Center on Budget and Policy Priorities

1275 First Street NE, Suite 1200
Washington, DC 20002

Tel: 202-408-1080
Fax: 202-408-1056

info@cbpp.org
www.cbpp.org

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Expanding HUD's "Moving to Work" Authority Would Harm People Struggling to Afford Housing and Pave Way for Deep Cuts

By Will Fischer

Everyone should have a safe, stable, affordable place to live. Rental assistance is highly effective at helping people with low incomes afford housing and is essential to efforts to reduce evictions and homelessness. But today, it only reaches a fraction of those in need due to funding limitations. Policymakers should seek to expand and improve rental assistance toward the goal of reaching every low-income person who needs help to afford a home.

Legislative proposals to allow the Department of Housing and Urban Development (HUD) to expand the "Moving to Work" (MTW) demonstration would take us in the opposite direction, leaving more people without assistance and increasing the risk of eviction and homelessness. They would allow the Trump Administration to radically alter two of the largest rental assistance programs — Housing Choice Vouchers and public housing — in ways that would reduce their effectiveness and harm people struggling to afford housing (Figure 1). These harmful potential changes include:

- Allowing sharp rent increases and policies that evict families or cut off their assistance if they are unable to meet strict work requirements or if they reach arbitrary time limits on assistance — all policies that cause hardship for seniors, people with disabilities, families with children, and others who need help to afford housing.
- Allowing housing vouchers funds to be shifted to other purposes, which reduces the number of people with rental assistance. Homelessness is at an all-time high and there are already long waiting lists for vouchers across the country due to inadequate funding.
- Instituting block grant funding formulas that make rental assistance vulnerable to deep funding cuts in the future.

Some of the state and local housing agencies that participate in MTW today are well run and have used the demonstration to implement promising policies, such as measures that appear to have made it easier for families issued vouchers to use them successfully to rent housing. Lawmakers could extend and replicate these positive aspects of MTW through alternative approaches without the sweeping changes and severe risks and downsides that come with MTW expansion.

FIGURE 1

"Moving to Work" Allows Policies Proposed by President Trump That Would Harm People and Make Rental Assistance Less Effective

	Trump proposals	Allowed under Moving to Work
Evicting or ending assistance for people who don't meet **rigid work requirements**	✓	✓
Evicting or ending assistance for people who reach **arbitrary time limits** even if they still needed help to afford rent	✓	✓
Rent increases for people struggling to afford housing	✓*	✓
Block grants that pave way for **deep future rental assistance cuts**	✓	✓

*Proposed during first Trump Administration

For more information, see CBPP, "Expanding HUD's 'Moving to Work' Authority Would Harm People Struggling to Afford Housing and Pave Way for Deep Cuts"

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Proposals Would Dramatically Expand HUD's Power to Alter Rental Assistance Without Congressional Approval

Federal rental assistance helps nearly 10 million people afford stable housing, most of them seniors, people with disabilities, and families with children. The Moving to Work demonstration gives HUD sweeping authority to alter the funding formulas and most rules[1] governing two of the largest rental assistance programs — Housing Choice Vouchers and public housing, which together assist close to 7 million people — for state and local housing agencies participating in MTW.

Currently the demonstration is capped at 139 agencies, including 39 "legacy" agencies admitted before 2014 and another 100 "expansion" agencies that were added beginning in 2021 and operate under somewhat different rules. MTW includes just 4 percent of the 3,600 agencies that administer public housing or vouchers, but because they are disproportionately large, MTW agencies administer 20 percent of vouchers and 12 percent of public housing units.

Congress established MTW in 1998 with the goal of enabling agencies to increase cost effectiveness, expand housing choice, and support economic self-sufficiency. However, there is no evidence that the demonstration as a whole has enabled participants to live in a wider range of neighborhoods or increase their earnings, and MTW agencies assist many fewer households per dollar of federal funding than comparable non-MTW agencies.

[1] MTW allows HUD to waive any provisions of the United States Housing Act (the main statute governing vouchers and public housing) and its implementing regulations, with a small number of exceptions.

Nonetheless, some proponents of MTW have called for giving HUD authority to add many more agencies to the demonstration. For example, the proposed Renewing Opportunity in the American Dream (ROAD) to Housing Act, introduced in 2024 in the Senate by Banking Committee Chair Tim Scott (R-SC) and in the House by Financial Services Committee Chair French Hill (R-AR), includes a provision that would allow HUD to admit an unlimited number of agencies and require it to add at least 25 a year.[2]

Expanding MTW would allow HUD to make major changes to rental assistance programs that would otherwise require congressional approval. In part, this would consist of giving HUD power to allow state and local housing agencies to take certain actions, for example, to decide whether to apply to join MTW and which waivers to request. But HUD would decide which waivers to approve and could opt to allow only those that advance the priorities of the administration in power. For example, in March 2025, the Trump Administration instructed MTW agencies to end policies permitted by previous administrations that allowed families that include certain categories of non-citizens to receive the same amount of subsidy as other families.[3]

In addition, HUD would have broad discretion to design funding formulas, performance criteria, and penalties for poor performance, so it could place strong pressure on agencies to adopt its preferred policies.[4] Furthermore, HUD could push agencies to enter the demonstration by making funding for MTW agencies more generous, which would leave less funding available for non-MTW agencies.[5]

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[2] The bill requires that newly admitted agencies be high performers in vouchers or public housing in the last two years, but in practice this would do little to limit HUD's authority to add agencies. HUD's performance measurement systems designate most agencies as high performers and agencies would only have to qualify once to obtain admission. For example, while recent performance data are not available, data for 2001 to 2012 (when the performance measurement system was largely the same as that used today) show that 96 percent of voucher PHAs were high performers at some point during that period. Moreover, if HUD wished to add more agencies that currently qualify as high performers, it could use its broad authority to modify the performance measurement systems by regulation to allow more agencies to qualify.

[3] These policies help ensure that such mixed-status families receive sufficient assistance to afford rent and other basic needs. Ending these policies at MTW agencies that have adopted them would disproportionately harm Latino people, who make up a large majority of people in mixed-status households.

[4] HUD's discretion is much more limited for the 39 legacy agencies than for the 100 expansion agencies (and than it would be for agencies admitted under the ROAD to Housing bill) because in 2024 Congress directed HUD to extend the agreements covering the legacy agencies through 2038 with no changes except those the agencies agree to.

[5] The 39 legacy MTW agencies receive voucher and public housing funding under highly favorable formulas that sometime result in funding reductions for other agencies. For example, 11 of those agencies have special public housing operating subsidy formulas that result in them receiving more than twice as much funding per unit as other agencies and that cause non-MTW agencies (and MTW agencies without these special formulas) to receive as much as 7 percent less funding per year than they otherwise would. The 2015 legislation that directed HUD to add the 100 expansion agencies prohibited funding formulas that would cause expansion MTW agencies to receive either more or less funding than they would receive without MTW (although it is too soon to tell whether the formulas HUD established will achieve this goal). For agencies added under the ROAD to Housing bill, however, HUD would only be required to ensure that they do not receive *less* funding as a result of their participation.

MTW Allows Work Requirements, Time Limits, and Rent Increases That Make it Harder for People to Afford Housing

MTW gives HUD the authority to permit state and local agencies to institute policies that raise rents on people with the lowest incomes, evict families or terminate their assistance if they fail to meet strict work requirements, and cut off assistance when participants reach an arbitrary time limit.[6] Each of these policies would reduce the effectiveness of rental assistance in helping people afford housing and risks causing serious hardship for many participants.

- **Work requirements.** A large body of research shows that policies that take away various types of economic assistance from people who do not meet work requirements do little to increase employment, but cause hardship for people with low incomes — including children, people with health limitations, and many workers (who may be sanctioned because of administrative errors or because they are not consistently assigned enough work hours from their employers).[7]
- **Time limits.** Arbitrary time limits would end assistance for many households who still cannot afford market rents on their own. For example, on average nationally in 2024, a worker needed to earn $27 an hour in a full-time job to afford a modest one-bedroom rental unit.[8] In many industries, a worker could be employed for years and still receive only a fraction of that amount.
- **Rent increases.** Most voucher holders and public housing residents — whose incomes average about $19,000 a year — have little room in their budgets after contributing 30 percent of their income toward rent (as required by regular program rules) and paying for other necessities. As a result, any rent increase would risk causing hardship and making families vulnerable to falling behind on their rent and ultimately losing their homes. The harm would be particularly severe if agencies raised rents on the lowest-income tenants, a step many current MTW agencies have taken and that the first Trump Administration proposed to require nationally.[9]

This could all harm not just the low-income people who need rental assistance to help them pay the rent each month, but also owners who rent to voucher holders. If households with vouchers are required to pay more than they can afford or abruptly lose assistance due to work requirements and time limits, owners are likely to face higher levels of unpaid rent and increased turnover — which

[6] The ROAD to Housing bill would add a new requirement allowing participants to seek hardship exemptions from policies implemented under MTW and appeal certain types of agency actions. But policies like these typically only protect a small share of those affected by punitive policies, in part because they require families to understand complicated program rules well enough to request an exemption and typically only exempt participants temporarily.

[7] LaDonna Pavetti *et al.*, "Expanding Work Requirements Would Make It Harder for People to Meet Basic Needs," CBPP, March 15, 2023, https://www.cbpp.org/research/poverty-and-inequality/expanding-work-requirements-would-make-it-harder-for-people-to-meet.

[8] Raquel Harati *et al.*, "Out of Reach: The High Cost of Housing," National Low Income Housing Coalition, 2024, https://nlihc.org/sites/default/files/2024_OOR_1.pdf.

[9] Alicia Mazzara, "Trump Plan to Raise Minimum Rents Would Put Nearly a Million Children at Risk of Homelessness," CBPP, April 27, 2018,https://www.cbpp.org/blog/trump-plan-to-raise-minimum-rents-would-put-nearly-a-million-children-at-risk-of-0.

carries financial costs due to lost rent while units are vacant and the need to process applications and prepare units for new tenants. As a result, work requirements, time limits, and rent increases could discourage owners from renting to voucher holders and consequently make it harder for voucher holders to find housing.

These policies are optional for MTW agencies today, but many have chosen to adopt them. Of the 39 legacy agencies, more than half have instituted some combination of work requirements, time limits, and rent increases on people with the lowest incomes. The 100 expansion agencies are still in the process of implementing their planned MTW policies, but a report on the first 31 agencies added under the expansion found that, at the time they entered the demonstration, 18 of them intended to establish work requirements, nine intended to implement time limits, and 28 intended to alter rules for setting tenant rents. Rent increases on people with the lowest incomes are among the rent changes most frequently included in their plans.[10]

In addition, MTW agencies could be pressured or even required to make these harmful policy changes. As noted above, HUD would have powerful levers at its disposal that it could use to push agencies to adopt policies it supports. The Trump Administration's fiscal year 2026 budget request called for two-year time limits on rental assistance; HUD Secretary Scott Turner has expressed support for work requirements; and the first Trump Administration proposed to raise rents on nearly every rental assistance recipient, so it is quite possible that the Trump Administration would direct HUD to use all available means to induce agencies to adopt these policies. In addition, once most or all housing agencies have the option to raise rents and impose time limits and work requirements, state legislatures that support these policies may be more likely to pass laws *requiring* local agencies to adopt them.

MTW Allows Funding Shifts That Reduce the Number of People With Rental Assistance

Another risk of MTW is that it allows HUD to permit participating agencies to shift voucher funds to other purposes, reducing the number of people with rental assistance. In 2024 the original 39 MTW agencies shifted or left unspent $940 million in voucher subsidy funds, leaving about 155,000 people without vouchers. This figure could increase several times over if MTW were expanded to cover most or all agencies.[11]

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[10] The 100 expansion agencies participate in five cohorts. The 31 agencies covered in the report discussed in the text (as well as 14 more admitted later) are in cohorts designed to test the overall effects of MTW, so they are free to choose to implement any of the flexibilities allowed under MTW. The remaining 55 agencies are in cohorts that are required to test particular policies (alternative rent rules, landlord incentives, and measures to support asset building) during the first several years of their participation, but with limited exceptions those agencies are also permitted to implement other MTW flexibilities if they wish to do so. Larry Buron *et al.,* "Evaluating MTW Flexibility for Smaller PHAs: Baseline Report," September 2021, https://www.huduser.gov/portal/publications/Evaluating-MTW-Flexibility-for-Smaller-PHAs-Baseline-Report.html.

[11] So far, the 100 expansion MTW agencies have shifted only modest shares of their voucher funds to other purposes — 2 percent in 2024, compared to 16 percent at the original 39 agencies. This share may grow over time, since the expansion agencies are still in the process of phasing in their MTW policies, but it may also reflect policies HUD has put in place for expansion agencies that encourage them to use vouchers subsidies for vouchers (for example, by basing their administrative funding on the number of vouchers in use). It is not clear, however, that HUD would apply those policies to a new set of MTW agencies, particularly since the Trump Administration proposed in its fiscal year 2026 budget to eliminate the voucher program and four other rental assistance programs and replace them with a block grant to states.

These funding shifts result from HUD policies that allow MTW agencies to use funds for purposes other than those for which they were appropriated — without reducing their voucher funding the following year. By contrast, non-MTW agencies may only use voucher funds for vouchers and their funding is calculated based on their subsidy expenditures in the previous year, adjusted for inflation. As a result, non-MTW agencies put essentially all of the voucher funds they receive each year to use providing vouchers to people in need.[12]

MTW agencies use some funds shifted out of the voucher program to provide rental assistance in other ways, but only enough to offset a fraction of the rental assistance lost by providing fewer vouchers.[13] Providing rental assistance to fewer people does serious harm, since rental assistance is a highly effective, evidence-based policy that is essential to addressing homelessness, evictions, and other severe housing problems. Due to inadequate funding, only 1 in 4 households who need rental assistance receive it and there are long waitlists almost everywhere. Funding shifts at MTW agencies cause those waitlists to be even longer.[14]

MTW agencies use most transferred voucher funds for other purposes, such as supplementing their administrative budgets, managing and renovating public housing, providing services to program participants, and financing new affordable housing. Some of these uses meet important needs, but those should be addressed through direct funding rather than by shifting urgently needed resources away from vouchers — particularly since none of these alternative uses can play the role that vouchers do in enabling additional people with extremely low incomes to rent stable housing.

Moreover, large amounts of MTW voucher funds have been left unspent and accumulated as reserves. As of December 31, 2024, the 39 legacy MTW agencies had accumulated $1.8 billion in voucher reserves, which amounts to 31 percent of their annual voucher funding — compared to 3 percent at non-MTW agencies. Some of these funds are obligated for specific uses or are needed to maintain reasonable reserves to address unexpected needs. But beyond those obligations and reasonable reserves, these 39 agencies hold an excess of $813 million, HUD estimates, enough to assist close to 140,000 people.

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[12] Non-MTW agencies use somewhat less than 100 percent of their funds in some years and somewhat more in others (by drawing down reserves). Over the ten years from 2015 to 2024, they spent an average of 99.6 percent of the funds they received.

[13] MTW agencies could theoretically assist more families in public housing, potentially by using transferred voucher funds for repairs that put more vacant units to use. But in practice, the 39 legacy agencies have a somewhat *lower* public housing occupancy rates than other agencies (92.8 percent as of May 16, 2025, according to HUD data, compared to 94.8 percent at non-MTW agencies). The 39 legacy agencies did report assisting 18,500 households in 2023 (the last year for which complete data are available) through "local non-traditional" assistance, usually funded with voucher funds. Even if all of these households were deducted from the number of lost vouchers, this would leave a net reduction in people receiving rental assistance of over 100,000 (assuming that households with local assistance have about the same number of people on average as those with vouchers). However, HUD defines "local non-traditional assistance" so broadly and agencies report so little information on their programs that it is unclear how many of these households receive ongoing assistance that is comparable to vouchers. For example, if one of the legacy agencies contributed some funds toward developing a building years ago but none in the current year, low-income families living in that building could be counted as receiving local non-traditional assistance, even if they pay rents far above what they would pay if they received a voucher.

[14] The law authorizing MTW requires participating agencies to assist "substantially the same" number of families as they would without MTW funding flexibility, but HUD has implemented this requirement in a manner that allows large-scale loss of assistance.

Extending MTW Block Grant Funding Formulas Would Pave Way for Deep Future Funding Cuts

In addition to permitting more funds to be shifted from vouchers to other uses or left unspent, MTW expansion could cause the overall amount of funding the federal government provides for vouchers to decline sharply over time, leading to further reductions in the number of families assisted. This is because MTW's funding structure is likely to make the program more vulnerable to cuts.

Congress has generally provided sufficient overall voucher funding to cover the costs of all vouchers in use, taking into account increases in market rents and any added vouchers approved in previous years. One reason for this is that inadequate funding will lead directly to harmful consequences: fewer families would receive assistance and more would experience homelessness and eviction.

Under MTW, however, the consequences of cuts are less clear because MTW agencies use sizable amounts of voucher funds for purposes other than voucher subsidies. Agencies could implement a cut by reducing the number of vouchers, but some could also reduce the amount of voucher subsidy funds they shift into their administrative budgets or delay funding for a new housing development or renovation of a public housing project. This uncertainty has little impact on congressional funding decisions today because MTW agencies only administer about a fifth of vouchers, so voucher appropriations are driven mainly by needs at non-MTW agencies, where the consequences of cuts are clear. If MTW were expanded to cover most or all vouchers, however, this would change, making it harder to assess the impact of cuts and likely increasing the risk that lawmakers would approve cuts in the first place.

This risk is made clear by the experience of other programs that are structured as "block grants" that give recipients broad flexibility in how the funds are used.[15] (See Figure 2.) For example, tribal nations used to receive federal housing funding through some of the same budget accounts used for public housing, vouchers, and other federal rental assistance programs. In the late 1990s, tribes worked with Congress to create a separate program, the Indian Housing Block Grant (IHBG), in part to give tribes greater flexibility in how those funds are used, as a way to honor tribal sovereignty. But funding in 2023 for this block grant was 29 percent lower in inflation-adjusted terms than what it received in 2001 (even though Congress increased IHBG funding in several recent years), reducing the resources available to address housing needs on tribal lands to levels far short of what is required to meet the federal government's obligations to tribes and their citizens.[16]

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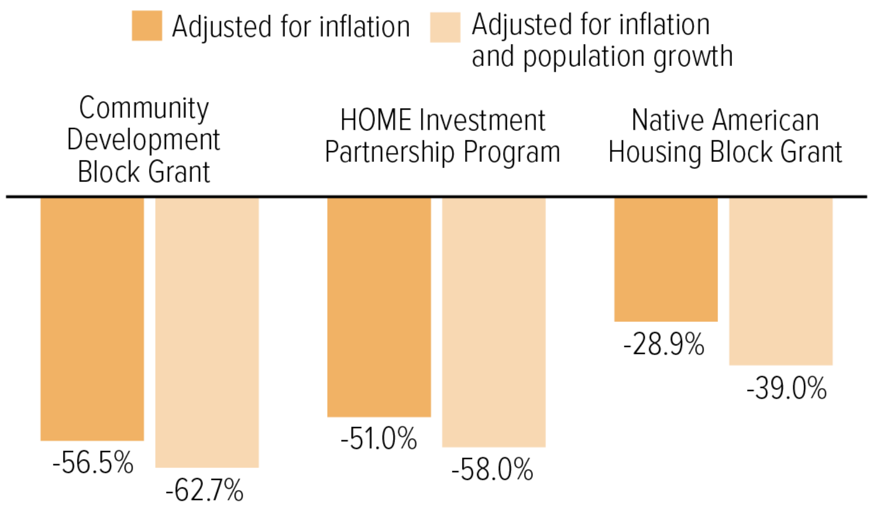
[15] David Reich *et al.,* "Block-Granting Low-Income Programs Leads to Large Funding Declines Over Time, History Shows," CBPP, February 22, 2017, https://www.cbpp.org/research/federal-budget/block-granting-low-income-programs-leads-to-large-funding-declines-over.

[16] Nancy Pindus *et al.,* "Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs," HUD Office of Policy Development and Research, January 2017, https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html.

FIGURE 2

Funding for Major HUD Block Grants Has Fallen Sharply Over Time

Change in funding from 2001 to 2023



Source: CBPP analysis of appropriations legislation. Inflation data from the Bureau of Labor Statistics; population data from the Social Security and Medicare Trustees.

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Other major HUD block grants have seen even deeper cuts over this period, with inflation-adjusted funding falling 51 percent for the HOME Investment Partnership and 57 percent for the Community Development Block Grant (CDBG).[17] Adjusted for both inflation and population growth, funding for these programs fell by 58 percent and 63 percent, respectively. By contrast, inflation- and population-adjusted spending on Section 8 rental assistance — including both housing vouchers and the Section 8 project-based rental assistance (PBRA) program, which are funded primarily through non-block grant formulas — *rose* by 29 percent during this period to keep up with market rents (which have outpaced overall inflation in recent decades) and extend assistance to additional households. If funding for these rental assistance programs had followed the same trend as the major HUD block grants, they would help *4.7 million fewer people* today than they actually do, a cut of 64 percent. This would almost certainly cause rates of homelessness and eviction across the country to be sharply higher.

The Trump Administration's fiscal year 2026 budget request provides further illustration of the link between block grants and funding cuts. The Administration proposed to replace vouchers, public housing, PBRA, and two smaller rental assistance programs with a block grant to states with $27 billion, or 43 percent, less funding than those programs received in 2025. The budget request did not explain how states would be able to achieve that massive reduction, which would necessarily take away or drastically reduce rental assistance for millions of people who need it to pay the rent

[17] HOME and CDBG provide grants to states and localities. HOME funds can be used to build and rehabilitate affordable housing and provide assistance to homeowners and renters, while CDBG funds can be used for affordable housing and a range of other community and economic development activities.

each month. The budget would also eliminate HOME and CDBG — the two largest HUD programs that are currently funded as block grants — and make deep additional cuts to IHBG.

Other Approaches Can Improve Rental Assistance More Effectively Without MTW's Risks

While MTW has done substantial harm and expanding it would pose major risks, some individual MTW policies have achieved promising results, and data covering 25 of the 39 legacy agencies indicate that a higher share of their voucher holders have been able to use their vouchers successfully, likely due at least in part to policy changes permitted under MTW.

Policymakers could extend these positive outcomes to other agencies through alternative approaches that avoid MTW's risks and downsides, including by doing the following:

- **Added flexibility for all agencies where appropriate.** Housing agencies outside MTW have broad discretion in many aspects of program administration — partly due to flexibilities added through legislation over the years — and many of the remaining requirements and standards that agencies must follow serve important purposes (such as protecting families from evictions and unaffordable rents or preventing misuse of public funds). But there are good arguments for providing more flexibility in certain areas, such as allowing agencies to use voucher funds for security deposits or ease inspection requirements under certain circumstances.[18] The fairest and simplest approach in those cases will usually be to enact legislation adding targeted flexibility for all agencies, rather than expanding HUD's authority under MTW to waive virtually all federal standards.
- **Targeted, temporary demonstrations.** Congress can allow agencies to test a wide range of policies through targeted, temporary, rigorously evaluated demonstrations to determine whether they should be scaled up nationally, without the sweeping changes that accompany MTW (which are effectively permanent since few agencies have left MTW after entering). For example, the ongoing Community Choice Demonstration takes this approach to test policies to help voucher holders find housing in a wider range of neighborhoods.
- **Direct funding to address pressing needs.** There is a real need for added resources for some purposes to which MTW agencies have shifted voucher funds. For example, public housing has long been severely underfunded, voucher administrative funding is inadequate at many agencies, and there is no reliable source of funding for services to help voucher holders find housing. But the best way to meet those needs is to fund them directly, not to divert funds from vouchers, which are highly effective yet deeply underfunded compared to need.

Congress Should Reject Any Increase in the Number of MTW Agencies and Instead Expand and Improve Rental Assistance

Everyone should be able to afford safe, stable housing, but today homelessness is at an all-time high and more people than ever are struggling to afford rent. Rental assistance is highly effective at addressing those problems but only reaches a small fraction of those in need due to funding limitations. Policymakers should seek to improve rental assistance to make it work even better and expand it toward the goal of assisting every person with a low income who needs help to afford

[18] Will Fischer, "Making Rental Assistance Work Better for People Struggling to Afford Housing," CBPP, April 11, 2024, https://www.cbpp.org/blog/making-rental-assistance-work-better-for-people-struggling-to-afford-housing.

housing. Giving HUD authority to expand MTW would go in the opposite direction, reducing the number of families assisted and making rental assistance less effective at helping people with the greatest need. Lawmakers should reject any proposal to add more agencies to MTW.