lessons learned in her own life, she has worked for CHA and our providers to help other residents connect to the services they need to change their lives for the better.


The Plan for Transformation and CHA’s Moving to Work Agreement with HUD: Increasing Housing Choices for Low-Income Chicagoans

Just over a decade ago Chicago was the poster child for public housing all over the country through its failure to serve low-income families, neighborhoods and the city. Today, 12 years later, Chicago is a model for true revitalization of communities, families, and housing stock in a major urban city. Chicago’s ultimate goal of rebuilding 25,000 units and ending years of isolation started in 2000 and continues today.

CHA’s Plan for Transformation goals align with the MTW program’s three statutory objectives:

1. Reduce cost and achieve great cost effectiveness in Federal expenditures;
2. Give incentives to families with children whose head of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and
3. Increase housing choices for low-income families.

While CHA has met these goals, we believe we can and should do more.

Plan Accomplishments
Today the Plan is 83% complete and has increased the type and location of housing choices for low-income families in Chicago. Specifically:

- More than 20,000 public housing units rehabbed or replaced in family, scattered, senior, and mixed-income sites and through the use of project-based vouchers.
- All family high-rise buildings demolished (451 total buildings).
- Mixed-income developments now exist at eight major replacement sites.
- Only 19% percent of the original families with a Right of Return still need to make their final housing choice.
- Yearly incomes of working CHA residents have risen from about $10,000 to $19,000, with families in mixed-income developments earning an average of more than $24,000.
- Residents report they feel safer in their new communities based on studies by NORC and Urban Institute.
- Residents have better access to community and supportive services.
- Strong partnerships have been forged within new communities.
- Since the beginning of the plan, $3.6 billion invested or leveraged by CHA with private, public and nonprofit partners.

Ultimately, the Plan for Transformation simply would not have been possible without a relaxation and flexibility of federal rules and regulations governing public housing dollars – which were negotiated with HUD and embodied in our Moving to Work Agreement. CHA continues to utilize the single-fund budget provided through MTW participation for expanded and flexible resources for overall administration of housing assistance, capital activities, and special services and programs for residents.
that focus on improving their economic independence. Beyond flexibilities provided through the MTW Demonstration Program, CHA maintains and continues to build sustainable partnerships with a variety of stakeholders, organizations, agencies and residents to fulfill the overall goals of the Plan for Transformation.

**Increasing Resident Economic Self Sufficiency: CHA’s Resident Service Strategies**

The Plan for Transformation goes beyond bricks and mortar, embracing what many describe as challenges steeper than physical development: building social and economic independence among historically isolated residents and deconcentrating poverty.

Through CHA’s Plan for Transformation we have learned the critical importance of linking housing assistance with supportive services programs including job training, financial literacy and educational opportunities. These services are critical to the success of the Plan for Transformation and our goals of ending isolation, breaking the generational cycle of poverty and ultimately encouraging movement out of federally subsidized housing.

The structure of services offered to CHA residents is constantly evolving and has changed significantly, particularly since the beginning of the Plan for Transformation and the Residents Relocation Rights contract established in 2000. Using robust demographic and outcome data about residents and their needs, services have evolved through an outcomes-based model administered directly by CHA. Outlined below are a few examples of important programs only possible through participation in the MTW program. The strength of MTW is that it allows CHA to customize our services to meet the unique challenges our residents face.

Specifically, CHA offers public housing families a variety of outcomes-based services ranging from:

- comprehensive case management so residents can set and achieve their goals;
- free college certificates and degrees at City Colleges of Chicago so residents become qualified for positions beyond entry level;
- academic remediation and enhancement for CHA youth to prepare the next generation to aspire to leave public housing;
- transportation and child care assistance to reduce barriers for work;
- transitional jobs designed for residents who have never worked or have not worked in a very long time;
- counseling, wellness and substance abuse treatment to address individual challenges that could compromise stability in housing; and
- linkages to other city services and other community resources.

This year alone (Jan-Sept.) our case management providers have helped nearly 11,000 residents work on achieving their goals.
Developing Self-Sufficiency Programs Tailored to Community Needs

Comprehensive services that help support economic independence and break the generational cycle of poverty

Using its single-fund flexibility, CHA offers public housing families living in CHA properties or temporarily utilizing a Housing Choice Voucher a variety of case management services and workforce development services, known collectively as FamilyWorks and related programs. These programs focus on identifiable outcomes with an intensive concentration on employment preparation and retention, education, youth opportunities, permanent housing, lease compliance, clinical services, and senior support services. As part of the wrap-around support services offered by agencies under contract with CHA, residents have access to child care and transportation assistance, clinical/wellness services and more. Workforce development activities build on the foundation of these wrap-around services and specialize in job preparation training, direct placement, employment retention and referrals to other services, including education.

On the path to success:

Stephanie Madison is a single mother of six children. In the summer of 2010 Ms. Madison took advantage of an ARRA subsidized employment program known as Put Illinois to Work and had a great experience. Ms. Madison’s employer stated that, “Stephanie is a valued employee and shows up to work full of enthusiasm every day.” She also leveraged CHA opportunities for her family including Summer Camp program vouchers at their local Park District as well as a teen employment program for her older children. This level of involvement for her and her children was a first. After her subsidized employment, she took advantage of CHA’s City College tuition assistance program, made possible in part through MTW authority, and completed a certification program in property management in May 2011. Today she is employed at a company utilizing her skills.

Sylvia Payne is the 21 year old daughter of a mom with 8 children. In 2009 Ms. Payne attended CHA’s transitional jobs program that focused on information technology. CHA’s Transitional Jobs programs are made possible in part to the flexibility afforded through HUD’s MTW program. After participating in this program which also included her earning a certificate in Microsoft Office, Sharon continued to work for the computer technology company. In 2011 she moved out of public housing and into her own market rate rental unit; thus stopping the cycle of intergenerational poverty.

Crystal Palmer grew up at Henry Horner Homes, a CHA development on the west side of the city, from the age of nine. She returned to the development as an adult in 1997. She began working for the property manager and then the service provider as an outreach specialist. Because the challenges and barriers her community members were facing reflected experiences of her own life, she was able to be an effective provider and connect other residents to needed services such as employment, child care, education, substance abuse treatment and clinical counseling services. As someone who understood that services can truly

* In some instances, resident names have been changed.
change people’s lives, she was a crucial player in improving resident engagement. She also took advantages of the services offered, going back to school at no cost through an agreement between CHA and the City Colleges of Chicago, made possible in part by MTW authority. Ms. Palmer became an advocate for her community, and in 2005 she was elected to the Central Advisory Council (CAC) which represents residents’ interests to CHA. She now works for CHA as liaison to the CAC and continues to advocate for residents at work and support them in her community.

**Hard to House Demonstration Project: A national model for services**

In partnership with the Urban Institute, The John D. and Catherine T. MacArthur Foundation, and the Annie E. Casey Foundation, among others, CHA participated in a demonstration program that addressed the intensive service provision necessary when working with households that were deemed as very vulnerable and hypothesized to be “Hard to House.” The lessons learned from this demonstration have been touted as a best practice in service provision, and have served as a spring board to additional research for two-generational service models, evidence to support the services necessary in supportive housing, as well as used as testimony when Choice Neighborhoods was considered. Outcomes and information on the demonstration can be found on The Urban Institute’s website.²

**CHA’s Work Requirement: A tool to promote resident accountability and economic independence**

To further promote economic independence, CHA implemented a work requirement in January 2009 as a condition of occupancy in public housing and a work preference has been introduced for HCV participants coming off the waitlist. As part of the requirement, every adult member of a public housing household, age 18 (or 17 and not attending school full time) to age 54, must be engaged in employment or employment-related activities for at least 20 hours per week. The intention of the work requirement is to encourage low income individuals receiving a federal housing subsidy to strive for whatever the next step is on their road to economic independence. For some that might be volunteering or attending a job training program, while for others it may be enrolling in college or obtaining a job for the first time in their life. Residents may request a 90-day Safe Harbor from the Work Requirement if they are unable to comply with the policy, but can demonstrate they are working to meet it.

This policy has been critical in our success of moving people to work. In 1999 the employment rate was 15% and now it is 42%. While the continuing statement set forth by outside observers is “there are no job opportunities due to the economy,” we disagree. Today, 98% of residents are compliant, exempt, or have been granted Safe Harbor.

**On the path to success**

Valerie Walker was initially concerned about CHA’s work requirement because she was unemployed. She fully engaged with FamilyWorks, meeting with an employment specialist, attending Job Club and completing Job Readiness Training. As a result of her efforts, she

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secured employment as a Certified Nurse’s Assistant at Mayfield Care Center. She is extremely happy with her new job and is looking forward to building on her professional accomplishments.

**Family Self-Sufficiency expansions and successes**
Previously, CHA’s Family Self-Sufficiency (FSS) program was only included in our HCV program. Today, through MTW, CHA assists both public housing residents and HCV leaseholders in gaining independence by setting and achieving specific self-improvement, educational, and employment goals. Program participation is voluntary and is typically limited to a five-year period. Rather than increasing participant rent obligations as earned income increases are achieved, all increased earnings for participants are placed in escrow savings accounts. Upon program completion, participants are awarded the escrowed savings to use for the purpose of their choosing. This is an important program to reward work, encourage savings and prepare residents to transition out of subsidized housing.

Since 1996, 827 residents have graduated from the FSS program earning a total of $7,479,348.12 in escrow. Of these graduates, at least 140 have purchased their own home, and many more have purchased a car, completed one or more post-secondary degrees and met a range of other personal goals. There are 1,503 residents currently enrolled.

**On the path to success**
When Chenell Pickett started the FSS Program she only had a high school diploma. During her participation in the program, she earned her bachelor’s degree and masters in Social Work, and also raised a teenage son. Shortly after completing the FSS program, Ms. Pickett was earning enough money to rent in the private market and left the HCV program. Ms. Pickett reports that she would have been unable to complete her educational goals without the support of the FSS program.

**Choose-To-Own expansion and successes**
CHA’s Choose to Own (CTO) Homeownership Program gives participants the option to own a home within the city of Chicago. Eligible households attend pre-purchase counselling and receive assistance in buying a home, including referrals to lenders and pro bono legal services. Then CHA uses the Housing Assistance Payment that would ordinarily go to a landlord to help participants pay a portion of their monthly mortgage for up to 15 years (or up to 30-years for the elderly or people with disabilities). Post-purchase counselling helps ensure that participants keep up with their mortgage. The program was designed for Housing Choice Voucher holders, and through MTW, CHA has begun to implement a process by which families in public housing can also take advantage of the opportunities it offers.

**On the path to success**
In his mid-twenties, Charles Coleman was a drug addict with a bleak future. After deciding to turn his life around, Mr. Coleman joined the FSS program, where he learned about the Choose to Own homeownership program. He focused on repairing his credit and maintaining his employment. Mr. Coleman currently works at an alcohol and drug rehabilitation center and used his FSS escrow toward down payment on a home, purchased with the assistance of Choose to Own.
When Debra Walton joined FSS, she was barely making enough to support her two children and was looking for the motivation and support to take the next step in her personal and professional life. Through the support of the FSS program, Ms. Walton obtained her bachelor’s degree and became a certified optician. She currently works at large optical company in the Chicago area and is now the owner of a three-bedroom home through CHA’s Choose to Own homeownership program.

Building and Leveraging Strong Partnerships

No single agency could have undertaken the Plan for Transformation alone. A wide range of public, private and not-for-profit partners contributed support of all kinds, providing capital for bricks-and-mortar improvements, supporting opportunities for residents and investing in surrounding communities. Partners have ranged from local elected officials and public institutions to businesses and developers, to philanthropic agencies and research organizations, to social service providers, community stakeholders and residents. Each partner, including those that have expressed disagreement or criticism, has helped shape and improve the Plan over the past decade. The bold vision of CHA’s plan for transformation spurred a new set of partnerships that radically changed relations among public agencies at all levels; among real estate developers, public housing tenants and area residents; and among private foundations, businesses and civic Institutions. The following example illustrates only one of the numerous partnerships that have played a significant role in the Plan’s creation, implementation and progress to date.

Leveraging public partnerships to augment CHA services

In 2001, under the leadership of the John D. and Catherine T. MacArthur Foundation and The Chicago Community Trust, The Partnership for New Communities was created to play a unique role in supporting the Plan. The Partnership is a group of business, civic and philanthropic entities dedicated to supporting the goals of public housing transformation in Chicago, stimulating large-scale economic revitalization in disinvested neighborhoods, promoting strong institutions to enrich community life and sustain economic diversity, and investing in human capital. In 2006, The Partnership launched Opportunity Chicago, a multi-year initiative that provides workforce development and adult education services to CHA residents, with substantial public sector participation. Since then, more than 5,000 residents have been placed in jobs. To date, The Partnership has raised more than $19 million in philanthropic and investment dollars to create incentives for private investment by homeowners and retail and commercial businesses in mixed-income neighborhoods.

Reducing Costs to Achieve Greater Cost Effectiveness: Streamlining Operations

Streamlining of Housing Authority Operations

CHA as an organization has undergone a transformation as well. Before the Plan for Transformation CHA had over 2,000 employees and provided a wide range of service directly including property management and police services. Operationally CHA is now set up as an asset-management company. CHA contracts the day-to-day management of public housing property management and HCV program.
operations to businesses that specialize in those services. CHA oversees and monitor the programs through contractual management oversight.

In addition to realigning the agency, CHA has utilized a variety of administrative flexibilities to reduce unnecessary costs and labor. These include: bi-annual reexams, streamlining formerly costly rent calculations by reducing recertification frequency for fixed-income households; and proposals to eliminate the earned income deduction and replace medical and utility deductions with a flat deduction.

For CHA, MTW authority has enabled the efficient operation of the HCV program and allowed CHA to implement effective business processes and design innovative strategies to open housing choices for low-income families. For example, CHA may go up to 300% of the FMR to achieve greater mobility, conduct HCV participant re-exams every two years instead of annually allowing for greater cost effectiveness, and create the “Owner Excellence” program, an initiative to reward outstanding owners offering high quality properties. These and other approved administrative efficiencies have translated into staff time savings estimated at over $1.7 million and other program cost savings with little to no negative impact to the program and its participants to date.

CHA’s Public Housing operations have, for the most part, functioned in accordance with the ACOP and HUD rules. We have been much more protective of our new assets since the rehabilitation of our family and senior properties. We are very strict with our requirements to adhere to the lease and have been able to add additional security to all or our properties through the infusion of stimulus dollars that allowed us to add 3,000 cameras on-site. While we may operate in a traditional manner, we do contract out the management of our 17,000-plus units with private firms. Through our contractual agreements, we hold these firms accountable to the standards set by HUD and CHA.

While we are in the home stretch of the Plan for Transformation unit delivery goals, we take the lessons learned seriously from the first 12 years of the Plan. Our next phase of implementation will see some changes and will occur with community and resident input.

With Mayor Rahm Emanuel’s new administration in Chicago and the pending arrival of a new CEO for CHA, we will work with HUD and the City to recalibrate the Plan for Transformation. This is an exciting time for us to re-tool the Plan and incorporate lessons learned, market conditions not anticipated when the Plan began, and new opportunities that may be afforded to CHA and the City of Chicago. Ideas we are contemplating include: a higher degree of rent reform beyond bi-annual re-exams that would blend the public housing and HCV programs and make them more consistent; new policies to ensure we are serving those in most need of subsidized housing; new rent standards utilizing true rents from the market place and not FMRs; incentives to landlords in areas that we would like to afford low-income Chicagoans the opportunity to live; educational initiatives that would more strongly engage Chicago Public Schools and encourage student and parent accountability; and a larger, more integrated Supportive Housing component between CHA and the City of Chicago.

Sometimes, the changes and tools for experimentation are not about saving money but about what is the most effective use of the dollars to truly effectuate change in peoples’ lives. New housing cannot
do it alone. And, with that, there is cost. But how do you say that a certain cost is too high when it means that an individual or family is truly economic independent, has a job, an education, and a prosperous family? This is the real success story – housing is only one component of the American Dream.
United States House of Representatives  
Committee on Financial Services  

"TRUTH IN TESTIMONY" DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

<table>
<thead>
<tr>
<th>1. Name:</th>
<th>2. Organization or organizations you are representing:</th>
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<tr>
<td>Yria Warren</td>
<td>Chicago Housing Authority</td>
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3. Business Address and telephone number:

4. Have you received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?

- [ ] Yes  - [X] No

5. Have any of the organizations you are representing received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?

- [X] Yes  - [ ] No

6. If you answered yes to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.

   see attached

7. Signature:

   [Signature]

Please attach a copy of this form to your written testimony.
CHA Federal Grants Received for Resident Initiatives
(Beginning October 1, 2008)

- HUD FY08 ROSS Service Coordinators - $1,439,500
- HUD FY08 ROSS Public Housing FSS - $54,635
- HUD FY08 HCV Family Self Sufficiency - $524,746
- HUD FY09 Family Unification Program - $897,000
- HUD FY09 ROSS Public Housing FSS - $56,724
- DOJ Recovery Act Edward Byrne Justice Assistance $250,000
- HUD FY09 ROSS Service Coordinators - $720,000
- HUD FY09 HCV Family Self Sufficiency - $167,214
- HUD FY10 HCV Family Self Sufficiency - $738,873
- HUD FY10 ROSS Public Housing FSS - $57,962
- HUD FY11 Family Unification Program - $923,232
- HUD FY11 HCV Family Self Sufficiency - $738,873
- HUD FY11 ROSS Public Housing FSS - $57,962