



Statement of

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Winston-Salem, North Carolina

Before the Housing Financial Services Committee

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Hearing: "Evaluating How HUD's Moving-to-Work Benefits Public  
and Assisted Housing Residents"

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Chairman Neugebauer, Ranking Member Capuano, members of the Subcommittee on Housing and Insurance, good afternoon and thank you for the opportunity to testify. My name is Larry C. Woods and I am the Chief Executive Officer/Executive Director of the Housing Authority of the City of Winston-Salem in North Carolina. I have over 27 years of leadership experience in the field of community and economic development and I have been involved in the development of a variety of affordable housing opportunities in a wide variety of economically challenging urban environments during my career. I have worked in the South Bronx and Harlem in New York City, North Philadelphia in Pennsylvania, in Wilmington, Delaware and now in Winston-Salem, North Carolina. In each of these communities, the economic and social environments are unique and complex. Each community requires customized solutions to its issues.

The Housing Authority of Winston-Salem has approximately 1,300 public housing units, administers 4,600 housing choice vouchers, and manages market rate housing units and two office buildings. Over 90% of our current housing inventory is located in communities of high concentration of poverty, with poor public transportation and few employment opportunities. In 2010, our housing choice voucher waiting list was opened for five (5) days and over 6,000 applications were received. It will take approximately 10 years to realize enough voucher turnover to address those applications. Our public housing waiting lists are currently at 130% of our total units. The length of time on the waiting list for public housing is 2 - 3 years.

There is an economic stagnation of non-elderly, non-disabled families living in subsidized housing resulting in unnecessary lengthy stays, generational poverty and increased demands for governmental subsidies and lengthening of waiting lists. Current policies, rules and regulations provide for unconditional, open-ended housing subsidies that discourage self-sufficiency and nurture generational poverty.

In surveys taken of non-elderly/non-disabled residents in Winston-Salem's public housing, residents stated that they liked living in public housing because they were on their own and taking care of themselves. They have reached their goal of independence. Many have no intention of furthering their education or of finding employment. When asked how long they plan to live in public housing, the answer is forever. There is no understanding by the residents that someone is supplementing their "independence". Often residents in public housing are simply waiting on a housing choice voucher which will provide them with more choice of where to live with even less requirements than public housing.

Housing Authorities are required to adhere to first-come, first-serve / open-ended policies while being asked to solve the problem of long-term use of the program by multiple generations of the same family. An expectation of lifetime entitlement by the non-elderly/non-disabled has been created, and this expectation is passed from one generation to the next. As a result, there is an inability to assist those families who have been on the waiting lists.

These issues must be addressed, in addition to the provision of housing, in order to use taxpayer dollars most efficiently and effectively and to assist individuals to reach their highest potential. This is most effectively done with the Moving-to-Work (MTW) program flexibility.

In order to advance the Housing Authority's mission in Winston-Salem, I began to implement strategies with the objective being to serve as many families as possible with the programs and resources available to us, while addressing generational poverty and the concentration of poverty.

I assembled a staff of credentialed professionals from both the public and private sector in order to ensure the Authority would be well managed and had the capacity and creativity to enhance its role in our jurisdiction.

Since I testified before the Subcommittee in October 2011, we have designed and implemented additional programs and strategies to reduce or eliminate a family's dependency on government support, and to assist these families in reaching their full potential.

It is still my belief that as a housing authority, our core business is real estate and our focus is and needs to remain real estate management and community development. However, I recognize that the availability and accessibility of quality and performance-based resident services are vital for the advancement of the individuals and families which we serve. I also realize the problems facing each family are extremely complex and uniquely challenging, requiring a multi-discipline and holistic approach.

As real estate managers and development professionals, we need to do what we do best – real estate. We are not educators, law enforcement officers, healthcare providers, mental health professionals or workforce development experts. We have determined that within the City of Winston-Salem there are a wealth of agencies with experience, expertise, and an excellent track record that are more qualified to provide these services. Many of these agencies are currently funded through city, state and federal grants targeting families and individuals with the same or similar demographic profiles of those living in federally subsidized housing. Bottom line, our attempt to mimic their services and operations would only result in the duplication of services and that clearly would not be the best use of taxpayer dollars.

As a result, we developed the PATH program to assist public housing residents to reach self-sufficiency. The focus of the PATH program is to provide a "HAND-UP" approach in assisting families to reduce or eliminate their dependency on government support and to transition into the economic mainstream of our City. The program is designed to provide a positive and permanent exit strategy so that families remain self-sufficient, based on the needs and economy in Winston-Salem.

The PATH program is a collaborative program whose lead agency is the local Workforce Development Board. The partnership of agencies involved include Goodwill Industries, Crosby Scholars, Consumer Credit Counseling, Family Services, Winston-Salem/Forsyth County Schools, Forsyth Technical Community College, Smart Start, Urban League and the YWCA. Services include early childhood education, college readiness, career counseling, vocational education, job skills training, people skills training, employment placement and retention services and financial literacy. The Authority plans to expand the program. One example of the capabilities of two of our partners, Workforce Development and Goodwill, was the placement of 3,600 individuals into permanent employment.

These services are at no cost to public housing residents. Funding has been secured through the agencies themselves, charitable and private philanthropic organizations in Winston-Salem and competitive grants. The Authority has been able to bridge any gap so far. Without the funding flexibility of MTW, we will not be able to continue to provide funds for this program.

To encourage participation, funding from the Authority and private grants are used for transportation, books, equipment and computers that tenants may need to be successful. There are also monetary rewards for tenants that reach certain milestones in the completion of educational goals, employment goals or entering into military service. This program was primarily designed for non-elderly, non-disabled individuals to have the greatest possibility of personal success. The elderly and disabled are welcome to participate. With MTW, we can provide continual incentives for participation.

In addition to services, the Authority has started a STEP-UP housing program. Two apartment communities are currently under development by the Authority. These are to provide an incentive and to move families toward a market rate, mainstream community environment to ease the transition of families into market rate and true mixed-income housing opportunities as the families reach self-sufficiency. The first community will be ready for occupancy by the end of this year. In future years with MTW, the Authority wants any new housing acquired or constructed to be mixed-income with a goal of 80% market rate (unsubsidized), 10% affordable (with no operating subsidy) and 10% subsidized. This mix will not only deconcentrate poverty, it would also provide mainstream housing without the stigma that currently exists in 100% subsidized housing developments. In a mixed-income environment, attitudes change, possibilities that the middle class take for granted are recognized and behaviors change.

In 2012, when we introduced the PATH initiative at four of our public housing developments, only 60 public housing residents attended out of 729 households. Additional efforts were made to engage tenants with these services and the opportunity for them to improve their lives. Upon investigation and interviews with the tenants and former tenants who have had successful exits from public housing, the reasons for lack of interest in the program were basically the same - there was not a requirement that the tenants participate in order to continue receiving housing assistance. It was expressed that until participation in a self-sufficiency program was a requirement, there was no intention to participate or work toward self-sufficiency. Under current rules and regulations, without MTW designation, participation in self-sufficiency cannot be

mandatory, although housing authorities are asked to encourage self-sufficiency. Self-sufficiency cannot happen without the means to earn a living.

We asked ourselves, why would our tenants not jump at this no-cost opportunity? It has become apparent that we were looking at our tenants through our own criteria for making decisions, our own obstacles, our own motivators and our own support systems and willingness to change rather than our tenants. To better understand this phenomenon, we engaged Dr. Ruby Payne, whose extensive research and practice of working with families in poverty, and she opened our eyes as to how to best work with the families we serve. Her principles have helped us to understand the program elements that are needed and to incorporate those elements that must be in place in order for there to be success in working with our tenants on the issue of self-sufficiency. Many of these principles can only be employed with the flexibility of MTW.

Although we are excited about the coming completion of our first STEP-UP apartment community, we are concerned how current rules and regulations will undermine our intent for this to be an incentive and transition to mixed-income and market rate housing. Current rules and regulations allow for an admission preference for working families. However, there is no work requirement for continued occupancy. Without a change, this progressive housing will quickly revert back to a traditional low income public housing development with high rates of unemployed tenants and another place that encourages generational poverty.

Winston-Salem is a vibrant community with a multitude of opportunity for our tenants. An investment of \$50 million has been made in a career center which serves over 2,200 students from across the county to prepare them for college or a career by offering courses with college credit and technical career classes. The downtown Innovation Quarter (associated with Wake Forest University's Medical Center) is a 200-acre bio-medical research park that has created almost 1,000 jobs in the last year and anticipates 4,000 by the end of next year. At build out, there is anticipated to be 27,000 to 30,000 new jobs from entry-level to the PhD level. Caterpillar opened a plant in late 2011 and anticipates having a workforce of at least 500 in 2014. Caterpillar partnered with Forsyth Tech to train its employees. The Wake Forest Baptist Medical Center is the largest employer in Winston-Salem with over 12,000 jobs at all levels. Job growth has been in the areas of health care, education, construction and manufacturing. The Winston-Salem Metro Area added the second most jobs of any Metro Area in North Carolina in 2011. Downtown is particularly experiencing tremendous growth in housing, hospitality and leisure due to amenities such as the new downtown baseball park and its concentration of galleries and performing arts centers. BB&T Financial Services is headquartered in Winston-Salem. The City is home to the North Carolina School of the Arts and was the home of the first local Arts Council in the United States.

There are sufficient educational and employment opportunities to support our tenants in Winston-Salem. We not only want our tenants to access the opportunities in the City, but to thrive because of them.

Although we have made great progress, there are issues in our City that cannot be solved with the inflexibility currently found in existing rules and regulations. There are policies, rules and regulations in place now that simply do not allow us to tailor solutions to more comprehensively

meet our needs in Winston-Salem. We have gone as far as a traditional housing authority can, and are at a huge risk of losing the momentum that has been built with our community partners.

To address our situation in Winston-Salem, the Moving-to-Work model with full flexibility in the use of funding and in program design must be available to provide a comprehensive, effective and cost-efficient approach to assist individuals and families to obtain self-sufficiency and move into the mainstream with little or no need for continual governmental support. This will also enable my Housing Authority to increase the number of people that can be assisted, particularly those who have been struggling and waiting for so long.

Current Moving-To-Work (MTW) demonstration objectives are to:

1. Provide incentives to families who are seeking employment and economic self-sufficiency,
2. Reduce costs and achieve cost effectiveness, and
3. Increase housing choices for low-income individuals.

MTW, with its flexibility to align resources with the needs that exist in local areas, is currently the only means to provide a lasting and perpetual impact. Local authorities, like mine, must be allowed to develop and implement strategies to best serve the needs in their jurisdiction. The ability to become a MTW agency should be a choice open to housing authorities meeting basic qualifications, such as capacity and a plan that meets the purpose of the MTW program, rather than through a competitive process.

A MTW contract does not result in any increase in federal funding for the Authority. However, it provides the significant flexibility we need to use our available resources in more innovative and creative ways that are currently unavailable to us. As a MTW agency, our goal would be to achieve real results that will provide greater incentives for families to become less dependent on subsidy and to move away from outdated policies that perpetuate the warehousing of low-income individuals in functionally obsolete housing within severely distressed neighborhoods that provide no hope for a better life. The current public housing inventory in Winston-Salem has physical needs in excess of \$40 million with many items being structural in nature. Housing authorities must evaluate whether it is prudent to invest more funds in developments with high needs and short remaining economic lives or use its funds to leverage private capital to build mixed-income communities with long economic lives and access to employment and better schools. We think the choice is simple. Therefore, all of our financial resources, operating subsidy, capital fund and housing choice voucher funds, must be employed to apply a holistic approach to the brick and mortar, as well as, the tenant self-sufficiency goals.

As each individual's circumstances and needs for housing and assistance to reach self-sufficiency are unique to that individual, so are the issues and solutions unique for each city. No one standardized/cookie cutter solution will work since the issues in the City of Winston-Salem are not the same as St. Louis, San Diego or any other city across America. It is not reasonable to believe or expect that there is a one size fits all solution or a set of regulations that can solve all housing and self-sufficiency needs. A standard MTW contract would be just another one size fits all approach, which we already know does not work. The existing 10-year MTW contract

needs to be revised to allow for an indefinite term. This would allow housing authorities to undertake long-term planning without having to worry unnecessarily about winding down program improvements in the last several years of the contract.

I do believe that a specifically-tailored, fully-flexible agreement between HUD and the housing authority to meet the unique challenges in its locality would provide the means for me to solve the issues I face in Winston-Salem and my colleagues face in their communities. HUD should have or should obtain the capacity to handle specifically designed MTW agreements. All businesses, including housing authorities, manage many types of contracts and manage the changes to their operating environments every day. It is not unreasonable for there to be the same expectation of HUD. HUD should manage the MTW contract, act as an advisor as to what has worked in the past for other agencies with the same economic climates, and monitor the outcomes of the housing authority. With the proper reporting matrix designed using the three goals of the MTW program, housing authorities can document the outcomes of its MTW contract with HUD on a contemporary basis.

There are additional issues that also need serious review and the development of new solutions. Many of these issues are unintended outcomes of otherwise well-meaning rules and regulations. You may be surprised that under current rules and regulations, the elderly and disabled pay rent from the funds they receive each month, while these same rules and regulations, make it possible for the non-elderly, non-disabled, who choose not to work, to not pay rent. Sadly, in the housing arena, often what appears to be a progressive idea in theory, results in abuse of the system, exorbitant administrative burdens and unnecessary expenditures that reduce our ability to assist low-income families. MTW allows for the serious review of the issues and for the development of new solutions.

As a MTW agency, the Housing Authority of the City of Winston-Salem would have, at the minimum, the opportunity to:

1. Allocate funds to programs with the greatest impact using the flexibility of funding; and adjust programs and funding allocations as the local circumstances and economy changes.
2. Develop and implement positive and lasting exit strategies with an appropriate safety net. This would be accomplished by designing programs to use subsidized housing as a stepping stone to self-sufficiency, rather than subsidized housing being a way of life generation after generation.
3. Provide a means for individuals entering housing assistance to proceed through a series of services so that the individual can reach a point where housing assistance, and possibly other governmental support, is no longer needed or is significantly reduced.
4. Create additional partnerships to develop individual life plans and goals for those receiving assistance since the needs of each individual are unique. For example, the needs are different for someone needing temporary assistance due to a job loss versus someone who has a lack of skills or who is in a low paying, yet essential, job.
5. Provide transitional support for program participants as they move to economic independence.

6. Require participation in self-sufficiency programs.
7. Implement a work requirement for the non-elderly and non-disable in all programs as a foundation to build economic independence.
8. Standardize program eligibility and operations to make programs more understandable by participants and to provide for efficiency of operations. This would create significant cost savings which would streamline operations and eliminate redundant paperwork.
9. Utilize all the funding for the Housing Choice Voucher program to assist additional families, such as the chronic homeless, rather than capping the number of vouchers when the funding is available and the need is so great.
10. Develop “step-up” housing in mixed-income communities to deconcentrate poverty and assist families in the transition to the private market.
11. Develop affordable housing without the need for ongoing federal subsidy.
12. Develop mixed-income communities throughout the City in order to promote true deconcentration of poverty by providing low-income families access to transportation, healthcare, educational and employment opportunities. A portion of the units, 10-20%, would be for low to moderate income families. This type of deconcentration will greatly assist with removing the stigma of living in subsidized housing.

These are difficult days for our economy and there is a pressing need to get our fiscal house in order. Given the current pressures on the federal budget, it is now more important than ever to empower local housing agencies to do all that they can do for their communities with the funding available to them. MTW allows for greater opportunities for tenants to have access to services, to have more choices in housing types and locations, and to have a wider range of employment opportunities. Without MTW, housing authorities will continue to apply band-aids to its current housing inventory, make little advancement with its tenants toward self-sufficiency, grow waiting lists, and will not be able to sustain its own operations.

The MTW Demonstration Program is now over 15 years old. MTW agencies with this designation have changed the lives of families by moving them into mainstream society with assistance with education, employment, transportation and housing options. It is time for this successful program to be made permanent.

This Authority wants and needs MTW and must be able to determine the details of program design and solutions that are the best fit for the local needs in Winston-Salem. We want the responsibility and expect to be held accountable. I have families in Winston-Salem that are desperate for advancement, not only for themselves, but their children as well. However, I am not able to help them due to the lack of positive and lasting exits of our tenants from the housing programs. I am asking you here today to provide me with the flexibility to enable me to maximize the potential of my Authority to assist the citizens of Winston-Salem.

This concludes my testimony. I want to thank you again for the opportunity to address public policy based upon our efforts in Winston-Salem. I am happy to answer any questions you may have.