

GAO

Report to the Chairman, Subcommittee
on Housing and Community Opportunity,
Committee on Banking and Financial
Services, House of Representatives

October 1996

PUBLIC HOUSING

Partnerships Can Result in Cost Savings and Other Benefits





United States
General Accounting Office
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Resources, Community, and
Economic Development Division

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The Honorable Rick A. Lazio
Chairman, Subcommittee on Housing and
Community Opportunity
Committee on Banking and
Financial Services
House of Representatives

Dear Mr. Chairman:

The Congress is deliberating legislation aimed at giving the nation's more than 3,300 public housing authorities (PHA) greater flexibility in managing their properties and in operating public and assisted housing for over 4 million households.¹ If the legislation passes, this greater discretion is expected to strengthen the long-term viability of public and assisted housing and allow PHAs to operate their housing more in line with the needs of the local community. The added flexibility also will be important because other factors, such as increasing operating expenses for public housing and residents' decreasing contributions toward their rent, are limiting the financial resources available to housing authorities to manage their properties effectively.

Before the pending housing reform legislation was introduced, housing authorities recognized the limits on their financial resources and had begun establishing partnerships and other business-like arrangements with public and private sector groups to provide residents with needed services as well as supplement their traditional sources of funds. At your request, this report provides information that describes four types of arrangements that public housing authorities have established and provides the views of PHA officials on the benefits of these arrangements. The information is based on our discussions with 29 housing authorities whose partnership efforts were commended to us by Department of Housing and Urban Development (HUD) officials and industry associations that represent housing authorities.

Results in Brief

In our discussions with housing authorities, we found that to leverage their resources, enhance their ability to deliver services, and reduce their costs, they have established four basic types of partnerships or

¹The House of Representatives passed H.R. 2406, The United States Housing Act of 1996, and the Senate passed S. 1260, the Public Housing Reform and Empowerment Act of 1995.

arrangements. The authorities partnered and worked with (1) other housing authorities to take advantage of economies of scale in purchasing items such as large appliances or in consolidating their management activities; (2) their residents and various community and nonprofit groups to provide social services such as health and child care, job training, and employment for residents; (3) state, local, and commercial entities to develop and finance affordable housing for low-income families; and (4) state and local governments to acquire goods and services such as insurance at lower costs.

Although about one-third of the officials at the housing authorities that we contacted could quantify the cost savings that have resulted from their partnerships, in general PHA officials who we contacted agreed that the nonmonetary benefits—including training, an improved quality of life, and certain social services—were significant and would not have been obtained without the shared experience of the partnership. (See app. I for brief discussions of each of the partnerships that we identified).

Background

PHAs are key players along with federal, state, and local governments and other entities trying to address the housing needs of low-income families. PHAs contract with HUD to provide adequate housing for low-income residents in return for federal grants and subsidies. Therefore, HUD is not only the primary source of public housing funding but also has the primary responsibility for monitoring and enforcing federal housing regulations. Although the federal government provides PHAs with funding for operating expenses and repairs of public housing, state and local laws determine a housing authority's organization and structure. In many cities, the mayor appoints the PHA's policy-setting body or board of commissioners, which, in turn, hires the housing authority's executive director and may approve other top management positions. Housing authorities may also receive funding from state and local sources.

Over time, costs for PHAs have begun to exceed the financial resources available to them, while at the same time the demand for low-income housing offered by PHAs has increased. Although HUD calculates and provides an operating subsidy to supplement the rent paid by residents, the subsidy and rent have not been always sufficient to cover PHAs' costs. In fiscal year 1996, the federal subsidy of \$2.8 billion and the total rent paid by residents covered almost 90 percent of housing authorities' operating expenses, leaving a gap of about 10 percent of expenses that are not funded by the subsidy or rent. Moreover, residents' rent has also

declined. Currently, residents' rent is based on their annual income minus certain deductions.² Generally, if residents' incomes decline, the rent they pay declines as well. And a steady decline in the average income of public housing residents has occurred over the last decade: Average income has decreased from 33 percent of the local geographic area's median income in 1981 to 17 percent in 1995. All the while, according to HUD, the demand for low-income housing has increased, with the number of low-income households with worst case housing needs³ increasing by 1.5 million between 1978 and 1993 to an all-time high of 5.3 million households in 1993.⁴

One purpose of the pending housing legislation is to provide greater flexibility to housing authorities in their operations. The legislation does this by consolidating many public housing grant programs and subsidies into two funds⁵ and eliminating statutory requirements such as the "one-for-one" requirement for replacing housing units and the federal preferences for admission⁶ that limited housing authorities' management discretion. Another of the pending legislation's purposes is to provide for more flexible use of federal assistance to PHAs, allowing them to leverage and combine assistance with funds obtained from other sources.

In addition to the pending legislation, HUD and the public housing industry have also begun to foster partnerships in public housing. In May 1996, HUD issued an interim rule to allow housing authorities to combine their funds with private financing to develop public housing or a mixture of public housing and nonpublic housing. HUD has also established an Office of Public Housing Partnerships to oversee financial partnerships that PHAs establish with other entities to leverage federal funding to develop or rehabilitate public housing. Also, the National Association of Housing and Redevelopment Officials, an industry group representing over 2,100 housing authorities, annually highlights innovative management practices.

²HUD's regulations permit PHAs to exclude from annual income certain allowances, such as those for dependents under the age of 18 and medical expenses for the handicapped or elderly.

³HUD defines households with worst-case housing needs as households in rental units with incomes below 50 percent of the median family income in their area (as adjusted by HUD) and who do not receive federal housing assistance and pay over 50 percent of their income for rent or live in severely inadequate housing.

⁴Rental Housing Assistance at a Crossroads, a Report to Congress on Worst Case Housing Needs, Department of Housing and Urban Development, Office of Policy Development & Research (Mar. 1996).

⁵The two funds are the operating fund, which covers the costs of operation and management, and the capital fund, for the development and modernization of housing units.

⁶Under federal admission preference rules, PHAs must first select for admission, into at least half of their public housing units, persons who are involuntarily displaced, living in substandard housing, and paying more than half of their family income for rent.

Housing Authorities Partnered Among Themselves and With Other Groups

Because federal funding and residents' rent have been insufficient to fully fund PHAS' operating expenses, PHAS have begun to search for new ways to make their resources go further. PHAS have formed partnerships with private developers as well as state and local governments and entities to take advantage of such federal programs as the Low-Income Housing Tax Credit and HUD's HOME Investment Partnerships Program.⁷ On the basis of information provided to us by HUD headquarters and field office officials, as well as officials from public housing associations and professional organizations, we contacted 29 housing authorities across the country. We found a broad array of sharing and partnering. PHAS have partnered or entered into business-like arrangements with

- other PHAS to share resources or to consolidate management in which one PHA manages several others;
- residents, social service agencies, and community groups to provide employment and other services to residents;
- nonprofit organizations and state governments to develop low-income housing and affordable housing; and
- state and local governments to obtain lower cost goods and services.

These four types of partnerships or arrangements are summarized below.

Partnerships Among PHAs to Reduce Operating or Management Costs

Our study of 29 PHAS found eight instances of PHAS' working together to jointly purchase goods and services or consolidate management and thereby achieving cost savings or increased efficiency. By purchasing items together, PHAS can share the costs of the goods and services rather than bearing the costs separately. For example, one group of PHAS split the costs and use of consultants to help comply with regulations governing services for handicapped residents. In another case, a group of over 80 PHAS jointly purchased items such as major appliances—which, according to PHA officials, has increased the efficiency of operations by reducing the administrative burdens of time and paperwork in the purchasing process. Similarly, two housing authorities estimated that they saved \$25,000 in staff and travel costs by jointly operating a community development program.

⁷Under the Low-Income Housing Tax Credit Program, housing developers, such as PHAs and private profit and nonprofit organizations, form partnerships with private investors to rehabilitate or construct low-income housing. In return for tax credits, an investor contributes to the partnership cash that the developer uses to develop housing units. Under the HOME Investment Partnerships Program, HUD provides funds to state and local jurisdictions for housing rehabilitation, new construction, or the development of tenant-based assistance.

According to several PHA officials with experience in consolidating management, consolidation enables PHAS to obtain the benefits of sharing the use and costs of employees and services. For small housing authorities, this partnering can greatly reduce the cost of additional staff and overhead. For example, one large housing authority in our study took over the management of three nearby small housing authorities without increasing the size of its staff. The executive director of the large housing authority said that the consolidation has resulted in reduced overhead and maintenance costs, reduced staff costs, higher productivity, and greater satisfaction by residents at the three smaller authorities. Another official at the large authority said that the smaller housing authorities benefit from the large housing authority's knowledge of and experience with HUD's rules and regulations. In commenting on a draft of this report, the Deputy Director of HUD's Office of Urban Revitalization concurred in this view and said that a tremendous opportunity exists for greater efficiency of operations and cost savings if there is consolidation among smaller PHAS. The Deputy Director said that because executive directors of smaller PHAS may be part-time managers, the PHAS often are not able to remain abreast of public housing regulations. Thus, this economy of management through consolidation can allow the PHAS to maximize the use of their operating subsidies.

The Deputy Director also recognized the issue of political resistance to consolidation—an issue that we have heard from PHA executive directors and HUD field office officials—whereby a local mayor may not support consolidation if it means losing control over the city's housing authority. The Deputy Director said that a way to gain the support of local officials for consolidation may be to allow each PHA to retain its local board of commissioners. In this way, the board would still have policymaking authority for its PHA. In our study, the board was retained in two instances of consolidation, while in a third instance a single board was created for a regional PHA serving 60 cities in six counties. This board consisted of representatives from each of the six counties.

Partnerships to Provide Employment and Social Services to Residents

Through partnerships and other business-like arrangements with labor unions and residents, four PHAS that we contacted have had some success in providing employment opportunities for some residents. The residents hired through these arrangements engaged in repairing vacant units, maintaining the grounds, and performing janitorial services. By employing residents, PHAS provide them with an income, enable PHA staff to do higher-priority work, and can give residents, as one executive director

said, “a sense of pride in their housing developments.” In addition, officials at one of the PHAs that hired residents said that this practice was less costly than hiring private firms to do similar work; officials at another PHA said that the average time that units have been left vacant has been reduced because of residents’ work on the units.

For example, one PHA formed a partnership with a local union to provide four residents with union jobs through a 4-year apprenticeship program. Union workers trained and supervised residents in renovating the PHA’s housing units. The PHA pays each apprentice on a sliding wage scale that increases with training and experience. By the end of the 4-year program, residents become members of the union and are paid the same wage as fully trained union workers. In addition to a salary, the residents in the program obtain medical and health insurance, which they may not have had previously. According to the PHA executive director, union officials, and residents, all parties to this partnership benefit: The union increases its membership and work for union members, the housing authority obtains an employed resident and can renovate its units at less cost than using a contractor, and the resident begins a path to self-sufficiency.

In addition, eight PHAs in our study took part in partnerships with social service organizations to supply such services as child care and health care to residents and with local colleges to teach college credit courses to residents. These partnerships often made use of programs and grants from HUD and state and local governments. For example, PHAs used the social service agencies to operate programs funded under grants from HUD, such as the Public Housing Drug Elimination Program. Social service agencies provided staff to operate the program and saved the PHAs the cost of hiring staff and, in some cases, provided services at no cost to PHAs. In return for space provided to social service agencies, one housing authority estimates that it has received \$400,000 worth of services at no charge over a 2-year period. In another example, a housing authority developed a partnership with a local university to operate a health care clinic for residents. The university provides its faculty and graduate student nurses to staff the clinic, while doctors volunteer their time to provide health services.

According to an executive director, an added benefit of partnerships with social service agencies is that the housing authority is connected to a network of services and funding sources that were not previously available. Social service partners have expertise in areas such as providing counseling or health care that PHA employees may not have. Three PHA

executive directors told us that they could not have offered services to residents if it were not for the partnerships that were formed.

Partnerships With State, Local, and Commercial Entities to Develop Affordable Housing

To meet the local need of housing for low-income people, public housing authorities are increasingly working with banks, cities, nonprofit groups, and state and local governments to develop affordable housing. To do this, PHAS use proceeds from the sale of bonds, Community Development Block Grant funds, and state and local funds. One authority that we contacted uses a combination of HUD's HOME program funds, tax-exempt bond funding, and state funding to develop affordable housing for persons with moderate, low, and very low incomes. To develop affordable housing in another partnership, a housing authority worked with two local nonprofit organizations to operate a handicapped-accessible building for very-low-income persons. The nonprofits owned the building and provided supportive services for persons with disabilities. The housing authority earned income by charging a fee to manage the building. In addition, one authority developed a nonprofit entity that obtained tax credits to develop affordable housing that is not public housing. The housing authority's executive director said that having public and nonpublic affordable housing allows the housing authority to spread its administrative costs over both types of housing.

Use of State and Local Programs to Reduce Costs

Five PHAS in our study joined state and local insurance programs to provide coverage for such things as the PHAS themselves, health care, workers' compensation, and unemployment benefits for their employees. In most cases, the executive directors of the PHAS involved said that the use of state programs resulted in cost savings for the housing authorities. For instance, by joining a state unemployment insurance program instead of being self-insured, one housing authority estimated savings of \$20,000 per year. In addition, by joining the local county's health insurance program, one housing authority reduced its cost to fund employees' family insurance plans by about 50 percent (from \$400 per month to \$198 per month per employee).

Agency Comments

We provided a draft of this report to HUD for its review and comment. We discussed the draft report with HUD's Director of Project Management Staff, Office of the Deputy Assistant Secretary for Public and Assisted Housing Operations, and HUD's Deputy Director of Urban Revitalization, Office of the Deputy Assistant Secretary for Public Housing Investments.

In commenting on our draft report, these officials concurred that partnerships are beneficial to PHAS in providing cost savings and other benefits. The Deputy Director of Urban Revitalization said that consolidation, in particular, offers a high potential for small PHAS—those with under 100 housing units—to share expertise and key staff and to jointly purchase goods and services. We incorporated these and other clarifying comments into the report, as appropriate.

Scope and Methodology

To identify PHAS that were engaging in beneficial partnerships, we conducted interviews with officials at HUD headquarters and field offices and the major industry groups representing PHAS, including the Council of Large Public Housing Authorities, the National Association of Housing and Redevelopment Officials, and the Public Housing Authorities Directors Association. These officials and representatives identified PHAS that they believed were engaging in partnerships that would illustrate effective leveraging and other beneficial uses of their resources. We judgmentally selected 29 of these PHAS and conducted telephone and face-to-face interviews with their executive directors and other officials; however, we did not independently verify the information provided by PHA officials in this report. We conducted our work from December 1995 through July 1996 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies of this report to the appropriate Senate and House committees; the Secretary of HUD; and the Director, Office of Management and Budget. We will also make copies available to others on request.

If you or your staff have any questions, please call me at (202) 512-7631.
Major contributors to this report are listed in appendix II.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Lawrence J. Dyckman". The signature is written in a cursive style with a large, prominent initial "L".

Lawrence J. Dyckman
Associate Director, Housing and Community
Development Issues

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Abbreviations

| | |
|-------|---|
| CDBG | Community Development Block Grant |
| FIC | Family Investment Centers |
| FSS | Family Self Sufficiency |
| HUD | Department of Housing and Urban Development |
| PHA | Public Housing Authority |
| PHDEP | Public Housing Drug Elimination Program |

Descriptions of Partnerships in Public Housing

We contacted 29 public housing authorities (PHA) about their use of partnerships and other business-like arrangements with state and local governments and entities. We found that the partnerships and arrangements could be grouped according to four purposes, which were to (1) share resources or consolidate management among public housing authorities; (2) provide services, training, and employment to residents; (3) develop affordable housing by leveraging staff and financial resources; and (4) obtain goods and services at lower costs by taking greater advantage of state and local programs.

Partnerships to Combine or Share Resources Among Public Housing Authorities

Eight PHAS in our study formed partnerships with one another to share use of employees, make joint purchases, and consolidate management. By sharing an employee and making joint purchases, PHAS told us they reduced their expenses and avoided bearing higher costs individually.

Red Wing, Minnesota

The Red Wing Housing and Redevelopment Authority reported that it reduced administrative costs for the Department of Housing and Urban Development's (HUD) Family Self Sufficiency (FSS) Program, which provides residents with services to promote economic independence and self-sufficiency, by sharing one program coordinator with three other small authorities. According to the executive director, sharing this employee saves the authorities about \$50,000 over a 2-year period. Also, by jointly operating a community development program with another authority, the two housing authorities obtained estimated savings of \$25,000 in travel and staff costs. In addition, by jointly using state funds and issuing bonds, the two housing authorities reduced the cost of bond issuance fees by \$12,000 and provided affordable mortgage financing to low- and moderate-income households.

Contact: Richard Grabko, Executive Director, (612) 388-7571.

Comprehensive Purchasing Consortium (North and South Carolina)

In 1992, the Carolinas Council of Housing and Redevelopment and Codes Officials, which represents PHAS located in both North and South Carolina, formed a voluntary organization called the Comprehensive Purchasing Consortium. According to the Council's president, the consortium has increased the efficiency of housing authorities' operations by reducing the administrative burden of time and paperwork associated with purchasing

expensive value items such as major appliances. Since 1992, sales totaled over \$12 million for items, including nearly 7,000 ranges and refrigerators.

Contact: Carolyn Beaman, Comprehensive Purchasing Consortium Chairperson, (910) 226-8421.

Columbus, Georgia

The Housing Authority of Columbus manages the public housing units of three other housing authorities located in Georgia: Buena Vista (79 units), Ellaville (40 units), and Harris County (43 units). The three housing authorities have their own board of commissioners that formulate policy decisions for their housing authorities. The executive director said that as a result of the consolidation, the housing authorities have reduced staff costs, improved residents' satisfaction, and improved performance.

Contact: Stanley Keene, Executive Director, (706) 571-2807.

Eastern Iowa Regional Housing Authority

The housing authority provides 170 units of public housing and provides assistance to 684 families in its Section 8 assisted housing program in 60 cities covering a 6-county area in Iowa. Instead of several housing authorities managing the low-income housing in this area, one executive director and his staff manage the housing authority. The housing authority is governed by a commission composed of two commissioners from each local government. The commission elects a 18-member board of directors, which contains 3 members from each county.

The Eastern Central Intergovernmental Association, an organization of local governments in Iowa served by the housing authority, provides staff and administrative support for the housing authority. According to the housing authority's executive director, the association can combine resources from various programs to reduce overhead and personnel costs for the housing authority.

Contact: William Baum, Executive Director, (319) 556-4166.

Bremerton, Washington

At the request of HUD and the state of Washington, the Bremerton Housing Authority manages other housing authorities. Specifically, the housing authority provides management services to the Mason County Housing Authority and manages Section 8 housing in Lewis County, Washington. Before this arrangement in Lewis County, which does not have a housing

authority, the state managed the Section 8 housing. However, according to the Bremerton Housing Authority’s executive director, state management of Section 8 housing was a more costly option than having his authority do it.

Contact: Merrill Wallace, Executive Director, (334) 774-8210.

Monroe, Georgia

The Monroe Housing Authority manages three other housing authorities in Georgia—Social Circle, Loganville, and Madison—that have 70, 66, and 20 housing units, respectively. The Monroe Housing Authority has 383 units. According to the executive director, the combined PHAS have reduced operating costs because of a centralized maintenance and administrative staff.

Contact: Al Braddock, Executive Director, (706) 267-6591.

Decatur and Dekalb, Georgia

One staff of 84 persons operates both the Decatur and Dekalb Housing Authorities. Yet each authority is governed by its own board of commissioners. A benefit of this arrangement highlighted by housing authority officials is that consolidated management produces greater economies of scale by spreading administrative costs across two authorities instead of one. For example, when private contractors provide services and goods to both of the housing authorities, the fixed costs of hiring a contractor are spread out among the two, instead of having one authority bear the cost.

Contact: David Smotherman, Executive Director, (404) 377-0425.

Yarmouth, Massachusetts

The Yarmouth Housing Authority has joined a consortium of five PHAS that collectively purchase consultant services for studies on sites’s compliance with the Americans With Disabilities Act (ADA) and other goods and services whenever feasible. In addition, the Yarmouth Housing Authority and two other housing authorities are filing a joint application under HUD’s FSS Program to fund a single FSS social service coordinator to manage the use of social service agencies for the three PHAS.

Contact: Marilyn E. (Penny) Tanner, Executive Director, (508) 398-2920 ext. 13.

St. Louis County, Missouri

The Housing Authority of St. Louis County has joined an organization of 80 housing authorities in Missouri called the Missouri Housing Authority Risk Management Pool that has resulted in cost savings. According to the housing authority, by joining the organization, the authority was able to obtain insurance that reduced the annual insurance costs per car from \$1,000 to \$750. The housing authority also obtains property and casualty insurance from its membership in the group. In addition, the housing authority is examining the possibility of joining a recently developed state government health insurance pool.

Contact: Neil Molloy, Executive Director, (314) 428-3200.

**Partnerships to
Provide Services,
Training, and
Employment to
Residents**

PHAS in our study frequently entered into partnerships and business-like arrangements for the benefit of their residents. PHAS worked with social service organizations, community groups, and other local entities to provide child care, health care, and educational opportunities to their residents. Also, to give residents job opportunities in housing unit repair, janitorial services, and grounds maintenance, PHAS partnered with residents and labor unions.

Macon, Georgia

The Macon Housing Authority uses funds from HUD's programs, such as the Family Investment Centers Program and Public Housing Drug Elimination Program,⁸ to form partnerships with local agencies and the city of Macon Police Department. For the Family Investment Centers Program, local agencies have pledged that they would provide social services worth \$2 million per year to the authority. Partnering with the local police and other agencies also enabled the authority to operate its Public Housing Drug Elimination Program without having to hire additional staff. The housing authority also receives funding from the departments of Health and Human Services and Labor to run a program that assists residents seeking employment.

Contact: John Hiscox, Executive Director, (912) 752-5070.

Henry County, Illinois

The Henry County Housing Authority hired a "Unit Turnaround Crew" of two residents and one maintenance staff person. The housing authority pays residents \$6 per hour, and they work 20 hours per week. The crew

⁸The Family Investment Centers program provides grants to PHAs to provide families with better access to education and job opportunities to achieve self-sufficiency and independence. The Public Housing Drug Elimination Program aims to combat drug-related crime in public housing.

members prioritize the vacant units they work on according to the units' conditions. The crew repairs units in the best condition first to minimize the time between occupants. The executive director said that, as a result of the crew, the time that units have been left vacant has dropped significantly.

Contact: Kathleen Barton, Executive Director, (309) 852-2801.

St. Clair, Illinois

The St. Clair Housing Authority hires resident-owned businesses to cut grass and pick up trash. The executive director said that having the groups perform these tasks is not less expensive than other methods, but it gives the residents a sense of pride in their housing developments, provides residents with some extra income, and frees up housing authority maintenance staff to respond to work orders that need the expertise of professional maintenance workers.

Contact: David Wagner, Executive Director, (618) 277-3290.

Savannah, Georgia

The Housing Authority of Savannah contracts out janitorial service to its resident association. According to the executive director, the residents clean the buildings better than other janitorial firms have in the past. The housing authority excludes from the residents' rent calculation the income that the residents earn from their employment. Residents give a portion of their revenue to community projects, such as distributing Thanksgiving and Christmas food baskets.

Contact: Richard Collins, Executive Director, (912) 235-5800.

Minneapolis, Minnesota

The Minneapolis Public Housing Authority joined Head Start—a program under the Department of Health and Human Services that provides funding for education, health, and social services for low-income children—to operate a daycare facility within the authority. To finance the construction of the daycare building, the housing authority used funding from HUD's Comprehensive Grant Program, which provides funds to repair, improve, and construct public housing units. Head Start, in turn, pays the cost to operate the facility. The executive director said that the housing authority could not have developed the facility without Head Start as a partner.

Contact: Cora McCorvey, Executive Director, (612) 342-1439.

Fargo, North Dakota

The Fargo Housing Authority uses partnerships to operate HUD's Single Room Occupancy Program, which provides housing to homeless persons who benefit from a single-living environment. The executive director said that because residents in its single room occupancy building frequently have mental and physical health problems, the housing authority formed partnerships with several state agencies to provide services to the residents. The executive director believes that this relationship with state agencies, which has expanded to his public housing program, eliminates the need for him to hire additional staff with expertise in social work.

Contact: Ken Donarski, Executive Director, (701) 293-6262.

Salt Lake City, Utah

The Housing Authority of Salt Lake City has partnership arrangements with the Salt Lake City School District, community colleges, and local universities to operate education programs. For example, in one program, residents are taught to build cabinets, sheds, and wrought iron fencing. The housing authority provides funding to buy raw materials and uses the finished product within the grounds of its properties, thereby guaranteeing a market for the program's products. According to the executive director, the housing authority is able to obtain these products through the program at about half the cost of the finished product on the private market.

Contact: Rosemary Kappes, Executive Director, (801) 487-2161, ext. 1202.

Huntington, West Virginia

The Huntington Housing Authority is working with a group of 34 health, education, and social service agencies called the Family Resource Network to provide services such as substance abuse counseling, emergency housing, and domestic violence counseling to residents. The executive director said that over a 3- to 4-year period, the Network has served 4,000 to 5,000 people. Except for the executive director's unpaid position on the Network's committee, Network staff are not public housing staff. The Network staff are funded by the state Governor's cabinet on children and families and federal funding through the federal Enterprise Community/Empowerment Zone program that provides funds for community development.

The executive director explained that by using the Network, the housing authority is able to collaborate with many agencies by using one point of contact—the Network—which is more efficient and cost-effective than having to contact each agency separately. The executive director estimated that using the Network has saved the authority \$10,000 per year in staff time and has enhanced applications for federal and state funding that require evidence of collaboration.

Contact: William Dotson, Executive Director, (304) 526-4439.

Mercer County,
Pennsylvania

When expectations for funds from HUD’s Public Housing Drug Elimination Program were not met, the Mercer County Housing Authority developed a service center as a place for social service agencies to reside and bring local services to residents. In this partnership, the housing authority pays the cost of maintenance to the building and the cost of some materials, and the social service providers do not charge the housing authority for their services. The executive director estimated that over a 2-year period, the housing authority received \$400,000 worth of services at no direct cost to it.

Contact: Dewitt Boesel, Executive Director, (412) 342-4000.

Stamford, Connecticut

The housing authority of the city of Stamford has a partnership with a local union to employ residents in repairing deteriorated conditions and abating lead-based paint hazards in the housing authority’s units. Union workers provide training necessary for the residents to perform the work, while the housing authority pays the residents a salary that increases as they become more experienced. Currently, four residents are employed in the program. After 4 years, the residents become members of the union and are paid at a full-time union member’s salary. As residents graduate from the program, new residents will be allowed to enter. As a result of the program, the union obtains the benefit of increasing its membership, the housing authority has provided a resident with a job, and the resident gains a salary along with medical and health insurance benefits.

The executive director said that the HUD field office was very supportive and helped the housing authority determine how to use HUD’s “force account” regulation to justify using funding for the Comprehensive Grant Program to pay the residents while they are in the program.

Contact: Edward Schwartz, Executive Director, (203) 977-1400.

Omaha, Nebraska

To emphasize education, the housing authority formed a partnership with local schools to enforce school attendance by public housing children. Children who are absent on any day are not allowed to participate in any housing authority recreational activity that day or, if they are on a sports team, cannot play in the next sport activity. The Chief Executive Officer (and executive director) said that the average absentee rate among students at the housing authority has gone down from 3 days per month to 1 day per month. In addition, he explained that the cost of vandalism at the housing authority has been reduced from \$89,000 per year to \$5,000 per year.

The housing authority has partnerships with other local organizations as well. For example, a local college provides instructors to teach classes to residents on the authority's property. The housing authority does not pay the instructors, and the college does not pay rent for the space to teach. In addition, local police have trained residents in reporting crime.

Contact: Bob Armstrong, Executive Director, (402) 444-6900.

Lewiston, Maine

The Lewiston Housing Authority has developed an arrangement with its local police department. The department operates substations at three public housing sites. The housing authority provides an office with a long distance telephone line, and the department pays the remainder of the substations' operating expenses. According to the executive director, the department's visible presence deters crime and improves the quality of life in the developments. Another benefit is that officers chaperon dances and referee hockey games, providing children with what is often their first positive experience with law enforcement, the executive director explained.

In addition, the housing authority has entered into a partnership with the St. Mary's General Hospital in which the authority provides space for an inner-city free medical clinic that is staffed by physicians, nurses, and social workers from the hospital who volunteer their time. Also, the housing authority provides space for the Lewiston Adult Education Literacy Project, a program that provides literacy training and job counseling for the homeless, as well as providing space for Head Start programs for child daycare, education, and young teen parenting classes.

Contact: Sandra Knowles, Executive Director, (207) 783-1423.

Denton, Texas

The Denton Housing Authority and Texas Woman's University created a health care clinic and a dental clinic for low-income people. The housing authority provides the space for the clinics, and the university provides faculty and graduate students who are registered nurses. Local medical doctors and dentists volunteer their time, and a grant from the state health department pays for physicals, pap smears, and mammograms to low-income women. Dental surgeons and other specialists volunteer to do procedures that are too complicated for the clinic. The United Way, the Community Development Block Grant, and local organizations provide the funding for equipment and supplies.

Contact: Marian Hamilton, Executive Director, (817) 383-3039.

Partnerships to
Develop Affordable
Housing

In partnership with state, local, nonprofit, and private organizations, PHAS developed housing for low-income persons by using funds from federal programs such as the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program to finance housing development. In addition, PHAS used resources from outside federal programs in partnership with state, local, and private groups. For example, PHAS issued bonds, obtained state funding, and used tax credits.

King County (Seattle),
Washington

According to the executive director, the King County Housing Authority issues bonds and uses state and local funding as well as funds from the CDGB and the HOME Investment Partnership Program to obtain, own, and manage housing. Over the last 5 years, the authority has used over \$100 million in tax-exempt bonds, low income tax credits, and other funds to purchase and rehabilitate apartments that are 12 to 20 years old. These developments primarily serve low-income households between 40 and 60 percent of the area median income. The housing authority uses CDBG funds in conjunction with bonds in the acquisition of manufactured homes, which are very popular with the elderly. The authority has five developments of manufactured homes, ranging from 30 units to 165 units per development.

The authority also sets aside space in its buildings for local service agencies such as the Boys & Girls Clubs and the YWCA. For example, the housing authority purchased a building and leased space in it to a local

mental health organization. The executive director believes that partnering with agencies such as these helps the housing authority obtain additional funding because of the agencies' access to private donations and other local sources of operating funds.

Contact: Jim Wiley, Executive Director, (206) 244-7750.

Boulder, Colorado

The Housing Authority of the city of Boulder entered into a partnership with a private entity, which resulted in the construction of a building with 124 units. According to the executive director, this development is producing income that is used to help defray some of the housing authority's expenses in its public housing program.

The housing authority has another partnership with two local nonprofit organizations to operate a 19-unit handicapped-accessible building to house very low-income residents. One of the nonprofits owns the property, and the other nonprofit provides support services. The housing authority earns income by charging a fee to manage the building.

The authority also purchased one building for low-income housing, using a \$300,000 grant from the city government. The city and the housing authority entered into a formal agreement to ensure that the rents remain affordable to residents whose incomes represent less than 60 percent of the area's median income.

Contact: Kathy McCormick, Assistant Director of Housing, (303) 441-3157.

Salt Lake City, Utah

Twice, the Housing Authority of Salt Lake City has created nonprofit agencies to develop affordable housing. The nonprofits, in turn, used tax credits to attract partnerships with other private entities. The housing authority now manages as many units developed in partnership with private entities as it manages public housing units. Because both types of units are administered by the housing authority, management costs are being spread over twice as many units.

Contact: Rosemary Kappes, Executive Director, (801) 487-2161, ext. 1202.

**Montgomery County,
Maryland**

The Montgomery County Housing Opportunities Commission operates public and assisted housing and uses a variety of funding sources to

develop low- and moderate-income housing. The commission has used state and county funding, federal low-income tax credits, funds from the HOME Investment Partnerships Program, and tax-exempt bonds to finance a variety of affordable housing units. In addition, to develop low-income housing for its residents, the commission obtains housing from the county's Moderately Priced Dwelling Unit Program, which requires developers of most new communities to provide a number of units that will be made available only to low-income persons.

Contact: Richard J. Ferrara, Executive Director, (301) 929-2382.

Use of State and Local Programs

Housing authorities in our study joined in state and local programs, including health, automobile, or workers compensation insurance programs, to obtain goods and services at significantly reduced costs. Executive directors told us that in most cases cost savings resulted from the PHA's belonging to these programs.

Stutsman County, North Dakota

The executive director of the Stutsman County Housing Authority persuaded the county to include the housing authority in a county insurance pool, even though the housing authority's employees technically are not employees of the county. The executive director told us that joining the insurance pool reduced the housing authority's costs for a family health insurance plan from over \$400 a month to \$198 per month per employee.

Contact: Cheryl Wegner, Executive Director, (701) 252-1098.

Sanford, Maine

The Sanford Housing Authority worked with its state insurance board to develop separate workers' compensation rates for different categories of the authority's employees instead of using a "blended" rate. The executive director said that this resulted in significant savings for the authority because the blended rate was established on a national basis and did not match the local market.

Contact: Mike Eisensmith, Executive Director, (207) 324-6747.

Portland, Maine

The Portland Housing Authority reports that it has achieved cost savings as a result of an informal relationship with the city of Portland. For

example, the authority's maintenance department borrows equipment from the city's Public Works Department rather than renting it. Also, the authority buys fuel for its vehicles through the city and, therefore, receives the discounts associated the city's bulk-purchasing arrangement. In addition, the authority uses the city's nursing services to provide care for its elderly residents. Finally, the city's Recreation Department and the Boys Club pay for the cost of summer recreation programs that the housing authority funded in the past, but now cannot afford. According to the executive director, these partnering arrangements were established informally and did not require amending the housing authority's cooperation agreement with the city.

Contact: Peter Howe, Executive Director, (207) 773-4753.

Huntington, West Virginia

The Huntington Housing Authority is a member of a West Virginia state purchasing program. According to the executive director, the housing authority's use of the program to purchase five trucks saved \$3,000 per truck. The executive director said that the housing authority will continue to solicit local vendors to provide bids for services, but it will use the state buying program when it is cheaper than local bids.

Contact: William Dotson, Executive Director, (304) 526-4439.

Lake County, Illinois

According to the executive director, the Lake County Housing Authority assesses the cost and benefits of self-insurance versus using the state insurance program. After having its own unemployment insurance for almost a decade, the housing authority determined that participating in the state unemployment insurance program would save the authority about \$20,000 a year.

Contact: Alon Jeffery, Executive Director, (708) 223-1170, ext. 201.

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