

The Future of Public Housing; Consolidation?

From a Commissioner's
Prospective

The Future of Public Housing; Consolidation?

- As funding allotments become reduced (Public Housing in FY 2006 lost 11.2%) and it is projected that it will lose another est. 10% or more in FY 2007) budgets are getting tighter and demand for services increases, Public Housing Agencies (PHAs) continue to explore new ways of operating more efficiently and at a lower cost.

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- Partnerships of various sorts- and specifically, the development of a consortium or full consolidation of local PHAs – are ways of doing this. PHAs nationwide are experiencing the benefits of working together on planning and operations; some of these partnerships have resulted in hundreds of thousands of dollars in savings and expansion of opportunities.

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- ***Purpose/Benefits of Consolidation:***

The opportunity for housing agencies to work together on planning, operations, management and administration of their programs are endless.

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While a consolidation may not be the optimal solution for all Housing Authorities in this ever changing world of managing housing authorities, it has proven to be a successful strategy for most that have taken these steps and the number of participating entities (either through consortium or full consolidations) is growing.

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Housing Authorities “*know that the days of which they could independently survive on subsidies and federal funds are long gone*”, and are positioning themselves to plan for the future and compete in the local economic conditions without a loss of services or benefits to their constituents.

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- Further, those Housing agencies that have joined together have stayed together because the advantages far outweigh the disadvantages.

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- When looking for cost savings, increasing benefits of our programs, increasing effectiveness of development or capitalization programs, decreasing duplication of efforts, or finding ways to reduce the bureaucracy of day to day tasks; think of consolidation or consortia as a tool in the toolbox that can get the job done!

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- Remember the immediate impact of Asset Based Site-Management! The Central Office Cost limits may result in your laying off staff that are required to run an overall agencies, such as HR, MIS, Finance and other supportive services.

Summary of Advantages

- ***Economics of scale:***

The most obvious advantage of allying with other PHAs is gaining economies of scale, which can be achieved thorough all programs and funding sources.

Summary of Advantages

- ***Merging of revenue, expenses and resources:***

The agencies share resources such as information, materials and staff expertise during both the planning and operational phases. Agencies' strengths vary so they are able to access the expertise of other PHAs and expand organizational capacity or introduce new programs.

Summary of Advantages

- ***Wider breath of initiatives:***

Consolidation of PHAs provides a wider diversity of initiatives in the community through a broader network of services. For example, a consortium (which is a group of two or more PHAs that come together to operate their housing programs but is not a legal entity such as the the case with a consolidation) in Texas leveraged the Capital Funds program.

Summary of Advantages

- Another example showcases the use of strengths: one PHA may have a well established Family Self-Sufficiency (FSS) program, but an underutilized Section 8 voucher program. It may lack real estate transaction expertise or an inability to network with other homeownership nonprofits.

Summary of Advantages

- Meanwhile, an adjoining PHA has maximized its voucher utilization rate, has experience in the Section 8 Voucher program, but lacks additional qualified families. By consolidating the PHAs, both PHAs can address each other's weaknesses and build on each other's strengths.

Summary of Advantages

- ***Greater concentration of resources:***

An example of slowing concentration of resources is where the PHAs consolidate which would result in maximized funding for the jurisdictional areas verses competition between the local PHAs for the same source of funding which historically has resulted in one or none being award funding through the Notice of Funding Availability.

Summary of Advantages

- This would also result in reduction of duplication of efforts (in grant writing) and allow agencies to focus on other operational issues and commit any financial savings to other community concerns.

Summary of Advantages

- ***Less reporting to HUD:***

Still another advantage is less reporting work for PHAs. Submitting one plan instead of multiple individual plans makes a significant difference for small agencies and also saves staff time and resources for larger PHAs.

Summary of Advantages

- Consider a three-agency consolidation- the amount of administrative time to prepare and submit three separate plans annually has now been reduced to a single plan with common policies and policy updates that are in line with the areas Consolidated Plan. HUD's review time is thus also reduced.

Summary of Advantages

- *Fiscal Impacts:*

Of course the merging of multiple PHAs into a Regional PHA would save funding across the board. There would be no need for three Human Resources Departments; three insurance policies; three Executive Directors; three boards and the cost of training board members and staff time preparing for board meetings; auditing fees; property insurance; CPA fees and accounting; capital fund advertisement for architects and contractors; capital funds savings on actual tasks; membership fees; MIS systems and staff and customer service to all clients within our community via one stop officers with the same information and policies vs. several PHAs with different wait lists; three different set of policies and procedures.

Some Disadvantages

- Local Politics
- Free among staff of possible staff reduction (this will occur regardless due to funding cuts and Central Office Cost caps)
- Funding for actual merger such as legal fees.

Some Disadvantages

As you see the advantage out -weight the disadvantages!!!

Questions?