



### What is “Moving to Work” (MTW)?

Moving to Work is a federal program under the Department of Housing and Urban Development (HUD) “that allows select housing authorities to obtain exemptions from many regulations that apply to the public housing and housing voucher programs in order to test new initiatives and policies to increase the cost-effectiveness of these programs, increase housing choices for low -income families, and encourage greater self-sufficiency of assisted housing

residents.”<sup>1</sup> MTW allows participating public housing agencies (PHA) to have much greater flexibility in how they use their federal funding across its various programs, including Section 8, public housing, resident programming and services, and administrative purposes. “For example, [PHAs] can seek HUD approval to merge public housing and operating funds with voucher funds,” which “**can harm residents if PHAs are allowed to divorce rents from incomes by charging rents that are unaffordable, serve higher income residents even though the lowest income households have the greatest need, or impose work requirements and time limits.**”<sup>2</sup> **At Glendale, we have seen increase in flat rate rents by several hundred dollars in the last several years, which MPHA claims it is due to the higher market value of the area. But why should that impact public housing rents, which should be rent controlled?**

Minneapolis Public Housing Authority (MPHA) received MTW status in 1998, and renewed its MTW status in 2008. MPHA’s current MTW contract will end in 2018, at which point they would need to reapply in order to maintain their MTW status. All public housing agencies that have MTW status are required to submit an annual plan and annual report regarding their MTW-related programs, practices, and decisions; MPHA’s annual MTW reports can be found here on their website.<sup>3</sup>

### What are MTW’s impacts?

The MTW program has not been thoroughly evaluated. This is largely because HUD does not require any MTW PHA’s to evaluate the effects of MTW in their work.<sup>4</sup> There are also no policies and standard practices in place to hold individual PHA’s accountable by checking if their annual MTW reports are accurate in their stated outcomes and progress.<sup>5</sup> In this way, **MTW allows PHAs to have relatively free reign with how they use their funds and administer their programs without any system in place to hold them accountable.**

<sup>1</sup> National Low Income Housing Coalition, 2/23/2015, “Another Report on the Moving to Work Demonstration Released,” <http://nlihc.org/article/another-report-moving-work-demonstration-released>.

<sup>2</sup> Couch, Linda. 2015. “Public Housing: Moving to Work Demonstration Program,” p. 4.17. *2015 Advocates’ Guide*. National Low Income Housing Coalition.

<sup>3</sup> <http://www.mphaonline.org/about/pr-policies-and-publications/>

<sup>4</sup> National Low Income Housing Coalition, 6/15/2012, “CRS: No Systematic Evaluation of Moving to Work Program to Date” <http://nlihc.org/article/hud-ig-calls-better-oversight-moving-work-demonstration-program>; HUD Office of the Inspector General, Office of Audit. 9/27/13. “Moving to Work Demonstration Program” Audit Report” <http://1.usa.gov/1a4LRZC>.

<sup>5</sup> National Low Income Housing Coalition, 6/15/2012, “CRS: No Systematic Evaluation of Moving to Work Program to Date” <http://nlihc.org/article/hud-ig-calls-better-oversight-moving-work-demonstration-program>; HUD Office of the Inspector General, Office of Audit. 9/27/13. “Moving to Work Demonstration Program” Audit Report” <http://1.usa.gov/1a4LRZC>.

### Increased PHA Cost-Effectiveness?

One of the goals of MTW is to improve the cost-effectiveness of participating PHAs. One study found that four PHAs around the country have changed their utilities policies in order to increase cost-effectiveness by setting “standard utility allowances by bedroom size instead of using more complicated utility allowances based on the number of utilities and uses, how the utilities are metered, and the dwelling unit and/or household size.”<sup>6</sup> MPHA used a similar policy as part of its \$37 million contract with Honeywell International, Inc. Set utility payments are included in residents’ monthly rent amount, and residents are required to pay any overage charges for utility use above their monthly allotted amounts, **but In Glendale residents are not informed about how those overage charges are calculated.** Instead, they only receive a ‘mystery’ overage charge on their monthly statement **without explanation or transparency.** Additionally, many residents experience ongoing problems with heating their homes in the winter, and **this has especially been a problem since MPHA took control of the heat.** Prior to the Honeywell contract, Glendale residents could get utilities support from programs such as local Community Action offices to help subsidize their utilities bills, but this was no longer possible once MPHA took control over the heat. As a result, residents have to pay more for utilities with overages, while at the same time the heating and insulation at MPHA became worse and more neglected, leaving residents in the cold. This is one example of how **MTW has served only to benefit MPHA at the expense of its residents.**

In addition, MPHA was one of thirteen PHAs around the US that increased the minimum rent amount from \$50 to \$75 per month in 2011. This is minimum rent for a resident that has zero income when they lost their job , between jobs and they have no income coming in. After they get income or employed again, the resident must pay 30% of their gross monthly income for rent in addition to other charges at the discretion of MPHA. Though originally MPHA had planned to increase the minimum rent amount again in 2014 to \$100 for zero income residents, they have since decided not to because of the impact it would have on families with lowest income levels.<sup>7</sup> PHAs that do not have MTW status are unable to raise their minimum rent levels above the federal standard of \$50 per month without special permission from HUD.<sup>8</sup> **Once again, MTW status has only had increased costs and negative consequences for residents of MPHA’s housing programs.**

MTW is meant to increase PHA cost-effectiveness by allowing them to use funds most effectively.<sup>9</sup> However, PHAs with MTW status tend to increase their cost-effectiveness by not providing as much assistance to its residents, rather than trying to reduce administrative costs. **This displaces the costs of MTW onto its most**

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<sup>6</sup> National Low Income Housing Coalition, 2/9/2015, “Report Catalogs Moving to Work Initiatives,” <http://nlihc.org/article/report-catalogs-moving-work-initiatives>.

<sup>7</sup> See MPHA’s 2015 MTW Annual Plan, p. 59.

<sup>8</sup> National Low Income Housing Coalition, 2/9/2015, “Report Catalogs Moving to Work Initiatives,” <http://nlihc.org/article/report-catalogs-moving-work-initiatives>.

<sup>9</sup> “The [Congressional Research Service] report notes, however, the ability of MTW agencies to assist a greater number of families may be a result of agencies reducing the amount of assistance provided to current recipients, rather than a result of savings from administrative streamlining.”

**needy residents, instead of providing better services.<sup>10</sup> While residents continue to call to have basic maintenance and repairs left undone, MTW allows MPHA to continue to direct costs away from these basic services.** For example, many residents of Glendale are charged for basic maintenance items that used to be covered, such as pest control, paint, mold, leaks, and appliance issues—all of which were identified by Glendale residents in their “vision” statement list of demands as common problems in Glendale that frequently go unaddressed and often require residents to compensate for their repairs. **MTW allows funds typically designated for these maintenance and related services to be used for other purposes, which makes residents pay the cost of those repairs and deal with the consequences of MPHA’s neglect.**

### Increased Housing Choice?

Another goal of MTW is to increase the quantity and quality of housing choices available to its recipients. However, several studies have found that MTW has tended to result in wide-scale demolition of public housing, and an increase in the number of Section 8 vouchers that are unused or “idle.”<sup>11</sup> These are the same problems that Defend Glendale has been raising with MPHA, and that MPHA continues to deny. One study found that PHAs with MTW status had 12% more of their vouchers left idle than other PHAs, meaning that for every \$100,000 of PHA voucher funds, MTW PHAs provide assistance to 9 families, compared to 15 families in PHAs without MTW.<sup>12</sup> In other words, MTW PHAs spend less on public housing and more on unused vouchers, which results in **significantly fewer families receiving housing assistance**, despite the fact that PHAs with MTW status tend to **receive 35% more funding** than PHAs without MTW status.<sup>13</sup> **MPHA is able to acquire more funds because of its MTW status, yet these additional funds do not necessarily result in more families served. Where is this money going? MPHA is planning to displace 600 Glendale residents (50% children) while they cannot provide housing for those on their long waiting lists for public housing (12,701) and Section 8 (4,091) housing programs.<sup>14</sup>**

<sup>10</sup> National Low Income Housing Coalition, 6/15/2012, “CRS: No Systematic Evaluation of Moving to Work Program to Date” <http://nlihc.org/article/hud-ig-calls-better-oversight-moving-work-demonstration-program>.

<sup>11</sup> “CRS [Congressional Research Service] states that the MTW demonstration program has facilitated the large-scale demolition of public housing in some communities, significantly affecting the lives of the tenants in those developments. PHAs pursuing this strategy contend that the replacement housing is of better quality than the demolished public housing and provides more opportunities for residents. Tenant advocates have objected to this type of large-scale displacement of public housing residents, arguing that the relocations destroy communities and employment networks and make social services less accessible” (National Low Income Housing Coalition, 6/15/2012, “CRS: No Systematic Evaluation of Moving to Work Program to Date”).

<sup>12</sup> With regard to voucher idleness, one study found that “In 2010, given the amount of voucher funding MTW PHAs received, 16% of the vouchers these PHAs could have supported were left idle, compared to 4% at non-MTW PHAs. As a result, more than 45,000 low income households at MTW PHAs did not receive voucher assistance.” National Low Income Housing Coalition, 9/30/2011, “CBPP White Paper Finds Expansion of Moving to Work Demonstration Not Justified,” <http://www.nlihc.org/article/cbpp-white-paper-finds-expansion-moving-work-demonstration-not-justified>.

<sup>13</sup> Ibid.

<sup>14</sup> Based on phone conversation with MPHA staff member on March 29<sup>th</sup>, 2016.

## Conclusion

Overall, then, MTW deregulates PHAs' use of funds and programs, and this has resulted in fewer housing options, fewer households served, all the while allowing PHAs to obtain more funding. Housing advocates across the country have called for reforms and/or removal of the MTW program, but instead US Congress is currently proposing a bill to expand the MTW program to 300 more PHAs across the country.<sup>15</sup> Residents of the Glendale Townhomes are experiencing the negative effects of MTW, and these problems are happening at MTW PHAs all across the country. "...Voucher funding has been **diverted from serving voucher households**, while at the same time **no new public housing residents are served**. Deregulating public housing and vouchers through the MTW demonstration **will not preserve these units as affordable for the lowest income groups.**"<sup>16</sup>

It is time that MPHA be held accountable for the disastrous effects that MTW status has had on its residents, especially those who are most economically vulnerable. They must be accountable for making necessary repairs and maintenance in a timely manner, invest in their existing housing with their own funds, and stop trying to manage Glendale with a business model.



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<sup>15</sup> National Low Income Housing Coalition, 6/20/2015, "Representative Maxine Waters Weighs In on MTW," <http://nlihc.org/article/representative-maxine-waters-weighs-mtw>.

<sup>16</sup> Couch, Linda. 2015. "Public Housing: Moving to Work Demonstration Program," p. 4.19. 2015 Advocates' Guide. National Low Income Housing Coalition.