



GAO Faults HUD MTW Management

When the Clinton administration embraced the Public Housing Moving to Work program in 1996, it was considered a model for cost effectiveness and for helping families to get back on their feet and return to private sector housing.

The program allows select public housing authorities to bypass federal regulations and use their discretion about spending the millions awarded the experimental program.

Eventually, 39 PHAs were given the spending and policy flexibility to limit the time tenants could live in subsidized housing, establish work requirements, and set higher rents to encourage self-sufficiency. Then President Barack Obama heralded the program in 2015 when he called for more universal application of MTW.

But one element was lacking -- HUD's ability to properly oversee the program just as it has failed to monitor most programs under its administrative umbrella and closely watch how money is spent.

That oversight deficiency highlights a new Government Accountability Office study revealing the 39 agencies have failed to distribute more than \$800 million of Section 8 vouchers and the department allowed fewer families to participate in MTW than required.

It is the second GAO report in five years excoriating HUD, saying the department can't evaluate MTW activities properly. That same year, 2012, HUD Inspector General David Montoya cited the Philadelphia Housing Authority as an example of MTW corruption, noting that the PHA used \$1.1 million of its funding to fight IG oversight and hire outside legal help to biddog the IG staff.

The 39 PHAs applying the MTW program, out of more than 3,100 PHAs across the country, are allowed to mix all of their operating, capital and Section 8 funding into one account, making oversight more difficult.

The new report says HUD has never established a monitoring program to enforce the few requirements PHAs are supposed to follow, just as the department is about to add 100 additional PHAs to the MTW program over the next seven years.

The report provides several recommendations to resolve the issues; but while HUD accepts most of the GAO suggestions, the department hesitates to embrace the report, saying it would hinder the intent of MTW, which is to give states flexibility regarding specific rules and funding.

“HUD must consider both the extensive MTW flexibilities and the locally-designed nature of each MTW agency’s program in administering the demonstration,” HUD says in its response. “For this reason HUD does not agree with the recommendations that restrict an MTW agency’s ability to exercise its MTW flexibility and respond to variations within local markets.”

GAO recommendations include creating a plan to properly staff the implementation of 100 new PHAs being added to the program, collecting better data on how those PHAs spend their federal funds, create clearer guidance on how those PHAs report and analyze their policies, and monitor how those policies affect tenants.

Info: See the GAO report at www.cdpublications.com/docs/9401

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