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"Moving to Work" Compromise Would Reduce Risk from Expanding Demonstration

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Major legislation to reform low-income housing assistance programs that Congress may consider this year could include a significant expansion of the Moving to Work (MTW) demonstration. Under MTW, the Department of Housing and Urban Development (HUD) has granted broad waivers of federal statutes and regulations and established alternative funding policies for 39 of the agencies that administer the public housing and "Section 8" Housing Choice Voucher programs. Despite its name, MTW is a broad deregulation initiative and is not mainly focused on promoting self-sufficiency.

MTW proponents have called for a large expansion of the demonstration. The Government Accountability Office (GAO) and HUD's Inspector General, however, have raised serious doubts about expansion, based on concerns that HUD has not adequately evaluated and monitored the existing demonstration. A sweeping expansion could also lead to additional weakening of important tenant protections and large shifts of voucher funds to other purposes that leave needy families without assistance — two problems that have occurred at some agencies under the existing demonstration. Finally, unlimited expansion could effectively convert the voucher and public housing programs to block grants, leaving them more vulnerable to deep funding cuts over time.

In April 2012, the House Financial Services Committee's leadership included a compromise MTW expansion plan in a draft of the Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA), which also contained other important, beneficial reforms to HUD's rental assistance programs.[1] The MTW compromise, which emerged from negotiations among stakeholders, would sharply expand MTW, convert the demonstration to a permanent program, and permit widespread experimentation with alternative policies (including controversial ones such as time limits and work requirements). But the proposal would also limit the potential adverse consequences of MTW expansion by capping its scale, requiring rigorous evaluation of the riskiest alternative policies, barring waivers of key tenant protections, and establishing a framework for the use of federal funds that would raise the risk of future cuts less than an unrestricted block grant.

If Congress expands MTW, it should include the limits in the compromise. Even with these limits, expansion would allow large funding shifts that could reduce the number of families assisted

[1] The text of the April AHSSIA draft is available at http://www.cbpp.org/files/4-12-12-AHSSIA-text.pdf.

and could have other harmful effects. These risks can be justified only if MTW expansion is critical to enactment of broader rental assistance reform legislation that contains the key reforms in the April AHSSIA draft.

Unconstrained MTW Expansion Would Risk Serious Harm to Low-Income Families

Congress established MTW in 1996 as a limited initiative to enable state and local housing agencies to test alternative policies. Initially, HUD could admit up to 30 agencies. Congress raised this cap incrementally in later legislation, and today 39 agencies administering 12 percent of all vouchers and public housing units participate. MTW authorizes HUD to waive for participating agencies most federal statutes and regulations governing the public housing and voucher programs. MTW also allows agencies to consolidate funds from the public housing and voucher programs into a single pool of resources and permits HUD to establish distinct funding formulas for MTW agencies.

Advocates of MTW have urged Congress to expand the demonstration sharply. In February 2012, a subcommittee of the House Financial Services Committee approved a version of AHSSIA that directed HUD to admit to MTW *any* housing agency that applies, as long as HUD determines that the agency has achieved acceptable performance under the public housing program's performance assessment system and has the capacity to administer its proposed MTW plan. The proposal would also have converted MTW to a permanent program and made only modest changes in requirements governing agencies' activities or HUD's management of MTW.

A number of analysts have raised serious concerns, however, about the advisability of expanding MTW. The HUD Inspector General has recommended against expansion until HUD improves its monitoring and evaluation of the demonstration.[2] Similarly, GAO has pointed out that there is little information about MTW's impact to date, noting that "Without more complete knowledge of the program's effectiveness and the extent to which agencies are adhering to program requirements, it is difficult for Congress to know whether an expanded MTW will benefit additional agencies and the residents they serve."[3]

The expansion proposal in the AHSSIA bill that the subcommittee approved in February 2012 is particularly ill-advised because its scale is unlimited and it includes no significant reforms to MTW. An expansion of this type could seriously impair the capacity of HUD rental assistance programs to help the neediest families afford housing, as explained below.

Block Grants Could Lead to Deep Funding Cuts

One risk of an uncapped MTW expansion is that it could lead to the block-granting of most public housing and voucher funds. HUD funds MTW agencies today mainly through block-grant formulas, which provide a fixed dollar amount that is adjusted from year to year for inflation and

[2] David Montoya, HUD Inspector General, "HUD Management Issues," Testimony Before the U.S. House of Representatives, Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, March 14, 2013.

[3] U.S. Government Accountability Office, "Moving to Work Demonstration: Opportunities Exist to Improve Information and Monitoring," GAO-12-490, April 2012 p. 39.

gives agencies broad flexibility in how to use the funds. By contrast, non-MTW agencies receive voucher and public housing operating funds based on the number of families they assist and generally must use the funds in the program for which the funds are appropriated.[4]

Due to the tight budget outlook for the years ahead, housing agencies may conclude serious funding shortfalls are inevitable and may consequently be attracted to the flexibility that block grants offer. Block grants would enable them, for example, to shift funds to areas that have faced especially deep underfunding in recent years, such as program administration and public housing renovations. But if the voucher and public housing programs are funded mainly as block grants, history suggests that Congress will cut their funding more severely over the long run than if they are funded primarily under the regular formulas and rules.

Congress has cut funding considerably for most block grant programs, in housing as well as other areas.[5] The 2013 funding levels for the four major housing block grants were sharply below their inflation-adjusted 2001 funding levels (even before the 5 percent "sequestration" cuts required by the 2011 Budget Control Act were applied): *24 percent below* for the Native American Housing Block Grant, *58 percent below* for the HOME Investment Partnerships program, *44 percent below* for the Community Development Block Grant program,[6] and *53 percent below* for the Public Housing Capital Fund. By contrast, Congress has *raised* funding for the voucher program and Section 8 Project-Based Rental Assistance (PBRA) — the two largest housing programs that are not block grants — substantially over time to keep pace with factors such as growth in the number of vouchers and rent increases that exceeded general inflation in the economy.[7]

Two features make block grants particularly vulnerable to funding cuts. First, the formulas used to set their funding levels typically do not take into account factors such as the number of families assisted or the actual cost of assistance. As a result, it is more difficult to make a compelling case for why policymakers should maintain funding at the current level, let alone increase it to keep pace with inflation. Second, since block grants provide broad flexibility in how funds are used, federal policymakers can cut funding (or freeze funding and allow inflation to erode its value) and leave it to state and local agencies to make the difficult decisions about implementing the cuts.

Under the current voucher formula, by contrast, each agency's funding is based on the number of its vouchers in use and their actual cost, adjusted for inflation. Identifying the amount needed to adequately fund the program is straightforward, and cuts in voucher funding lead directly to

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[4] Funding for both MTW and non-MTW agencies can also be prorated up or down if Congress provides a total funding level that is above or below the amount for which agencies are eligible.

[5] For data on non-housing block grants and additional discussion of the implications of block grants for funding levels, see Douglas Rice and Will Fischer, "Proposal to Greatly Expand 'Moving to Work' Initiative Risks Deep Cuts in Housing Assistance Over Time," Center on Budget and Policy Priorities, January 10, 2012, http://www.cbpp.org/cms/index.cfm?fa=view&id=3653.

[6] This includes only funds for the CDBG formula grant program.

[7] Inflation-adjusted outlays (or expenditures) for Section 8 — including both vouchers and project-based assistance — rose by 29 percent from 2001 to 2012, the last year for which complete data are available. The increase in budget authority (the measure used above for the four block grants) has been greater, but for the Section 8 programs outlays are a much better indicator of funding trends since they avoid distortions caused by factors such as the conversion of subsidies from long-term contracts where budget authority is provided for many years at the start of the contract to short-term contracts for which Congress provides budget authority one year at a time.

reductions in the number of families with housing assistance, so the consequences of underfunding are clear to policymakers and the public. This is a central reason why Congress has generally provided sufficient funding to cover the cost of vouchers in use.[8]

If vouchers were instead funded through a block grant, policymakers could, for example, cut funding and claim that local agencies could adopt unspecified "efficiencies" to absorb the reduction without assisting fewer families. This risk was demonstrated in 2003 and 2004, when the Bush Administration proposed to convert the voucher program to a block grant at the same time it proposed sharp cuts in voucher funding, and at times explicitly pointed to the added flexibility under the block grant to justify the lower funding levels.

The public housing operating fund also has a need-based formula that objectively identifies the amount needed to provide adequate funding. The consequences of underfunding are less immediate and predictable, however, than is the case with vouchers. The most immediate effects of cuts in public housing operating funding, such as delayed maintenance and reduced security, will vary from agency to agency and typically do not sharply reduce the number of families assisted in the near term. Even so, operating funding has fared much better over time than the housing block grants; operating funding was nearly unchanged in inflation-adjusted terms from 2001 to the 2013 pre-sequester level (and rose modestly on a per-unit basis, since the number of public housing units has declined), compared to drops of 24 percent to 58 percent for the major housing block grants. (Operating funding has experienced shortfalls more often than the voucher program, however.)

MTW block grants have not led to funding cuts so far. But MTW covers fewer than one in eight vouchers and public housing units. If Congress expands MTW to the point where most units are funded through block grants, there is a strong chance Congress will ultimately treat voucher and public housing operating funding more like it has treated housing block grant funding. This could mean considerably deeper cuts in funding for state and local agencies.

Sharp expansion of MTW in its current form therefore offers a very risky tradeoff. In exchange for less regulation and more flexibility, agencies would lose the funding mechanisms that have helped prevent deep funding cuts over the past decade.

The effects of such a tradeoff could be highly injurious to substantial numbers of low-income families. While agencies may be able to reduce administrative costs modestly under MTW, such savings would likely compensate for only a small share of any funding reductions. As a result, agencies would be compelled to use their new flexibility mainly to choose among cuts that harm vulnerable families, such as raising rents for assisted residents and shifting assistance from lower-income families to families at higher income levels that need less assistance.

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[8] The voucher program faces substantial underfunding for 2013, but even this exception illustrates the larger pattern. The House and Senate appropriations committees and the President's budget all proposed substantially higher voucher funding levels, but those funding levels were not actually appropriated because Congress provided appropriations for most HUD programs under a continuing resolution that froze most funding at 2012 levels. Funding was cut further due to sequestration, which accounts for the majority of the 2013 voucher shortfall. See Douglas Rice, "Sequestration Could Deny Rental Assistance to 140,000 Low-Income Families," Center on Budget and Policy Priorities, April 2, 2013, http://www.cbpp.org/cms/index.cfm?fa=view&id=3945.

Flexibility in Use of Funding Could Also Reduce Number of Families Assisted

Even leaving aside the potential effect on future funding levels, a major MTW expansion could cause many fewer families to receive assistance. This is because it would allow many more housing agencies to shift funds in ways that result in fewer families receiving assistance.

During 2012, MTW agencies used the flexibility MTW provides to spend about $450 million in voucher funding for other purposes or to leave the funds unspent, HUD data show. As a result, about 48,000 families were left without vouchers who could have been assisted with available funds. If MTW were expanded to cover all voucher agencies and those agencies shifted funds in the same proportion as current MTW agencies, more than 300,000 fewer families would receive vouchers.

MTW agencies could use transferred funds to provide rental assistance to additional families through public housing or other programs, but there is no evidence this has occurred. A CBPP analysis of HUD data and reports that MTW agencies submitted for 2009 showed that MTW agencies served about *40 percent fewer families per dollar of federal funding* than non-MTW agencies.[9]

MTW agencies are required by statute to assist "substantially the same" number of low-income families as they would without MTW funding flexibility, but HUD has not enforced this requirement and only recently published standards to measure compliance. HUD also has taken steps to establish an enforcement process, but it appears unlikely the new process will increase the number of families who receive meaningful housing subsidies. One reason is that MTW agencies apparently can count a family as "assisted" if virtually any MTW-funded housing-related expenditure benefits the family. For example, if an agency funded minor repairs to homes of a large number of families or provided those families very small rent subsidies, all of the families who are income-eligible would count as "assisted" even if the assistance did little to make their housing more affordable. This would enable agencies to meet their full obligation to assist families with a portion of their funds, while shifting large amounts to other purposes.

MTW agencies have used the funds shifted out of the voucher program for a wide range of purposes, including renovating public housing, developing new housing, providing services to housing assistance recipients, and supplementing agency budgets for administration and operations. Some of these expenditures have achieved positive outcomes, but there has been no rigorous assessment of whether they cost-effectively promote the goals of the housing assistance programs. Evidence strongly suggests that some transfers do not improve cost effectiveness. For example, studies by GAO and others have found that developing new affordable housing is generally less efficient than providing vouchers to help families afford existing housing.[10]

There also is no evidence that MTW fund transfers pay for themselves (for example, by increasing tenant incomes and rent payments) or free up subsidies to assist new families by enabling recipients to afford housing on their own. Any transfers that do not achieve those outcomes or directly

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[9] MTW agencies on average assisted 9.0 families per $100,000 in public housing and voucher funding, while non-MTW agencies assisted 14.7. See Will Fischer, "Expansion of HUD's 'Moving-to-Work' Demonstration Is Not Justified," Center on Budget and Policy Priorities, September 27, 2011, http://www.cbpp.org/cms/index.cfm?fa=view&id=3590.

[10] Government Accountability Office, *"Federal Housing Assistance: Comparing the Characteristics and Costs of Housing Programs*," GAO-02-76, January 2002, http://www.gao.gov/new.items/d0276.pdf.

provide housing assistance through other programs will exacerbate the already severe unmet need for assistance. HUD estimates that in 2011, some 8.5 million renter households that had income below *half* of the median income for their local area *and* did not receive rental assistance either lived in substandard housing or paid more than half of their income for housing.[11]

The consequences of reducing the number of families with assistance can be harsh. A rigorous Abt Associates study has found, for example, that low-income families without vouchers are substantially more likely than similar families with vouchers to become homeless, double up with another family, or move frequently[12] — all of which research has shown to have lasting adverse effects on health and educational outcomes.

Key Program Standards Could Be Waived

Some federal rules governing rental assistance could be streamlined or eased to provide added flexibility without adverse consequences. Other rules, however, provide important protections for low-income families or help ensure that agencies use federal funds efficiently and effectively. Expanding MTW with no new restrictions on waiver authority would allow many more agencies to sweep aside critically important rules along with unnecessary and burdensome ones.

For example, federal rules that give voucher holders the right to move anywhere in the country where there is a voucher program — not just within the jurisdiction of the agency that issued the voucher — play a key role in making vouchers effective. This "portability" right allows a worker who is laid off but finds a new job in a different county to use a voucher to move to an apartment within commuting distance of the new employer. Similarly, a victim of domestic violence can flee an abuser, an elderly person or person with a disability can move closer to a needed caregiver, and a family with children can move near a relative who can provide child care or to a neighborhood with better schools — all without losing their housing assistance.

Ten of the 39 MTW agencies, however, use their flexibility under MTW to limit voucher portability or have proposed to do so.[13] These agencies often allow portability moves for certain purposes or for "good cause" generally, but even when a family's move could potentially qualify under these exceptions, the requirement to provide justification and wait for the agency to evaluate it can deter moves.

Agencies may be tempted to restrict portability in order to reduce both subsidy expenses (by prohibiting moves to communities with higher rents, whose cost must be borne by the issuing agency unless the agency in the new community opts to absorb the voucher) and administrative burdens. But such restrictions also limit the effectiveness of vouchers in promoting employment and other positive outcomes among recipients.

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[11] HUD, "Worst Case Housing Needs 2011 Report to Congress: Summary," February 2013, http://www.huduser.org/Publications/pdf/HUD-506_WorstCase2011.pdf.

[12] Gregory Mills *et al.,* "Effects of Housing Vouchers on Welfare Families," prepared by Abt Associates for the HUD Office of Policy Development and Research, 2006.

[13] It is not clear that HUD has legal authority for the portability waivers it has issued under MTW. One of MTW's statutory objectives is to "increase housing choices for low-income families," and portability waivers restrict choice rather than increase it. The waivers may also be inconsistent with HUD and state and local agencies' obligations under the Fair Housing Act to affirmatively further fair housing opportunities for minorities and other protected groups.

The process for moving with a voucher from one community to another could be improved, but policymakers should accomplish this by making it less burdensome for all agencies — not by sharply increasing the number of agencies that can simply deny or restrict portability rights, as a major MTW expansion could do if it fails to maintain key program standards.

Expansion of MTW in Current Form Is Unlikely to Test Alternative Policies Effectively

A series of reports from the Urban Institute, HUD, and GAO have found that MTW has generally failed to generate conclusive results showing whether the alternative policies that agencies have implemented have been effective. A 2010 HUD report and some other assessments have highlighted "best practices," but GAO noted that "in most cases, the practices chosen were based on the opinions of HUD or contracted staff and largely involved anecdotal (or qualitative) data rather than quantitative data."[14]

This is partly because MTW was not designed as an experimental evaluation, in which randomly selected families are assigned to receive housing assistance under alternative policies and are compared to otherwise similar families who receive assistance under regular program rules. Such an evaluation requires researchers to monitor the demonstration closely to ensure that the design is effectively implemented. Random assignment is not necessary for evaluating relatively modest changes, such as streamlining the processes for determining tenant incomes or conducting housing quality inspections, where the risks of adverse consequences are limited and the impact on administrative costs is direct and easy to measure. But use of random assignment is a standard feature of successful demonstrations that test more substantial policy changes; otherwise, it is very difficult to determine the actual effects of experimental policies.

For example, most MTW agencies have adopted modified rules for determining tenant rent payments. Many of these agencies claim that their policies have been beneficial, but major rent changes carry significant tradeoffs. One alternative implemented by several MTW agencies establishes "flat rents" that are the same regardless of a tenant's income. Such rents are meant to encourage work. But they could also increase hardship or even homelessness if the poorest tenants are charged more than they can afford, or could waste money if higher-income families receive considerably larger subsidies than they need. Without an experimental evaluation across a variety of agencies, it is difficult to determine whether subsequent changes in employment, hardship, or costs have resulted from the flat rent policy or are the product of other factors, such as local economic conditions or changes in the makeup of the agencies' caseloads.

The uncapped MTW expansion in the subcommittee-passed AHSSIA bill would direct HUD to assess the effectiveness of MTW policies each year, but it would not require (or fund) HUD to conduct the kind of rigorous evaluation needed to test such policy changes in a meaningful way. Moreover, the scope of the expansion permitted would be so great that it would be virtually impossible for HUD to effectively evaluate all of the policies that agencies implement. As a result, the number of families affected by risky, untested policies would grow sharply, while the chances that this would lead to concrete findings about whether these policies actually work would not be better than under the MTW demonstration to date.

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[14] GAO, 2012, p. 21.

Compromise Permits Widespread Experimentation But Limits Risks

The compromise MTW provision in the April 2012 AHSSIA draft would still sharply expand MTW, make it a permanent program and allow widespread experimentation with alternative policies, including controversial ones like time limits and work requirements. It is more than adequate to accomplish MTW proponents' goals of expanding deregulation and permitting policy experimentation. But the expansion would be subject to a series of limits and protections that would reduce the risk of the harmful effects described above:

- **Protection for key program standards.** Under the April AHSSIA bill, a number of important program standards, including portability rights and procedural requirements designed to protect tenants from unfair termination of benefits, would apply at newly admitted MTW agencies. Other existing program rules, such as limits on the share of an agency's vouchers that it can "project-base" — that is, require to be used in a particular building — could be modified for MTW agencies but would still apply in some form.
- **Resident and public participation.** The compromise provision requires housing agencies to solicit extensive input from the public and from public housing tenants and voucher-holders during the planning and implementation of MTW policies. Importantly, it also authorizes funds to support participation by rental assistance recipients in developing new policies.
- **Special requirements for provisions that pose the greatest risk for tenants.** The compromise establishes special limits on three types of policies that pose the greatest risk of direct harm to low-income families: time limits, work requirements, and major changes in rules used to determine tenant rent payments. No more than 25 new MTW agencies could implement these policies, and HUD would be directed to conduct a rigorous evaluation at each such agency. The bill would also authorize funds for the evaluation and require agencies to participate and submit the needed data.
- **Limits on agencies' flexibility to assist fewer families.** The compromise would establish clearer requirements than current law in this area. Agencies could assist fewer families in order to free up funds for development projects and services, but the reduction in the number of families aided could not exceed 15 percent of the size of their voucher or public housing program, whichever is larger.

  In addition, in most cases, agencies could count families as "assisted" only if their rent burdens were comparable to those faced by voucher and public housing tenants under regular program rules. As a result, agencies would have less discretion than under current MTW policy to provide families with meager levels of "housing assistance" and shift the savings to other purposes.

  In addition, under the April AHSSIA draft, agencies that reduce the number of families they assist — beyond the permitted reductions of up to 15 percent — would have to repay HUD the share of their funding corresponding to the shortfall in the number of families assisted (unless the shortfall in families assisted was the direct result of inadequate federal funding).
- **Limitation to well-run agencies.** Increased flexibility is more likely to result in positive outcomes if it is limited to well-run agencies. The compromise provision would direct HUD to admit only agencies where 95 percent of public housing units are occupied and 95 percent of vouchers or voucher funds are in use. Both benchmarks would be difficult for the lowest-performing agencies to meet. (The provision also limits admission to "high-performing"

agencies, but allows HUD broad latitude to define "high-performing," so the significance of this limitation would depend heavily on HUD's implementation.)

- **Cap on overall size of demonstration.** The compromise provision would direct HUD to admit new agencies administering approximately 500,000 vouchers and public housing units to MTW, and allow HUD to admit additional large housing agencies (those with more than 50,000 public housing and voucher units) that administer another 410,000 units. This expansion of MTW to up to 910,000 additional units, together with the 430,000 units at current MTW agencies, would bring the overall number of units in MTW as high as 1.34 million — or more than one-third of all public housing units and vouchers in the country. That is more than triple MTW's current size, making this is a very large expansion. It would still be smaller, however, than the number of units that could be swept under MTW under the uncapped expansion in the subcommittee-passed AHSSIA bill.

These policies would reduce the chances that MTW expansion would lead to future funding cuts, for two reasons. First, at least two-thirds of public housing and voucher units would still fall outside MTW and be funded through the regular formulas. As a result, Congress could continue to make funding decisions for the public housing operating fund and the renewal of voucher subsidies as it has in the past, rather than treating these programs like the housing block grants, which, as noted, have faced deteriorating funding over time.

Second, MTW agencies would have much broader flexibility than other agencies, but there would be limits to how much they could shift funds to purposes other than housing assistance and they would have to provide assistance that meets defined criteria. As a result, the link between funding levels and the number of families that an agency assists would be clearer than it would be under MTW without these new protections, and the consequences of underfunding would be more direct and predictable.

It should be emphasized that MTW expansion would still pose significant risks despite the compromise provisions. The expansion is large enough that it could strain HUD's capacity to monitor it without additional administrative resources. In addition, if all of the agencies admitted to MTW exercised the full flexibility it provides to assist fewer families, the number of assisted families could fall by as many as 80,000 and more than $600 million in voucher funds could be transferred to other purposes.

Moreover, while only 25 additional agencies could experiment with time limits, work requirements and major rent changes, if HUD chose relatively large agencies, these policies could affect many times more families than is needed for evaluation purposes. And at the end of the evaluation, HUD would be free to allow those agencies to extend the policies permanently without Congressional authorization.

Finally, the plan also allows some significant and potentially harmful policy changes that would *not* be subject to rigorous evaluation. For example, the compromise allows (and under some circumstances requires) HUD to establish combined income targeting requirements for the public housing and voucher programs. At many agencies this would allow large shifts of vouchers from the neediest families to those with somewhat higher incomes. Faced with tight funding, some agencies may feel pressure to adopt such a policy because families with higher incomes are less expensive to assist.[15]

If Congress expands MTW, it is critical that the expansion be subject to the full range of protections in the compromise plan, which would substantially reduce the potential adverse consequences compared to an unconstrained MTW expansion. Because the compromise expansion still would entail significant risks, however, Congress should enact it only if it is critical to passing other important rental assistance reforms whose benefits would offset these risks. The April 2012 AHSSIA bill included enough highly beneficial rental assistance reforms that it appeared to meet that test.[16] If during the legislative process, however, Congress backs away from those broader reforms or weakens the protections in the compromise, the balance between risks and benefits will change, and there will no longer be a sufficient justification to expand MTW.

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[15] Today, agencies are required to ensure that 40 percent of families admitted to public housing and 75 percent of those admitted to the voucher program are "extremely low-income" families — i.e., families with incomes below 30 percent of the local median income, which, on average, is roughly equivalent nationally to the poverty line. The lower percentage for public housing is intended to avoid concentrations of the poorest families. But at most agencies, extremely low-income families account for substantially more than 40 percent of new public housing admissions, sometimes because relatively few higher income households apply to live in public housing.

Under the compromise plan, HUD could permit agencies to apply a weighted average of the 40 percent and 75 percent requirements to all families admitted to both programs. This effectively would allow agencies to count extra extremely low-income families admitted to public housing against the voucher targeting requirement. Agencies could then issue substantial numbers of vouchers to families with somewhat higher incomes (who may be more interested in vouchers than public housing because vouchers can be used in a modest unit of the family's choice), reducing the overall number of extremely low-income families admitted.

[16] AHSSIA includes measures to streamline rent determinations and housing quality inspections, make voucher funding allocations more stable and predictable, give agencies greater flexibility to "project-base" vouchers in particular buildings, make voucher admissions policies fairer by banning arbitrary screening criteria, strengthen the Family Self-Sufficiency program (which provides rental assistance recipients job counseling and incentives to work and save), and make other improvements to the rental assistance programs.