

Housing and Insurance Subcommittee
Hearing: The Future of Housing in America:
A Better Way to Increase Efficiencies for Housing Vouchers and Create Upward Economic Mobility
September 21, 2016

Good morning Chairperson Luetkemeyer, Ranking Member Cleaver, and other members of the Housing and Insurance Subcommittee. My name is Cheryl Lovell and I am the Executive Director of the St. Louis Housing Authority. I am pleased to be here today to provide information and insight on the proposed demonstration program to evaluate the effectiveness of regional mobility programs for families using Housing Choice Vouchers. The demonstration program will allow public housing agencies to collaborate on initiatives to assist low-income families using existing vouchers to move to areas of higher opportunity.

I have been working with public housing authorities for 23 years, first with the East St. Louis Housing Authority, and now with the St. Louis Housing Authority (SLHA) for the last 17 years. Consistent with SLHA's mission to efficiently build and maintain desirable, affordable housing for residents of the St. Louis area through forthright leadership, innovative partnerships, progressive technology, and expansion of new resources, the SLHA team has implemented a wide range of programs to improve the quality of the lives of our residents. In the past 17 years, SLHA has developed over 2,000 units, over 800 of which are public housing units in 19 mixed-income, mixed-finance communities. The investment in these developments is over \$450 million, with over \$275 million in private funding. In that same time, SLHA transformed from a troubled agency to a consistently high performing agency. We did not achieve this success alone. Our success is attributable to the support of Congress, HUD, our local leadership, our clients and our private sector partners.

SLHA serves approximately 9,600 families in St. Louis; 2,700 families live in public housing and 6,900 families receive assistance through the Housing Choice Voucher program. We maintain a public housing occupancy rate of 99% and have a utilization rate of 99% in the Housing Choice Voucher program. Ninety-eight percent of the clients we serve are African-American.

Approximately 55% of our families are elderly or disabled whose primary source of income is Social Security or Supplement Security Income (SSI). The remaining clients are primarily single parent families with children. The primary source of income for approximately 75% of these families is employment. The average annual income for public housing residents is \$11,402 and \$12,240 for families participating in the Housing Choice Voucher program.

The government structure in St. Louis is relatively unique. The City of St. Louis is a city that is not located in a county. The city is surrounded by St. Louis County, which contains almost 90 individual municipalities. St. Louis County has a separate housing authority, which serves close to 7,000 families, with about 6,500 families receiving assistance through the Housing Choice Voucher program. The clients in the Housing Authority of St. Louis County's Housing Choice Voucher program are very similar to SLHA's clients. Ninety-three percent of the clients are African-American. Approximately 41% of the families are elderly or disabled whose primary source of income is Social Security or SSI. The remaining clients are primarily single parent families with children. The primary source of income for approximately 75% of these families is employment. The average annual income is \$12,946 for families participating in the Housing Choice Voucher program.

For many years, the St. Louis Housing Authority and the Housing Authority of St. Louis County have allowed voucher holders to rent units in each other's jurisdiction without using the portability process. The jurisdiction sharing process allows families a broader choice of units in the metropolitan area. Despite the efforts of both housing authorities, Housing Choice Voucher units are largely located in areas that contain a concentration of minority populations and/or poverty. Most of the areas of concentration have unaccredited, marginally accredited or low performing school systems. While most of the areas have reasonable access to public transportation, many of the areas contain limited economic opportunities. Many of the areas experience high rates of crime. As recent research shows, living in neighborhoods with low educational and economic opportunities contribute to generational poverty.

The reasons families choose units in these areas are not entirely clear - anecdotally, the reasons appear to be familiarity with the neighborhoods, proximately to family and availability of units with landlords willing to accept vouchers. In a very limited study recently conducted by Dr. Molly Metzger of the Brown School of Social Work at Washington University, her findings indicate that some families strategically choose to live in areas with unaccredited school districts to allow their children the opportunity to attend high performing schools through a transfer process. Because the size of the study was very small, Dr. Metzger indicates more research needs to be conducted in this area to draw any conclusions, but the study does show that HCV families do consider educational opportunities when making housing choices and also indicates that there may be unanticipated reasons for particular housing choices.

To address the concentration of voucher utilization, the St. Louis Housing Authority and the Housing Authority of St. Louis County are collaborating to design and implement a small mobility counseling program. The program focuses on moving families to areas with a concentration of poverty of less than 10%. Participation in the program is voluntary and open to both new and existing clients of both housing authorities. Our program is funded by a small one-time grant that supports the program for 12-14 months. Our hope is that during the design phase, additional funds can be identified to continue and expand the program.

The program requires participants to attend a series of mandatory workshops including:

1. Rights and responsibilities as a tenant
2. How to be a good tenant
3. How to search for housing
4. How to present yourself and negotiate with a landlord
5. Financial fitness
6. Energy efficient living

The first four workshops will provide participants with vital information for their successful housing search. The financial fitness program will provide budgeting and saving information to ensure families have the skills to pay their portion of the rent timely. The energy efficiency workshop is required because many families have a significant challenge maintaining utility service. Providing information on how to conserve energy will lower a family's utility bills, allowing them to maintain services.

The program includes pre-move counseling services. These services include a review of the family's credit report, development of a family plan that identifies the family's goals, and any additional services the family may need, such as daycare, school registration or health services. The program also provides post-move counseling services. A 30-day follow up counseling session will answer questions the family may have and will seek to ensure the family has connected with needed services. A session will also be scheduled with the family four months before their lease expires to determine if the family is considering moving when the lease expires. If the family wants to move, the counselor will try to determine the reason and provide a plan to address the family's concern or alternately encourage the family to move to another area of opportunity.

The key to a successful mobility counseling program is obtaining the participation of landlords in areas of opportunity. The first step in attracting landlords is to dispel the stigma and myths about the HCV program with landlords and communities. To accomplish this task, the program will use marketing materials to explain the benefits of the HCV program. The program staff will speak at community and neighborhood association meetings, churches, apartment associations and landlord organizations to explain the program and dispel negative stereotypes. To assist in dispelling negative stereotypes, the staff will recruit participants to provide testimonials to these groups. As the program is developed, an advisory committee of landlords in areas of opportunity will be established to consider suggestions and deal with issues landlords are encountering.

The St. Louis metropolitan area is one of the most segregated cities in the country and the poverty rate of African-Americans is nearly three times higher than the poverty rate of the remaining population. While the current program is early in the development stage and will initially serve a limited number of families, both agencies view the program as critical to their missions. Providing families with the extra services they may need to take advantage of an area of greater opportunity is a small step toward addressing historic segregation and will provide the participating families with a path to potentially breaking the cycle of poverty.

Like St. Louis, many older urban areas remain segregated. As economic disparity tends to follow the patterns of segregation, HCV families in many areas live in neighborhood with a high concentration of poverty. Creation of a demonstration program that will evaluate the efficiency and effectiveness of regional mobility programs will provide an opportunity for HUD and their partnering housing authorities to develop innovative solutions to move families to areas of higher opportunity. A demonstration program allows HUD to determine which solutions provide the best outcomes and develop best practices. The results of a demonstration program could assist other housing authorities to develop and implement mobility programs. We hope that the results of a demonstration program will provide insight on how to increase the number and size of programs in areas where voucher holders are highly concentrated in areas of poverty. It is important to note that the award of demonstration

programs need not be distributed equally across regions of the country, but should focus on the areas with the greatest need and the strongest proposals for a mobility program.

Funding for a demonstration program is important as housing authorities currently lack the resources to create such programs. Administrative fees for the Housing Choice Voucher program have not been fully funded for several years. As have most housing authorities nationwide, both the St. Louis Housing Authority and the Housing Authority of St. Louis County have undertaken significant cost-cutting measures, including significant reductions in staff to continue to operate their programs with the available resources. The proposed funding level of Administrative fees does not provide sufficient resources to provide the staff necessary to provide the mobility counseling. Funding of a demonstration program will provide the necessary resources to initially design and implement programs and potentially identify additional resources to maintain and expand the programs.

Creating the opportunity for families with young children to move to areas with lower poverty may have a significant impact on their futures. A recent study by Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz (Harvard University and NBER, August 2015) shows “that moving to a lower-poverty neighborhood significantly improves college attendance rates and earnings for children who were young (below age 13) when their families moved. These children also live in better neighborhoods themselves as adults and are less likely to become single parents.” The study goes on to state, that the findings imply that moving to lower-poverty neighborhoods to families with young children “may reduce the intergenerational persistence of poverty and ultimately generate positive returns for taxpayers”.

Given the potential benefit of moving to a lower poverty area can have for a family, providing the authorization and funding to a mobility demonstration program, is a positive step toward finding solutions to persistent issues with segregated neighborhoods. While it has been 50 years since the Fair House Act was enacted, many low-income families are stuck in neighborhoods that offer little opportunity to change their lives. While mobility programs should not replace programs that revitalize existing neighborhoods to generate new economic opportunities, a mobility demonstration program could assist in developing solutions that complement improving neighborhoods and offer families receiving voucher assistance a broader range of choices for their families.

Thank you for inviting me to testify. Both St. Louis Housing Authority and the Housing Authority of St. Louis County are deeply committed to improving the lives of our clients. The work is often very challenging and complex, but is also very rewarding. I hope that my testimony has been helpful to the Committee.

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