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Sent: Thursday, July 28, 2016 4:55 PM
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Subject: regional MTW follow-up

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While I'm thinking about it, I wanted to quickly follow-up on the discussion we just had on the MTW advisory committee call regarding a possible cohort focused on regionalization. In addition to the new flexibility HUD has to allow one or more of the current 39 agencies to become a regional agency, HUD can (and we think should) focus one of the expansion cohorts on regional administration across two or more newly-admitted agencies as part of the newly authorized 100-agency expansion.

There are two ways to think about this authority: (a) as specifically authorized by Congress in the 4th of the four sentences about regionalization (“A Moving-to-Work agency may be *selected* as a regional agency if the Secretary determines that unified administration of assistance under sections 8 and 9 by that agency across multiple jurisdictions will lead to efficiencies and to greater housing choice for low-income persons in the region.”); or (b) under the general expansion authority. It probably doesn't matter which authority HUD invokes, as the second route should also focus on the statutory goals of administrative efficiencies and greater housing choice. Thus, even if OGC reads the four regionalization-related sentences as all focused on expanded authority for the current 39 agencies (as seemed to be what one of you indicated), HUD could structure an expansion cohort around regionalization.

As I mentioned in my brief comments, a majority of small PHAs (using a cap of 550 total units) that administer vouchers, with or without public housing, operate in metro areas. HUD's administrative fee study shows that small agencies have higher administrative costs, so the potential of regional operation – whether through full consolidation, formation of a consortia, or potentially other arrangements PHAs could propose – to reduce administrative costs is clear. What we don't know enough about are the challenges and costs of achieving such more efficient administrative operations, and their potential to expand housing choice. The attraction of MTW flexibility could be a powerful incentive to encourage PHAs with fewer than 1,000 units to consider regional approaches. If a number of PHAs join in a regional proposal, the scale of their jointly-administered resources could be sufficient to make various mobility-related initiatives feasible. Such a cohort focus could help achieve larger policy goals and be more suitable for smaller agencies than many of the other types of interventions discussed.

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