

## Convening on Voucher Policy Issues, Part III: Regionalization

On Nov. 5-6, 2009 HUD held an invitational event titled, “Convening on Voucher Policy Issues,” which included industry groups, researchers, advocates and voucher holders. This is the third in a series of articles on the event. (See the November 15 and January 31 issues of the *Monitor* for the first and second articles.). This article provides an overview of program stakeholders’ working group sessions regarding the greatest obstacles to helping voucher-assisted households to neighborhoods of opportunity and to integrating broader social policy goals with the HCV program, as well as the discussion that followed on November 6, 2009, with Secretary Donovan, Assistant Secretary Sandra Henriquez, Senior Advisor on Rental Assistance Barbara Sard, Deputy Assistant Secretary Milan Ozdenic, and Deputy Associate Assistant Secretary David Vargas.

Following presentations from researchers on their findings related to location issues as well as the intersection of voucher policy with other social policy goals (available at [www.nahro.org/members/news/2010/ConveningVoucherPolicy.pdf](http://www.nahro.org/members/news/2010/ConveningVoucherPolicy.pdf)), six working groups made up of program stakeholders were asked to consider two questions and vote on potential answers. Attendees were told that Departmental staff would collate the results during lunch, and then in the afternoon there would be a panel discussion featuring HUD Secretary Shaun Donovan to review the results. One assumption states, “HUD could do more to improve locational outcomes in the Housing choice Voucher (HCV) program. “ The corresponding question posed was, “What are the top 3 impediments to achieving better locational outcomes through housing vouchers?” The second assumption states, “HUD could do more to facilitate the use of housing vouchers program to support the achievement of broader social policy goals, such as those discussed by the panelists.” The corresponding question was, “What are the top 3 impediments to achieving more effective integration of housing vouchers with efforts to achieve broader social policy goals?” Program stakeholders in each of the six working groups were asked to identify and discuss the federal policy and/or administrative changes that would be most effective in remedying the top three impediments. A copy of the questions and a list of multiple choice answers are available at [www.nahro.org/members/news/2010/convene\\_voucher.pdf](http://www.nahro.org/members/news/2010/convene_voucher.pdf).

In one of the six working groups, NAHRO staff said that some of the options listed in the multiple choice answers, including PHA jurisdictional boundaries (which was the first option listed for both questions), had no relationship to the research findings of any of the presentations provided by the research panel earlier in the day. NAHRO’s interactions with PHA participants in the six working groups revealed that none of them voted for PHA jurisdictional boundaries in their list of the top three impediments.

When the HUD panel reconvened, none of the six working groups’ votes were reported. Instead, Deputy Assistant Secretary Milan Ozdenic summarized what he heard from a HUD staff debriefing after the six working groups’ voting and discussions. In terms of the question on locational issues, Mr. Ozdenic said that the groups said:

- There was very little flexibility in statutes, regulations and administrative support for improving locational issues;

- They need to be able to pay higher levels for Fair Market Rents and Voucher Payment Standards;
- There is a need for greater flexibility at the local level;
- There is a need to allow PHAs to access HAP for tenants' security deposits;
- The Department needs to share best practices and not have a one size fits all approach;
- There are problems associated not just with the amount of funding but also the consistency and timeliness of program funding streams;
- There are problems associated with some tenants' lack of knowledge of housing opportunities and fair housing issues; and
- There is a lack of viable transportation options for some tenants.

The HUD panel invited attendees to talk about their experiences with breaking down jurisdictional boundaries between PHAs. Delores Sawyer, Director of Housing Programs at the Southern Nevada Regional Housing Authority, said that Nevada's state enabling legislation was amended to require three local PHAs within 14 miles of each other to become a regional housing authority. When asked if she thought that there would be administrative cost savings, Ms. Sawyer said, "In reality, it will cost us more money to get there due to unforeseen circumstances." A person from a PHA in Illinois talked about a pilot program started in 2002 in several counties in and around the greater-Chicago area in which several PHAs pooled some of their Project-Based Vouchers to create or preserve 15 affordable housing developments. Deputy Associate Assistant Secretary David Vargas asked, "Are there better ways to incentive consortia and consolidation?"

Mr. Vargas talked about incentives to help program stakeholders reach HUD's policy goals, including Housing Assistance Payments, administrative fees, and the flexibility to achieve de-concentration taking more time and more resources. Secretary Donovan said that HUD does not want to punish success, and that incentives should not only be money but also flexibility. Responding to his point, David Vargas said, "Let's help incentivize families to achieve these goals. PHAs believe that there should be a minimum Net Restricted Asset balance to react to changing conditions." Secretary Donovan asked if PHAs need federal help to help gain access to other federal resources such as Medicaid, TANF resources, at the state and local level. Jeff Lubell, Executive Director of the Center for Housing Policy, said it would be helpful to get other federal agencies on board with HUD's goals and objectives and invested in helping to accomplish them. Mr. Lubell also said that having dedicated funding for staff positions at the local level to help build these types of partnerships in the community would be very helpful.

On the topic of portability, Mr. Vargas said, "those PHAs that it affects, it affects greatly. Having a separate pot of money for PHAs to absorb portability vouchers." Mr. Vargas mentioned an option of "permanently moving portability vouchers being billed, to receiving PHA until a voucher turns over and then goes back to the original PHA." He also said that PHAs want fungibility and the advantages that come with it.

Marilyn O'Sullivan, Chief Officer of Occupancy and Leased Housing at the Boston Housing Authority, said, "HUD eliminated the preliminary fee and special fees (i.e., hard-to-house). If this is an important goal to HUD, the Department needs to restore these... We have no shortage of partners and no shortage of ideas on how to make the HCV program work better for

participants in our community. The constraints are in the existing program. I want to be able use service dollars with other non-profits who receive them exclusively, by leveraging vouchers our PHA has.”

Barbara Sard, HUD’s Senior Policy Advisor for Rental Assistance Policy, talked about PHAs’ waiting list preferences. Mr. Ozdinec said, “Our group does not want federal preferences reinstated because they have local consequences, such as an unintended incentive to move out of housing to become homeless.”

Al Hester, Housing Policy Director at the Public Housing Agency of the City St. Paul, said, “We utilize 10 percent of our Housing Choice Vouchers for the Project-Based Voucher program, to serve other social goals such as income-mixing, and providing operating assistance for supportive housing in support of St. Paul’s ten-year plan to end chronic homelessness. However, we are now seeing unintended consequences. The PBV feature to relocate with a tenant-based voucher after twelve-months in occupancy is undercutting our supportive service contracts. Over time, we will be unable to serve our waiting list households because any available voucher we have that would otherwise serve an unassisted waiting list household will eventually go to PBV households who move. We are concerned that without supportive services, some households will lose their voucher-assistance altogether.”

Secretary Donovan said, “Once you get to a certain scale of using a percentage of tenant-based vouchers for PBV, we realize that there is a need to address this.” Ms. Sard that HUD had contracted with the Urban Institute, and that Mary Cunningham was conducting research to determine the rates at which families use the mobility option in the PBV program. Ms. Sard cited this example in talking about the importance of evidence-based policy development.

Jonathan Zimmerman, NAHRO Senior Policy Advisor for Rental Assistance Programs, thanked Secretary Donovan and House and Senate Appropriations staff in attendance for their hard work to secure maximum appropriations in the HCV program for FY 2010. “The backdrop to today’s discussion about mobility, portability, de-concentration and self-sufficiency is that the HCV program was rocked in 2004 for three consecutive years due to the three-month snapshot formula, and still has not recovered yet,” Mr. Zimmerman said. “Many PHAs in the country do not have enough funds to lease to their baseline number of vouchers. The number of families paying more than 30 percent, 40 percent and even 50 percent of their monthly adjusted income towards rent is high. Several years ago the U.S. Census Bureau’s analysis of Survey of Income and Program Participation (SIPP) data found several hundred thousand voucher-assisted households were paying more than 50 percent of their income towards rent, and those figures are probably worse now. These conditions are not of your making, you inherited them, but I think it provides a sobering landscape to our discussion today.”

### ***HUD’s Transformation Initiative***

As NAHRO previously reported, the FY 2010 appropriations law included the administration’s proposal to fund a new [Transformation Initiative](#). The law included language allowing the HUD Secretary to transfer up to 1 percent from most HUD program accounts to the Transformation Initiative account to support the Department’s efforts related to technical assistance, research,

information technology, and program demonstrations. For the Section 8 tenant-based program, the authorized transfer is capped at \$100 million, with this funding to be used exclusively for improvements to HUD's information technology systems with the HCV program.

HUD's FY 2011 budget justifications state, "Demonstrations also can be used to test and evaluate new ways of delivering traditional programs." Among the examples of demonstrations worth considering, HUD's Transformation Initiative states, "HUD could experiment with administering vouchers regionally rather than locally in urban areas. The balkanization of voucher administration has made it difficult for low-income families to know about suburban housing vacancies and exercise choice in a metropolitan housing market, and has stifled innovation and accountability. A demonstration would evaluate the effects of 'competing out' voucher administration in 3-5 metropolitan areas to an array of public and private entities. HUD would select one well-qualified organization (which could include a consortium of PHAs) to administer the program for each metropolitan region, opening up the administration of vouchers to a wider variety of public, for profit and non-profit entities." To date, there has been no announcement by HUD about whether or not it will pursue a demonstration on regionalization. In advance of the evidence-based research that would accompany a demonstration on regionalization, HUD's FY 2011 budget proposes a \$50 million voluntary program on regionalization.

HUD's FY 2011 budget asserts,

"The numerous programs and administrative entities present many barriers to eligible low-income families seeking an effective and accessible rental assistance program. For example, an eligible low-income family seeking HUD rental assistance cannot apply at one location for all programs; instead, the family must apply on separate waiting lists at various locations. Depending on the type of assistance received, the family may be required to reside in a specific location and may lose its subsidy upon relocation to another dwelling.

The sheer number of entities that administer HUD rental assistance, combined with the geographical limits under which most operate, impede fair access to scarce resources, resulting in waiting times that vary substantially and other adverse impacts. In addition, this balkanized administrative geography limits the use of Federal rental assistance to decrease concentrations of poor and minority families or to expand opportunities to live in mixed-income sustainable neighborhoods."

HUD's FY 2011 budget requests up to \$50 million for PHAs for three purposes: 1) to offset the one-time costs of combining Housing Choice Voucher (HCV) program administrative functions in approximately 50 regions or areas where PHAs voluntarily submit locally-designed plans to increase efficiency and effectiveness; 2) for outreach to encourage landlords in a broad range of communities to participate in the program; and 3) to provide additional services to expand families' housing choices.

During a February 2 briefing for industry groups, Barbara Sard said that in the future HUD would provide technical assistance to PHAs interested in combining their administrative functions with other entities in their region or state. Ms. Sard said HUD would encourage metropolitan PHAs to have conversations with other PHAs in their metro areas with overlapping jurisdictions and for rural PHAs to have conversations with their state housing agencies. Ms.

Sard also said that PHAs engaged in a consortia or PHAs that otherwise do not operate HCV programs would also be eligible for a priority in their applications.

The \$50 million request is part of HUD's larger proposed Transforming Rental Assistance (TRA) Initiative, under which approximately 300,000 units of public and assistance housing would be voluntarily converted to a modified form of Project-Based Voucher assistance - dubbed "long term property-based rental assistance contracts" by the administration. For additional information on HUD's proposed TRA Initiative, see NAHRO's [February 4 Direct News item](#) on the administration's FY 2011 budget's treatment of Public Housing programs.

For more information on HUD's convening on voucher policy issues, contact [Jonathan Zimmerman](#) (ext. 7213).