

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Moving to Work

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation <sup>a</sup>	-	-	-	-	-	-
2020 Appropriation <sup>a</sup>	-	-	-	-	-	-
2021 President's Budget	5,185,300	-	-	5,185,300	5,185,300	4,322,000
Change from 2020	5,185,300	-	-	5,185,300	5,185,300	4,322,000

a/ Funding for Moving to Work agencies were drawn from the Tenant Based Rental Assistance, the Public Housing Operating Fund, and Public Housing Capital Fund accounts in 2019 and 2020.

### PROGRAM PURPOSE

This is the Department's first request for a separate Moving to Work (MTW) account for Public Housing Authorities (PHAs) participating in the MTW demonstration program since it was enacted in 1996. The MTW demonstration program is a federal demonstration program that provides PHAs waiver authority and flexibility in designing and testing non-traditional policies and programs that better address the issues surrounding low-income housing in their local communities. An MTW-designated PHA may apply such funding for eligible MTW uses, regardless of normally applicable restrictions on the originating funding source, provided that the agency continues to serve substantially the same number of families as it would have served absent the MTW demonstration. Additionally, MTW PHAs have the flexibility to modify existing requirements to meet one of the three MTW statutory objectives: increase cost-effectiveness of federal expenditures, encourage self-sufficiency, and increase housing choice among participants. Finally, MTW PHAs also have the authority to use their funds to implement innovative policies that go beyond the traditional Public Housing and Housing Choice Voucher (HCV) forms of assistance to better serve low-income families.

### BUDGET OVERVIEW

The 2021 President's Budget requests \$5.2 billion for the MTW demonstration account. This funding will serve over 450,000 families at the MTW PHAs. These agencies previously received funding separately through the Public Housing and Housing Choice Vouchers (HCV) accounts. This request is based on the total combined Public Housing and HCV (both Housing Assistance Payments and Administrative Fees) need for MTW agencies. It will fund both the current 39 MTW PHAs and the approximately 30 PHAs that will receive MTW designation in 2020 through the first cohort of the MTW expansion.

The Budget does not request additional funds for MTW agencies compared to non-MTW PHAs. The PHAs will receive the same amount of funding that they would have received, as if they had still been funded through the separate Public Housing and Tenant-Based Rental Assistance (TBRA) accounts, and the Public Housing and TBRA accounts have been reduced to reflect the separate funding of these MTW agencies. The methodology used to calculate the MTW account does not change the method used to compute the MTW agencies' funding eligibility for the individual program funds, but rather combines the total funding for the MTW agency into a single account.

The Budget requests for the MTW account to be a single, no-year account capitalized by direct appropriation. In order to provide equal proration between MTW PHAs and non-MTW PHAs, the legislative language would provide for two-way transfer authority from the MTW Account to and

from the Public Housing and TBRA accounts. The two-way transfer authority is required to ensure that MTW and non-MTW agencies have equal proration, as required by the MTW Demonstration statute. During the year, HUD may need to execute small transfers between the accounts to ensure that it funds all PHAs at an equal proration.

## JUSTIFICATION

Under the current funding structure, MTW agencies have flexibility in what their Public Housing funds and HCV funds are used for, but these funds retain their original identity. This structure creates administrative burden for both MTW PHAs and HUD because separate funding accounts must be managed and reconciled in a manner that is disconnected from the purpose of MTW. It is difficult for both HUD and MTW PHAs to track Public Housing and HCV funding from the original source to the ultimate use, as required, to ensure sound financial practice. Furthermore, tracking the different obligation and expenditure timeframes for Public Housing and HCV funding is complicated for MTW PHAs. A separate MTW account will simplify these processes for the MTW PHAs.

The Budget level for the MTW Fund of \$5.2 billion incorporates funding through the Public Housing Fund in the amount of \$672 million serving 94,491 families and HCV funding (HAP and Administrative Fees) in the amount of \$4.5 billion serving 373,937 families.

### MTW ACCOUNT SOURCES

(Dollars in Thousands)

	Pre-MTW	MTW Transfer	2021 PB Proposal
Public Housing	4,076,000	(672,000)	3,404,000
TBRA HAP	21,131,300	(4,172,900)	16,958,000
TBRA Admin	1,805,000	(340,400)	1,465,000
MTW	-	5,185,300	5,185,300
<b>Total</b>	<b>27,012,300</b>	<b>-</b>	<b>27,012,300</b>

The current 39 MTW PHAs' portion of HCV amounts to \$4.1 billion in HAP and \$332 million in Administrative Fees serving 364,296 families, and HCV funding for the approximately 30 new PHAs designated through the expansion amounts to \$65 million in HAP and \$7 million in Administrative Fees serving 10,579 families. The current 39 MTW PHAs' portion of the Public Housing Fund amounts to \$650 million serving 89,270 families, and for the new 30 PHAs designated through the expansion, the Public Housing Fund will amount to \$22 million serving 5,221 families.

The 2021 Budget is a compilation of funding estimations based on projected amounts that would otherwise be requested separately through the Public Housing Fund and TBRA accounts. The 2021 Budget request will enable the current 39 MTW PHAs and the approximately 30 PHAs of the MTW expansion the ability to continue serving extremely low- to very low-income families served under Public Housing, HCV, and local, non-traditional housing programs.

These funding levels assume that amounts appropriated to MTW PHAs receive the same level of proration as non-MTW PHAs. Funding would still be bound by the existing terms and conditions of the MTW demonstration program, such as the requirement that all MTW agencies receive no less funding than if they had not joined the demonstration, and that the expansion MTW agencies receive no more funding than they otherwise would have received absent the MTW designation. The funding eligibility for the existing MTW PHAs, which were designated prior to the MTW expansion statute in December 2015, will continue to be determined in accordance with the terms and conditions of their MTW agreements. The funding eligibility for the expansion MTW PHAs, which will be designated

pursuant to the MTW expansion statute, will be determined in the manner set forth in the Operations Notice for the Expansion of the MTW Demonstration Program.

HUD remains committed to ensuring that substantially the same number of households will receive public housing and voucher assistance had the MTW agencies not participated in the MTW Demonstration Program. Robust third-party studies are in place to evaluate the current 39 MTW PHAs. The expansion MTW PHAs will be rigorously evaluated by cohort, as required by the 2016 Appropriations Act.

Program-wide performance indicators will be established for the three MTW statutory objectives:

- Cost Effectiveness (for example, asking how MTW participation impacts the reduction of costs, the effect of MTW flexibility on the administrative costs per household served, and the MTW agency's use MTW funding flexibility);
- Self-Sufficiency (for example, asking if tenants and participants of MTW agencies work more hours or earn more income when compared to non-MTW agencies, and whether MTW flexibility affects the average length of tenancy); and
- Housing Choice (for example, asking whether MTW flexibility changes locational outcomes of tenants and participants, and measuring the costs and efforts incurred in undertaking activities to increase housing choice).

The MTW demonstration improves customer service by removing burdensome processes and regulations for MTW agencies, allowing them to focus more on their mission. The MTW account would primarily benefit MTW PHAs, as it would simplify and streamline their financial practices. This would, in turn, benefit the residents and communities they serve, since MTW enables PHAs to forge and preserve local and private-sector partnerships, which allow MTW agencies to further address local housing needs through opportunities such as linking rental assistance with supportive services and case management, in pursuit of meeting the demonstration's three statutory objectives. Additionally, the MTW account would benefit policymakers as it would more clearly demonstrate the amount of funding MTW PHAs receive compared to non-MTW PHAs.

Funding MTW agencies through this new MTW account has many advantages. The MTW Fund would, first, eliminate administrative burden for both MTW PHAs and HUD by reducing the number of funding accounts that must be managed and reconciled for these agencies. Second, it would simplify the tracking of funds, since all funds would be traced back to the MTW account. Funding under an MTW account would be identified as no-year money, eliminating expenditure requirements tied to individual program income sources. Third, it will provide greater transparency regarding the funding needs of the MTW demonstration program.

#### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Moving to Work Demonstration	-	-	-	-	-	-	-	5,185,300
<b>Total</b>	-	-	-	-	-	-	-	<b>5,185,300</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language

In 2021, HUD requests the following proposals for the Moving to Work program account:

- **MTW Account:** HUD requests account language to add an MTW account.

- **Prior-Year(s) Reserves:** HUD includes language in the MTW account that allows PHAs to use reserves, held prior to designation under the MTW demonstration program, for MTW eligible uses. MTW PHAs would be permitted to use prior-year(s) reserves flexibly, for the purpose(s) under Section 8 and 9 and other eligible uses, as authorized under the demonstration. This will ensure that expansion MTW agencies are allowed to use their reserves for MTW purposes.
- **TBRA Set-Aside:** HUD requests language be added to the TBRA account that will (1) ensure MTW PHAs will continue to be able to access the TBRA set-aside for the specified adjustment purposes and (2) add an eligible category for expansion MTW PHAs for vouchers not in use during the previous 12-month period to fulfill a project-based voucher (PBV) commitment. Please refer to the TBRA justification for more information.

## APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

*For the Moving to Work Demonstration program (MTW demonstration) authorized under section 204 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104-134) and section 239 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 (Public Law 114-113), \$5,185,300,000, to remain available until expended: Provided, That the amounts made available under this heading are provided as follows:*

*(1) \$4,172,900,000 shall be for renewals of expiring section 8 tenant-based annual contributions contracts authorized under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) (the Act herein) (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act) and including renewal of other special purpose incremental vouchers, in addition to amounts made available for these purposes under paragraph (1) under the heading Tenant-Based Rental Assistance;*

*(2) \$340,400,000 shall be for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program under the Act, in addition to amounts made available for these purposes under paragraph (3) under the heading Tenant-Based Rental Assistance; and*

*(3) \$672,000,000 shall be for 2021 payments to public housing agencies for the operation and management of public housing, as authorized by section 9(e) of the Act (42 U.S.C. 1437g(e)), in addition to amounts made available for these purposes under the heading Public Housing Fund: Provided further, That amounts made available under this heading shall be allocated to public housing agencies participating in the MTW demonstration in accordance with the terms and conditions specified under paragraphs (1) and (3) under the heading Tenant-Based Rental Assistance, and under the heading Public Housing Fund, respectively: Provided further, That the Secretary shall transfer and merge, to the extent necessary to equalize proration of funding allocations across all public housing agencies for the respective purposes and programs described herein, such amounts as may be necessary from amounts provided under this heading to the heading Tenant-Based Rental Assistance, or from such heading to this heading, and from this heading to the heading Public Housing Fund, or from such heading to this heading: Provided further, That any public housing agency designated as a Moving to Work agency pursuant to such section 239 may, upon such designation, use funds (except for special purpose funding, including special purpose vouchers) previously allocated to any such public housing agency under section 8 or 9 of the United States*

*Housing Act of 1937, including any reserve funds held by the public housing agency or funds held by the Department of Housing and Urban Development, pursuant to the authority for use of section 8 or 9 funding provided under such section and section 204 of title II of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104134), notwithstanding the purposes for which such funds were appropriated.*