

## *Guest Editor's Introduction*

# The Moving to Work Retrospective Evaluation

**Elizabeth Rudd**

U.S. Department of Housing and Urban Development

*The views expressed in this article are those of the author and do not represent the official positions or policies of the Office of Policy Development and Research, the U.S. Department of Housing and Urban Development, or the U.S. Government.*

## **Introduction**

This symposium includes seven articles about Moving to Work (MTW), a demonstration with 39 public housing agencies (PHAs) that gives participating agencies enormous flexibility to determine how to provide low-income housing assistance in pursuit of the demonstration's three statutory objectives: (1) to improve cost effectiveness, (2) to promote self-sufficiency of assisted households, and (3) to increase housing choice for low-income families. Six articles report research conducted by Urban Institute and MDRC for a HUD-sponsored retrospective evaluation of MTW.<sup>1</sup> Congress requested an assessment of the MTW demonstration as a whole, rather than studies of initiatives at individual agencies. This was difficult to achieve because MTW encourages participating agencies to exercise local decisionmaking—this means that averages across agencies of outcomes embody agencies' divergent goals and circumstances, and thus likely hide more information than they reveal. Nevertheless, the six retrospective studies reported on in this symposium offer the first longitudinal analysis and the most comprehensive view to date of MTW agencies, MTW housing assistance, MTW activities, and the performance of MTW agencies in relation to statutory objectives. The essay on HUD's Rent Reform Demonstration also included here explains MTW's contribution to a major, groundbreaking study on rent setting in HUD programs.<sup>2</sup>

---

<sup>1</sup> These reports will be available on the HUD User website, [www.huduser.gov](http://www.huduser.gov).

<sup>2</sup> Information on HUD's Rent Reform Demonstration is available on [huduser.gov](http://huduser.gov) and at [www.mdrc.org/project/rent-reform-demonstration#overview](http://www.mdrc.org/project/rent-reform-demonstration#overview).

## The Moving to Work Demonstration 1996 – Present

MTW was authorized as a demonstration in 1996 amidst the Clinton-era initiatives that cut welfare rolls and put time limits on assistance to needy families.<sup>3</sup> Reform of housing assistance for low-income families was also on the policy agenda of the time. Concerns included the “fast approaching train wreck” of rising costs,<sup>4</sup> the poor quality of public housing and its contribution to concentrated poverty and racial segregation, the notion that housing assistance disincentivizes work, and housing authorities’ claims that federal regulations were unnecessarily costly and stifled innovation. Congress did not attempt wholesale reform of HUD’s programs in the 1990s but enacted a few different types of reform efforts.

Hope VI (1993) gave housing agencies grants to facilitate the construction of mixed-income communities and, later, allowed grantees to do mixed-finance projects. The Quality Housing and Work Responsibility Act (QHWRA) (1998) reformed management of public housing and combined existing tenant-based assistance programs to create the housing choice voucher program. MTW (1996) was unique in that it proposed to tackle concerns about HUD’s programs by allowing PHAs, as stated in the Omnibus Consolidated Rescissions and Appropriations Act of 1996, “the flexibility to design and test various approaches for providing and administering housing assistance.” The idea was to try deregulation on a small scale for a short time to see how it worked to

... reduce cost and achieve greater cost effectiveness in federal expenditures; give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and increase housing choices for low-income families.<sup>5</sup>

MTW has lasted for nearly 25 years, and today there are 39 PHAs with MTW Agreements that go through 2028. These 39 MTW agencies have a wide scope in how they may provide housing assistance and use federal funds to pursue MTW’s statutory goals, albeit within constraints that HUD approves MTW activities, MTW activities must pursue statutory objectives, and MTW agencies must continue to serve substantially the same number of families as they would absent the demonstration. MTW agencies design their own rent policies, streamline administrative requirements, provide short-term and time-limited assistance, build up reserves, and more. Specific conditions of their MTW Agreements also give these 39 MTW agencies more generous funding formulas than at traditional PHAs.

---

<sup>3</sup> MTW was included in the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134, 110 Stat 1321), dated April 26, 1996. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF), leading to a decline in families receiving assistance from the historic peak of 5.1 million in 1994 to today’s approximately 1 million. For details, see the Congressional Research Service report “The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions” available at <https://fas.org/sgp/crs/misc/RL32760.pdf>.

<sup>4</sup> From the Congressional Record—Senate, available at <https://www.congress.gov/crec/1998/10/08/CREC-1998-10-08-pt1-PgS11833-2.pdf>, statement by Senator Bond.

<sup>5</sup> Section 204(a) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134, 110 Stat 1321), at 110 Stat. 1321-281, dated April 26, 1996.

## The Moving to Work Expansion Authorized in 2016

In 2016, Congress told HUD to add 100 agencies to MTW and to require these agencies to participate in studies of specific policy innovations. Consequently, there will be two groups of MTW agencies: (1) The current MTW agencies (sometimes labeled “legacy agencies”), and (2) the 100 agencies that Congress mandated in the 2016 Consolidated Appropriations Act that have not yet joined MTW, usually referred to as “expansion agencies.” The expansion agencies will include many more small agencies than the legacy group, will have funding formulas similar to those of traditional PHAs, and for the first few years in MTW, each expansion agency will be part of a cohort devoted to studying one type of policy innovation.<sup>6</sup>

The studies included in this symposium are about the 39 current MTW agencies that joined the demonstration before 2016 and have agreements that go through 2028.

## Six Moving to Work Retrospective Studies and One Essay on the Rent Reform Demonstration

*A Picture of Moving to Work Agencies’ Housing Assistance*, by Martha M. Galvez, Ruth Gourevitch, and Benny Docter, describes MTW agencies and the housing assistance they provided from 2008 – 2016 in comparison to traditional PHAs. This article’s exhibit 1 displays the names of the MTW agencies and when they entered the demonstration. One topic covered is that MTW agencies, over time, are taking up a greater proportion of total Housing Choice Voucher and Public Housing program funding. This is likely due partly to differences between the legacy MTW agencies’ and traditional PHAs’ funding formulas, a situation that will not be replicated for the MTW expansion agencies, and the fact that legacy MTW agencies include some of the largest PHAs in the country.

How MTW agencies do things differently than traditional PHAs in the areas of fund flexibility, project-based vouchers, and rent setting is covered in four separate articles. “Fund fungibility,” or fund flexibility, is a basic component of MTW that allows MTW agencies to use funds appropriated for the Housing Choice Voucher and Public Housing programs for any allowable use under either program, as well as for local, non-traditional activities.<sup>7</sup> In *Moving to Work Agencies’ Use of Funding Flexibility*, Diane K. Levy, Leiha Edmonds, and David Long explain what fund fungibility is and how MTW agencies use it to pursue the MTW statutory objectives of cost effectiveness, self-sufficiency, and housing choice.

Attaching voucher funds to specific units through long-term contracts (also known as “project-basing”) seems like an oxymoron—isn’t the whole point of the Housing Choice Voucher program to allow assisted households to choose their own homes? Yet, as tenant-based housing assistance increased as a share of HUD’s rental assistance, Congress enhanced opportunities for PHAs to use

---

<sup>6</sup> Funding for expansion MTWs will generally be calculated as follows: Public Housing will be funded using the same formulas as traditional PHAs; HCV funding will be calculated based on expenditures, similar to traditional PHAs. Please refer to the MTW Operations Notice for a complete description of the funding calculation for MTW expansion PHAs. See [www.hud.gov/mtw](http://www.hud.gov/mtw) for details on all aspects of MTW and the MTW expansion.

<sup>7</sup> These activities are described in PIH Notice 2011-45, “Parameters for Local, Non-Traditional Activities Under the Moving to Work Demonstration Program.”

project-based vouchers (PBVs). Traditional PHAs may only project base a small portion of their voucher funding, but MTW agencies may, with HUD approval, attach up to 100 percent of their voucher funding to specific, hard units.<sup>8</sup> In *Moving to Work Agencies' Use of Project-Based Voucher Assistance*, Martha M. Galvez, Daniel Teles, Alyse D. Oneto, and Matthew Gerken examine the extent of, locations of, and factors associated with project-basing of voucher funding, including the placement of PBV-subsidized units in Low-Income Housing Tax Credit and Rental Assistance Demonstration projects.

How to set rents is at the heart of HUD housing assistance programs. In 1969, Senator Edward Brooke got an amendment to the U.S. Housing Act passed that limited rent in federally assisted housing to 25 percent of a family's income; later, this increased to 30 percent. Before the Brooke amendment, rents in public housing were set to cover the full operating costs of public housing developments, and rents were often unaffordable for the lowest-income families. Pegging tenant rent contributions to income helps keep rent affordable, but critics argue that it disincentivizes work because every dollar earned by a tenant is really only 70 cents. The notion that income-based rents discourage tenants from earning more money is investigated in Nina Castells's study of Santa Clara County Housing Authority's (SCCHA) rent reform, which raised the tenant contribution from 30 to 32 percent of income. In *The Effects of Increasing the Tenant Rent Contribution in the Housing Choice Voucher Program*, Castells reports findings of her quasi-experimental analysis of the impact of SCCHA's rent reform on employment, earnings, and housing subsidy.

HUD's Rent Reform Demonstration tries the opposite of SCCHA's approach. In *Designing an Alternative Rent Policy for the Housing Choice Voucher Program*, James Riccio describes how HUD and other stakeholders of HUD's Rent Reform Demonstration decided to test a policy that could incentivize earnings by keeping the tenant contribution the same for 3 years, irrespective of fluctuations in income. Families that increase their income during the 3 years do not put 30 cents of every added dollar toward rent, and families that earn less do not get a break on the rent. Tenants whose incomes drop too much, however, could suffer increased material hardship or eviction. Riccio's essay details the trade-offs weighed to produce a policy for HUD's Rent Reform Demonstration that could incentivize work yet maintain the social safety net function of HUD housing assistance.

HUD's Rent Reform Demonstration and Castells's study of SCCHA's rent policy contribute to a growing body of research on rent setting in HUD programs. The MTW expansion will be used to study other rent policy approaches such as tiered and stepped rents.<sup>9</sup>

Assessing the performance of the demonstration in relation to MTW's statutory objectives of cost effectiveness, self-sufficiency, and housing choice is the focus of two studies included in this symposium. *Can Diverse Activities Have a Combined Impact? Examining the Effects of the Moving to Work Demonstration on Housing Choice and Self-Sufficiency Outcomes* by Mark Treskon, Matthew Gerken, and Martha M. Galvez uses comparative interrupted time series models to see if groups

---

<sup>8</sup> Congress requires PHAs to offer assisted households the opportunity to switch to a tenant-based voucher after a year of project-based assistance. MTW agencies may waive or modify that requirement.

<sup>9</sup> See PIH Notice 2019-04 "Request for Letters of Interest under the Moving to Work Demonstration Program for Fiscal Year 2019: Cohort #2 – Rent Reform."

of MTW agencies performed better than matched groups of traditional agencies in terms of selected indicators. The authors measured average outcomes for selected groups of MTW and traditional agencies, but conclude by emphasizing the mismatch between the goals of MTW—to foster innovation responsive to local conditions—and looking at average outcomes for a group of agencies. This study, and the studies reported in *A Picture of Moving to Work Agencies' Housing Assistance* and *Fund More, Serve More, Save More: MTW and Cost Effectiveness*, finds that MTW agencies added households more rapidly than matched traditional agencies. This fact must be interpreted in light of the more generous funding received by the 39 legacy MTW agencies.

The cost-effectiveness of MTW agencies has been assessed before by comparing MTW to traditional agencies at one point in time.<sup>10</sup> The study reported in *Fund More, Serve More, Save More: MTW and Cost Effectiveness* is different. It uses panel data spanning 2003 to 2017 and tests whether joining the MTW demonstration is associated with a change in the number of households served, the amount of HUD funding, and the number of households served per HUD dollar received. It concludes that MTW agencies are finding cost efficiencies, but the study cannot identify how. As of this writing, this study is by far the most comprehensive and rigorous assessment of cost effectiveness at MTW agencies.

The MTW retrospective evaluation studies form a foundation for future research designed to find out how MTW agencies achieve cost efficiencies and use reserves and to learn from innovations at individual MTW agencies. The retrospective studies also underscore, highlight, and starkly emphasize the methodological challenges to the evaluation of MTW, which, in turn, should be a warning to HUD: HUD needs data that support measures of key variables that are consistent over time and across agencies. A consistent measure of rent burden, for instance, depends on measures of income, but MTW agencies may change the definitions of adjusted income and total annual income. Measures of turnover in the Housing Choice Voucher program depend on recertification schedules, but MTW agencies may change the recertification schedule. As PHAs gain more freedom from federal regulation, how will HUD keep track of policies that vary across hundreds of PHAs, and how will those who monitor and evaluate HUD programs be able to determine which policies apply to which households?

## **International Perspectives from Colombia, Germany, and England**

Three scholars of housing policy, including housing assistance for low-income households, offer perspectives from very different contexts on the MTW retrospective studies.

---

<sup>10</sup> Reports from the study by Abt Associates include Buron, Larry, Melissa Vandawalker, Tyler Morrill, Jill Khadduri, Jeffrey Lubell, and Azim Shivji. 2017. *Testing Performance Measures for the MTW Program*. Abt Associates; and Khadduri, Jill, Melissa Vandawalker, Rebecca Cohen, and Jeffrey Lubell. 2014. *Innovations in the Moving to Work Demonstration*. Abt Associates. The Government Accountability Office's recent report on MTW is "Rental Housing: Improvements Needed to Better Monitor the Moving to Work Demonstration, Including Effects on Tenants." GAO-18-150. January 2018.

Adriana Hurtado-Tarazona, assistant professor at the University of the Andes, has studied urban inequality, informality, and social housing in Colombia and Italy. Ciudad Verde, a “social housing megaproject” in Soacha, a suburb of Bogota, Colombia, was the subject of her doctoral dissertation.

Max-Christopher Krapp works for the Institute for Housing and Environment in Darmstadt, Germany, and focuses on European housing policies and housing security. He recently co-authored a discussion of challenges for housing policy posed by SARS-CoV-2.

Becky Tunstall is Professor Emerita of Housing at the University of York. Her new book, *The Fall and Rise of Social Housing: 100 Years on 20 Estates*, explains the transformation of crime-ridden and neglected social housing developments into successful mixed-income neighborhoods.

## Guest Editor

Elizabeth Rudd, Ph.D., is a social science analyst in HUD’s Office of Policy Development and Research. She served as the government technical representative for the HUD grant under which Urban Institute and MDRC conducted the MTW retrospective evaluation.

## Acknowledgments

So many colleagues provided indispensable assistance to me and to the research team for the MTW evaluation, especially with understanding the MTW demonstration and HUD’s data. They know so much, shared their expertise, and were always patient, helpful, and good-humored. I cannot thank them enough. I also thank the several readers who helpfully criticized symposium article drafts.