



OFFICE of  
**INSPECTOR GENERAL**  
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UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

# HUD Needs to Improve Its Oversight of Moving To Work Public Housing Agencies

**Report Number: 2026-CH-0001**

**March 10, 2026**

# Highlights

## HUD Needs To Improve Its Oversight of MTW PHAs | 2026-CH-0001

### What We Audited and Why

We audited the U.S. Department of Housing and Urban Development's (HUD) oversight of the Moving to Work (MTW) demonstration program. We also reviewed three of the 39 initial MTW public housing agencies (PHA) for compliance with the MTW program's statutory requirements. We selected the three PHAs for review based on our analysis of risk factors for initial MTW PHAs. Our objective was to (1) assess HUD's monitoring of initial MTW PHAs' compliance with the statutory requirements of the MTW demonstration program, which includes HUD's confirmation of PHAs' activities and related outcomes and (2) determine whether the selected PHAs complied with three of the statutory requirements (creating a reasonable rent policy that encourages employment and self-sufficiency, continuing to assist substantially the same number of eligible families, and maintaining families of similar sizes as the PHA would have if it had not participated in the demonstration program). Further, we reviewed the PHAs' activities to assess their established metrics and reported outcomes related to the statutory objectives.

### What We Found

HUD's monitoring of PHAs' MTW demonstration programs had weaknesses. Specifically, HUD relied on PHA self-reported data and certifications to determine full compliance with the statutory requirements and did not confirm program activities. We determined that two of the three selected PHAs complied with the statutory requirements that we reviewed. However, (1) one PHA did not always comply with the statutory requirement of serving substantially the same number of families as it had before joining the program, which HUD had identified through its monitoring; and (2) two PHAs' reporting of local non-traditional households (LNT), which impacts that same requirement, had errors and were not supported. Further, all three PHAs did not always use appropriate metrics when assessing program activities and related outcomes. Lastly, two PHAs did not consistently maintain support for their program activities. As a result, HUD did not have complete and accurate information to determine PHAs' full compliance with the statutory requirements and evaluate their MTW activities to make program decisions that could impact assisted housing, increase housing choices, and encourage low-income families to gain self-sufficiency.

These issues occurred because HUD did not verify PHAs' reported information due to limited resources and its systems did not capture PHA data needed to determine full compliance with the statutory requirements. Further, PHAs relied on third-party contractors to administer programs for LNT households without providing sufficient oversight to ensure that data reported for their MTW programs were accurate. Additionally, HUD's standard metrics did not always align with the PHAs' program activities; therefore, the PHAs could not consistently meet benchmarks and accurately report outcomes to HUD. The PHAs also did not consistently maintain support for activities reported in their MTW reports because they believed that documentation was not needed or had relied on third-party contractors to develop and implement MTW activities on their behalf.

In September 2024, HUD revised its annual MTW reporting requirements. As of February 10, 2026, HUD had not finalized its process for evaluating PHAs' MTW programs under the new reporting requirements.

### What We Recommend



We make several recommendations in this report to address the improvements needed in HUD's monitoring of initial MTW PHAs to ensure accuracy and reliability of the information PHAs report to HUD related to program activities and outcomes. This will ensure HUD and Congress can rely on this information to make informed assessments about the program's success and decisions regarding the future of assisted housing across the nation. Specifically, we recommend that the General Deputy Assistant Secretary for Public Housing Investments require the MTW Program Office to develop and implement a review and verification process to ensure that data provided by MTW PHAs is accurate, complete, and supported, and ensure corrections or updates to PHA information are reflected in either restated or subsequent MTW annual reports. Further, establish a requirement for PHAs to retain supporting documentation for all data elements reported in their annual reports and program data not captured within HUD systems. Based on the changes HUD made related to its reporting requirements and performance metrics during this audit, we recommend that HUD conduct an analysis to determine whether those changes will allow PHAs and HUD to appropriately measure the benefits and impacts of PHAs' MTW program to include whether additional changes are warranted to appropriately evaluate results of the MTW program. We also recommend that HUD develop and implement a review process to ensure that appropriate outcomes are assessed for each PHA's local MTW program.

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# Background and Objectives

Moving to Work is a demonstration program that was established under the Omnibus Consolidated Recessions and Appropriations Act of 1996. The MTW program allows PHAs to address local housing needs and encourage self-sufficiency by designing and testing innovative, locally designed housing and self-sufficiency strategies for providing and administering housing assistance for low-income families that meet the three statutory objectives:

- Reduce costs and achieve greater cost effectiveness in Federal expenditures.
- Give incentives to families with children where the head of the household is working, seeking work, or is preparing for work by participating in job training, education programs, or programs that assist people to obtain employment and become economically self-sufficient.
- Increase housing choices for eligible low-income families.

To achieve those objectives, PHAs selected to participate are given exemption from certain existing public housing and Housing Choice Voucher (HCV) Program rules and are offered more flexibility in how Federal funds are used. During their participation in the program, PHAs must meet the five statutory requirements as shown in table 1.

**Table 1. MTW Statutory Requirements**

MTW Statutory Requirements
Ensure that at least 75 percent of the households assisted are very low-income families.
Establish a reasonable rent policy which shall be designed to encourage employment and self-sufficiency by participating families.
Continue to assist substantially the same total number of eligible low-income families as would have been served absent the MTW demonstration program.
Maintain a comparable mix of families (by family size) as they would have if the PHA had not participated in the demonstration program.
Ensure that housing assisted under the demonstration meets housing quality standards established or approved by the HUD Secretary.

There are 39 PHAs designated as MTW PHAs under the 1996 authorization and they are known as the initial MTW PHAs.<sup>1</sup> Initial MTW PHAs entered into a contract with HUD (referred to as the “MTW agreement”) that describes the statutory authorization for MTW, the limitations of MTW authority, and requirements and covenants binding the PHA and HUD. In 2016, at the direction of Congress, HUD extended the term of the MTW agreements to the end of each initial MTW PHA’s 2028 fiscal year.

Monitoring of MTW PHAs is conducted by HUD’s Public and Indian Housing (PIH) field offices, except for the five MTW statutory requirements, which are monitored annually by the MTW office, under the Office of Public Housing Investments. Unlike other PHAs, the initial 39 MTW PHAs are required to submit a comprehensive framework to HUD for their MTW program in an annual MTW plan and

<sup>1</sup> PHAs executed agreements with HUD to participate in the MTW demonstration between 1998 and 2014.

performance reports.<sup>2</sup> The reports included outcome measures related to the statutory objectives for all proposed activities by completing standard metrics<sup>3</sup> established by HUD. The purpose of the data collection was to allow HUD to consider the experience of MTW PHAs when developing new housing policy recommendations that can positively impact assisted housing delivery for PHAs and incentivize low-income families to gain self-sufficiency. Table 2 below summarizes HUD’s standard metrics related to the statutory objectives.

**Table 2. HUD’s Standard Metrics and Related Statutory Objectives**

Statutory objective	Standard metrics <sup>4</sup>
Reduce costs and achieve greater cost effectiveness in Federal expenditures.	<ul style="list-style-type: none"> <li>● Agency cost savings</li> <li>● Staff time savings</li> <li>● Decrease errors rates of task execution</li> <li>● Increase in resources leveraged</li> <li>● Increase in agency rental revenue</li> <li>● Reducing per unit subsidy costs for participating households</li> </ul>
Give incentives to families with children where the head of the household is working, seeking work, or is preparing for work by participating in job training, educations programs, or programs that assist people to obtain employment and become economically self-sufficient.	<ul style="list-style-type: none"> <li>● Increase in household income</li> <li>● Increase in household savings</li> <li>● Increase in positive outcomes in employment status</li> <li>● Households removed from Temporary Assistance for Needy Families</li> <li>● Households assisted by services that increase self-sufficiency</li> <li>● Reducing per unit subsidy costs for participating households</li> <li>● Increase in agency rental revenue</li> <li>● Households transitioned to self sufficiency</li> </ul>
Increase housing choices for eligible low-income families.	<ul style="list-style-type: none"> <li>● Additional units of housing made available</li> <li>● Units of housing preserved</li> <li>● Decrease in waitlist times</li> <li>● Displacement prevention</li> <li>● Increase in resident mobility</li> <li>● Increase in homeownership activities</li> <li>● Housing assistance by services that increase housing choice</li> </ul>

<sup>2</sup> Also known as HUD form 50900, elements for annual MTW plans and reports.

<sup>3</sup> HUD created the standard metrics in response to the Government Accountability Office’s (GAO) recommendations to establish performance indicators for the program to improve what is known about program effectiveness and to create a process to identify lessons learned and practices that could be applied more broadly to HUD’s programs. GAO-12-490, “Moving to Work Demonstration: Opportunities Exist to Improve Information and Monitoring,” published April 19, 2012.

<sup>4</sup> PHAs chose the applicable standard metrics for their MTW activities, and for each chosen standard metric established a baseline and benchmark and reported on the outcome, which included an assessment of whether the benchmark was achieved.



The 2016 Consolidated Appropriations Act authorized HUD to expand the MTW demonstration program to include 100 additional PHAs. The additional MTW PHAs, grouped in cohorts, follow the same objectives and statutory requirements as the initial MTW PHAs but are only required to test specific strategies. The initial MTW PHAs have the option to test several strategies simultaneously.

The objective of this audit was to assess HUD's oversight of the initial MTW PHAs' compliance with the five statutory requirements of the MTW demonstration program. Also, to determine whether three selected PHAs complied with the MTW statutory requirements of (1) establishing a reasonable rent policy, (2) serving substantially the same number of eligible low-income families who would have been served absent the MTW demonstration program, and (3) maintaining a comparable mix of households by family size. Further, we reviewed the PHAs' activities<sup>5</sup> as part of their reasonable rent policies to assess established metrics and reported outcomes related to the statutory objectives.

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<sup>5</sup> MTW program activities, also known as flexibilities, are the locally-designed housing and self-sufficiency strategies created under PHAs' reasonable rent policies; these activities are deviations from traditional HUD program requirements.

## Results of Audit

### HUD Needs To Improve Its Monitoring of PHAs' Reported MTW Information

HUD's monitoring of PHAs' MTW demonstration programs had weaknesses. Specifically, HUD relied on PHA self-reported data and certifications to determine full compliance with statutory requirements and did not confirm program activities through site visits and reviews of documentation. Our review of three PHAs determined that two complied with the statutory requirements that we reviewed. However, (1) one PHA did not always comply with the statutory requirement of serving substantially the same number of families as it had before joining the program, which HUD had identified through its monitoring; and (2) two PHAs' reporting of local non-traditional households (LNT), which impacts that same requirement, had errors and was not supported by documentation. Further, all three PHAs did not always use appropriate metrics when assessing activities and related outcomes, and two PHAs did not consistently support their program activities. As a result, HUD did not have complete and accurate information to determine PHAs' full compliance with the statutory requirements and evaluate their MTW activities to make program decisions that could impact assisted housing, increase housing choices, and encourage low-income families to gain self-sufficiency.

These issues occurred because HUD did not verify PHAs' reported information due to limited resources and its systems did not capture PHA data needed to determine full compliance with statutory requirements. Further, the PHAs relied on third-party contractors to administer programs for LNT households, without providing sufficient oversight to ensure that data reported for their MTW programs were accurate. Additionally, HUD's standard metrics did not always align with the PHAs' MTW program activities; therefore, the PHAs could not consistently meet benchmarks and accurately report to HUD. The PHAs also did not consistently maintain support for activities reported in their MTW reports because they believed that it was not required or had relied on a third-party contractor to develop and implement MTW activities on their behalf.

### HUD's Monitoring of PHAs' MTW Programs Had Weaknesses

We identified weaknesses in HUD's monitoring and verification process, preventing HUD from having complete and accurate information about the PHAs' MTW programs to determine PHAs' full compliance with the statutory requirements and to confirm implemented activities and outcomes related to the statutory objectives. HUD requires that PHAs report MTW activities and associated results in annual MTW plans and reports. To monitor PHAs' MTW activities, HUD reviews those plans and reports and performs site visits with the PHAs to discuss goals, future activities, best practices, and provide technical support. Further, to determine whether a PHA complied with statutory requirements, HUD uses data reported in its systems,<sup>6</sup> and the PHAs' MTW annual reports and annual self-certifications.<sup>7</sup>

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<sup>6</sup> HUD's Inventory Management System/Public and Indian Housing Information Center (IMS/PIC), Voucher Management System (VMS), and Physical Assessment Subsystem (PASS).

<sup>7</sup> Appendix B shows how HUD verifies each program component to determine PHAs' compliance with the five statutory requirements.

However, HUD's monitoring and verification process did not include confirmation of PHA-reported information for their MTW activities. Section VII C of the Amended and Restated Moving to Work Agreement states that HUD will conduct at least one formal site visit to a PHA each year to confirm reported MTW activities to review the status and effectiveness of the PHAs' MTW strategies and resolve outstanding MTW-related issues.<sup>8</sup> According to HUD, limited available staff resources hindered the MTW office's ability to review and confirm PHAs' MTW activities. Further, due to limited travel funds, HUD staff conducted, on average, biennial on-site reviews of PHAs rather than doing them annually. Additionally, according to HUD, during on-site reviews, HUD's staff would discuss PHAs' policies and procedures and offer technical assistance; however, they did not have time during the on-site visits to review supporting documentation to confirm whether the PHAs' MTW reporting was accurate as required by the agreement. These limitations in HUD's resources impacted its ability to achieve the purpose of the site visit and HUD did not implement an alternative process.

Further, HUD systems do not capture data (1) for PHAs' LNT households, which HUD needs to monitor PHAs for compliance with four of the five statutory requirements and (2) to determine whether PHAs' units met housing quality standards for their HCV Programs and LNT households.<sup>9</sup>

According to HUD, when the MTW program began, HUD relied on PHAs to certify that they were meeting the statutory requirements of the program, but PHAs did not use a methodology or consistent approach to assess compliance with statutory requirements. Further, because of a report issued by GAO on HUD's MTW program,<sup>10</sup> HUD developed a process to work with participating PHAs to agree on baseline numbers for the MTW statutory requirements and then relied on formulas and information available in HUD's systems to determine PHA compliance. HUD further stated that starting compliance monitoring 13 years after the program had begun created many challenges, especially related to data since there were no reliable historical data available to establish baseline numbers. Additionally, according to HUD, certain information is not captured in HUD's systems because the systems are old and adding new data collection fields may cause the systems to fail. Therefore, HUD relies on information that was available in its systems and data reported by the MTW PHAs to determine full compliance with the MTW statutory requirements. Because HUD's systems do not contain all the information needed to support HUD's oversight of PHAs' MTW programs, HUD needs to improve its monitoring practices, by including reviewing PHAs' activities to verify results.

As a result of HUD's limited monitoring, HUD may not have complete and accurate information about the PHAs' MTW programs to determine PHAs' full compliance with the statutory requirements and evaluate their program activities to make program decisions that could impact assisted housing across the nation, increase housing choices, and encourage low-income families to gain self-sufficiency.

## **Three PHAs Reviewed Did Not Always Comply With A MTW Program Requirement or Reported Inaccurate Information**

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<sup>8</sup> See appendix D

<sup>9</sup> See appendix B

<sup>10</sup> See footnote 3 in the Background and Objectives section of this report.

Two of the three PHAs complied with the statutory requirements that were reviewed for this audit. However, one PHA did not always comply with the substantially the same statutory requirement and two PHAs did not accurately report on their LNT households,<sup>11</sup> which impacts that same requirement.<sup>12</sup>

### **Substantially the Same Requirement Was Not Always Met**

One PHA did not always meet the substantially the same requirement. Specifically, in 2020, the PHA reported the number of families served was below its baseline. Based on the PHA's information in its 2020 annual report and HUD's formula for determining compliance, HUD informed the PHA that it was not in compliance with the statutory requirement and executed a corrective action plan with the PHA. The PHA was also not in compliance with the statutory requirement in 2021, but HUD confirmed that it met the requirement for 2022.

According to the PHA, it delayed leasing vacant units to relocate families from properties undergoing rehabilitation, and the jurisdictions it served had a low inventory of one-bedroom units for its HCV Program, thus resulting in a decrease in the number of families served. As a result, fewer low-income families benefited from the PHA's assisted housing programs than before the MTW demonstration program.

### **Reporting of LNT Households Had Errors and Was Not Supported**

We reviewed nine annual MTW reports<sup>13</sup> and determined that 44 percent had errors in the reporting of LNT households. Specifically, two PHAs had two reports each that contained errors.<sup>14</sup> One of the PHAs used a third-party contractor<sup>15</sup> to prepare its MTW annual reports. When we reviewed the reports for the 2021 and 2022 fiscal years, we determined that the contractor mistakenly included HCV Program units when it reported the number of LNT households, which resulted in a greater number of LNT households reported than were served. However, we were unable to determine the actual number of LNT households served during those fiscal years because the PHA did not obtain documentation from the contractor to support the PHA's annual reporting,<sup>16</sup> and the contractor no longer maintains the documentation.

The second PHA could not provide support for the numbers of LNT households that had been reported as served. According to the PHA, it also used a third-party contractor to manage the LNT portion of its housing portfolio. Each year, the PHA provides the contractor with MTW funding the contractor pools with other funding sources to provide case management and housing services. The contractor provides the PHA with quarterly reports showing services provided. However, the PHA could not determine how many LNT households were specifically served with MTW funding. According to the PHA, it does not

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<sup>11</sup> Notice PIH 2011-45

<sup>12</sup> HUD monitors MTW PHAs for compliance with the substantially the same requirement, by comparing the total number of families being served before and after the PHAs joined the MTW program.

<sup>13</sup> We reviewed fiscal year 2020 through 2022 reports from each of the three selected PHAs.

<sup>14</sup> In this case, both PHAs' LNT households represented a small portion of their programs; therefore, the PHAs' compliance with the substantially the same requirement was not impacted.

<sup>15</sup> As of January 2023, the PHA no longer uses a contractor and prepares the MTW annual report internally.

<sup>16</sup> This same PHA did not meet the substantially the same MTW requirement during our audit period.

track individual participants with the same level of detail as it would for its HCV or public housing programs. Further, the PHA informed us that it had inadvertently included units from another program as part of the numbers it reported for its LNT households in its annual reports for fiscal years 2020 and 2021, and that it had used an incorrect baseline in its 2021 annual report when determining whether it met the substantially the same requirement. However, according to the PHA, LNT households made up less than 1 percent of the families served by its MTW program; therefore, the miscalculations did not impact the PHA's determination of whether it met the requirement.

These issues occurred because both PHAs relied on third-party contractors to administer programs for LNT households without providing sufficient oversight to ensure that data reported for their MTW programs was accurate. As a result, HUD did not have complete and accurate information regarding these PHAs' LNT activities.

When we discussed these instances of inaccurate reporting with HUD, it acknowledged that PHA reporting mistakes may occur; however, HUD does not have a requirement to correct annual reports after they have been reviewed and accepted. Although HUD reports to Congress on the MTW program, it stated that the information in the MTW annual reports represented a point in time; therefore, it does not see the value in updating past reports. However, the MTW reports were published online and are available to program stakeholders, including Congress and the public.

### **Three PHAs Used Standard Metrics That Did Not Always Align With Their Activities and Were Not Supported**

In PHAs' annual MTW reports, HUD required PHAs (1) to select and use standard metrics, as applicable, for their MTW activities that address one or more of the three MTW statutory objectives of cost effectiveness, self-sufficiency, and housing choice, (2) define baselines and benchmarks for each selected metric, and (3) report on whether benchmarks were achieved. All three PHAs used standard metrics that did not always align with their reasonable rent activities.

For example, one PHA's activity was to change reexamination of income for elderly and disabled households on fixed incomes to every 3 years and every 2 years for wage-earning households. For reporting purposes, the PHA determined that the activity fell under both cost efficiency and self-sufficiency objectives and used several standard metrics unrelated to the activity, such as the number of households receiving temporary assistance for needy families (TANF) assistance, and reported baselines, benchmarks, and outcomes that were unrelated to the activity. Another PHA's activity was to provide exclusions and deductions for determining household income, as applicable. The PHA used a metric under the self-sufficiency objective which was to increase positive outcomes in employment status, and reported a baseline, benchmark, and outcome associated with the number of program participants employed rather than the result of the activity. In a third example, one PHA's reasonable rent activity was to increase tenants' minimum rent payment. This activity allows the PHA to reduce housing assistance payments made on behalf of households participating in the HCV Program. The funding saved by the reduction in subsidy would then be used for its public housing program. However, HUD's standard metrics did not allow the PHA to show the benefit to its public housing program as an outcome.

The issues with inappropriately aligned metrics occurred because HUD required PHAs to use standard metrics after some PHAs had already implemented their MTW activities.<sup>17</sup> Therefore, the metrics were not always appropriate to measure the outcome of certain activities. All three PHAs stated that they were not always able to properly show the benefits of their activities because they had to use HUD's standard metrics.<sup>18</sup> Therefore, the PHAs used metrics that were unrelated to the activity, and thus actual benefits were not always captured or presented in their MTW annual reports. According to one of the three PHA, their MTW activity was created before HUD implemented standard metrics; therefore, the PHA was unable to complete certain standard metrics and stated such in its yearly reports or had to make adjustments that may not have met the intent of certain metrics.

### **Documentation Was Not Consistently Maintained To Support Reasonable Rent Activities and Related Outcomes**

Two of the three PHAs reviewed did not consistently maintain documentation to support their reasonable rent activities and related outcomes for their chosen statutory objective. One PHA established two reasonable rent activities, which were to provide (1) an alternative recertification schedules for elderly, disabled, and wage earners and (2) a modified utility allowance consistent with the minimum subsidy or occupancy standard. The PHA's annual reports identified baselines, benchmarks, and outcomes for selected metrics. However, the PHA did not maintain documentation to support the households that participated in its activities and the outcomes of those activities.

The other PHA established two reasonable rent activities: (1) provide exclusions or deductions for determining household income<sup>19</sup> and (2) update flat rents for participating families every 5 years.<sup>20</sup> However, the PHA did not consistently maintain complete records<sup>21</sup> showing the households that participated in each activity, for the respective program, and outcomes of their participation.

One PHA stated that it did not maintain documentation because all tenants were considered for participation in its activities; therefore, the activity applied to all its households. However, the PHA implemented activities such as alternative recertification schedules that had eligibility factors. Therefore, support for its participating households should be maintained to determine appropriate baselines and benchmarks and accurately report the outcomes of its activities. The PHA believed that the data reported in their MTW reports represent a point in time and documentation was not needed since it was not part of HUD's reporting requirements. The other PHA relied on its contractor to perform in accordance with the scope of services in its contract, which included the development and implementation of MTW activities and methods to track HUD standard metrics. However, the contractor did not maintain complete records. Section II H of the Amended and Restated Moving to Work Agreements requires PHAs to keep records related to their MTW activities.<sup>22</sup>

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<sup>17</sup> See footnote number 3 in the Background and Objectives section.

<sup>18</sup> MTW PHAs may report using their own metrics in addition to the required HUD standard metrics. All three PHAs chose to report using only HUD's standard metrics.

<sup>19</sup> This activity contained many exclusions and deductions. See appendix C.

<sup>20</sup> See appendix C.

<sup>21</sup> The PHA had missing or incomplete records for activity 1 for the 2021 and 2023 fiscal years and missing or incomplete records for activity 2 for fiscal year 2021.

<sup>22</sup> See appendix D.

As a result of the PHAs' use of inappropriate metrics and missing documentation, HUD did not have an accurate representation of the outcomes of PHAs' activities to compare with similar activities implemented by other PHAs to make informed policy decisions that impact assisted housing.

### **HUD Implemented Changes to PHAs' MTW Reporting**

When we discussed our concerns with the PHAs' use of the MTW reporting metrics and the missing documentation with HUD officials, they acknowledged that the MTW standard metrics did not always provide the intended data to capture the purposes of PHAs' MTW activities and, therefore, PHA-reported information may not be an accurate representation of whether the activities were successful. HUD also acknowledged the challenges some PHAs were having meeting certain standard metrics and attributing benefits to specific activities. Therefore, during our audit in September 2024, HUD changed its annual MTW reporting requirements as defined in form HUD-50900, to remove the requirement to use standard metrics. According to HUD, the revised form allows PHAs to provide an overall picture of the success of the MTW program and not focus on individual activities. The form also allows PHAs to report on activities using (1) HUD's standard metric, (2) their own metrics, or (3) program-wide outcome measures. Further according to HUD, the revised reporting requirements provide the opportunity to improve its evaluation of the success of PHAs in the MTW demonstration program. To assess whether PHAs achieve the MTW statutory objectives, HUD intends to establish outcome measures using data available in HUD's systems. However, we were unable to assess the effectiveness of HUD's changes, including the evaluation of PHAs' MTW programs because during our audit many PHAs had not issued reports using the revised requirements<sup>23</sup> and as of February 10, 2026, HUD had not finalized its process for evaluating PHAs' MTW programs.

### **Conclusion**

HUD's monitoring and evaluation of PHAs' MTW programs needs to be improved to enable more accurate and reliable information collection regarding MTW performance. For the three MTW PHAs' programs that we reviewed, HUD did not verify reported information due to limited resources, and HUD's systems did not capture PHA data needed to determine full compliance with statutory requirements. Additionally, HUD's standard metrics did not always align with the PHAs' MTW program activities; therefore, the PHAs could not consistently meet benchmarks and accurately report to HUD. The PHAs also did not consistently maintain support because they believed that documentation was not needed since it was not part of HUD's reporting requirements or relied on a third-party contractor to develop and implement MTW program activities, including the tracking of HUD standard metrics, without providing adequate oversight. As a result, HUD did not have complete and accurate information to determine PHAs' full compliance with the statutory requirements and evaluate their MTW activities to make program decisions that could impact assisted housing, increase housing choices, and encourage low-income families to gain self-sufficiency.

### **Recommendations**

We recommend that the General Deputy Assistant Secretary for Public Housing Investments require the MTW Program Office to:

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<sup>23</sup> PHAs' reporting is based on fiscal year.<sup>24</sup> See the Background and Objectives section of this report.

- 1A. Develop and implement a review and verification process to ensure that data provided by MTW PHAs as support for compliance with the statutory requirements, that is not reported in HUD systems is accurate, complete, and supported.
- 1B. Develop and implement a process to ensure that corrections or updates to PHA information are reflected in either restated or subsequent MTW annual reports.
- 1C. Require PHAs to retain supporting documentation for all data elements reported in their annual reports and program data not captured in HUD systems.
- 1D. Develop and implement a process to ensure that appropriate outcomes are assessed for each PHA's local MTW program.
- 1E. Conduct an analysis to determine whether the changes to form HUD-50900 allow PHAs and HUD to appropriately measure the benefits and impacts of PHAs' MTW program to include whether additional changes to the form are warranted to appropriately evaluate results of the MTW program.

## Management Response

HUD's MTW Office agreed with the audit report's recommendations. The Office plans to address recommendations (1) 1A through 1C by strengthening PHA-provided data for LNT households because the MTW plans and reports no longer require PHAs to report on MTW activities and (2) 1D and 1E by creating MTW program-wide outcome measures, using data readily available in HUD's system, to assess PHAs' MTW programs in achieving the three MTW statutory objectives.<sup>24</sup>

## OIG Evaluation of Management Response

HUD MTW Office acknowledged the findings and provided comments stating actions it plans to take to address the recommendations cited in this report. We appreciate the Office's commitment to address the report's recommendations and look forward to collaborating during the audit resolution process to ensure that the corrective actions are sufficient and fully address the recommendations.

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<sup>24</sup> See the Background and Objectives section of this report.

## Scope and Methodology

We performed this audit from May 2024 through May 2025 at our offices in Chicago, IL, Columbus, OH, and Detroit, MI. We assessed compliance with MTW statutory requirements for three of the initial PHAs that participated in the demonstration program. The audit covered the period January 1, 2020, through December 31, 2023.

To accomplish our audit objective, we interviewed HUD's MTW Office and Field Office staff and staff from the three MTW PHAs. In addition, we reviewed:

- The Housing Act of 1937; Omnibus Consolidated Receptions and Appropriations Act of 1996; Consolidated Appropriations Act of 2016; HUD's MTW Operations Notice; MTW Desk Guide; MTW Standard Operating Procedures; PIH Notices 2011-45 and 2013-02; MTW Office Statutory Requirement Compliance Determinations and support, Field Office monitoring reports, and information maintained in HUD's Inventory Management System-PIH Information Center (IMS/PIC) and Voucher Management System (VMS).
- For the three PHAs: MTW Amendment to the annual contributions contract (ACC); MTW annual plans and reports; MTW Statutory Requirements Compliance Assessment letters, Public Housing Continued Admissions and Occupancy Policies, Housing Choice Voucher Administrative Plans, Rent Reasonableness Policies, Reasonable Rent Policies, and the PHAs' records for their MTW programs.

To assess HUD's oversight of compliance with the MTW statutory requirements, we developed a risk assessment using risk factors associated with the MTW program. Using those risk factors, we selected the three highest ranked PHAs for review during the audit. Since we used a targeted sample, we cannot project the results of our sample to the universe of 39 initial MTW PHAs.

### Substantially the Same

We reviewed VMS collection and IMS/PIC compliance reports for fiscal years 2020 through 2022. These reports support the number of households participating in the PHAs' HCV and public housing programs. We also reviewed PHA records related to the LNT component of substantially the same. For the substantially the same households, we reviewed available PHA payment records, billing statements, and supporting data for fiscal years 2020 through 2022. We also reviewed documentation for adjustments to the PHAs' MTW baselines.

### Rent Reasonable Activities

The three PHAs implemented eight reasonable rent activities.<sup>25</sup> We reviewed the eight activities and performed file reviews for two of the three PHAs.<sup>26</sup> We performed file reviews where applicable of four (100 percent) of PHA 1 and two (100 percent) of PHA 3 reasonable rent activities. We determined whether the six activities were appropriately implemented by the PHAs. Additionally, we reviewed all

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<sup>25</sup> PHA 1 had four activities; PHAs 2 and 3 had two activities each.

<sup>26</sup> One of the three PHAs did not maintain documentation to support its MTW rent activities.

eight activities to assess the outcomes reported to HUD. See the table below for details about the activities we reviewed and how household files were selected.

PHA 1 Activities <sup>27</sup>	What we reviewed
09-01	Minimum rent data for the PH and HCV universe and hardship exemption data for households paying less than minimum rent.
17-01	Ten out of 37 files for households with more than \$50,000 in assets.
18-02	A random sample of 5 files from a universe of 23 households.
21-03	Fifteen households that were reviewed as part of our review of the PHA's 17-01 and 18-02 activities, to determine whether the households participated in the 21-03 activity and whether they met eligibility requirements.
PHA 2 Activities	What we reviewed
14-01	The PHA was unable to measure the standard metric for self-sufficiency as discussed in the body of this report and did not maintain documentation to support the households that participated in the activities. Therefore, we did not perform file reviews.
15-02	
PHA 3 Activities	What we reviewed
20-01	Eighteen files for households with more than \$5,000 in assets or medical deductions greater than \$5,000. The PHA did not maintain sufficient documentation to establish the population of households that received a reduction.
20-02	Flat rent data for the PHA's PH program. Households may elect to participate in the PHA's flat rent program. The PHA did not maintain adequate supporting documentation of participating households to establish a population of households that participated in this activity.

### HUD Compliance

We reviewed HUD's compliance documentation for the three PHAs for fiscal year 2020 through 2022, including statutory compliance letters, HUD's internal compliance tracking spreadsheets, IMS/PIC reports, VMS reports, and demolition disposition reports.

To achieve our objective, we relied in part on data provided by HUD and the PHAs. Although we did not perform a detailed assessment of the reliability of the data, we found the data to be sufficiently reliable for our purposes.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe

<sup>27</sup> See appendix C for the description of the PHAs' MTW rent reasonable activities.

that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective(s).

# Appendixes

## Appendix A – Management Response



OFFICE OF PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

MEMORANDUM FOR: Kilah S. White, Assistant Inspector General for Audit and Evaluation,  
Office of Inspector General

FROM: Marianne Nazzaro, Deputy Assistant Secretary for Public  
Housing Investments MARIANNE  
NAZZARO

Digitally signed by MARIANNE NAZZARO  
DN: cn = MARIANNE NAZZARO, c = US, o = U.S.  
Department of Housing and Urban  
Development, ou = Department of Housing and Urban  
Development, email = marianne.nazzaro@hud.gov

SUBJECT: PIH Response to the Office of Inspector General Draft Report: HUD  
Needs to Improve Its Oversight of Moving to Work Public Housing  
Agencies

DATE: February 10, 2026

This memorandum is in response to the Office of Inspector General’s (OIG) January 30, 2026, discussion draft memorandum, “HUD Needs to Improve Its Oversight of Moving to Work Public Housing Agencies.” We appreciate the opportunity to provide comments on the OIG audit.

The OIG raises two areas to improve throughout the audit. The first area is around public housing agency (PHA) reporting on individual Moving to Work (MTW) activities. The second area is around PHA reporting on data related to the MTW Statutory Requirements.

In the first area around PHA reporting on individual MTW activities, the purpose and history the OIG provides on how the initial MTW PHAs began activity-level reporting through the standard metrics is accurate. The creation of the standard metrics was meant to standardize activity-level reporting across initial MTW PHAs with the intention of aggregating results. Unfortunately, after implementation, these standard metrics proved to not provide that intended result. MTW PHAs structure their local MTW program and individual MTW activities in vastly different ways, which makes looking at similar individual MTW activities across agencies very difficult. In addition, in many instances, the standard metrics were put in place many years after the MTW activity had been implemented, making establishing pre-intervention data impossible. Finally, because MTW PHAs may implement a number of individual MTW activities towards the three common MTW statutory objectives of cost effectiveness, self-sufficiency and housing choice, it is not possible to isolate the impact of one specific activity on a given objective. For example, an MTW PHA might attempt to further self-sufficiency through rent reforms, income inclusion/exclusion policies, and work requirements; but attributing an increase in participant earned income to any one of those specific MTW activities is not possible. Rather, it’s the combination of the MTW activities working together that would be responsible for any impact.

To that end, for initial MTW PHAs through the form HUD-50900, HUD eliminated the standard metrics and seeks to move towards a system of overall program-wide outcomes around the three MTW statutory objectives. This overall program-wide look will measure how MTW PHAs are furthering the three MTW statutory objectives through the totality of their local MTW

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program rather than attempting to isolate the impacts of one specific MTW activity over another. HUD continues to work on this effort in consultation with the Office of Policy Development & Research. The goal is to provide meaningful program-wide outcome measures that will be pulled from HUD systems in as uniform a way as possible across all MTW PHAs. HUD believes that many of the comments raised by OIG on the need for verification and review of PHA-provided information will be ameliorated by pulling data directly from established and reliable HUD systems. This method will also decrease the burden on MTW PHAs having to collect, store, and validate information across multiple platforms.

In the second area around PHA reporting on data related to the MTW Statutory Requirements, the OIG notes the need to validate and verify household data related to Local, Non-Traditional (LNT) households provided by MTW PHAs. To date, this LNT household data is not captured in HUD systems. Until such time as HUD systems are modified to accept LNT household level data, this information must continue to be obtained directly from MTW PHAs.

With regard to the specific recommendations, HUD accepts and plans to address each of these. PIH believes that addressing 1A, 1B and 1C will all center around strengthening the PHA-provided data with regard to LNT households served, as the MTW Plans and Reports no longer require PHAs to provide other data specific to individual MTW activities. PIH is already in the process of addressing recommendations 1D and 1E through the creation of the MTW program-wide outcome measures that assess the overall local MTW program of each MTW PHA around the three MTW statutory objectives. As these program-wide outcome measures will consist of information from HUD systems, the data used there would not be implicated by recommendations 1A, 1B and 1C.

PIH thanks the OIG for the opportunity to respond to its review and will work with the OIG upon publication of the final report to address recommendations.

## Appendix B – HUD’s Verification Method for MTW Statutory Requirements

Statutory requirement	HUD’s verification method		
	Program component		
	Housing choice voucher	Public housing	Local non-traditional <sup>28</sup>
PHAs must ensure that at least 75% of the households assisted are <i>very low-income families</i> .	PHA-reported data in HUD systems	PHA-reported data in HUD systems	MTW annual reports and self-certification
PHAs must establish a <i>reasonable rent policy</i> which shall be designed to encourage employment and self-sufficiency by participating families.	HUD’s review of PHAs’ rent policy <sup>29</sup>		
PHAs must continue to assist <i>substantially the same</i> total number of eligible low-income families as would have been served absent the MTW demonstration program.	PHA-reported data in HUD systems	PHA-reported data in HUD systems	MTW annual reports and self-certification
PHAs must maintain a <i>comparable mix of families</i> (by family size) as they would have if the PHA had not participated in the demonstration program.	PHA-reported data in HUD systems	PHA-reported data in HUD systems	MTW annual reports and self-certification
PHAs must ensure that housing assisted under the demonstration <i>meets Housing Quality Standards (HQS)</i> established or approved by the Secretary.	Self-certification	PHA-reported data in HUD systems	MTW annual reports and self-certification

<sup>28</sup> Local non-traditional includes temporary housing that is provided by third-party providers through contracts. The families are not admitted into a HUD program; therefore, there is no household documentation, such as a form HUD-50058, is reported or included in HUD’s systems for LNT households.

<sup>29</sup> PHAs’ establishment of a rent policy fulfills the statutory requirement for the duration of their participation in the MTW demonstration program.

## Appendix C – PHAs’ Moving to Work Reasonable Rent Activities Reviewed

PHA 1: Moving to Work Rent Reasonable Activities Reviewed	
Activity Number	Activity Description
09-01	Increased the minimum rent from \$50 to \$75 for the Public Housing (PH) and Housing Choice Voucher (HCV) Programs.
17-01	Calculation of assets is done only at intake and no longer necessary at re-examination; assets below \$50,000 at intake are disregarded. (HCV Program only)
18-02	Allowed for an exemption for all working adult household members who are making required child support payments that hinder the ability to pay their monthly rent portion. (HCV Program only)
21-03	Provided a flat medical deduction of \$400 to all elderly/disabled households. (HCV Program only)
PHA 2: Moving to Work Rent Reasonable Activities Reviewed	
Activity Number	Activity Description
14-01	Changed reexamination of income for elderly and disabled households on fixed incomes to every 3 years and every 2 years for wage-earning households. (PH and HCV programs)
15-02	Streamlined utility allowances to be consistent with the household’s minimum subsidy or occupancy standard and eliminates the utility allowance payment. (PH and HCV programs)
PHA 3: Moving to Work Rent Reasonable Activities Reviewed	
Activity Number	Activity Description
20-01	Disregards for financial aid for adult full-time students; eliminated mandatory earned income disregard; offers \$1,000 standard medical deduction to elderly and disabled; provides earned income disregard for elderly families with Social Security as the only source of income; self-certification of assets up to \$50,000; excluded full-time student earned income; excluded adoption assistance payments; applied payment standard in effect on date of regular recertification regardless of payment standard fluctuations. (PH and HCV programs)
20-02	Updated flat rents every 5 years from the date of the last change. (PH program only)

## Appendix D – Criteria

Section 204 of Title II of section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 established the MTW demonstration program to provide certain statutory and regulatory flexibility to participating PHAs under the following three statutory objectives: 1) Reduce cost and achieve greater cost effectiveness in Federal expenditures; 2) Give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and 3) Increase housing choices for eligible low-income families.

Section 204 of Title II of section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 established the five statutory requirements. The following are the five statutory MTW requirements: very low-income requirement, reasonable rent policy, substantially the same requirement, comparable mix requirement, and housing quality standards.

The 2016 Consolidated Appropriations Act states that PHAs participating in the MTW demonstration are governed by the terms and conditions of their MTW agreements.

Section II H of the Amended and Restated Moving to Work Agreements states that the PHA agrees to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration, to keep records, and to submit reports and other information to HUD as described in the restated agreement.

Section VII C of the Amended and Restated Moving to Work Agreements states that HUD or its contractors will conduct at least one formal site visit to a PHA each year. The purpose of these visits will be to confirm agency reported activities, to review the status and effectiveness of the PHAs' MTW strategies, and to resolve outstanding MTW related issues. The PHA shall give HUD and its contractors unimpeded access to all requested sources of information including access to files, access to units, and an opportunity to interview PHA staff and assisted residents.