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CBPP STATEMENT

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Greenstein: Senate Transportation-Housing Bill Raises Serious Concerns

The Transportation-Housing and Urban Development (HUD) appropriations bill that the Senate began considering today uses none of the flexibility created by the recent budget agreement to boost rental assistance for poor families, despite rising rents, the growing number of poor families struggling to pay rent, and rising homelessness. It also ignores the strong new evidence that vouchers and other rental assistance reduce homelessness and improve children's and families' well-being over the long term. And it vastly expands the "Moving to Work" (MTW) demonstration without reforms to address the significant problems that the Administration and others have identified with MTW.

It is critical that Congress modify the bill to address these problems before final passage.

The budget agreement raised the 2016 spending limit for non-defense discretionary programs by $33 billion (nearly 7 percent) over the post-sequestration level. One goal was to reverse harmful sequestration cuts to programs that assist the nation's most vulnerable people. For instance, 100,000 vouchers for low-income families were cut under sequestration, and only about one-third of them have been restored.

The revised budget caps created an opportunity to restore more lost vouchers, thereby reducing homelessness and helping more families secure decent housing.

Yet the revised Senate bill raises HUD program funding by less than $1 billion (about 2.5 percent) over the earlier Senate bill written in accord with the sequestration-level caps. It directs none of this additional funding to restore housing vouchers, otherwise expand assistance to reduce homelessness, or ameliorate the original Senate bill's $132 million cut in funding to maintain and repair public housing.

The only bright spot in the HUD portion of the bill is its restoration of funding for the HOME program, a flexible block grant that states and localities use to develop affordable housing, to the 2015 level. The earlier Senate bill would have nearly eliminated the program.

The bill's provisions expanding MTW from 39 housing agencies to add 300 new agencies also raise serious concerns. Despite its name, there's no evidence that MTW increases work overall. In fact, working-age, non-disabled recipients of rental assistance at MTW agencies were 4 percentage points *less* likely to work last year than those at non-MTW agencies, our analysis finds.

Also, MTW allows agencies to use federal voucher funding for purposes other than helping families rent housing. Those funding shifts caused the loss of vouchers for 63,000 low-income families last year. Expanding MTW would likely eliminate more vouchers.

MTW also allows agencies to sweep aside key protections for low-income families, exposing them to large rent increases and limiting their ability to move to higher-opportunity neighborhoods. Most MTW agencies have raised rents on families with little or no income.

The Government Accountability Office and HUD Inspector General have criticized the lack of evaluation and monitoring of MTW. HUD has initiated a major evaluation of MTW, but the results won't be available until 2018. Vastly expanding MTW before then, as the Senate bill would do, would be premature.

Congress shouldn't expand MTW without also instituting reforms to limit the loss of vouchers at MTW agencies, retain key tenant protections, and require rigorous evaluation.

Before final passage of this legislation, Congress should provide more adequate funding for rental assistance and incorporate needed MTW reforms into any expansion of the demonstration.

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