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Thank you Mr. Chairman and thanks to this committee for devoting its time and attention to the important issues of low-income housing policy, which matters so much both to the nation's most disadvantaged households and to the economies and development of our cities.

The question of how to finance and maintain affordable housing and how to structure and manage our tenant-based low-income housing programs so as to encourage self-sufficiency and upwardly mobility, both discussed in the bill recently considered by the House, are crucial elements of both U.S. housing policy—and social policy. In these remarks, I will focus mainly , on tenant-based programs, particularly the Housing Choice Voucher program.

As the members know, housing vouchers, over the past two decades, have emerged as a major program for many of our lowest-income households, roughly doubling in size. In FY 1998, the Congress appropriated some $9 billion for local public housing authorities to distribute in voucher form; most recently, the HUD budget includes more than $17 billion for the purpose. Vouchers now serve more households than traditional public housing – 1.8 million vouchers were issued from March 2011 through June 2012, compared with just 1.1 million traditional public housing households. Spending on vouchers has even surpassed direct cash benefits provided through the Temporary Assistance for Needy Families program of time-limited support.

One can well understand and sympathize with the reasons for supporting the program's growth. The challenge for the lowest-income families, those earning 30 percent or less of the median income, to find housing they can afford is substantial, although the unfortunate rise in home foreclosures may plausibly make some difference in that regard. It is important, however, to understand the housing choice voucher program, in addition , as a key aspect of U.S. social policy—our policy aimed at aiding the long-term upward mobility of the most disadvantaged households. That traditional goal of social policy—what President Johnson called a "hand up"—is relevant to the program, in which many of the most vulnerable households are enrolled. Like traditional public housing, non-elderly voucher recipients with children are largely single-parent families – a full 94% of whom are headed by single women. By design, the program serves disadvantaged households of extremely low income – 47% of voucher recipients are at or below 20% of the national median income.

The importance of structuring the program so as to provide aid and incentives such that households move toward economic self-sufficiency has, in addition to being in keeping with the traditional goal of social programs—as expressed, for instance in the 1996 welfare reform act signed by President Clinton, Work — also has a practical dimension. The combination of long waiting lists and the likelihood that appropriations will not be significantly increased and the program expanded, means that it behooves policy makers to find ways for the program to help participating families move up and out, if only so as to be able to serve others in need.

It's in this context that it's crucial to set goals for the program that go beyond administrative efficiency, as important as that is —and include, in addition, such metrics as employment, increased household income, and what could be called graduation from the program, or reduced tenure length. To find the best ways to manage and structure the program so as to achieve these goals, it makes good sense to give the nation's extensive network of 3200 public housing authorities flexibility, based on the model of efforts authorized under HUD's extremely important but modestly-scaled Moving to Work initiative, which should be made permanent and expanded to include as many interested authorities as possible.

There is precedent for this approach. In the early 1990s, the nation saw state governments, in their traditional role that Justice Brandeis characterized as that of laboratories of democracy, experiment with a variety of approaches to welfare reform. The results guided what then proved to be a successful federal level reform, which has since reduced dependency and increased workforce participation. We have seen similar significant local successes among those public housing authorities permitted to date to make use of the flexibility of the Moving to Work program. Notably the Atlanta Housing Authority, about which I've written extensively in City Journal, used its MTV waiver to link a work requirement with the housing choice voucher, coupled with an extensive counseling and workforce preparation program. As a result, it has seen an increase in workforce participation among its non-elderly population from 14 percent in 1994 to 71 percent today. Atlanta officials believe they have created what they term "a culture of work"—an historic return to the original conception of who public housing authorities should serve. Other authorities, including Cambridge, Mass and Portland, Oregon, are using Moving to Work ways to change their rent structure so as to stop discouraging work—and to encourage tenants to move up and out over time. HUD data shows that, currently, 50 percent of voucher tenants, and 48 percent of tenants in traditional public housing, have been in the program for five years or longer, a tenure beyond the time limit included in the TANF legislation and with which housing programs might logically be aligned. An expansion of Moving to Work could allow other authorities to try such experiments—or even to consider, as Philadelphia has, an outright time limit, or to tie housing assistance to education, as in Tacoma, Washington.

Flexibility for local housing authorities must be guided, however, by clear goals to be shaped by the Congress and overseen by HUD. These could include increases in employment, measurable increases in voucher household income, and reduced length of stay in the voucher program itself. As with public education, the requirement to meet standards, coupled with local flexibility in how best to do so, can be an effective approach. Local officials know their own labor and real estate markets best. It's unwise to limit the flexibility that comes with Moving to Work, an initiative begun by the Clinton Administration, to just 30 of the nation's 3200 housing authorities.

It is important to acknowledge and keep in mind, as well, as you consider such changes, that the voucher program has experienced problems that Moving to Work might help to fix. In a 2009 paper for the University of Cincinnati School of Planning entitled The Geographic Concentration of Housing Vouchers, a team of researchers led by David Varady concluded that a concerted effort by the local housing authority to reduce the reconcentration of poverty households through the voucher program — a goal widely discussed -- had not succeeded. The authors found "vouchers clustering in areas that are poor and/or getting poorer, including "emerging" hot spots" –and reported, too "neighborhood alarm." The study cites and confirms journalistic accounts, including my own in City Journal and that of Hannah Rosin in The Atlantic, which have raised similar concerns. In discussing what the authors call the "implications for national policy", they conclude that "studies combining the qualitative and quantitative perspectives are urgently needed". Policy innovation, permitted at the local level, can serve as the foundation for such research, as policy-makers, over the long-term, consider whether housing-specific assistance, and on what terms, is the best way to assist low-income households.

Finally, I'd like to address briefly the proposal, also discussed in the House bill's language, to convert public housing capital and operating subsidies into project-specific vouchers, as a both a means to preserve affordable housing developments in their current use and to facilitate increased investment of private capital to reduce an estimated $30 billion in maintenance backlogs. The rationale for doing so, in a time of serious maintenance needs and budget shortfalls, is obvious—and may provide a useful additional tool for public housing officials facing serious deferred maintenance. I would urge, however, that members of this Committee be cautious in a too-broad embrace of such plans. First, public policies which use public funds, tax credits or regulatory mandates to influence the allocation of private capital risk reducing the availability of capital for other uses which may contribute more to economic growth and wealth creation—in ways which ultimately benefit lower-income families more than might affordable housing preservation. Similarly, the designation of specific real estate parcels for affordable housing purposes for the long-term risks inducing municipalities to forestall the use of such parcels for the highest and best economic uses—again in ways that may uplift the economic prospects of all citizens. The proposed voucher-based maintenance financing approach for public housing is impressively imaginative—but should not been seen, in my view, as a way to preserve, unit-by unit—all public and subsidized housing. Better, in my own view, for the Congress, through HUD, also to encourage additional approaches which could include, for instance, the sale of high-value parcels currently owned by local housing authorities so as to create locally-based maintenance endowments for remaining units. Let's be guided, both in how much public housing we preserve, and how we set the regulations for housing vouchers, not by a narrow goal of preservation or expansion but by a broad determination to help uplift low-income households and improve the economies of our cities.