

# GAO Highlights

Highlights of [GAO-18-150](#), a report to the Ranking Member, Committee on Financial Services, House of Representatives

## Why GAO Did This Study

The MTW demonstration gives 39 participating public housing agencies the flexibility to use funding for HUD-approved purposes other than housing assistance, such as developing affordable housing; change HUD's tenant rent calculation; and impose work requirements and time limits on tenants. In 2015, Congress authorized the expansion of MTW by adding 100 new agencies. GAO was asked to evaluate the MTW demonstration. GAO examined HUD oversight of MTW agencies, including its monitoring of demonstration effects on tenants.

For this report, GAO reviewed HUD and MTW agency policies and documentation; interviewed officials at HUD and seven MTW agencies (selected based on type of policy changes, size, and geographic diversity); and interviewed tenants served by selected agencies. GAO also conducted a statistical analysis comparing data for MTW and non-MTW agencies on public housing occupancy rates, voucher utilization rates, and program expenses.

## What GAO Recommends

GAO makes 11 recommendations to HUD, which include completing workforce planning, developing processes to track use of funds and monitor agencies' reserves, and developing a framework—including clear guidance on reporting requirements and analysis plans—to monitor effects on tenants. HUD generally agreed with eight of the recommendations and disagreed with three, citing the need for flexibility. GAO maintains the recommendations, as discussed further in the report.

View [GAO-18-150](#). For more information, contact Daniel Garcia-Diaz at (202) 512-8678 or [garciadiazd@gao.gov](mailto:garciadiazd@gao.gov).

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## RENTAL HOUSING

### Improvements Needed to Better Monitor the Moving to Work Demonstration, Including Effects on Tenants

## What GAO Found

The Department of Housing and Urban Development's (HUD) oversight of the Moving to Work (MTW) demonstration has been limited. Improving oversight—particularly for information collection and analysis—would help HUD assess what MTW agencies have done, including funding use. HUD took steps to improve oversight and reporting, but GAO found limitations in the following areas:

- **Workforce planning.** While HUD has taken steps to address staffing to oversee the current 39 MTW agencies, HUD has not finalized its workforce planning for 100 agencies to be added to the demonstration. According to a 2015 HUD analysis, a large number of additional staff would be needed for the expansion. HUD officials said field office staff might assume greater oversight responsibilities to fill this gap, but a joint (headquarters-field) oversight structure is not final and HUD's workforce analysis has not been updated to reflect this proposed oversight structure.
- **Data collection.** Due to limited data, HUD cannot fully determine the extent to which demonstration flexibilities affected the performance of MTW agencies, especially in relation to outcomes that affect the number of tenants served—occupancy and voucher utilization rates and program expenses. GAO found that MTW agencies had lower yearly median rates for public housing occupancy and Housing Choice Voucher (voucher) unit utilization and higher yearly median program expenses than comparable non-MTW agencies. The differences may be partly the result of demonstration funding flexibilities, such as the ability to use public housing and voucher funding for purposes such as gap financing for affordable housing (a nontraditional activity). But limitations in HUD data (such as not differentiating expenses for nontraditional activities) make it difficult to fully explain differences in outcomes GAO analyzed.
- **Oversight of reserves.** HUD has not implemented a process to monitor MTW reserves or agencies' plans for such reserves, which led to agencies accruing relatively large amounts of unused funds that could be used for vouchers. According to HUD data as of June 30, 2017, the 39 MTW agencies had more voucher reserves than the 2,166 non-MTW agencies that administer the voucher program combined (\$808 million compared to \$737 million). Without a monitoring process, HUD cannot provide reasonable assurance that MTW agencies have sound plans for expending reserves.
- **Monitoring the effect of rent reform, work requirements, and time limits on tenants.** HUD is limited in its ability to evaluate the effect of MTW policies on tenants. HUD does not have a framework—including clear guidance on reporting requirements and analysis plans—for monitoring the effect of rent-reform, work-requirement, and time-limit policies. HUD guidance instructs agencies to analyze the impact of their rent reform activities, describe how they will reevaluate them, and develop a tenant hardship policy for such policies (but not for time limits or work requirements). But the guidance does not describe what must be included in the analyses or policies, leading to wide variation in how agencies develop them. Also, HUD does not assess the results of agencies' analyses.