



Statement of

Larry C. Woods

Chief Executive Officer/ Executive Director

Housing Authority of the City of Winston-Salem

Winston-Salem, North Carolina

Before the Housing Financial Services Committee

United States House of Representatives

October 13, 2011

Hearing: "The Section 8 Savings Act of 2011: Proposals to Promote Economic Independence
for Assisted Families"

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Chairwoman Biggert, Ranking Member Gutierrez, members of the Subcommittee on Insurance, Housing and Community Opportunity, good afternoon and thank you for the opportunity to testify; my name is Larry C. Woods and I am the Chief Executive Officer/Executive Director of the Housing Authority of the City of Winston-Salem in North Carolina. I have over 25 years of leadership experience in the field of community economic development and I have been involved in the development of a variety of affordable housing opportunities in a wide variety of economic challenging urban environments during my career. I have worked in the South Bronx and Harlem in New York City, North Philadelphia in Pennsylvania, in Wilmington, Delaware and now in Winston-Salem, North Carolina and in each of these communities the economic and social environments is unique and complex. Each community requires customized solutions to address the short-term and long-term systemic problems of chronic homelessness and the concentration of poverty.

The Housing Authority of Winston-Salem has approximately 1,300 public housing units, administers 4,600 housing choice vouchers, and manages another 400 non-public housing units and two office buildings. Over 90% of our current housing inventory is located in communities of high concentration of poverty, with poor public transportation and no employment opportunities. In 2010, our housing choice voucher waiting list was opened for five (5) days and over 6,000 applications were received. We have been able to address only 18% of those new applications in the last 17 months.

I joined the Housing Authority in Winston-Salem in December 2006 knowing that funding was shrinking. I realized then that in order for the Authority to survive and fulfill its mission, there had to be operational changes, additional streams of income and that new public and private sector partnerships needed to be formed.

I assembled a staff of credentialed professionals in real estate management, real estate development, and finance from both the public housing industry and the private sector. Our overall goal was the realignment of our operational structure to address the city-wide affordable housing needs. We began intensive training programs for all staff members. I am pleased to say that all of our property managers are now Institute of Real Estate Management (IREM) certified. Additionally, our maintenance staff has undergone training and has been certified by Forsyth Technical Community College and the Piedmont Triad Apartment Association in their individual fields of expertise. We are the only housing authority in North Carolina that is a licensed real estate brokerage firm. We are now licensed to manage property for third-party owners.

In 2003, our Vice President of Operations implemented the first phase of a private property management model. We did this to enable us to budget and evaluate the performance of each property. By the way, this was prior to the U.S. Housing and Urban Development's (HUD) mandated Asset Management initiative. It also prepared the Housing Authority to manage property for private owners by establishing internal policies and procedures to handle the needs of private owners.

The Authority also entered into short-term contracts with other housing authorities to provide services and consulting resulting in additional streams of income.

Even though it is clear to me that our focus is and needs to remain housing management and community development, I recognize that the availability and accessibility of quality and performance-based resident services are vital to the advancement and wellbeing of the individuals and families which we serve. I also realize the problems facing each family are extremely complex and uniquely challenging, requiring a multi-disciplined and holistic approach.

Real estate managers and development professionals need to do what they do best – real estate. We are not educators, law enforcement officers, healthcare providers, mental health professionals or workforce development experts. We have determined that within the City of Winston-Salem there are a wealth of agencies with experience, expertise, and an excellent track record, that are more qualified to provide these services. Many of these agencies are currently funded through city, state and federal grants targeting families and individuals with the same or similar demographic profiles of those living in federally subsidized housing. Bottom line, our attempt to mimic their services and operations would only result in the duplication of services and that clearly would not be the best use of tax payer dollars.

In order to provide these services, I developed partnerships with local agencies through performance-based contracts. For example, I contracted with the Urban League to evaluate residents' skills, prepare them for interviews and make job placements. Under this contract, a portion of the fee for each individual was paid upon placement. Two remaining payments were made at retention intervals. I am pleased to report to you today that forty-three (43) individuals have been placed in jobs, with total annual salaries of \$648,000, at a cost of only \$29,000. Also, the Housing Authority has a tri-party contract with Experiment in Self-Reliance (ESR), to provide case management for residents, a contract with the Winston-Salem/Forsyth County Schools for afterschool homework assistance, and a contract with Goler Institute for Development and Education, a faith-based group, to provide mentoring for the children in our developments. The William H. Andrews Scholarship Fund, established by an individual who once lived in public housing, has provided financial assistance to high school seniors and adults residing in housing owned, managed or administered by the Authority by awarding 179 scholarships for education. Through the availability of ROSS funding, we employed a program coordinator who maintains continual contact with these agencies, informs public housing residents of the availability and accessibility of new services, and serves as a clearinghouse for program reporting.

While developing this delivery system for services, the Winston-Salem Housing Authority has enhanced its efforts to improve and expand housing options and increase retail opportunities in order to improve the overall quality of life in an economically challenged community. We have engaged the wider community in the development of a neighborhood transformation plan for a 130-acre site in an under-served, under-developed and severely distressed area of Winston-Salem. We have site control of over 30 acres in the Masterplan area which includes three (3) public housing sites and vacant lots. As a result of this Masterplan, the Winston-Salem/Forsyth County Schools is investing over \$50 million in the construction of a high school campus complete with a vocational school and career center. A local community faith-based organization is investing over \$5 million in a senior housing property, and a private developer is investing \$1 million in a multi-family property. With an initial investment of \$250,000, the Housing Authority has attracted additional public and private investments totaling \$56 million and has stimulated interest in this community from private developers, retailers, and financial institutions. This transformation area is adjacent to the Piedmont Triad Research Park (PTRP), a 200-acre medical research complex which is bringing 27,000 – 30,000 new jobs into this area. The Housing Authority has developed a strong relationship with PTRP to assist with housing options for these employees. All of the relationships built with service providers allow the low-income families in the community to receive supportive services they need to fully benefit from these job opportunities.

Under our HOPE VI programs, the Authority assisted 65 qualified, unsubsidized families with down payment and closing cost assistance resulting in home purchases in every zip code within our jurisdiction. In addition, the Authority in fact received an award for the number of families purchasing a home under the Housing Choice Voucher Homeownership program. Seventy-seven (77) families purchased homes using vouchers ranking us 2nd in North Carolina and 32nd in the nation under this Section 8 program.

Chairwoman Biggert, although we have made great progress, there are needs to be addressed in our City that cannot be solved with the inflexibility currently found in existing rules and regulations. There are policies, rules and regulations in place now that simply do not allow us to tailor solutions to more comprehensively meet our needs in Winston-Salem.

To address this, I believe a Moving-to-Work model or approach must be considered as you continue your work on The Section 8 Savings Act of 2011 and the Moving to Work Improvement, Expansion and Permanency Act of 2011. Current Moving-To-Work (MTW) demonstration objectives would:

1. Provide incentives to families who are seeking employment and economic self-sufficiency,
2. Reduce costs and achieve cost effectiveness, and
3. Increase housing choices for low-income individuals.

MTW, with its flexibility to align resources with the needs that exist in local areas, is currently the only means to provide a lasting and perpetual impact. Local authorities like mine must be allowed to develop and implement strategies to best serve the needs in their jurisdiction. The

ability to become a MTW agency should be a choice open to housing authorities meeting basic qualifications rather than through a competitive process.

A MTW contract does not result in any increase in federal funding for the Authority. However, it provides the significant flexibility we need to use our available resources in more innovative and creative ways that are currently unavailable to us under federal regulations. As a MTW agency, our goal would be to achieve real results that will provide greater incentives for families to become less dependent on subsidy and to move away from outdated policies that perpetuate the warehousing of low-income individuals in functionally obsolete housing within severely distressed neighborhoods that provide no hope for a better life.

As each individual's circumstances and needs for housing and assistance to reach self-sufficiency are unique to that individual, so are the issues and solutions for each City. No one standardized/cookie cutter solution will work since the issues in the City of Winston-Salem are not the same as St. Louis, San Diego or any other city across America. It is not reasonable to believe or expect that there is a one size fits all solution or a set of regulations that can solve all housing and self-sufficiency needs. A standard MTW contract would be just another one size fits all approach, which we already know does not work. One improvement I would suggest for your consideration would be to revise the existing 10-year MTW contract to allow for an indefinite term. This would allow housing authorities to undertake long-term planning without having to worry unnecessarily about winding down program improvements in the last several years of the contract.

I do believe that a specifically tailored agreement between HUD and the housing authority to meet the unique challenges in its locality would provide the means for me to solve the issues I face in Winston-Salem and my colleagues face in their communities. Within a specifically tailored MTW agreement, I believe that we could meet the needs in Winston-Salem, if not surpass them, and at the same time provide a wider range of services and a greater diversity of inventory through partnerships with service providers and developers.

With minimal funding, in Winston-Salem we have an opportunity to partner with agencies such as:

- Northwest Piedmont Workforce Development - employment skills training
- Head Start - early childhood education
- Forsyth Technical Community College – GED, career counseling and educational opportunities
- Employment Security Commission – job search techniques and job placement
- Goodwill Industries – job placement assessment and skills training
- Career Connections & Prosperity Center – job readiness and placement services, low cost loans, matched savings programs and financial plans
- Center for Homeownership - housing counseling, homeowner education, budget and credit counseling
- Best Choice Center (YWCA) – grade level assessment testing, tutoring, after-school programs and summer camps

- Experiment in Self-Reliance (ESR) – financial literacy, transitional housing and educational opportunities

There are additional issues, Chairwoman Biggert, that also need serious review and new solutions. Many of these issues are unintended outcomes of otherwise well-meaning rules and regulations. Sadly, in the housing arena, often what appears to be a progressive idea in theory, results in abuse of the system, exorbitant administrative burdens and unnecessary expenditures that reduce our ability to assist low-income families.

One example is the earned income disallowance rules that allow previously unemployed tenants that become employed the opportunity to create savings for the first two years of employment. One hundred percent (100%) of the income for determining rent is excluded in the first year and fifty percent (50%) in the second year. In reality, this income is not saved. With this extra cash, tenants purchase assets such as a car, with corresponding debt. At the end of the exclusion period when rent is recalculated without this income disallowance, the tenant is in a situation where they cannot afford the rent due to obligations and are often evicted or quit their job in order to once again reduce the rent they would pay.

As a MTW agency, I believe we would have, at a minimum, the opportunity to:

1. Design programs to use subsidized housing as a stepping stone to self-sufficiency, rather than subsidized housing being a way of life generation after generation.
2. Provide a means for individuals entering housing assistance to proceed through a series of services so that the individual can reach a point where housing assistance is no longer needed or is significantly reduced.
3. Create partnerships to develop individual life plans and goals for those receiving assistance since the needs of each individual are unique. For example, the needs are different for someone needing temporary assistance due to a job loss versus someone who has low skills or who is in a low paying, yet essential, job.
4. Utilize all the funding for the Housing Choice Voucher program in the Authority to assist additional families, such as the chronic homeless, rather than capping the number of vouchers when the funding is available and the need is so great.
5. Provide development opportunities in order to promote true de-concentration of poverty by leveraging development for low-income families all across the city where there is better access to transportation, healthcare, educational and employment opportunities and provide incentives for private developers to set aside 10-20% of their units for low-income families in their developments. This type of deconcentration will greatly assist with removing the stigma of living in public housing.
6. Take full advantage of cost saving measures through the simplification and realignment of program guidelines and the elimination of redundant paperwork, in order to operate more efficient and effective manner.

In conclusion, this Authority, as a high performing agency, wants to remove the burden and responsibility of determining the program designs and solutions that are the best fit for the local needs in Winston-Salem from Congress and HUD. We want the responsibility and expect to be

held accountable. I have families that are desperate for advancement, not only for themselves, but their children as well. I am asking you here today to provide me the tools for the Authority to make this a reality.


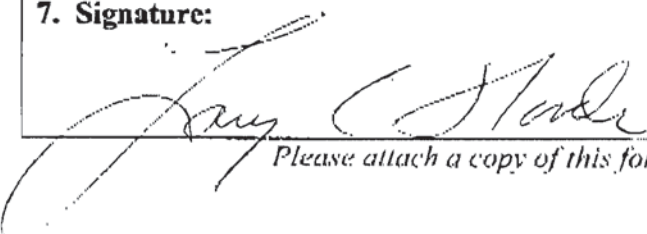
These are difficult days for our economy and there is a pressing need to get our fiscal house in order. Given the current pressures on the federal budget, it is now more important than ever to empower local housing agencies to all that they can do for their communities with the funding available to them. One important way to accomplish this is through deregulation and relieving agencies of unnecessary and costly administrative burdens that impede progress. I want to thank this Subcommittee for their commitment to address these issues and I look forward to the opportunity to assist you further to ensure the passage of a bill that can better enable me to maximize the potential of my authority to assist the citizens of Winston-Salem.

This concludes my testimony. I want to thank you again for the opportunity to address public policy based upon our efforts in Winston-Salem. I am happy to answer any questions you may have.

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.

1. Name: LARRY C. Woods	2. Organization or organizations you are representing: Housing Authority of the City of Winston-Salem
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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: 	

Please attach a copy of this form to your written testimony.

Housing Authority of the City of Winston-Salem - Federal Grant Information

Grant Name	2008	2009	2010	2011 YTD	Source
Capital Fund Cluster:					
Public Housing Capital Fund	1,149,134.59	\$2,468,183	\$2,209,171	2,853,874	U.S. Department of Housing and Urban Development
Public Housing Capital Fund Stimulus (ARRA)			\$3,054,589	729,975	U.S. Department of Housing and Urban Development
Public Housing Operating Subsidy		\$5,131,459	\$5,609,482	5,889,924	U.S. Department of Housing and Urban Development
(ROSS) RESIDENT OPPORT & SELF SUFFICIENCY	22,597.32	\$0	0.00	118,618	U.S. Department of Housing and Urban Development
URBAN REVITALIZATION PROGRAM (HOPE 6)	768,257	\$246,902	460,237	0	U.S. Department of Housing and Urban Development
Moderate Rehabilitation 0002	\$130,097	\$65,111	\$118,307	\$57,609	U.S. Department of Housing and Urban Development
Moderate Rehabilitation 0003	\$18,279				U.S. Department of Housing and Urban Development
Moderate Rehabilitation 0004	\$845,822	\$706,985	\$702,841	\$595,866	U.S. Department of Housing and Urban Development
Mainstream 5-Year Vouchers	\$192,079	\$416,637	\$211,564	\$401,784	U.S. Department of Housing and Urban Development
Housing Choice Voucher Program	\$1,898,794	\$21,117,101	\$24,638,797	\$23,586,737	U.S. Department of Housing and Urban Development
Veterans Affairs Supportive Housing Program		\$177,327	\$151,191	\$55,852	U.S. Department of Housing and Urban Development
Family Self-Sufficiency Coordinator Award	\$52,550	\$53,075	\$57,000	\$53,799	U.S. Department of Housing and Urban Development