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**Written Testimony of  
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**Submitted to the U.S. House of Representatives Committee on Financial Services,  
Subcommittee for Insurance, Housing and Community Opportunity**

October 13, 2011

Good Afternoon Chairman Biggert, Ranking Member Gutierrez, and the Members of the Subcommittee. I am Gregory Russ, Executive Director of the Cambridge Housing Authority, Cambridge, Massachusetts.

I would like to thank you for the opportunity to appear before the committee.

The CHA was one of the original 24 Moving to Work agencies, becoming part of the program in 1998. Since that time, the CHA has been able to pursue many innovative policies and programs that have increased the efficiency of the agency, promoted economic betterment for our tenants, simplified the burdens placed on tenant families who participate in the public housing and leased housing programs, and served unique and underserved populations. We have initiated a range of programs and policies that are aimed at enhancing economic opportunities and incentives for our participants and tenants, by utilizing our subsidy dollars in new ways.

CHA believes that the general purpose of a housing subsidy ought to be to improve the economic health and stability of the family. We have pursued, and are pursuing, a new vision of how the subsidy can be utilized to encourage families to build assets, establish reasonable budgets, and become more integrated into the economic system, including the banking system, in meaningful ways. We are in the process of building the programs with the incentives to achieving these goals.

We have initiated a number of demonstration efforts that encourage tenants to pursue work, training, or education, combined with a subsidy that is flexible in its use while enabling them to be stable and safely housed. Because of the wide range of needs and abilities, we are striving to address families at many different starting points. All of these initiatives created new types of

vouchers/subsidies that would not have been possible without MTW flexibility. Some of those initiatives are:

- Sponsor-based Vouchers. The CHA created a new type of voucher that provides assistance directly to organizations that provide service-rich or transitional housing programs for unique populations in need, such as the homeless, victims of domestic violence, or the previously institutionalized. Providing the voucher directly to the service agency provides the economic means for the organization to operate, while the population they serve will take their first step into a stable housing environment that will make future progress and independence possible.
- Family Opportunity Subsidy Program (FOS). FOS involves a vast array of subsidies, services, and standards designed to move families from homelessness to self-sufficiency in ten years. CHA has partnered with other agencies (Heading Home, Parenting Resource Associates, and the Executive Office of Massachusetts Community Colleges, among others) in developing a program that integrates housing assistance with employment and other services. The program design provides generous subsidies in earlier years, and transitions from the sponsor-based model to an independent model over time. Subsidies decrease over the term of the program, and the families receive significant monetary incentives to increase income and complete the program.
- Career Family Opportunity Cambridge Program (CFOC). CFOC is a five-year program that consists of three integrated components: a self-sufficiency component, a matched savings component, and a housing component. Participants are provided with secure and affordable housing while they progress through three stages of an education/career plan. CHA has partnered with the Crittenton Women's Union in designing and implementing this program. At graduation, residents are expected to have a job that supports economic independence. Shallow subsidies are available to large families if necessary to provide continued stability post-graduation.
- Rent Simplification. CHA adopted a new method of rent-setting in public housing that is still based on tenant income, but is easier to understand and less burdensome for both the participant and the agency. Consultation with tenants and their advocates created a fair system that encouraged participants to seek additional income without penalty by requiring recertification only every two years, and allowing the tenant to retain the benefit of any additional income they earn during that period without an immediate rent increase, as would be required in conventional programs. The CHA hopes to implement this approach in our leased housing programs in the near future.
- Project-based Vouchers: By simplifying the process for developers to apply for project-based vouchers, CHA has enabled developers to create new permanent housing opportunities in the City of Cambridge. Longer-term contracts and the ability to subsidize 100% of the building's units leverages private sector mortgages from local banks.

- Expiring Use Preservation. Working with the City of Cambridge, tenants and their advocates, and a non-profit developer, the CHA developed a voucher program that permits the acquisition and refinancing of expiring use buildings by converting tenant-protection vouchers, at the tenant's election, to long-term project-based vouchers.

Additionally, the CHA has been able to preserve its own housing inventory and expand the number of affordable housing units in the city by using its MTW flexibility to acquire buildings and condominium units throughout the City of Cambridge as a new affordable housing resource.

The CHA, as part of its 2011 MTW activities, is testing HUD's proposed Rental Assistance Demonstration model against real world conditions. This is an example of how MTW can provide an incubator for new approaches to the delivery of housing.

In approaching its new initiatives, the CHA has drawn on the ideas proposed by Jeffrey Lubell of the Center for Housing Policy and Reid Cramer of the New America Foundation.<sup>1</sup> They have developed a framework for expanding the reach of the Family Self-Sufficiency Program by offering families the opportunity to build family assets through a Rental Assistance Asset Account. They project that by systemic utilization of asset building incentives, as well as earning incentives, families will gradually transition into the private market, allowing other families to be served by the subsidy dollars. The impact on the federal budget by reducing the amount of subsidy to each family would be very significant if replicated on a large scale. They point to the MTW program as the perfect place to begin to implement and test these models.

CHA is also starting discussions with the Corporation for Enterprise Development (CFED) to refine an approach to family asset, especially for children, and the opportunity incentives. The mission of CFED is "to identify and advance innovative ways to help moderate and low-income people go to college, start a business, own a home and save for their children's financial futures and their own retirement years."<sup>2</sup> CHA believes this is the direction of the future that offers the promise of success to participants, and utilizes subsidy in a creative and efficient way.

### The Section Eight Savings Act (SESA)

The proposed Section Eight Savings Act (SESA) moves the Section 8 program in the right direction. Simplifying program requirements benefits the agency as well as the tenant and saves dollars. Simplification also provides time for the agency to fulfill its underlying mission, rather than spending its time conforming to unnecessary bureaucratic requirements. The incorporation of family self-sufficiency components into SESA also promotes policies that CHA has pursued,

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<sup>1</sup> See, "Taking Asset Building and Earnings Incentives to Scale in HUD-Assisted Rental Housing", New America Foundation and Center for Housing Policy, [www.Newamerica.net](http://www.Newamerica.net).

<sup>2</sup> "A Legacy of Innovation & Impact", CFED, [www.cfed.org](http://www.cfed.org).

and we think is one of the primary goals of our agency. For those reasons, we applaud the changes included in SESA.

However, our experience in Cambridge has taught us that in order to truly change the shape of the services we offer, more flexibility is required than is offered by SESA. Particularly in a climate of limited resources, it is difficult to craft new directions that meet the needs of our clientele. Yet, the more we can offer a pathway to success to participants and tenants, the more fulfilled their lives will be. The concomitant result is that the agency saves money that would ordinarily be required for a subsidy, and apply that savings to new families or to self-sufficiency initiatives. The SESA provisions, while encouraging, would not be enough to accomplish our goals.

### MTW Improvement, Expansion, and Permanency Act

CHA has reviewed the proposed “MTW Improvement, Expansion, and Permanency Act”. The legislation takes the very important step of acknowledging the success of the MTW demonstration model, and provides the tools to expand that success by allowing additional agencies to participate in the program. The provisions of the Act follow the successful model of the original authorizing legislation. In a time of very limited resources available to support the continuation of existing public housing and leased housing programs, it creates a vital tool for make the most of the resources that are available. The CHA is very supportive of the provision in the Act that requires due process prior to termination of tenant or participant benefits, which the CHA has always included in its own program.

Important to the success of this model is the focus on local needs of communities. There are so many different circumstances that exist across the country, with widely divergent demographics, markets, and resources, that it makes perfect sense to create the flexibility necessary to enable success in a variety of ways depending on the particular circumstances of a community. The MTW program requires no additional funding, yet it creates great opportunities for innovation, for preservation, and for development in the interests of our low-income families. Providing a road to success to these families is a step toward strengthening their opportunities and the well-being of the community as a whole.

In sum, the MTW program makes it possible for agencies to use their imagination and creativity to address difficult and endemic social and structural challenges, such as generational poverty, or lack of life and vocational skills. To solve these problems, many approaches must be tested. To achieve the objectives of family self-sufficiency, economic integration, and programmatic success, we must strive not to be constrained by habit, history, or inertia. Congress has the means to open the door to these possibilities. We encourage you to pass both SESA and the MTW Improvement, Expansion, and Permanency Act.