



September 2015

# AFFORDABLE RENTAL HOUSING Assistance Is Provided by Federal, State, and Local Programs, but There Is Incomplete Information on Collective Performance

Accessible Version

# GAO Highlights

Highlights of [GAO-15-645](#), a report to congressional addressee

## Why GAO Did This Study

The federal government, states, and localities play a significant role in providing rental assistance and developing affordable rental housing for low-income households.

This report (1) identifies the federal, state, and local government funded programs that provide rental assistance to low-income households and identifies indications of program fragmentation and overlap; (2) assesses the extent of intergovernmental collaboration for rental assistance; and (3) determines what is known about performance at the federal level, at selected state and local jurisdictions and for the collective performance of the levels of government providing rental assistance.

GAO partnered with 25 state and local audit offices to design an audit plan that 6 participating audit offices conducted on rental assistance to low-income households. GAO assessed the completed results, reviewed documentation, and interviewed officials from HUD, Treasury, and IRS.

## What GAO Recommends

GAO recommends that HUD, in consultation with the RPWG, work with states and localities to develop an approach for compiling and reporting on the collective performance of federal, state, and local rental assistance programs. HUD disagreed with the recommendation as originally drafted because it did not believe that it was addressed to the appropriate party. GAO agreed and modified the recommendation to direct it to HUD, in consultation with the RPWG. Treasury and IRS did not comment on the recommendation.

View [GAO-15-645](#). For more information, contact J. Christopher Mihm at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov).

September 2015

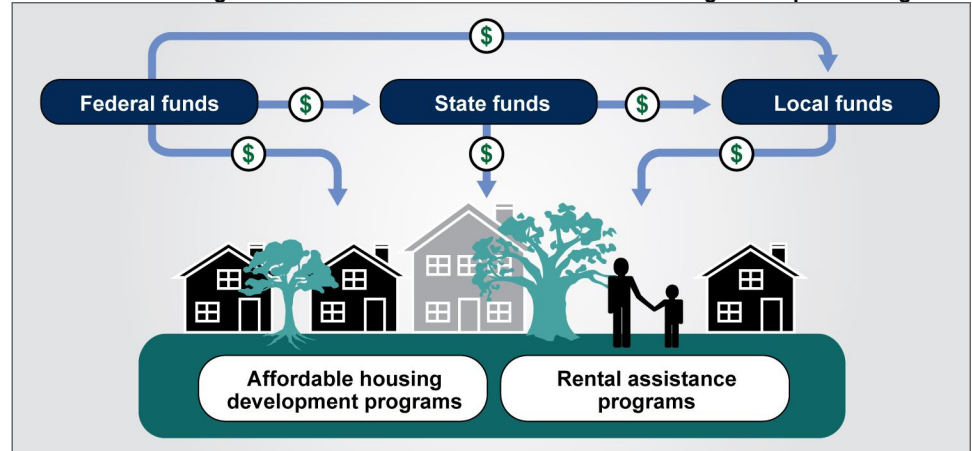
## AFFORDABLE RENTAL HOUSING

### Assistance Is Provided by Federal, State, and Local Programs, but There Is Incomplete Information on Collective Performance

## What GAO Found

The federal government and state and local entities provide both rental assistance and affordable housing through a wide variety of programs. The six participating audit offices that conducted coordinated audits on rental assistance reported that the programs they reviewed were funded solely through one level of government or were funded by a combination of resources, as shown in the figure below. In February 2012, GAO found instances of fragmentation and overlap among federal rental assistance programs. In this review, GAO and the participating audit offices found indications of fragmentation and overlap among programs reported in Oregon and Washington.

Government Funding for Low-Income Rental Assistance and Housing Development Programs



Source: GAO analysis of federal and participating audit offices' program information. | GAO-15-645

The Rental Policy Working Group (RPWG), which was established in 2010 by the White House Domestic Policy Council to better coordinate federal rental policy, collaborates with state and local governments in multiple areas. The participating audit offices found that their government collaborated with other jurisdictions.

The Department of Housing and Urban Development (HUD), the Internal Revenue Service (IRS) and the participating audit offices reported on the performance of rental assistance programs to varying extents. HUD reported on its performance for only one of its two rental assistance strategic objectives, but IRS had not set goals or assessed the performance of the Low Income Housing Tax Credit. The participating audit offices reported that most jurisdictions had performance information at both the jurisdictional and program levels. However, without information on the government-wide performance of rental assistance, the Congress, decision makers, and stakeholders at all levels of government are hampered in their ability to set priorities and allocate resources. While complete and reliable information is a vital component of assessing effectiveness, GAO recognizes it is difficult to identify relevant federal, state, and local programs; collect performance information from multiple levels of government; and synthesize the information to reflect collective performance. HUD, the nation's leading housing agency, in consultation with the RPWG, is well positioned to capitalize on its existing collaboration among federal agencies and with state and local jurisdictions.

---

# Contents

---

Letter	1
Background	5
Federal, State, and Local Funds Are Used to Provide Rental Assistance, but Fragmentation and Overlap May Exist across All Levels of Government	6
The Rental Policy Working Group and Participating Audit Offices Reported Various Efforts to Collaborate, but Also Reported New Opportunities and Challenges	21
HUD, IRS and Participating Audit Offices Reported Varying Levels of Performance Reporting, but There Is Incomplete Information on Collective Performance	32
Conclusions	40
Recommendation for Executive Action	41
Agency Comments and Our Evaluation	41
<hr/>	
Appendix I: Objectives, Scope, and Methodology	44
<hr/>	
Appendix II: State and Local Participating Audit Offices and Consulting Partners	50
Participating Audit Offices	50
Consulting Partners	51
<hr/>	
Appendix III: Comments from the Department of Housing and Urban Development	53
<hr/>	
Appendix IV: GAO Contact and Staff Acknowledgments	56
GAO Contact	56
Staff Acknowledgments	56
<hr/>	
Appendix V: Accessible Data	57
Agency Comment Letter	57
<hr/>	
Related GAO Products	60
Housing Assistance	60
Fragmentation, Overlap, and Duplication	60
Managing for Results	60
<hr/>	
Tables	
Table 1: Federal Programs Operating in Multiple Jurisdictions	11
Table 2: Washington State’s Low-Income Rental Assistance and Housing Development Programs	12

---

Table 3: King County Low-Income Rental Assistance and Housing Development Programs	14
Table 4: Seattle Low-Income Rental Assistance and Housing Development Programs	15
Table 5: Low-Income Rental Assistance and Housing Development Programs in Oregon Jurisdictions	17
Table 6: Denver Low-Income Rental Development Program	18
Table 7: Agency Priority Goal Indicators, Reported Performance, and Targets for 2014	34

---

Figure

Figure 1: Government Funding for Low-Income Rental Assistance and Housing Development Programs	10
--	----

---

**Abbreviations**

CDBG	Community Development Block Grant
DPC	Domestic Policy Council
ESG	Emergency Solutions Grant
FHA	Federal Housing Administration
GPRAMA	Government Performance and Results Act Modernization Act of 2010
HOME	HOME Investment Partnerships Program
HUD	U.S. Department of Housing and Urban Development
HFA	Housing Finance Agencies
HTF	Housing Trust Fund
INTOSAI	International Organization of Supreme Audit Institutions
IRS	Internal Revenue Service
LIHTC	Low Income Housing Tax Credit
MOU	Memoranda of Understanding
NAHMA	National Affordable Housing Management Association
NCHMA	National Council of Housing Market Analysts
NCSHA	National Council of State Housing Agencies
OMB	Office of Management and Budget
PHA	Public Housing Agencies
RPWG	Rental Policy Working Group
RD	Rural Development
RHS	Rural Housing Service
SLR	Subsidy Layering Review
Treasury	U.S. Department of the Treasury
USDA	United States Department of Agriculture

---

---

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



September 15, 2015

The Honorable Ron Johnson  
Chairman  
Committee on Homeland Security and Governmental Affairs  
United States Senate

Dear Mr. Chairman,

In 2013, nearly half of the nation's 41 million renters were paying more than 30 percent of their monthly income for rent, signifying a moderate rent burden under the federal standards for affordable housing.<sup>1</sup> Furthermore, the nation's leading housing agency, the U.S. Department of Housing and Urban Development (HUD), reported in April that more than 7.7 million very low-income families have "worst case housing needs" because they do not receive government housing assistance and paid more than half of their monthly income for rent, lived in severely substandard housing, or both. The federal government, states, and localities play a significant role in providing rental assistance and developing affordable rental housing for low-income households.

The federal government largely subsidizes rental payments for low-income households and awards grants and tax credits to state and local governments for developing affordable housing that includes rental housing. In fiscal year 2014, HUD provided more than \$36 billion in rental assistance to low-income households and in affordable housing development funding to state and local governments.<sup>2</sup> Funding for HUD's largest rental assistance program—Housing Choice Vouchers—mostly increased prior to statutory budget reductions in 2013 and totaled approximately \$19 billion in fiscal year 2014. However, the program's ability to reach more households is limited by increasing costs in the rental housing market and there remain more eligible low-income households than there are available vouchers. The largest federal

---

<sup>1</sup>Bipartisan Policy Center Housing Commission, *Housing America's Future: New Directions for National Policy* (Washington, D.C.: Bipartisan Policy Center, Feb. 2013).

<sup>2</sup>Congressional Research Service, *Department of Housing and Urban Development: FY 2015 Appropriations* (Washington, D.C.: Feb. 11, 2015).

---

program for developing affordable rental housing—the Low Income Housing Tax Credit (LIHTC) program—cost an estimated \$8 billion in forgone revenue in fiscal year 2014. However, other federal support for developing affordable housing—such as HOME Investment Partnerships (HOME)—has decreased and challenges remain for state and local governments to meet increasing demand for affordable rental housing. As a result, the need for affordable rental housing continues to outpace the ability of federal, state, and local governments to supply housing assistance.<sup>3</sup>

We performed our work under the authority of the Comptroller General to conduct evaluations on GAO's initiative to assist Congress with its oversight responsibilities. Our objectives were to (1) identify the federal, state, and local government funded programs in selected jurisdictions that provide rental assistance to low-income households and identify indications of program fragmentation or overlap; (2) assess the extent of intergovernmental collaboration for the provision of rental assistance; and (3) determine what is known about performance at the federal level, at selected state and local jurisdictions, and for the collective performance of the levels of government providing rental assistance.

To conduct this work, we partnered with a group of state and local audit offices.<sup>4</sup> Working as a group, we designed a coordinated audit approach involving multiple audit organizations performing similar audits during roughly the same time.<sup>5</sup> Six of the state and local audit offices—the Washington State Auditor's Office (Washington); the King County Auditor's Office (King County), WA; the Oregon Secretary of State Office, Audits Division (Oregon); City of Portland, Office of the City Auditor, Audit Services Division (Portland), OR; the Multnomah County Auditor's Office (Multnomah County), OR; and Office of the Auditor, City and County of Denver (Denver), CO—conducted these coordinated audits, focused

---

<sup>3</sup>U.S. Department of Housing and Urban Development, Office of Policy and Development Research, *Worst Case Housing Needs 2015 Report to Congress* (Washington, D.C.: April 2015).

<sup>4</sup>See appendix II for a full list of the state and local participating audit offices and consulting partners.

<sup>5</sup>This approach, along with several others, is described by the International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Environmental Auditing. See INTOSAI Working Group on Environmental Auditing, *Cooperation Between Supreme Audit Institutions: Tips and Examples for Cooperative Audits* (November 2007).

---

specifically on rental assistance programs for low-income households in their jurisdictions.<sup>6</sup> In addition to reporting on its own programs, Washington also reported low-income rental assistance programs found in the city of Seattle (Seattle), Seattle Housing Authority, and King County Housing Authority. For the purposes of this review, we refer to these six state and local volunteers and Seattle as the “participating audit offices” and the remaining partners as consulting partners. The participating audit offices implemented the audit plan, which included compiling inventories of programs for the respective jurisdiction that address these low-income rental assistance goals, collecting data on key elements of the programs, and identifying performance and collaboration information. We and the participating audit offices worked together throughout our respective audits to answer questions about the audit program and to facilitate information sharing among the partners. We reviewed the results of the participating audit offices’ published audit reports and coordinated audit plan results to ensure that the programs reported met the definition for low-income rental assistance and that the information provided matched the questions in the coordinated audit plan and we determined that we could rely on their results. We did not validate the accuracy of the program information reported by the participating audit offices. However, we included questions related to data reliability in the coordinated audit plan implemented by the participating audit offices and we determined that the data were sufficiently reliable for the purposes of this report.

To address the objectives of this report, we analyzed the information the participating audit offices provided as part of their coordinated audit results. Washington, Multnomah County, and Denver also published

---

<sup>6</sup>For purposes of the report, we defined rental assistance for low-income households to include programs or initiatives with a primary goal of directly or indirectly subsidizing rents for low-income households. (Federal programs that provide direct subsidies include the Housing Choice Voucher and Public Housing programs, for example. Programs that provide indirect subsidies include the Low Income Housing Tax Credit and the Section 202 Supportive Housing for the Elderly programs, for example.) Also for purposes of this report, rental assistance for low-income households excludes short-term or temporary programs (the Tax Credit Assistance Program and the Neighborhood Stabilization Program, for example), temporary shelter programs (Emergency Shelter Grants, for example), and programs targeted at special populations other than elderly and disabled households (Housing Opportunities for Persons with AIDS, for example).



---

separate reports.<sup>7</sup> To identify indications of program fragmentation and overlap, we and the participating audit offices analyzed the audit results of the participating audit offices using the definitions from our work on fragmentation and overlap.<sup>8</sup> For example, to identify indications of program overlap we and the participating audit offices analyzed the audit results of the participating audit offices located within the same general geographic area in which the programs were administered to determine whether the reported programs had similar goals or intended beneficiaries, and to determine which agencies, bureaus, or divisions had administrative responsibility for the programs. We also interviewed HUD, U.S. Department of the Treasury (Treasury), and Internal Revenue Service (IRS) officials who participate in the Rental Policy Working Group and reviewed documentation on the agency's rental assistance performance information. For more information on our objectives, scope, and methodology, see appendix I.

We performed our work under authority of the Comptroller General to conduct evaluations on GAO's initiative to assist Congress with its oversight responsibilities. We conducted our work from February 2014 to September 2015 in accordance with generally accepted government auditing standards that are relevant to our objectives. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions based on our audit objectives.

---

<sup>7</sup>See Washington State Auditor's Office, *Program Understanding Low-Income Housing Rental Assistance Programs*, (Olympia, WA: Aug. 14, 2014), retrieved from <http://www.sao.wa.gov/state/Documents/GAO-WA-LIHRA-Data.pdf>; Office of the Multnomah County Auditor, *Housing Inventory Special Report fulfilling note from FY-2015 Budget work session* (Portland, OR: Oct. 22, 2014), retrieved from <https://multco.us/file/36836/download>; and City and County of Denver Office of the Auditor, *Denver Affordable Housing Performance Audit*, (Denver, CO: Nov. 2014), retrieved from [http://www.denvergov.org/Portals/741/documents/Audits2014/Denver\\_Affordable\\_Housing\\_Audit\\_20Report\\_11-20-14.pdf](http://www.denvergov.org/Portals/741/documents/Audits2014/Denver_Affordable_Housing_Audit_20Report_11-20-14.pdf).

<sup>8</sup>GAO, *2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-15-404SP](#) (Washington, D.C.: Apr. 14, 2015).

---

## Background

Since the 1930s<sup>9</sup>, the federal government's role in affordable rental housing has evolved from constructing government owned low-rent public housing to subsidizing rent payments for low-income households and financing the development of affordable housing, including low-income rental housing.<sup>10</sup> Today's federal system for providing these subsidies includes rental assistance programs and federal assistance to state and local governments for affordable rental housing development. The Section 8 rental assistance programs are the largest of HUD's rental assistance programs, and represented in recent years more than a third of HUD's budget, approximately \$18 billion. Vouchers, the largest Section 8 rental assistance program, are generally used in the private rental housing market.<sup>11</sup>

Federal assistance to state and local governments for developing affordable rental housing includes broad flexible block grants, special purpose block grants, and programs based in the tax system that can be used for rental, homeownership, or community development purposes.<sup>12</sup> As a result, state and local governments have flexibility and control in using federal resources to fund local housing and community development priorities. For example, HUD's HOME Investment Partnerships program is the largest federal block grant for creating affordable housing for low-income households.<sup>13</sup> The program provides grants to states and local governments to fund a wide range of activities

---

<sup>9</sup>United States Housing Act of 1937, Pub. L. No. 75-412, 50 Stat. 888, September 1, 1937

<sup>10</sup>HUD defines the limits of low-income at 80 percent of the median income for the county or metropolitan area. Limits for very-low income and extremely low-income are defined respectively at 50 percent and 30 percent of the area median income. Actual limits may vary from area to area and are available at <http://www.huduser.org/portal/datasets>.

<sup>11</sup>Under the voucher program, an assisted household pays 30 percent of its monthly adjusted income in rent; the remainder of the rent is paid through a HUD-subsidized "voucher," which generally is equal to the difference between (1) the lesser of the unit's gross rent (generally, rent plus utilities) or a local "payment standard" and (2) the household's payment. "Adjusted income" means the annual income of the members of the family residing or intending to reside in the dwelling unit, after making a series of mandatory deductions. In the case of public housing, a Public Housing Authority (PHA) may also adopt additional deductions from annual income.

<sup>12</sup>Block grants permit the use of funds for broader categories of activities, such as community development or public health, and give recipients discretion in identifying problems and using grant funds to design programs to address those problems.

<sup>13</sup>In fiscal year 2014, HOME received appropriations totaling \$1 billion.

---

including 1) building, buying, and/or rehabilitating housing for rent or homeownership or 2) providing direct rental assistance to low-income families.

---

## Federal, State, and Local Funds Are Used to Provide Rental Assistance, but Fragmentation and Overlap May Exist across All Levels of Government

---

### Primary Federal Rental Assistance Programs and Assistance to States and Local Governments for Affordable Housing Development

In 2012, we reported that 20 federal government entities administered 160 programs, tax expenditures, and other tools that supported homeownership and rental housing.<sup>14</sup> Based on that housing program inventory, four federal programs represent approximately 92 percent of total obligations and estimated tax revenue losses for low-income rental assistance and affordable housing development programs.<sup>15</sup> These programs included Section 8 rental assistance programs, Public Housing, and two affordable housing development programs—HOME Investment Partnerships Program and LIHTC.

---

<sup>14</sup>GAO, *Housing Assistance: Opportunities Exist to Increase Collaboration and Consider Consolidation*, GAO-12-554 (Washington, D.C.: Aug. 16, 2012).

<sup>15</sup>In comments on this report, HUD stated that a “deep subsidy” program can effectively assist households at the lowest end of the income scale and a “shallow subsidy” program can generally only provide much more modest levels of affordability.

---

## Section 8 Rental Assistance Programs

Section 8 rental assistance includes Housing Choice Vouchers and various project-based rental assistance programs.<sup>16</sup> The Housing Choice Voucher program pays subsidies to landlords so that low-income households can rent private apartments or houses available in the rental market and has provided approximately 2 million vouchers annually to low-income households. In general, households must have very-low incomes—not exceeding 50 percent of the area median income, as determined by HUD. At least 75 percent of new voucher program participants must have extremely-low incomes—not exceeding 30 percent of the area median income. Under the voucher program, an assisted household pays 30 percent of its monthly adjusted income in rent. The remaining portion of the rent is paid through a HUD-subsidized voucher. Public housing agencies (PHAs) can set payment standards (that is, pay subsidies) between 90 percent and 110 percent of the fair market rent for their areas. In order to receive a voucher, a low-income household applies to a local PHA and is placed on a waiting list, unless a household meets special admission requirements.<sup>17</sup> Once a family receives a voucher, it may use the voucher anywhere a voucher program is administered.

Another Section 8 program is project-based rental assistance in which HUD contracts with private property owners to rent housing units to eligible low-income tenants for an income-based rent. No new project-based Section 8 contracts have been awarded since the mid-1980s; however, existing contracts may be renewed and approximately 1 million project-based units remain under contract and receive assistance. In fiscal year 2014, Congress authorized HUD to spend approximately \$19 billion for tenant-based rental assistance that includes Housing Choice Vouchers and approximately \$9.91 billion for project-based rental assistance. These programs combined to assist more than 3 million households.

---

<sup>16</sup>For example, a project-based voucher program allows public housing agencies (PHAs) to set aside up to 20 percent of their housing assistance for specific housing units if the owner agrees to rehabilitate or construct the units. For more information on federal voucher programs see [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/hcv](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv). 42 U.S.C. § 1437f; 24 C.F.R., Part 982.

<sup>17</sup>GAO, *Housing Choice Vouchers: Options Exist to Increase Program Efficiencies*, GAO-12-300 (Washington, D.C.: Mar. 19, 2012). Special admission requirements are for assistance targeted by HUD, 24 C.F.R. § 982.203.

---

---

## Public Housing

HUD subsidizes and regulates low-rent public housing developments that are owned and operated by PHAs. Generally, eligible families living in federally subsidized public housing are low-income; however, 40 percent of available public housing units must be given to extremely low-income families (those with income at or below 30 percent of an area median income). Families living in public housing pay 30 percent of their adjusted income toward rent. PHAs receive several streams of funding from HUD to make up the difference in what tenants pay in rent and what it costs to maintain and modernize public housing. Congress authorized HUD to spend \$6.27 billion in fiscal year 2014 and roughly 1 million units are under contract with the federal government. The amount includes \$1.87 billion for the Public Housing Capital Fund and \$4.4 billion for the Public Housing Operating Fund, which is meant to supplement rents and help meet the operation, maintenance, and capital needs of public housing.

## HOME Investment Partnerships Program

The HOME Investment Partnerships Program (HOME) is administered by HUD's Office of Community Planning and Development and is designed to expand the supply of decent, safe, sanitary, and affordable housing. HOME is the largest federal block grant that awards block grants to state and local governments exclusively to create affordable low-income housing. All HOME funds are required to benefit low-income families and at least 90 percent of funds used for rental housing activities or tenant-based rental assistance must benefit families with incomes at or below 60 percent of area median income. Program funding may be used for four purposes: rehabilitation of owner-occupied housing, homebuyer assistance, rental housing construction and rehabilitation, and the provision of tenant-based rental assistance. HOME funds are allocated via formula: 60 percent of program funding is awarded to localities and the remaining 40 percent is awarded to states for areas not served by localities. The HOME formula considers factors related to a participating jurisdiction's supply of substandard, unaffordable, and old rental units, as well as a jurisdiction's population living below the poverty level. HOME grantees must match 25 percent of their HOME grants and submit a plan to HUD detailing their community housing needs and priorities. In fiscal year 2014, the actual obligation for the HOME program was about \$1 billion and provided funding to produce approximately 15,000 low-income units. In addition, over 9,500 units received HOME funded rental assistance.

## The Low Income Housing Tax Credit

The LIHTC is jointly administered by IRS and state housing finance agencies (HFA). Under this program, tax credits are awarded to developers of qualified projects. State HFAs are responsible for allocating the credit on a competitive basis to owners of qualified low-income rental

---

projects. The tax credits reduce the funds that a developer would otherwise have to borrow. As a result of the lower debt burden, a tax credit property can offer lower, more affordable rents. Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their federal tax liability each year over a period of 10 years. Projects eligible for housing tax credits must meet one of the following two low-income occupancy threshold requirements:

- 20-50 Rule: At least 20 percent of the units must be rent restricted and occupied by households with incomes at or below 50 percent of the area median income (adjusted for household size).
- 40-60 Rule: At least 40 percent of the units must be rent restricted and occupied by households with incomes at or below 60 percent of the area median income (adjusted for household size).

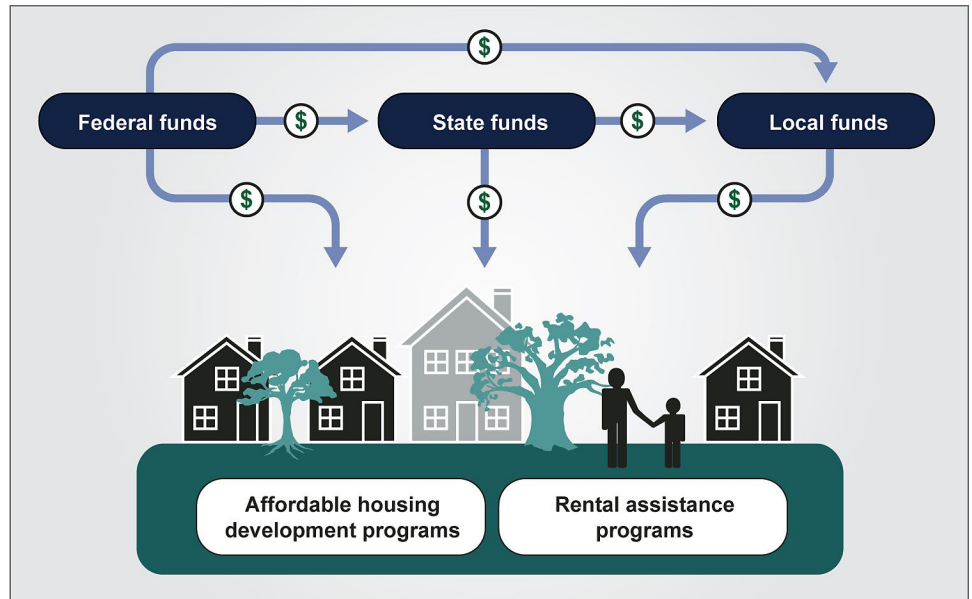
LIHTC is the single largest activity (in terms of foregone revenue) for developing affordable rental housing. The annual cost of LIHTC in foregone revenue is an estimated \$8 billion.

---

**Participating Audit Offices Reported Rental Assistance and Development Programs Funded Solely Through Federal, State or Local Dollars, and Also Reported Programs That Used a Combination of Resources**

The participating audit offices reported a variety of rental assistance and development programs. The participating audit offices reported that federal, state, and local funds were used to fund the housing programs, as illustrated in figure 1. In some cases, the participating audit offices reported that these funds were combined; in others, only one funding stream was used.

**Figure 1: Government Funding for Low-Income Rental Assistance and Housing Development Programs**



Source: GAO analysis of federal and participating audit offices' program information. | GAO-15-645

The participating audit offices reported rental assistance programs that were funded solely through federal funds. For example, as shown in table 1 below, participating audit offices reported federal public housing and rental assistance programs including the Housing Choice Voucher programs and other Section 8 programs at housing authorities in King County and Seattle, Multnomah County, Portland, and Denver. The housing authorities of King County, Seattle, and Portland are each designated as Moving to Work sites, a HUD designation that permits housing authorities to combine federal funding streams into an agency-wide funding pool to allow greater flexibility in operation, and to test innovative approaches for providing housing assistance. In addition, nearly all of the jurisdictions for which programs were reported—except Multnomah County and Portland—used the federal LIHTC program as an incentive for developers of eligible projects to include affordable rental housing.

**Table 1: Federal Programs Operating in Multiple Jurisdictions**

Program	Jurisdiction	Description
Federal Public Housing programs	City and County of Denver King County Housing Authority Multnomah County Portland Seattle Housing Authority	Provides decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities.
Section 8 Programs	King County Housing Authority City and County of Denver Multnomah County Oregon Portland Seattle Housing Authority	Includes tenant-based voucher and project-based rental assistance programs that provide rental subsidies to low-income families.
Low-Income Housing Tax Credits	Washington King County Housing Authority Seattle Housing Authority Oregon City and County of Denver	Provides federal tax incentives to invest in the development and rehabilitation of affordable rental housing.

Source: GAO analysis of information reported by participating audit offices. | GAO-15-645

Notes: Multnomah County and Portland public housing and Section 8 programs are administered by a quasi-governmental agency called Home Forward. Home Forward is the largest provider of affordable housing in the state of Oregon and oversees approximately 1,980 units of public housing, and approximately 9,390 Section 8 rent assistance vouchers.

Participating audit offices in multiple jurisdictions reported HOME Investment Partnerships (HOME) funding as a source of funding used in combination with state or local funding and is not included in this table.

Some of the programs were also funded solely by state or local funds. Two of the Washington State jurisdictions, Washington and Seattle, established dedicated state and local funding sources—a housing trust fund and a housing levy funded by variety of sources including property tax levies—for affordable housing. In addition, programs that provided incentives for affordable housing developers were identified in King County, Seattle, and Portland. For example, inclusionary zoning incentives in Seattle allow developers to build larger facilities than they would be able to otherwise. Developers in Seattle may receive a residential development bonus that provides additional floor area above a specified base height limit in exchange for including affordable housing in the development. Another type of bonus is also available for additional non-residential floor area in hotel, office, and other developments, in exchange for housing and childcare affordable to low wage workers.



Developers may also receive these bonuses by making cash contributions to the City of Seattle for affordable housing development or childcare facilities.

Washington State, King County, and Seattle Low-Income Rental Assistance and Housing Development Programs

Washington reported that state resources funded programs for local governments, nonprofits, and community agencies; provided assistance to low-income households at risk of homelessness; and offered financing for affordable housing developers. The Auditor’s Office reported that funding sources for Washington state programs included the state’s general fund as well as collected recording fees.<sup>18</sup> One of the programs reported by the Auditor’s Office was the Housing Trust Fund, which provided capital funding for developing and rehabilitating housing that served low-income households. The trust fund program combined state resources and has awarded nearly \$1 billion in funding over the last 25 years to build or maintain nearly 40,000 units of affordable housing. An estimated 70,000 state households are served per year by these units. Table 2 lists the state-level programs reported by Washington for low-income rental assistance and rental housing development that included Washington state funding.

**Table 2: Washington State’s Low-Income Rental Assistance and Housing Development Programs**

Program	Funding source	Description
Housing Trust Fund (HTF)	State	Provides capital funding for the development and rehabilitation of low-income housing.
HTF Operations & Maintenance Fund Program	State	Provides an operating subsidy for HTF projects serving households earning 30% or less of the area median income.
Consolidated Homeless Grant	State	Combines the state’s homeless resources into a single grant opportunity for county governments and other designated entities to serve households that are unsheltered, in temporary housing, or at-risk of becoming homeless.
Housing and Essential Needs	State	Provides assistance to eligible residents referred by the Department of Social and Health Services. In addition to rent and utility assistance, the program may cover other essential needs such as personal hygiene and household cleaning supplies, laundry tokens, bus pass, or gas cards.

Source: GAO analysis of information reported by the Washington Auditor’s Office. | GAO-15-645

King County—Washington’s most populous county—reported programs that created and preserved affordable housing and made capital

<sup>18</sup>Washington State’s General Fund is the largest pool of funding in the state budget and consists of all major state tax revenues. The General Fund is the principal resource for supporting all state government operations.

---

investments to improve low-income communities through relationships with community partners. King County's programs combined federal, state, and local resources to fund grants to local nonprofit organizations, which in turn, provided assistance and services to low-income households at risk of homelessness, as well as providing capital funding to nonprofit developers of low-income housing. In addition, the county offered incentives to private developers to make low-income housing available in market rate projects. For example, King County's Affordable Housing Incentives Program incentivized private housing developers to include affordable units of rental and ownership housing. The incentives program included density bonuses that encouraged developers to build affordable ownership and rental housing in certain areas of King County by allowing developers to build more market rate units than would otherwise be permitted by zoning regulations. In exchange for the bonus market rate units, developers include a specified number of affordable units in the property. The federal sources King County combined with state and local funding included the Emergency Solutions Grants (ESG)<sup>19</sup>, Community Development Block Grant (CDBG) and HOME funding.<sup>20</sup> Table 3 lists the low-income rental assistance and rental housing development programs reported by King County that included state or local funding or incentives.

---

<sup>19</sup>The Emergency Solutions Grants program provides funding to (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents; (5) rapidly re-house homeless individuals and families; and (6) prevent families/individuals from becoming homeless. See the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (the HEARTH Act) enacted as part of Pub. L. No. 111-22, 123 Stat. 1632, 1678 (May 20, 2009).

<sup>20</sup>The Community Development Block Grant (CDBG) program was enacted as part of the Housing and Community Development Act of 1974 (Pub. L. No. 93-383, 88 Stat. 633, (Aug. 22, 1974), codified at 42 U.S.C. §§ 5301-5321), and is administered by HUD. The purpose of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities primarily for low and moderate-income persons. After allocating funds to other activities, the CDBG program distributes 70 percent of the remaining funds through formula grants to entitlement communities—central cities of metropolitan areas, cities with populations of over 50,000, and qualified urban counties—and the remaining 30 percent goes to states for use in non-entitlement communities. 42 U.S.C. § 5301(c).

---

---

**Table 3: King County Low-Income Rental Assistance and Housing Development Programs**

<b>Program</b>	<b>Funding Source</b>	<b>Description</b>
Housing Finance Program	Federal Local	Preserves and expands the supply of affordable housing available to low and moderate income households, including households with special needs.
Affordable Housing Incentives Program	Incentives	Provides incentives, such as density bonuses, to private housing developers to include affordable units of housing within their developments in partnership or in coordination with cities and community stakeholder organizations.
Housing Stability Program	Federal State Local	Provides financial assistance to households for back rent/housing payment and utilities, and provides time-limited counseling to help households overcome a one-time emergency and avoid eviction or foreclosure.

Source: GAO analysis of information reported by the King County Auditor's Office. | GAO-15-645

Note: The King County Affordable Housing Incentives Program is a tool to encourage housing developers to include affordable homes or apartments in their developments and is not a source of funding.

The Washington Auditor's Office reported on Seattle programs that supported rental assistance and affordable rental housing development with federal and local funds. Two of Seattle's programs combined both federal and local resources that provided grants to nonprofit organizations for rental assistance and funding developers of affordable housing. The programs for developers included capital funding, operations and maintenance funding, tax exemptions, and other financial incentives. For example, Seattle's Rental Housing Program combined federal resources with local funding to develop 315 affordable rental apartments and to fund building improvements to preserve 130 affordable rental apartments. The federal resources used by Seattle were HOME and CDBG program funding. The local resources used in Seattle included the Seattle Housing Levy—a dedicated source of funding for affordable housing development.<sup>21</sup> Table 4 lists low-income rental assistance and affordable rental housing development programs for low-income housing developers reported for Seattle that included local funds and incentives.

---

<sup>21</sup>In November 2009, Seattle voters passed a seven-year, \$145 million property tax levy to provide affordable housing opportunities for low-income Seattle residents. The levy has added nearly 2000 affordable rental units and rehabilitated over 400 additional units.

**Table 4: Seattle Low-Income Rental Assistance and Housing Development Programs**

<b>Program</b>	<b>Funding source</b>	<b>Description</b>
Rental Housing Program	Federal Local	Funds the development of affordable rental housing.
Multifamily Property Tax Exemption Program	Tax Exemption	Promotes the development of mixed-income buildings by providing owners of multifamily properties with a property tax exemption of up to 12 years on residential improvements in exchange for income- and rent-restricting at least 20% of units.
Incentive Zoning Program	Incentive	Allows developers to obtain more zoning capacity to develop additional units in exchange for making a portion of units available to low-income families. Developers may also make cash contributions to the city for low-income housing in exchange for more zoning capacity.
Operations and Maintenance Fund	Local	Provides a subsidy to housing funded by the Seattle Housing Levy serving those with the highest needs and fewest resources to fill the gap between operating income and expenses.
Seattle Housing Levy Rental Assistance Program	Local	Provides rental assistance—which is funded through the levy—to low-income families and individuals at risk of homelessness who need help due to a family crisis such as job loss, illness, divorce, or a death in the family.
Homeless Prevention Programs	Federal Local	Provides rental and legal assistance and support services to households at imminent risk of becoming homeless. The program is administered by seven local nonprofit organizations.
Rental Assistance Program	Local	Provides direct assistance on behalf of very low-income households (50% area median income or less) in order to stabilize housing. Assistance may be one time or ongoing and the program is administered by three local nonprofit organizations.
Rapid Re-Housing Program	Local	Provides direct assistance on behalf of very low-income households. Program is administered by five local not-for-profit organizations.

Source: GAO analysis of information reported by the Washington Auditor's Office. | GAO-15-645

Note: Seattle's incentive program is not a source of funding to private housing developers but rather helps link opportunities for increased development potential with public benefits such as affordable housing. Similarly, the multifamily tax exemption encourages the development of affordable multifamily housing through foregone tax revenue and is also not a source of funding.

**Oregon, Multnomah County, and Portland Low-Income Rental Assistance and Affordable Housing Development Programs**

Oregon, Multnomah County, and Portland also reported programs that included federal, state, and local resources that provided payments to households, landlords, and utility companies, administrative activities for a public housing program, and financial incentives for the development, acquisition, and rehabilitation of low-income housing. Oregon used federal and state resources to help meet one of its goals to create and preserve opportunities for quality, affordable housing for lower and moderate income Oregonians. The state allocated federal low-income housing tax credits to encourage the construction and rehabilitation of low-income rental housing and provides funding to community organizations for low-income rental assistance. For example, the state's Low Income Rental Assistance program provided funding to assist low-

---

income households in paying rent and security and utility deposits. This program was administered by community-based agencies that made payments directly to landlords on behalf of 136 very low-income households in 2013.

Multnomah County reported one program—the Short-Term Rental Assistance Program—that combined federal, state, county, and local resources to provide payments to households that were homeless or at risk of becoming homeless. The program was designed to assist residents facing short-term emergencies and at risk of homelessness with rent or mortgage payments, deposits and application fees, move-in costs, and support services. From 2006 through 2010, 6,700 households received an average of nearly 3 months of rental assistance through the program. More recently in 2013, 2,655 households received assistance through nongovernmental community agencies contracted to administer the program. The program consolidated four locally funded short-term housing programs to improve efficiency and results.

Portland combined federal and local resources in its efforts to help Portland residents find a safe, decent, and affordable home to rent or own in a livable neighborhood. To address these goals, Portland used tax increment financing, local tax and permit fees exemptions, and provided financial incentives to housing developers and nonprofits to develop or rehabilitate housing for low-income households. For example, the Housing Investment Program used federal HOME and CDBG funds with local tax increment financing to provide grants and loans to private and nonprofit developers to construct or rehabilitate affordable housing units. From 2011 through 2013, the program provided over \$83 million to 36 different development and rehabilitation projects. The projects ranged from remodeling older apartment buildings to constructing new buildings. Nearly all of the projects supported residents at or below 60 percent of median income and many projects also provided support services, such as transitions from homelessness or drug and alcohol treatment. Table 5 shows the state and local low-income rental assistance and rental housing development programs reported by the participating audit offices in Oregon jurisdictions that included state or local funding and incentives.

**Table 5: Low-Income Rental Assistance and Housing Development Programs in Oregon Jurisdictions**

Jurisdiction	Program	Funding source	Description
Oregon	Low Income Rental Assistance	State Federal	Assists very low-income households by providing rental assistance to those in danger of losing their rental unit because of unpaid rent.
	Elderly Rental Assistance	State Federal	Provides eligible taxpayers with rental assistance from the Department of Revenue.
Multnomah County	Short-Term Rental Assistance Program	Federal State Local	Provides time-limited financial assistance to households that are homeless or at risk of homelessness.
Portland	Housing Investment Program	Federal Local	Provides grants and loans to private and nonprofit developers to construct or rehabilitate affordable housing units.
	System Development Charge Exemption Program	Fee Exemption	Exempts developers from fees that would otherwise be paid to city bureaus during project permitting to promote the development of affordable rental housing.
	Residential Tax Exemption Program	Tax Exemption	Provides ongoing tax exemptions for nonprofit rental housing providers and up to 10-year tax exemptions for new multifamily housing.

Source: GAO analysis of information reported by participating audit offices in Oregon. | GAO-15-645

Note: Portland’s fee and tax exemption program are financial incentives measured in foregone revenue and are not sources of funding for developers of affordable housing.

**The City and County of Denver Low-Income Rental Development Program**

Denver reported one rental housing development program that was not solely funded by federal funds (see table 6). The program combined federal and local resources to address a shortage of affordable rental housing. The City and County of Denver Audit Office’s audit of affordable housing found that the city’s largest source of funding was CDBG; however, only a portion of that funding was used for affordable housing.<sup>22</sup> Denver auditors noted that the HOME program is the primary federal source of funding for affordable housing. Denver’s Rental Development program combined HOME and CDBG resources with local resources to provide financing for affordable housing developers. In 2014, the program developed or preserved 506 affordable rental housing units. See table 6 for the description of Denver’s program that includes local funding and provides financing for developers of affordable rental housing.

<sup>22</sup>City and County of Denver Office of the Auditor, *Denver Affordable Housing Performance Audit*. (Denver, CO: Nov. 2014).

**Table 6: Denver Low-Income Rental Development Program**

Program	Funding source	Description
Rental Development	Federal Local	Provides funding to developers for the acquisition, rehabilitation, or new construction of rental housing. Other activities within this program include nonprofits applying to adapt existing housing so that it meets Americans with Disabilities Act standards.

Source: GAO analysis of information reported by Denver Audit Services. | GAO-15-645

### Fragmentation and Overlap in Federal Housing Programs and Indications of Fragmentation and Overlap in Programs Reported by Participating Audit Offices May Lead to Inefficiencies

As noted earlier, we found that 20 federal government entities administered 160 programs, tax expenditures, and other tools that supported homeownership and rental housing in fiscal year 2010.<sup>23</sup> We also found instances of fragmentation and overlap throughout these programs.<sup>24</sup> For example, there was overlap in 8 programs and tax expenditures that provided assistance for rental property owners, such as separate project-based rental assistance programs provided by HUD and the United States Department of Agriculture (USDA) Rural Housing Service (RHS) and a program that accelerated depreciation on rental housing administered by IRS.<sup>25</sup> Additionally, there was overlap in the products offered by RHS and HUD (rental assistance and mortgage credit), the functions they perform (portfolio management and preservation), and the geographic areas they serve. We concluded that examining the benefits and costs of housing programs and tax expenditures that address the same or similar areas, and potentially consolidating them, could help mitigate overlap and fragmentation and decrease costs.

Senior HUD Policy Development and Research officials stated that there is fragmentation in developing and providing affordable rental housing because there are several programs that fund the development and provision of housing. Moreover, major affordable housing programs are overseen by three offices within HUD, IRS, and USDA RHS, which can

<sup>23</sup>GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings and Enhance Revenue*, GAO-12-342SP (Washington D.C.: Feb. 28, 2012).

<sup>24</sup>Fragmentation occurs when more than one federal agency—or more than one organization within an agency—is involved in the same broad area of national need and there may be opportunities to improve how the government delivers these services.

<sup>25</sup>Overlap is when there are programs that have similar goals, devise similar strategies and activities to achieve those goals, or target similar users.

---

also contribute to fragmentation, overlap, and duplication.<sup>26</sup> The officials also noted that there is fragmentation, overlap, and duplication among some of the rules that govern these programs, which the Rental Policy Working Group has tried to reconcile.

In addition to the fragmentation and overlap we previously found among the federal programs discussed above, we and the participating audit offices also found indications of fragmentation and overlap in the low-income rental assistance and housing development programs that participating audit offices in Oregon and Washington reported in their completed audits.<sup>27</sup> It is important to note that while fragmentation and overlap is often associated with inefficiencies or opportunities for cost savings, we have found that there are instances of positive effects. For example, positive effects may occur where the provisions of benefits, services, or products help meet program goals and objectives.<sup>28</sup>

In the programs reported by participating audit offices in Oregon jurisdictions, we and the participating audit offices found indications of fragmentation among programs that provided financial assistance to households at risk of being homeless, as well as indications of fragmentation and overlap among programs that provided financial incentives to affordable housing developers. First, Oregon and Multnomah County each had a program that included providing financial assistance to households that are at risk of becoming homeless, which may be an indication of fragmentation, as the jurisdictions are involved in the same broad area. Second, three Portland programs provided financial incentives to affordable housing developers—which may be an indication of fragmentation. While these programs included different types of financial incentives to housing developers, they may overlap, as they had

---

<sup>26</sup>Duplication occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries.

<sup>27</sup>Fragmentation, in the context of intergovernmental programs, occurs when more than one agency—or more than one organization within an agency—is involved in the same broad area and opportunities exist to improve service delivery.

<sup>28</sup>See GAO, *Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide* [GAO-15-49SP](#) (Washington, D.C.: April 14, 2015). The guide highlights the additional steps to evaluate the indications of fragmentation and overlap found in the reported programs. For example, more work would be needed to determine whether there are any benefits or inefficiencies resulting from the existing indications of fragmentation or overlap in the programs reported by the participating audit offices.



---

similar eligibility for households renting the units. There was fragmentation, overlap, and duplication in rental assistance programs administered by state agencies, according to an Oregon Secretary of State's Audits Division report.<sup>29</sup> The audits division reported that four state agencies had programs with a mission that focused on rental assistance, which is an indication of fragmentation. Also according to the report, three programs overlapped in providing rent assistance services and two of these programs also showed duplication, as both provided rental assistance to very low-income beneficiaries. In addition, a report by the Office of the Multnomah County Auditor stated that although the depth of services often differs, some of the programs in Multnomah County offered similar types of housing assistance. For example, 15 county programs included rental assistance. The report stated that multiple programs offered similar types of housing assistance, which indicates that there may be some opportunities to streamline services toward greater capacity.<sup>30</sup>

In the programs reported by participating audit offices in Washington jurisdictions, we and the participating audit offices also found that fragmentation and overlap may exist among several of the programs that provided rental assistance to low-income households at risk for homelessness. First, fragmentation may exist among the state, King County, and Seattle rental assistance programs for low-income families at risk of homelessness because each jurisdiction is generally involved in funding these types of programs. Each jurisdiction funded rental assistance programs implemented by local and community-based nonprofit organizations. Second, there may be overlap in each jurisdiction's homeless prevention programs as these programs had similar goals—preventing low-income households from becoming homeless—and targeted similar low-income beneficiaries. Such overlap could impact the efficiency and delivery of services.

Fragmentation and overlap may also exist in programs that provided financial assistance to developers of affordable housing that targeted a

---

<sup>29</sup>Oregon Secretary of State's Audits Division, *Oregon Housing and Community Services Department: Program Duplication, Overlap and Fragmentation*, Report 2013-16 (Salem, OR: July 2013).

<sup>30</sup>Office of the Multnomah County Auditor, *Housing Inventory Special Report (fulfilling note from FY-2015 Budget work session)*, (Portland, OR: Oct. 22, 2014).

---

similar range of low-income beneficiaries reported by participating audit offices in Washington. Fragmentation may exist because each jurisdiction was generally involved in providing funding for developing affordable rental housing. Such fragmentation could lead to less efficient delivery of affordable rental housing financing. Overlap may also exist because each jurisdiction had programs that provided funding for the development of low-income affordable housing. These programs had similar target beneficiaries and goals which were to develop affordable rental housing for low-income households. This potential overlap could also lead to inefficiencies and ineffective service delivery.

---

## The Rental Policy Working Group and Participating Audit Offices Reported Various Efforts to Collaborate, but Also Reported New Opportunities and Challenges

### The Rental Policy Working Group Collaborates with State and Local Governments in Multiple Areas

Inefficiencies as a result of fragmentation, overlap and duplication can result at multiple levels. Our body of work has found that agencies often can realize a range of benefits and savings from addressing issues related to fragmentation, overlap, and duplication, such as improved customer service and decreased administrative burdens and cost.<sup>31</sup> We have also noted that interagency mechanisms or strategies to coordinate programs that address crosscutting issues may reduce potentially fragmented, overlapping and duplicative efforts.<sup>32</sup> As previously

---

<sup>31</sup>GAO, *2015 Annual Report, Additional Opportunities to Reduce Fragmentation, Overlap and Duplication and Achieve Other Financial Benefits*, [GAO-15-404SP](#) (Washington D.C.: Apr. 14, 2015).

<sup>32</sup>GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

---

discussed, one of the areas we have reviewed and found opportunities to reduce fragmentation and overlap in the area of housing assistance.<sup>33</sup>

The federal government plays a major role in ensuring the availability of decent, safe, and affordable rental housing through a variety of single- and multifamily programs that provide rental assistance, public housing, and tax expenditures. Numerous agencies administer fragmented programs, and previous assessments have shown that some programs overlap. For example (as we previously reported), twenty different entities administered 160 programs, tax expenditures, and other tools that supported homeownership and rental housing in fiscal year 2010.<sup>34</sup>

Selected rental assistance programs for tenants administered by HUD, Treasury, IRS, and USDA are discussed above.

In order to better coordinate federal rental policy, the Rental Policy Working Group (RPWG) was established in July 2010 by the White House Domestic Policy Council (DPC) and is composed of representatives from DPC, HUD, Treasury, USDA<sup>35</sup>, National Economic Council, and Office of Management and Budget (OMB).<sup>36</sup> The RPWG meets monthly or bimonthly under the auspices of the Domestic Policy Council to discuss its initiatives. The purpose of RPWG is to better align rental requirements across programs and tax expenditures, and thereby increase the effectiveness of federal rental policy and improve participant outcomes. In prior work we found that through interagency collaboration, agencies can improve outcomes and leverage each other's resources to obtain additional benefits that would otherwise be unavailable.<sup>37</sup> The RPWG does not receive a separate budget, and the agency

---

<sup>33</sup>GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, [GAO-12-342SP](#) (Washington D.C.: Feb. 28, 2012).

<sup>34</sup>[GAO-12-554](#).

<sup>35</sup>HUD, USDA, and Treasury programs have the shared purpose of financing the development of new rental units or preserving existing units through refinancing or rehabilitation.

<sup>36</sup>Established by Executive Order in 1993, the Domestic Policy Council (DPC) coordinates the domestic policy-making process in the White House, ensures that domestic policy decisions and programs are consistent with the President's stated goals, and monitors implementation of the President's domestic policy agenda. The DPC is chaired by the President and is composed of officials from Executive departments and agencies.

<sup>37</sup>GAO, *Results-Oriented Government: Practices that Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

---

representatives participate in the group's activities as part of fulfilling their responsibilities at their respective agencies. According to the group's established guiding principles, its efforts have centered on administrative changes that

- responded to the concerns of external stakeholders (rental housing owners, developers, and managers, and state and local housing agency officials);
- required minimal statutory action;
- were realizable at little or no cost or through education, outreach, or the issuance of new guidance or rules; and
- helped create cost and time savings for all parties.

In 2010, the working group solicited recommendations for improved rental policy coordination from external stakeholders, in which administrative changes could increase the effectiveness of federal rental policy and improve participant outcomes, such as overlapping and duplicative administrative property inspection requirements. Within the working group, interagency teams considered the recommendations, reviewed current policies, and identified opportunities for greater federal alignment, increased overall programmatic efficiency, and reduced costs and regulatory burdens. For example, stakeholders noted inefficiencies when a multifamily housing project has multiple layers of assistance (such as subsidies, tax expenditures, or mortgage insurance) from one or more federal agencies. The working group identified 10 initiatives aimed at reducing unnecessary program regulations, lessening administrative barriers so that developers and property owners more easily can participate in programs, reducing duplicative administrative actions to reduce costs for agencies and program participants, and increasing coordination to allow better targeting of agency resources.<sup>38</sup> According to HUD officials, these initiatives are designed to improve states' capacity to preserve affordable rental housing and the "work streams" under the

---

<sup>38</sup>The ten initiatives includes: (1) physical inspections, (2) subsidy layering review, (3) income reporting and definitions, (4) market studies standards, (5) financial reporting; (6) common energy efficiency requirements, (7) appraisal primer, (8) capital needs assessment, (9) data sharing on owner defaults, and (10) fair housing compliance enforcement.

---

initiatives represent HUD's current efforts to streamline processes and eliminate redundancies.

We have previously concluded that the efforts of the RPWG have been consistent with many key collaborative practices and we have highlighted specific examples of successful collaboration.<sup>39</sup> For example, we highlighted the group's efforts to develop an inventory of federal programs to promote a better understanding of government-wide rental programs and to make decisions about the coordination of related programs across agency lines and between levels of government.<sup>40</sup> However, we have also concluded that the efforts of the group have not taken full advantage of opportunities to reinforce agency accountability for collaborative efforts through the agencies' annual and strategic plans, nor has it expanded its guiding principles to evaluate areas requiring statutory action to generate savings and efficiencies.<sup>41</sup> Methods to build accountability for collaborative efforts include documenting those efforts (and associated goals, strategies, roles and responsibilities, actions or measures to be taken, and timelines) in agencies' annual and strategic plans. We recommended that to further improve HUD, USDA, and Treasury's efforts through the RPWG to consolidate and align certain requirements in multifamily housing programs, the RPWG should take steps to document collaborative efforts in strategic and annual plans to help reinforce agency accountability for these efforts.<sup>42</sup> According to HUD officials, as of July 2015, HUD's strategic planning and annual performance plan and report referenced the RPWG and highlighted its work in improving interagency collaboration in reducing administrative requirements and complexity

---

<sup>39</sup>We previously identified the following key collaborative practices that can help enhance and sustain collaboration among federal agencies: (1) define and articulate a common outcome; (2) establish mutually reinforcing or joint strategies; (3) identify and address needs by leveraging resources; (4) agree on roles and responsibilities; (5) establish compatible policies; (6) develop mechanisms to monitor, evaluate, and report on results; (7) reinforce agency accountability for collaborative efforts through agency plans and reports; and (8) reinforce individual accountability for collaborative efforts through performance management systems.

<sup>40</sup>GAO, *Managing For Results: Implementation Approaches Used to Enhance Collaboration in Interagency Groups*, [GAO-14-220](#) (Washington, D.C.: Feb. 14, 2014).

<sup>41</sup>[GAO-12-554](#).

<sup>42</sup>[GAO-12-554](#).

---

within and between federal rental housing programs to help achieve the larger goal of delivering more affordable housing at reduced cost.<sup>43</sup>

The RPWG has collaborated with states and localities on four of its initiatives: the Physical Inspections Pilot; Subsidy Layering Review (SLR) Pilot; income reporting and definitions; and market study standards. To achieve more immediate results, the RPWG started with those initiatives that required no statutory action. The physical inspection pilot and SLR pilot were implemented first as the redundancies were “glaringly obvious,” according to HUD’s most recent progress report.<sup>44</sup> For example, multiple property inspections have been required when funding comes from two or more agencies. The purpose of the pilots is to allow federal, state, local, and private partners to support and test local solutions that lead to program efficiencies.

**Physical Inspections:** The RPWG launched the physical inspections pilot in six states in November 2011 to test the feasibility of conducting a single, recurring physical inspection for jointly subsidized multifamily housing to satisfy all agencies’ inspection requirements.<sup>45</sup> This pilot was designed to eliminate unnecessary physical inspections at rental housing projects subsidized by more than one housing agency, thereby saving scarce local, state, and federal resources while reducing the burden on affordable housing providers and low-income tenants. As we previously reported, USDA, HUD, and Treasury worked with their housing finance agency counterparts at the state level to eliminate duplicative physical inspections of rental housing subsidized through more than one public source.<sup>46</sup> According to a RPWG briefing, participation increased from 6 states to 26 states in 2014 and the pilot avoided 871 duplicative

---

<sup>43</sup>U.S. Department of Housing and Urban Development, *FY 2013 Annual Performance Report, FY 2015 Annual Performance Plan* (Washington: D.C.: July 2014).

<sup>44</sup>RPWG, *Rental Alignment Pilots: Interim Progress Report* (Washington, D.C.: August 2012).

<sup>45</sup>As part of the pilot, state-level teams in Michigan, Minnesota, Ohio, Oregon, Washington, and Wisconsin agreed to merge all required physical inspections into a single inspection protocol with a defined frequency at each multifamily property. The details of this agreement are included in a Memoranda of Understanding (MOU) signed in each state. In addition, the MOUs identify the lead agency for each inspection, determine which pilot properties to inspect, and establish inspection frequency, follow-up, and information-sharing protocols.

<sup>46</sup>[GAO-14-220](#).

---

inspections from 2013 to 2014. In 2014, state inspectors were provided with in-person and online training. In 2015, the RPWG is planning to expand the scope to 31 states, perform over 1,000 inspections and provide federal and state agencies the ability to share inspections electronically.<sup>47</sup> According to Treasury and IRS officials they participate in biweekly pilot status meetings with federal, state, and local officials. Treasury and IRS provide federal tax advice for the pilot, such as issuing a notice affirming that HUD (or its agent) could conduct inspections on behalf of the state housing finance agency (or its authorized delegate). In addition, IRS, Treasury, and HUD officials gave presentations that included the physical inspections pilot at state housing association conferences.

**Subsidy Layering Review:** The RPWG launched the SLR pilot in seven states in 2011 to coordinate the subsidy layering reviews that various federal and state housing program administrators conduct with the aim of eliminating redundancy in the underwriting and review process.<sup>48</sup> Nearly all federal housing programs have statutory requirements requiring the administering agencies to confirm that at the time of making a grant or subsidized loan, the total amount of subsidy being provided by public sources does not exceed eligible costs. According to HUD's most recent progress report, an RPWG survey of participating states found that as of June 2012, two of the six states that responded to the survey had completed SLRs under the alignment MOU, and 24 SLRs had been conducted in those two states.<sup>49</sup> According to this report, most respondents said their offices did not undergo or plan to make any staffing changes, either temporary or permanent, to conduct or review SLRs under the pilot program. Survey respondents reported they are

---

<sup>47</sup>The goal of the 2015 Physical Inspections Pilot is to build on the successes of 2014 through the expansion to 31 states and through an increased focus on technology and policy solutions that will create the ability to scale-up in 2016 and sustain alignment. The 31 states are: California, Colorado, Delaware, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Vermont, Washington, Wisconsin, and West Virginia.

<sup>48</sup>State-level teams in Michigan, Nevada, North Carolina, Ohio, Pennsylvania, South Carolina, and Wisconsin have implemented pilots to align subsidy layering reviews.

<sup>49</sup>RPWG, *Rental Alignment Pilots: Interim Progress Report* (Washington, D.C.: August 2012).

---

satisfied with the current guidelines established in the SLR-MOU and the level of convenience or perceived convenience in conducting and reviewing SLRs under the SLR-MOU.

**Income Reporting and Definitions:** The RPWG has also solicited input from states on the income reporting and definitions and market study standards initiatives. Various federal programs that support affordable housing have slightly differing requirements for income certifications and require property managers and owners to submit information on different forms or through different processes, which may lead to inconsistencies in determinations of income and rents or administrative burden. The income reporting and definitions initiative intends to increase education and outreach, to develop a common form for tenant income certification, and to promote single (annual) recertification that would allow owners to coordinate recertifications and satisfy all program requirements at once.

For the income reporting and definitions initiative, according to HUD officials, they solicited input on differing federal affordable housing requirements for income certifications from 10 state housing agency officials, the National Council of State Housing Agencies (NCSHA), and the National Affordable Housing Management Association (NAHMA).<sup>50</sup> NCSHA recommended further discussion of this issue to facilitate better access to income information. NAHMA supports the alignment of varying income definitions, as well as ways to reduce State-to-State variability in compliance requirements. For example, with respect to the LIHTC program, NAHMA members agree that “the absence of cohesive, specific, mandatory Federal guidance means that multi-State developers incur extra costs for, among other items, software and staff training.”

**Market Study Standards:** The market study standards initiative was undertaken in 2010 from stakeholders concerns that there was no national standard of practice for market studies and no broadly

---

<sup>50</sup>NCSHA represents state housing agencies and its work centers on three federal programs—Housing Bond programs, the Low Income Housing Tax Credit (LIHTC), and the HOME Investment Partnerships (HOME) program. NCSHA is the principal advocate for both Housing Bonds and the LIHTC and is the principal state advocate for HOME. NAHMA advocates on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing. NAHMA’s mission is to support legislative and regulatory policy that promotes the development and preservation of decent and safe affordable housing. In addition NAHMA represents 20 regional, state and affordable housing management associations.



---

acknowledged “keeper” of such standards. The initiative intends to coordinate USDA and HUD guidance on market studies, provide ongoing support and assistance to the National Council of Affordable Housing Market Analysts and other industry advocates, and promote market study literacy among housing and community development practitioners. For the market study standards initiative, according to HUD officials, comments were solicited from state associations. According to a RPWG document, the absence of a fully developed national practice standard and guide for market analyses results in a wide disparity in the content, methodology, quality, and reliability of studies that are used for three primary purposes:

- By State Housing Finance Agencies (HFAs) to allocate Low Income Housing Tax Credits and to establish feasibility for new development of rental housing;
- By HUD-Federal Housing Administration (FHA) and USDA-Rural Development (RD) lenders and field staff to underwrite applications for mortgage insurance or direct loans; and
- By developers, investors, and lenders to identify investment opportunities in rental housing.

Among states, practice varies widely, with some states prescribing methodologies, while others have only loosely defined standards. In spite of existing guidance provided by HUD-FHA and USDA-RD, studies prepared in support of applications for Federal mortgage insurance and direct loan programs are inconsistent in content, methodology, quality, and reliability. According to RPWG documents, the effects of disparate market study practice and quality include confusion, loss of time and extra expense for developers and owners who pay for market studies (that may add little value to the quality of real estate decision making), and higher and/or unforeseen risks of failure, with losses for developers, investors, and lenders.

The initiative intends to coordinate USDA and HUD guidance on market studies, provide ongoing support and assistance to the National Council

---

of Housing Market Analysts (NCHMA)<sup>51</sup> and other industry advocates, and promote market study literacy among housing and community development practitioners. For the market study standards initiative, according to HUD officials, comments were solicited from state associations. These comments were mixed. For example, the NCHMA supports the RPWG assessment that the effects of disparate market study practices and quality can lead to an array of problems, running from confusion to a worst case scenario of financial failure. NCHMA also supports the RPWG's assessment that an independent 'keeper entity' for market study practices standards would be beneficial to the industry. In contrast, the NCSHA does not support the adoption of a national standard of practice of market studies and urged the RPWG to refrain from imposing a "one size fits all" national model as it would not work in all markets.

RPWG's collaboration across federal, state, and local agencies has brought new opportunities to increase efficiencies and program performance. According to HUD officials, progress has been made under the current administration on intra- and interagency collaboration primarily through the RPWG. For example, the RPWG "pushed hard" on coordinating SLR's and helped support state interagency agreements in Minnesota and Ohio. HUD officials also stated that the RPWG has eliminated a number of collaboration challenges at the federal level. For example, it created a venue and mechanism to bring uniformity to different approaches, where possible. HUD and Treasury officials stated that under the current administration, and primarily through the efforts of the RPWG, progress has been made toward improving intra- and interagency collaboration. They also stated HUD's leadership has been very visible in streamlining efforts through the RPWG and has encouraged its field staff to engage with state and local administering agencies on streamlining and efficiency efforts. For example, Treasury officials stated, that there are significant interagency collaboration efforts occurring between Treasury, IRS, HUD, and USDA to develop potential legislative proposals for streamlining LIHTC requirements, and which will be included in Treasury's annual "General Explanations of the

---

<sup>51</sup>The NCHMA, formerly the National Council of Affordable Housing Market Analysts, provides technical guidance and presents opportunities for market analysts and underwriting professionals to discuss current issues, develop professional networks, and gain cutting-edge information with the goal of improving the quality of residential real estate market studies.

---

Administration’s Revenue Proposals” (also known as the “Green Book”). In addition, IRS and Treasury officials stated that RPWG provides state associations with a single federal resource to communicate about low-income housing issues.

---

### Participating Audit Offices Reported Various Efforts to Collaborate with Local, State, and Federal Jurisdictions

All of the participating audit offices reported that they were collaborating with at least one level of government. Oregon, Portland, and Multnomah County all reported collaborating with local governments. For example, Multnomah County officials reported that they had an intergovernmental agreement with other local jurisdictions that outlined each jurisdiction’s roles in the Short Term Rental Assistance Program. The leaders of the local jurisdictions met once a month to discuss the program. As part of this arrangement, the jurisdictions shared information on outcomes, investment, management, and risk. For example, each jurisdiction has made a minimum funding commitment to the program and when one of the jurisdictions has trouble meeting this commitment, the group ensures that the funding remains stable through shared investment. Multnomah County officials also reported that this collaboration has resulted in more people served, in maximized resources and in better outcomes. In addition, Oregon also reported collaborating with other state departments to coordinate program eligibility.

Washington and King County reported collaborating with all three levels of government, and Washington reported that Seattle collaborated with the state and local levels. For example, Washington reported that Seattle and the King County Housing Authority centralized their intake and assessment process for families. This enabled families to fill out just one application, which was used by both jurisdictions. The information was stored in a shared database. In another example, Washington collaborated with federal, state, and local governments so that one agency conducted inspections and monitoring activities and wrote a report for each project, which was accepted by all of the funders. As a result, inspection and monitoring activities did not need to be done separately for each funder. In addition, Washington reported that Seattle officials stated that collaboration with other public and private agencies allowed for more resource sharing, innovative strategies, and better leveraging of limited available funding.

Denver reported collaborating with local, state, and federal levels of government. For example, officials reported that the Denver Housing Authority recently developed a 15-member Neighborhood Development Collaborative to lobby for affordable housing initiatives at the state and

---

federal levels. The officials also reported that Denver agencies collaborated with local, state, and federal agencies through a stakeholder group that met quarterly to discuss each jurisdiction's upcoming housing projects to make sure that all participants were aware of the housing activities state-wide and to coordinate where necessary.

Oregon, Multnomah County, Washington, Seattle and Seattle Housing Authority, and King County and the King County Housing Authority also reported barriers to collaboration. These barriers are related to the absence of practices that we previously found can help enhance and sustain collaboration.<sup>52</sup> Oregon, King County, Washington, and Seattle and Seattle Housing Authority reported that incompatible policies, procedures and other means to operate across agency boundaries were barriers. For example, Oregon reported that the Oregon Housing and Community Services department systems did not communicate with other state systems. Hence the client has to navigate the bureaucracy themselves and interact with multiple departments. In addition, Multnomah County, Washington, and the King County Housing Authority reported that a lack of defining and articulating a common outcome or purpose was a barrier. For example, Multnomah County reported that there can be a lack of alignment among the collaborating jurisdictions' priorities and core mission. Defining a common purpose is necessary to overcome significant differences in agency missions, cultures, and established ways of doing business.

---

<sup>52</sup>[GAO-06-15](#).

---

HUD, IRS and  
Participating Audit  
Offices Reported  
Varying Levels of  
Performance  
Reporting, but There  
Is Incomplete  
Information on  
Collective  
Performance

---

HUD, IRS and  
Participating Audit Offices  
Reported Varying Levels  
of Performance Reporting

At the federal level, HUD and IRS reported on the performance of rental assistance programs to varying extents. HUD established a strategic goal to meet the need for quality affordable rental homes in its Strategic Plan 2014-2018.<sup>53</sup> To help it meet this goal, HUD set two strategic objectives. The first of these objectives is to ensure sustainable investments in affordable rental housing. For this objective, in the FY 2013 Annual Performance Report, FY 2015 Annual Performance Plan (performance report), HUD has not established any related performance goals.<sup>54</sup> According to OMB guidance, strategic objectives are tracked through a suite of performance goals. The guidance defines a performance goal to include a performance indicator, a target and a timeframe. In its performance report, HUD identifies fiscal years as timeframes and three performance indicators: the number of households that experience “worst case housing needs,” the proportion of very low-income renters facing severe rent burdens, and the percentage of rental units built in the preceding 4 years that had rents below \$800. However, HUD did not establish targets for these indicators in fiscal years 2014 and 2015 and states that these indicators are for tracking only. Without related targets,

---

<sup>53</sup>U.S. Department of Housing and Urban Development, *Strategic Plan 2014-2018* (Washington D.C: April 2014).

<sup>54</sup>U.S. Department of Housing and Urban Development, *FY 2013 Annual Performance Report, FY 2015 Annual Performance Plan* (July 2014).

---

agencies may be unable to demonstrate to key stakeholders, including the Congress, program partners, and the public, that they are tracking progress frequently enough to address any performance issues as they arise. In addition, the performance goals in the annual performance plans provide the Congress with a basis for comparing a program's proposed level of performance against its actual program performance and can help the Congress strengthen government accountability.

The other strategic objective established in HUD's Strategic Plan 2014-2018 is to preserve quality affordable rental housing, where it is needed most, by simplifying and aligning the delivery of rental housing programs. For this objective, HUD has established an agency priority goal of preserving and expanding affordable rental housing programs to serve an additional 121,000 households between October 1, 2013 and September 30, 2015. The performance report lists six performance indicators to track its performance on the agency priority goal: (1) number of families served through HUD rental assistance, (2) number of units converted using the Rental Assistance Demonstration: first component,<sup>55</sup> (3) number of units converted using the Rental Assistance Demonstration: second component,<sup>56</sup> (4) Housing Choice Voucher utilization rate, (5) Public Housing occupancy rate, and (6) Project Based Rental Assistance occupancy rate.

HUD has recently reported on progress toward its strategic objectives and agency priority goal on Performance.gov. For the first strategic objective (to ensure sustainable investments in affordable rental housing), HUD reported that in consultation with OMB, HUD has highlighted this objective as a focus area for improvement. HUD reported that it is pursuing housing finance legislation, which could provide a substantial funding source for the Housing Trust Fund. However, the legislation is not moving forward, which is a significant challenge to HUD in achieving this objective, according to HUD. HUD reported that it is planning to refine the existing metrics to provide a better picture of rental housing availability. In

---

<sup>55</sup>The first component of the Rental Assistance Demonstration allows projects funded under the public housing and Section 8 Moderate Rehabilitation programs to convert their assistance to long-term, project-based Section 8 rental assistance contracts.

<sup>56</sup>The second component of the Rental Assistance Demonstration allows owners of projects funded under the Rent Supplement, Rental Assistance Payment, and Mod Rehab programs to convert tenant protection vouchers to project-based vouchers.

addition, HUD did not report on the performance of the three indicators related to this objective.

For the second strategic objective (to preserve quality affordable rental housing by simplifying and aligning the delivery of rental housing programs), HUD reported on Performance.gov that it served an additional 36,128 households, which is 74 percent of its target for the agency priority goal for fiscal year 2014. HUD also reported on the actual performance for five of the six indicators.<sup>57</sup> As shown in table 6 below, HUD reported meeting or exceeding two of the five targets. HUD reported that for the three indicators that HUD did not meet its targets, challenges included an uncertain fiscal environment and slower than expected conversion activity.

**Table 7: Agency Priority Goal Indicators, Reported Performance, and Targets for 2014**

Indicator	Reported	Target	Met the Target
Number of families served through HUD rental assistance	5,511,132	5,523,223	
Number of units converted using the Rental Assistance Demonstration: First Component	6,167	15,000	
Number of units converted using the Rental Assistance Demonstration: Second Component	7,511	5,161	X
Public Housing Occupancy Rate	96%	96%	X
Housing Choice Voucher budget utilization rate	96.93%	97.56%	

Source: GAO analysis of information on performance.gov. | GAO-15-645

Note: All of the indicators are reported for fiscal year 2014, except for the Housing Choice Voucher budget utilization rate, which is calendar year.

However, HUD has not yet published a report on its 2014 performance results consistent with requirements in the GPRA Modernization Act of 2010<sup>58</sup> and OMB guidance which required it to be published in February 2015.<sup>59</sup> According to HUD officials as of June 2015, the 2014

<sup>57</sup>The indicator that is not included is the Project Based Rental Assistance occupancy rate, which is the only indicator in the performance plan that does not have a target for fiscal year 2014.

<sup>58</sup>Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011). The acronym “GPRA” in the act’s title refers to the Government Performance and Results Act of 1993. Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

<sup>59</sup>OMB, Circular No. A-11, Preparation, Submission and Execution of the Budget, pt 6, § 260 (August 2012). OMB updated this guidance in its July 2013 and July 2014, and June 2015 revisions to Circular No. A-11.

---

performance report was being reviewed by OMB. Moreover, HUD's performance report for fiscal year 2013 was not published until July 2014; it was required to be published in March 2014, concurrent with the publication of the budget, per OMB guidance. Measuring performance allows organizations to track their progress toward goals and gives managers crucial information on which to base decisions.

We reported in 2012 that information on the overall effectiveness of the CDBG and HOME programs is limited.<sup>60</sup> HUD has faced difficulties in evaluating the impact of the CDBG and HOME block grant programs, because, among other things, such an evaluation would have to compare neighborhoods that received assistance with those that did not. In addition, according to HUD officials and researchers that we spoke with previously, the diversity of activities and lack of statutory targeting requirements makes it difficult to collect information to assess the overall impact of these programs. Our previous work has also identified the difficulties of evaluating the impact of block grant programs that do not have a uniform package of desired outcomes across the country and the common problem of attributing differences in communities' outcomes to the effect of a program without controls for other explanations.

In addition, we previously found that IRS does not set goals or assess performance for LIHTC.<sup>61</sup> We also previously found that data availability was a challenge in assessing tax expenditure performance.<sup>62</sup> IRS collects limited data that it needs to administer and enforce the code and does not use this information to assess the housing production program, such as number and location of LIHTC projects. Although HUD's direct role in the LIHTC program is limited, they have collected project-level information on the program since 1996 because of the importance of LIHTC as a source of funding for affordable housing. We suggested that the Congress

---

<sup>60</sup>GAO, *HUD Has Identified Performance Measures for Its Block Grant Programs, but Information on Impact is Limited*, [GAO-12-575R](#) (Washington D.C.: May 15, 2012).

<sup>61</sup>GAO, *Low-Income Housing Tax Credit: Joint IRS-HUD Administration Could Help Address Weaknesses in Oversight*, [GAO-15-330](#) (Washington D.C.: July 15, 2015).

<sup>62</sup>GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011).



---

consider designating HUD as a joint administrator responsible for oversight of LIHTC.<sup>63</sup> As of September 2015, no action had been taken.

At the jurisdiction level, Washington, King County and the King County Housing Authority, Oregon, and Multnomah County reported having at least one performance goal.<sup>64</sup> For example, one of Oregon's goals included increased housing stability as measured by the percentage of households served who maintain permanent housing for at least 6 months after exiting a program. In addition, one of Multnomah County's goals was that 70 percent of households maintain housing stability at 12 months after the subsidy ends. At the program level within the jurisdictions, most of the rental assistance programs within the jurisdictions had a performance goal and reported on their performance. For example, Washington reported that one of its programs had a performance goal of every eligible person housed and reported that 100 percent of eligible people who requested assistance were housed. King County also reported that one of its program's performance goals was serving 280 new households in new units and reported that 486 households were housed in new units.

---

## Participating Audit Offices Reported Challenges to Assessing Performance

All of the participating audit offices reported challenges to assessing performance. Washington and Portland reported difficulties establishing outcome measures that can be quantified or reported. For example, Portland stated that a challenge was how to quantify and define the social outcome they were trying to achieve. Unlike the homelessness programs, housing retention may not be a good measure or outcome, because the programs want participants to increase their income and move out of subsidized housing, according to Portland. In addition, Seattle, King County Housing Authority, and Multnomah County reported that obtaining data could be difficult. For example, Multnomah County reported that data consistency can be a problem, as its data is gathered by 19 partner agencies.

---

<sup>63</sup> [GAO-15-330](#).

<sup>64</sup> A performance goal is a "target level of performance expressed as a tangible, measurable objective- against which actual achievement can be compared including a goal expressed as a quantitative standard, value, or rate." See, GPRAMA, Pub. L No. 111-352, 124 Stat. 3866, 3871 (Jan. 4, 2011).

---

Washington, Seattle Housing Authority, King County, Oregon, Multnomah County, and Denver also reported that differing policies or performance categories were a challenge. For example, Washington reported that a challenge for the Seattle Housing Authority was that different institutions have differing privacy rules that the Seattle Housing Authority must contend with to gather necessary information. In addition, according to a Multnomah County Auditor Office report, some county programs use output measures such as the number served. The report noted that while these measures are useful for tracking program performance over time, they are not useful for making comparisons of effectiveness across programs. The report recommended a review of performance measures to better understand cost effectiveness and impact of housing assistance programs.<sup>65</sup> The Multnomah County Auditor Office plans to follow-up on the recommendation in December 2015 and a work group has been formed to review data related to housing.

Washington, Seattle, Oregon, Multnomah County, and Denver also suggested steps to enhance outcomes or gain program or process efficiencies. For example, Denver suggested that states and localities should not be required to disperse federal funding too quickly as this can lead to less efficient allocations because of the need to quickly assess conditions and make disbursement decisions. In addition, an Oregon Secretary of State's Audit Division report suggested that inefficiencies could be decreased by establishing compatible policies and procedures and by pursuing collaborative efforts to increase data sharing among programs. The audit division also suggested aligning outcome measures and reporting and eligibility requirements. In addition, the report suggested clearly defining areas of responsibilities and improving evaluations of program effectiveness and efficiencies.<sup>66</sup> The audit division plans to follow-up about the status in December 2015.

---

<sup>65</sup>Office of the Multnomah County Auditor, *Housing Inventory Special Report (fulfilling note from FY-2015 Budget work session)*, (Portland, OR: Oct. 22, 2014).

<sup>66</sup>Oregon Secretary of State's Audits Division, *Oregon Housing and Community Services Department: Program Duplication, Overlap and Fragmentation, Report 2013-16* (Salem, OR: July 2013).

---

## There Is a Lack of Reporting on the Performance of the Collective Levels of Government

HUD, IRS, and the participating audit offices reported on their performance to varying degrees, and thus there is incomplete information at the federal and participating audit offices' jurisdictions. In addition, HUD, Treasury and IRS officials that are part of the Rental Policy Working Group stated that there is no information on the collective performance of the federal, state, and local jurisdictions that provide rental assistance. Thus it is not known to what extent and how well the local, state and federal rental assistance programs work collectively, for example, to increase the number of households served. Complete and reliable information is a vital component to assessing effectiveness. Federal agencies are required by the Government Performance and Results Act Modernization Act of 2010 (GPRAMA) to describe in their strategic plans and performance plans how they are working together to achieve their goals.<sup>67</sup> GPRAMA's new requirements help drive collaboration and reduce fragmentation. However, the agency-by-agency focus does not provide an integrated perspective of the performance of federal rental assistance programs. GPRAMA further highlights the need for crosscutting<sup>68</sup> performance planning for issues that involve multiple federal agencies and could provide the initial steps toward government-wide performance information. In addition, crosscutting performance measures could be developed through interagency collaboration. Complementary and, where appropriate, common performance measures could permit comparisons of related programs' results and the tools used to achieve those results.

In addition, an OMB policy memorandum that affects federal programs administered by state and local governments, tribes, and territories includes guidance on better results for states, local, and tribal governments. The memorandum states that agencies and their state, local, and tribal partners should review their capacity to generate accurate data to ensure accountability and improve decision making that leads to better outcomes. In addition, the memorandum reported that agencies and their partners should identify opportunities to consolidate and share

---

<sup>67</sup>GPRAMA is the statutory framework for performance management in the federal government and updates the Government Performance and Results Act of 1993 (GPRA).

<sup>68</sup>GPRAMA defines crosscutting as "across organizational (such as agency) boundaries". Pub. L No. 111-352, 124 Stat. 3866, 3870 (Jan. 4, 2011).

---

data across agencies and programs where there are similar reporting requirements.<sup>69</sup>

Compiling and reporting on the collective performance of crosscutting efforts is important in helping to provide a comprehensive picture of how well the different levels of government are providing a service as a whole—in this case, rental assistance. We recognize it is difficult to identify relevant federal, state, and local programs, collect performance information from multiple levels of government, and synthesize the information to reflect the collective performance. However, without information on the government-wide performance of rental assistance, the Congress, decision makers, and stakeholders at all levels of government are hampered in their ability to identify agencies and programs addressing similar missions. They are also hampered in the ability to set priorities, allocate resources, and restructure federal efforts, as needed, to achieve long-term goals. In addition, without such performance information, it is not clear and transparent to the public how governments are collectively providing rental assistance.

HUD has extensive experience with collecting data from state agencies through LIHTC databases that it administers.<sup>70</sup> In addition, HUD is part of the RPWG which has continued to work to implement recommendations that would improve the coordination of government-wide oversight of subsidized rental housing properties. The RPWG has also worked to reduce the administrative burden on affordable housing owners and managers. We have previously reported on practices that help sustain and enhance collaboration among federal agencies.<sup>71</sup> These practices include defining and articulating a common outcome and developing mechanisms to monitor, evaluate, and report results. The RPWG has defined its own priorities and has reported on its progress. HUD, the nation's leading housing agency, in consultation with the RPWG, is well positioned to capitalize on its existing collaboration among federal

---

<sup>69</sup>Office of Management and Budget, *Memorandum for the Heads of Executive Departments and Agencies: Implementing the Presidential Memorandum "Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments"*, MS-11-21 (Washington D.C.: April 29, 2011).

<sup>70</sup>HUD, *Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012* (December 2014).

<sup>71</sup>GAO, *Results Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington D.C.: Oct. 21, 2005).

---

agencies and with state and local jurisdictions. Thus, working with its state and local partners to develop an approach for compiling and reporting on the collective performance of federal, state, and local rental assistance programs could help pave the way for obtaining data on how well the different levels of government are providing rental assistance as a whole. This effort could start with one or more pilots to test an approach before it is implemented. For example, for one performance indicator, HUD, in consultation with the RPWG, could conduct a pilot to compile and report on the collective performance of relevant federal, state, and local rental assistance programs. One possibility could be to start with one of the rental assistance indicators on which HUD currently reports.

---

## Conclusions

The federal government, states, and localities play a significant role in providing rental assistance and developing affordable rental housing for low-income households. Numerous agencies administer these programs, which provide rental assistance, public housing, and tax benefits. In addition, states and localities use federal funds and their own funds to provide rental assistance programs. However, at all levels of government there are indications of program fragmentation or overlap.

HUD has extensive experience with collecting data from state agencies through LIHTC databases it administers. In addition, HUD is part of the Rental Policy Working Group which has taken steps to identify specific areas in which to align sometimes conflicting and redundant requirements. In addition, the Rental Policy Working Group has worked with states and localities on a variety of initiatives to improve states' capacity to preserve affordable rental housing, streamline processes, and eliminate redundancies. Although HUD, IRS and the participating audit offices reported on their performance to varying degrees, one challenge to building upon HUD and the RPWG's successes is that there is incomplete information on the collective performance of the federal, state, and local rental assistance programs. This information would help provide HUD, as the nation's leading housing agency, with important information for assessing and reporting progress on its strategic goal for rental assistance. Complete and reliable information is also a vital component for assessing effectiveness. Although obtaining it is not without challenges however, without information on the government-wide performance of rental assistance, the Congress as well as program managers, other decision makers, and stakeholders at all levels of government are hampered in their ability to identify agencies and programs addressing similar missions. They are also hampered in their ability to set priorities, allocate resources, and restructure efforts, as needed, to achieve long-term goals. In addition, without such

---

performance information, it is not clear and transparent to the public how governments are collectively providing rental assistance.

---

## Recommendation for Executive Action

To build upon the Department of Housing and Urban Development and the Rental Policy Working Group's efforts to improve coordination of rental assistance, the Secretary of the Department of Housing and Urban Development, in consultation with the Rental Policy Working Group, should work with states and localities to develop an approach for compiling and reporting on the collective performance of federal, state, and local rental assistance programs. Such an effort may begin with one or more pilots to test approaches before they are considered for wider application.

---

## Agency Comments and Our Evaluation

We provided a draft of this report to the Secretary of HUD, Commissioner of IRS, and Secretary of the Treasury for review and comment. Written comments from HUD Assistant Secretary for Policy Development and Research are reproduced in appendix III. IRS had no comments on the report. Treasury provided technical comments, which we incorporated into the report.

In its letter, HUD disagreed with the recommendation in our draft report directed to RPWG to work with states and localities to develop an approach for compiling and reporting on the collective performance of federal, state, and local rental assistance programs. HUD stated that the RPWG is not the proper vehicle for this recommendation because the RPWG is an inter-agency collaboration with no dedicated staff or funding. We agreed. Thus, we have revised the recommendation to direct it to HUD, in consultation with the RPWG, given that HUD is the nation's leading housing agency and is a member of the RPWG and that the RPWG collaborates with different levels of government.

HUD also stated that compiling and reporting collective performance information would require significant funding, staff resources, and information technology efforts. However, our recommendation is to develop an approach for compiling and reporting such data as a first step towards providing information on collective performance. In addition, although we provided one suggestion of how to design an approach by using an existing HUD performance indicator, the recommendation is purposefully not proscriptive, so that HUD, in consultation with the RPWG, can design an approach that is feasible.

---

HUD stated that the report did not explain what was meant by rental assistance. However, the report defines rental assistance as programs or initiatives with a primary goal of directly or indirectly subsidizing rents for low-income households. In addition, HUD objected to our finding that no information exists on collective performance as being too broadly stated since information already exists on the performance of programs. We agreed. Thus we revised the draft to clarify our point that there is incomplete information on collective performance.

HUD also stated that an analysis of fragmentation or overlap among the federal, state and local programs should include information on federal matching requirements and differentiate between “deep” and “shallow” subsidies. HUD pointed out that Congress enacted matching requirements in order to leverage additional investments and to provide increased local accountability for federal funds and that federal matching requirements should not be considered evidence of unintended fragmentation or overlap. We agree and did not include federal matching requirements in our analysis or consider it to be evidence of fragmentation or overlap. HUD also stated that the report refers to affordable housing without differentiating between programs that are considered to be “deep subsidy” versus “shallow subsidy” programs. HUD stated that a “deep subsidy” program can effectively assist households at the lowest end of the income scale and a “shallow subsidy” program can generally only provide much more modest levels of affordability. HUD noted in an attachment to the letter that the federal government is the primary provider of funding for deep subsidy programs. In this report, our analysis included four federal programs representing 92 percent of total obligations and estimated tax losses for low-income assistance and affordable housing development programs – Section 8 rental assistance, Public Housing, the HOME Investment Partnerships Program, and the Low Income Housing Tax Credit – that provide varying levels of subsidies and are implemented along with state and local programs. For each of the four federal programs, we included information on income thresholds for eligibility. We also added a footnote on deep and shallow subsidies. Thus, we believe that our report now addressed the difference between deep and shallow subsidies. Moreover, we and the participating audit offices reviewed state and local programs using GAO’s definitions of fragmentation and overlap that we developed as noted in the report. In addition, at the federal level, the report refers to previously published work that assessed fragmentation and overlap among federal programs.

HUD also stated that we did not include information on two recent reports on LIHTC—one from GAO and the other the result of a HUD-led effort

---

with assistance from State Housing Finance Agencies.<sup>72</sup> We added information from our LIHTC report, which found that IRS does not set goals or assess performance for LIHTC. The report suggested that Congress should consider designating HUD as a joint administrator of LIHTC. We also added information from HUD's LIHTC report by noting that HUD has extensive experience with collecting data from state agencies through the LIHTC databases that it administers.

In addition, in the attachment to HUD's letter, HUD objected to our statement that HUD reported on its performance for only one of its two rental assistance strategic objectives. HUD stated that the worst case housing indicator is valuable as a tracking measure and that a performance measure has not been deemed advisable. However, as we stated in the report, the guidance states that there needs to be a target, which is not included. HUD also stated we ignore several basic issues with measuring housing affordability; however, the report includes HUD's definitions. We also incorporated HUD's technical comments in the report, as appropriate.

---

We are sending this report to the participating partners, agencies and congressional committees. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions or wish to discuss the material in this report further, please contact me at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

Sincerely yours,



J. Christopher Mihm  
Managing Director, Strategic Issues

---

<sup>72</sup>GAO, *Low-Income Housing Tax Credit: Joint IRS-HUD Administration Could Help Address Weaknesses in Oversight*, GAO-15-330 (Washington D.C.: July 15, 2015) and HUD, *Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012* (December 2014).



---

# Appendix I: Objectives, Scope, and Methodology

---

We partnered with jurisdictions to conduct a pilot effort to develop an approach for examining how federal, state, and local resources might be better coordinated to enhance outcomes and increase intergovernmental efficiency. We performed our work under the authority of the Comptroller General to conduct evaluations on GAO's initiative to assist Congress with its oversight responsibilities. We designed a coordinated audit approach that involves two or more audit organizations performing synchronous audits leading to joint or separate reports. For this pilot effort, we chose to review rental housing assistance for low-income households. Below, we describe how we selected this issue area. Our objectives were to (1) identify the federal, state, and local government funded programs in selected jurisdictions that provide rental assistance to low-income households and identify indications of program fragmentation and overlap; (2) assess the extent of intergovernmental collaboration for the provision of rental assistance; and (3) determine what is known about performance at the federal level, at selected state and local jurisdictions and for the collective performance of the levels of government providing rental assistance.

We conducted this work in partnership with 25 state and local volunteer audit offices.<sup>1</sup> Six of the state and local volunteers—the Washington State Auditor's Office (Washington); the King County Auditor's Office (King County), WA; the Oregon Secretary of State Office, Audits Division (Oregon), City of Portland, Office of the City Auditor, Audit Services Division (Portland), OR; the Multnomah County Auditor's Office (Multnomah County), OR; and Office of the Auditor, City and County of Denver (Denver), CO—conducted these coordinated audits focused specifically on rental assistance programs for low-income households. In addition, to reporting on its own programs, Washington also reported on the city of Seattle's (Seattle), Seattle Housing Authority and the King County Housing Authority's programs. For the purposes of this review we refer to these six state and local volunteers and Seattle as the participating audit offices and the remaining partners as consulting partners. In addition, the pilot effort led to Washington, Multnomah

---

<sup>1</sup>See appendix II for a full list of the state and local participating and consulting partners.

County, and Denver publishing separate reports.<sup>2</sup> To solicit state and local auditors to participate in this effort, we collaborated with the National Association of State Auditors, Comptrollers, and Treasurers and the Association of Local Government Auditors. The associations' leadership emailed their members a description of the intergovernmental pilot and asked for volunteers to participate.

To identify a policy area for the pilot review, we collaborated with the 25 participating audit offices and contributing partners to identify several potential policy areas using criteria that included

- a mix of programs, funding mechanisms, and levels of government involved;
- the existence of earlier audits on the topic;
- the extent to which coordinated work on the issue would help build a relationship between the audit organizations, as well as the levels of government; and
- the capacity and willingness of each audit organization to work on the topic, which included issues of audit timing, resource commitment, and perceived benefits.

We identified three policy areas as the best fits for the pilot review: workforce training, affordable housing, and local economic development. After conducting background research on the topics and consulting with the state and local volunteers and internal stakeholders, we selected affordable housing because it provided the best match for the criteria listed above. Affordable housing offered a comprehensive array of programs at the federal, state, and local levels that use a variety of funding mechanisms. In addition, there had been previous audits of affordable housing at the federal, state, and local levels.

---

<sup>2</sup>See Washington State Auditor's Office, *Program Understand Low-Income Housing Rental Assistance Programs* (Olympia, WA: Aug. 14, 2014); Office of the Multnomah County Auditor, *Housing Inventory Special Report fulfilling note from FY-2015 Budget work session* (Portland, OR: Oct. 22, 2014); and City and County of Denver Office of the Auditor, *Denver Affordable Housing Performance Audit* (Denver, CO: Nov. 2014).

We narrowed the scope of the pilot to low-income rental assistance programs because affordable housing policy is a broad area and affordable housing programs involve many other issues (such as energy costs and weatherization, food assistance, job training, transportation, home ownership, foreclosure prevention, and neighborhood stabilization) and target various populations (such as the homeless, persons with disabilities, the elderly, veterans, and farm workers). For the purposes of this review, we defined low-income rental assistance to include any programs or initiatives with a primary goal of directly or indirectly subsidizing rents for low-income households. Examples of the federal programs that provide direct subsidies include the Housing Choice Voucher and Public Housing programs and programs that provide indirect subsidies include the Low-income Housing Tax Credit and the Section 202 Supportive Housing for the Elderly programs. Also for purposes of this review, we focused on permanent housing and the federally funded programs that receive the bulk of funding and hence we excluded short-term or temporary programs, temporary shelter programs, and programs targeted at special populations other than the elderly and households with disabilities. Examples of excluded programs include the Tax Credit Assistance Program, the Neighborhood Stabilization Program, Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS.

In collaboration with the participating audit offices and consulting partners, we designed an audit plan for each of the participating audit offices to implement. The audit plan included questions on data reliability for any funding data collected. The audit plan consisted of four components:

1. Identify low-income rental housing assistance performance goals for outputs and outcomes for the respective jurisdiction.
2. Compile inventories of programs for the respective jurisdiction that address these low-income rental assistance output or outcome goals.
3. Collect data on key elements of the programs, such as how the assistance is provided, eligibility for the program, and the program's performance metrics.
4. Examine whether barriers or challenges existed to achieving, establishing, and measuring performance outcomes and measures as well as the extent of intergovernmental collaboration.

The participating audit offices interviewed housing officials in their jurisdictions and submitted the completed audit plans to us. We assisted

the participating audit offices in implementing the audit plans by answering questions and facilitating information sharing among the partners. We reviewed the results of the implemented audit plans to ensure that we could rely on their results. For example, we ensured that programs met the definition for low-income rental assistance and that the reported program information matched the questions in the coordinated audit plan. We did not validate or check the accuracy of the information provided by the participating audit offices. However, we included questions related to data reliability in the coordinated audit plan implemented by the participating jurisdictions and determined that the data were sufficiently reliable for the purposes of this report. Because participation in the pilot was voluntary, the coverage varied by state—for Oregon and Washington, we had data from the state, county, and city levels, but for Colorado we only had city and county level data. Further, Washington reported program information for Seattle, the Seattle Housing Authority and the King County Housing Authority.

To describe the programs that provide low-income rental assistance, we used information that the participating audit offices reported on their programs. To identify indications of program fragmentation and overlap, we and the participating audit offices analyzed the audit results reported by the participating audit offices and used definitions from our work on fragmentation and overlap.<sup>3</sup> For example, to identify indications of program overlap we analyzed the audit results of the participating audit offices located within the same general geographic area in which the programs were administered to determine whether the reported programs had similar goals or intended beneficiaries, and which agencies, bureaus, or divisions had administrative responsibility for the programs. Given that Oregon and Washington both had participating audit offices at multiple levels of government and Denver did not, we were unable to assess Denver's programs for fragmentation or overlap. Our work has defined these terms. Fragmentation, in the context of intergovernmental programs, occurs when more than one agency—or more than one organization within an agency—is involved in the same broad area of national need and opportunities exist to improve service delivery. Overlap occurs when there are multiple agencies or programs that have similar goals, engage in similar activities or strategies and activities to achieve

---

<sup>3</sup>GAO, *2014 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-14-343SP](#) (Washington, D.C.: Apr. 8, 2014).

those goals, or target similar beneficiaries. GAO's fragmentation, overlap, and duplication evaluation and management guide includes four steps to conducting a fragmentation, overlap, and duplication review.<sup>4</sup> We conducted the first step of identifying indications of fragmentation and overlap, but did not conduct the next three steps, and hence have stated that there are indications of fragmentation and overlap.<sup>5</sup> For example, we did not identify the positive and negative effects of fragmentation and overlap, such as how it can affect program implementation, outcomes, and cost-effectiveness.

To assess the extent of intergovernmental collaboration to provide rental assistance, we analyzed the collaboration information provided by the participating audit offices in the audit results. We also interviewed Housing and Urban Development (HUD), the U.S. Department of Treasury (Treasury), and the Internal Revenue Service (IRS) officials who participate in the Rental Policy Working Group (RPWG) and reviewed documentation on the RPWG's collaboration with states and localities. Based on our most recent housing program inventory published electronically in 2012, HUD and IRS administer five federal programs that represent approximately 92 percent of total obligations and estimated tax revenue losses for low-income rental assistance and affordable housing development programs; thus, we decided to interview HUD, IRS, and Treasury. For our analysis we used our work on collaboration, which describes some of the necessary elements for a collaborative working relationship, such as defining and articulating a common outcome and compatible policies, procedures, and other means to operate across agency boundaries.<sup>6</sup>

To determine what is known about performance at the federal level and at selected state and local jurisdictions, we analyzed the performance

---

<sup>4</sup>GAO, *Fragmentation, Overlap and Duplication: An Evaluation and Management Guide*, [GAO-15-49SP](#) (Washington D.C.: Apr. 14, 2015).

<sup>5</sup>The next steps are as follows: 2) identify the potential effects of fragmentation, overlap, and duplication; 3) validate the effects and assess and compare federal programs; and 4) identify options to increase efficiency and reduce or better manage fragmentation, overlap, and duplication.

<sup>6</sup>GAO, *Managing for Results: Implementation Approaches Used to Enhance Collaboration in Interagency Groups*, [GAO-14-220](#) (Washington, D.C.: Feb. 14, 2014) and *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Sept. 27, 2012).

information reported by the participating audit offices from the completed audit. We assessed this information using criteria identified in our prior work on performance management which discussed how performance information gives managers crucial information with which to make decisions and influences organizational behavior.<sup>7</sup> We also interviewed HUD, Treasury, and IRS officials who participate in the RPWG about the performance of the combined levels of government and reviewed documentation on the agency's rental assistance performance information.

We performed our work under authority of the Comptroller General to conduct evaluations on GAO's initiative to assist Congress with its oversight responsibilities. We conducted our work on this report from February 2014 to September 2015 in accordance with generally accepted government auditing standards that are relevant to our objectives. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions based on our objectives.

---

<sup>7</sup>GAO, *Managing for Results: Executive Branch Should More Fully Implement the GPRA Modernization Act to Address Pressing Governance Challenges*, [GAO-13-518](#) (Washington, D.C.: June 26, 2013) and *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June, 1996).

# Appendix II: State and Local Participating Audit Offices and Consulting Partners

## Participating Audit Offices

Government Category	Participating Audit Offices	Officers
State	Oregon Secretary of State Audits Division	Jeanne P. Atkins Secretary of State Gary Blackmer Director Sheronne Blasi Audit Manager Amanda Lamb Performance Auditor
State	Washington State Auditor's Office	Chuck Pfeil, CPA Director of State and Performance Audit Lou Adams, CPA Deputy Director for Performance Audit Nancy Dufoe Principal Performance Auditor Melissa Wade, CGAP Senior Performance Auditor Tania Y. Fleming Performance Auditor
County	King County, WA Auditor's Office	KyMBER Waltmunson County Auditor Ben Thompson Deputy Auditor David Dean Senior Principal Management Auditor
County	Office of Multnomah County, OR Auditor	Steve March County Auditor Fran Davison Senior Auditor Marc Rose Performance Auditor
City	Office of the City Auditor (Portland, OR)—Audit Services Division	Mary Hull Caballero City Auditor Drummond Kahn Director of Audit Services Kari E. Guy Senior Management Auditor

**Appendix II: State and Local Participating  
Audit Offices and Consulting Partners**

<b>Government Category</b>	<b>Participating Audit Offices</b>	<b>Officers</b>
<b>City</b>	City and County of Denver, CO Office of the Auditor—Audit Services Division	Dennis J. Gallagher Auditor Kip Memmott Director of Audit Services Audrey Donovan Deputy Director Dawn Wiseman Audit Supervisor

## Consulting Partners

<b>Participating Category</b>	<b>Consulting Partners</b>	<b>Officers</b>
<b>State</b>	California Office of the State Auditor	Elaine M. Howle, CPA State Auditor
<b>State</b>	Colorado Office of the State Auditor	Monica Bowers Deputy State Auditor
<b>State</b>	Florida Inspectors General	Melinda M. Miguel Chief Inspector General
<b>State</b>	Illinois Office of the Auditor General	William G. Holland Auditor General Jim Schlouch Director, Performance Audits
<b>State</b>	Mississippi Office of the State Auditor	Sam Atkinson Director, Performance Audit
<b>State</b>	Office of the Minnesota State Auditor	Rebecca Otto State Auditor
<b>State</b>	Office of the New York State Comptroller	Tina Kim Deputy Comptroller for State Government Accountability
<b>State</b>	Office of the Auditor of Public Accounts, Commonwealth of Virginia	Jennifer P. Bell Schreck Audit Director, Strategic Risk Management
<b>County</b>	Mecklenburg County Department of Internal Audit	Joanne Prakapas Director
<b>County</b>	Milwaukee County Office of the Comptroller Audit Services Division	Jerome J. Heer Director of Audits
<b>City</b>	City of Austin Office of the City Auditor	Corrie Stokes City Auditor
<b>City</b>	City of Dallas Office of the City Auditor	Craig D. Kinton City Auditor
<b>City</b>	City of New York Office of the Comptroller	Edward Carey, Jr. Assistant Comptroller, Management Audit



**Appendix II: State and Local Participating  
Audit Offices and Consulting Partners**

<b>Participating Category</b>	<b>Consulting Partners</b>	<b>Officers</b>
<b>City</b>	City of Orlando Office of Audit Services and Management Support	George J. McGowan Director
<b>City</b>	City of Phoenix City Auditor Department	Bill Greene City Auditor
<b>Other Governmental Agency</b>	The Los Angeles Police Department Internal Audits and Inspection Division	Captain Jodi Wakefield Commanding Officer of Audit Division
<b>Other Governmental Agency</b>	San Joaquin Hills Transportation Corridor Agencies	Greg Walker Manager, Internal Audit
<b>Association</b>	National Association of State Auditors, Comptrollers and Treasurers	R. Kinney Poynter, CPA Executive Director
<b>Association</b>	Association of Local Government Auditors	Corrie Stokes Past President

# Appendix III: Comments from the Department of Housing and Urban Development



ASSISTANT SECRETARY FOR  
POLICY DEVELOPMENT AND RESEARCH

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-6000

July 29, 2015

J. Christopher Mihm  
Managing Director  
Strategic Issues  
Government Accountability Office  
441 G St NW  
Washington, DC 20548

Dear Mr. Mihm,

On behalf of Secretary Julián Castro and the Department of Housing and Urban Development (HUD), thank you for the opportunity to review and comment on the Government Accountability Office (GAO) report, "Affordable Rental Housing: Assistance Provided by Federal, State, and Local Programs, But No Information Exists on Collective Performance."

The report presents information on government programs and activities at the federal, state and local levels that relate to affordable rental housing. The report also includes a useful overview of the interagency Rental Policy Working Group (RPWG). The RPWG was established in 2010 at the direction of the White House Domestic Policy Council and includes staff from the Office of Management and Budget, and the U.S. Departments of Housing and Urban Development, Agriculture (USDA), and the Treasury. The goal of the RPWG is to better align rental housing policy between federal agencies and to work to reduce administrative burden for state and local housing agency partners and private market program participants. Progress made by the RPWG on these goals has previously been reported and this new report from GAO is a valuable addition.

HUD has a number of issues and concerns with the report as currently drafted. These concerns are outlined briefly here. Additional specific comments are included in an attachment.

The draft title for the report, "Assistance Provided by Federal, State, and Local Programs, But *No Information Exists* on Collective Performance," (emphasis added) is simply too broad. In the main body of the report, GAO notes that "there is incomplete information" on collective performance. And further the report recommends, "[developing] an approach for compiling and reporting on the collective performance of federal, state, and local rental assistance programs." Implementing such a recommendation would entail first assembling the vast amount of information that already exists and then identifying gaps in that information for possible new data gathering efforts. But the statement that "no information exists" is simply not accurate.

GAO should clarify and hone the recommendation that the RPWG should work on "compiling and reporting on the collective performance of federal, state, and local rental assistance programs." First, it is not clear what housing-related activities GAO intends to be covered in such

[www.hud.gov](http://www.hud.gov)

[espanol.hud.gov](http://espanol.hud.gov)

an effort. The term, “rental assistance” is not explained and it is not clear if it is intended to refer to programs that are generally considered to be rental assistance only, or to the broader set of government rental housing related programs and activities that are discussed throughout the report. Second, HUD disagrees that the RPWG, an inter-agency collaboration with no dedicated staff or funding, is the proper vehicle for such an effort.

To implement the report’s recommendation would require a significant amount of funding, staff resources and information technology efforts at the federal, state and local levels. Significantly, the report fails to mention a recent major HUD-led effort, with major assistance from State Housing Finance Agencies to gather information on households that receive assistance through the Low-Income Housing Tax Credit program. A full consideration of the resources and effort involved in implementing this major undertaking would better inform the recommendations in this report.<sup>1</sup>

The report’s description of state and local government housing-related activities includes some useful information, particularly on the wide range of different efforts. However, it is unnecessarily confusing at times and either implies or assumes there is overlap or duplication between housing-related activities that in practice have very different goals, designs and effects. Specific edits are included in the attachment and in additional technical edits provided at the staff level.

The report contains another significant omission by not discussing the federal matching requirements in HUD’s Community Development Block Grant, HOME Investment Partnerships and homeless assistance programs. The matching requirement for the HOME program is mentioned briefly in the background section but then is not addressed in the main body of the report. This is critical for the methodology in determining if state and local housing activities are actually “duplicative” or “fragmented” from federal housing programs. Congress enacted matching requirements for these programs in order to both leverage additional investments and to provide for increased local accountability for the use of federal taxpayer dollars. The use of state and local funds for the purpose of complying with the federal match requirement should not be considered a negative aspect of these important programs or evidence of unintended duplication, overlap or fragmentation. The report also omits any consideration of HUD’s reporting and tracking requirements for matching funds in framing the overall assessment that “there is no information” on collective performance of housing programs.

The report could also benefit from using consistent terminology and including some basic general concepts for measuring housing affordability for households at different income levels. The background section of the report correctly notes that federal rental programs consist of two basic types: rental assistance and subsidies for development, construction or rehabilitation of structures. However, throughout the main body of the report, the term “rental assistance” is used when it is not clear if this is meant to refer to all rental programs or only specifically to rental assistance programs. Furthermore, the report refers to affordable housing without differentiating between programs that

<sup>1</sup> See, e.g. HUD’s Office of Policy Development and Research, “Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012” (December 2014), available at: <http://www.huduser.org/portal/publications/pdf/2012-LIHTC-Tenant-Data-Report-508.pdf>; and GAO, “Low-Income Housing Tax Credit: Joint IRS-HUD Administration Could Help Address Weaknesses In Oversight (GAO-15-330).

---

**Appendix III: Comments from the Department  
of Housing and Urban Development**

---

are considered to be “deep subsidy” programs, such as Section 8 Housing Choice Vouchers, that can effectively assist households at the lowest end of the income scale versus “shallow subsidy” programs, such as local zoning incentives, that generally can only provide much more modest levels of affordability. These distinctions are critical for assessing if government housing programs and activities are actually duplicative or fragmented or whether they are serving different purposes and different segments of the housing market.

I appreciate the opportunity to review GAO’s report. Additional detailed comments are provided in an Attachment. Please do not hesitate to contact me or PD&R staff directly if you have any questions.

Sincerely,



Katherine M. O'Regan  
Assistant Secretary for Policy  
Development and Research

---

# Appendix IV: GAO Contact and Staff Acknowledgments

---

## GAO Contact

J. Christopher Mihm (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov)

---

## Staff Acknowledgments

In addition to the contact named above, Stanley J. Czerwinski, Thomas M. James (Assistant Director), and Maya W. Chakko (analyst-in-charge), supervised this review and the development of the resulting report. Sandra L. Beattie, Jehan A. Chase, Kisha Clark, Elizabeth H. Curda, Martin H. DeAlteriis, Daniel Garcia-Diaz, Maksim Glikman, Robert L. Gebhardt, Ellen Grady, George Guttman, Travis P. Hill, Shirley A. Jones, Benjamin T. Licht, Cory Marzullo, Donna L. Miller, Susan S. Sato, Paul J. Schmidt, and Sarah E. Veale made key contributions to this report.

---

# Appendix V: Accessible Data

---

---

## Agency Comment Letter

---

### Text of Appendix IV, HUD Agency Comment Letter

---

Page 1

Dear Mr. Mihm.

On behalf of Secretary Julian Castro and the Department of Housing and Urban Development (HUD), thank you for the opportunity to review and comment on the Government Accountability Office (GAO) report, "Affordable Rental Housing: Assistance Provided by Federal, State, and Local Programs. But No Information Exists on Collective Performance."

The report presents information on government programs and activities at the federal, state levels that relate to affordable rental housing. The report also a useful Rental Working Group (RWG). The RWG was direction of the White House Domestic Policy Council and includes staff Management and Budget, and the U.S. Departments of Housing and Urban Development, Agriculture (USDA), and the Treasury. The goal of the RWG is to better align rental housing to work to administrative burden state private market program participants. Progress made the RWG on and this new report from GAO is a valuable addition.

HUD has a number of issues and concerns with the report as currently drafted. These concerns are outlined briefly here. Additional specific comments are included in an attachment.

The draft title for the report, "Assistance Provided by Federal, State, and Local Programs. But No Information Exists on Collective Performance." (emphasis added) is simply too broad. In the main body of the report, GAO notes that there is incomplete information on collective performance. And further the report recommends. [developing] an approach first compiling and reporting on the collective performance of federal, state, and local rental assistance programs."

Implementing such a recommendation would entail first assembling the vast amount of information that already exists and then identifying gaps in

that information for possible new data gathering efforts. But the statement that "no information exists" is simply not accurate.

GAO should clarify and hone the recommendation that the RPWG should work on "compiling and reporting on the collective performance of federal, state, and local rental assistance programs." First, it is not clear what housing-related activities GAO intends to be covered in such

Page 2

an effort. The term 'rental assistance' is not explained and it is not clear if it is intended to refer to programs that are generally considered to be rental assistance only, or to the broader set of government rental housing related programs and activities that are discussed throughout the report. Second, HUD disagrees that the RPWG, an inter-agency collaboration with no dedicated staff or funding, is the proper vehicle for such an effort.

To implement the report's recommendation would require a significant amount of funding, staff resources and information technology efforts at the federal, state and local levels. Significantly, the report fails to mention a recent major HUD-led effort, with major assistance from State Housing Finance Agencies to gather information on households that receive assistance through the Low-Income Housing Tax Credit program. A full consideration of the resources and effort involved in implementing this major undertaking would better inform the recommendations in this report. Footnote 1

The report's description of state and local government housing-related activities includes some useful information, particularly on the wide range of different efforts. However, it is unnecessarily confusing at times and either implies or assumes there is overlap or duplication between housing-related activities that in practice have very different goals, designs and effects. Specific edits are included in the attachment and in additional technical edits provided at the staff level.

The report contains another significant omission by not discussing the federal matching requirements in HUD's Community Development Block Grant, HOME Investment Partnerships and homeless assistance programs. The matching requirement for the HOME program is mentioned briefly in the background section but then is not addressed in the main body of the report. This is critical for the methodology in determining if state and local housing activities are actually "duplicative" or "fragmented" from federal housing programs. Congress enacted matching requirements for these programs in order to both leverage additional investments and to provide for increased local accountability for

the use of federal taxpayer dollars. The use of state and local funds for the purpose of complying with the federal match requirement should not be considered a negative aspect of these important programs or evidence of unintended duplication, overlap or fragmentation. The report also omits any consideration of HUD's reporting and tracking requirements for matching funds in framing the overall assessment that "there is no information" on collective performance of housing programs.

The report could also benefit from using consistent terminology and including some basic general concepts for measuring housing affordability for households at different income levels. The background section of the report correctly notes that federal rental programs consist of two basic types: rental assistance and subsidies for development, constructions or rehabilitation of structures. However, throughout the main body of the report, the term "rental assistance" is used when it is not clear if this is meant to refer to all rental programs or only specifically to rental assistance programs. Furthermore, the report refers to affordable housing without differentiating between programs that

Footnote 1: See, e.g. HUD's Office of Policy Development and Research, "Understanding Whom the LI HTC Program Serves: Tenants in LI HTC Units as of December 31, 2012" (December 2014) available at: <http://www.huduser.org/portal/publications/pdf/2012-LI-HTC-Tenant-Data-Repo11-508.pdf>; and GAO, "Low-Income Housing Tax Credit: Joint IRS-HUD Administration Could Help Address Weaknesses In Oversight (GAO-15-330).

Page 3

are considered to be "deep subsidy" programs, such as Section 8 Housing Choice Vouchers, that can effectively assist households at the lowest end of the income scale versus "shallow subsidy" programs, such as local zoning incentives, that generally can only provide much more modest levels of affordability. These distinctions are critical for assessing if government housing programs and activities are actually duplicative or fragmented or whether they are serving different purposes and different segments of the housing market.

I appreciate the opportunity to review GAO's report. Additional detailed comments are provided in an Attachment. Please do not hesitate to contact me or PD&R staff directly if you have any questions.

Sincerely,

Katherine M. O'Reagan

Assistant Secretary for Policy Development and Research



---

# Related GAO Products

---

---

## Housing Assistance

*HUD Rental Assistance Demonstration: Information on Initial Conversions to Project-Based Vouchers.* [GAO-14-402](#). Washington, D.C.: April 24, 2014.

*Housing Assistance: Opportunities Exist to Increase Collaboration and Consider Consolidation.* [GAO-12-554](#). Washington, D.C.: August 16, 2012.

*Rental Housing Assistance: HUD Data on Self-Sufficiency Programs Should Be Improved.* [GAO-13-581](#). Washington, D.C.: July 9, 2013.

*HUD Has Identified Performance Measures for Its Block Grant Programs, but Information on Impact is Limited.* [GAO-12-575R](#). Washington D.C.: May 15, 2012.

*Housing Choice Vouchers: Options Exist to Increase Program Efficiencies.* [GAO-12-300](#). Washington, D.C.: March 19, 2012.

---

## Fragmentation, Overlap, and Duplication

*2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits.* [GAO-15-404SP](#). Washington, D.C.: April 14, 2015.

*Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide.* [GAO-15-49SP](#). Washington, D.C.: April 14, 2015.

*2014 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits.* [GAO-14-343SP](#). Washington, D.C.: April 8, 2014.

*2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits.* [GAO-13-279SP](#). Washington, D.C.: April 9, 2013.

---

## Managing for Results

*Managing for Results: Implementation Approaches Used to Enhance Collaboration in Interagency Groups.* [GAO-14-220](#). Washington, D.C.: February 14, 2014.

*Managing for Results: Agencies Should More Fully Develop Priority Goals under the GPRA Modernization Act.* [GAO-13-174](#). Washington, D.C.: April 19, 2013.

---

*Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms.* [GAO-12-1022](#). Washington, D.C.: September 27, 2012.

*Results Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies.* [GAO-06-15](#). Washington, D.C.: October 21, 2005.

*Managing for Results: Barriers to Interagency Coordination.* [GAO/GGD-00-106](#). Washington, D.C.: March 29, 2000.

---

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<http://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <http://www.gao.gov> and select "E-mail Updates."

---

## Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

---

## Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at [www.gao.gov](http://www.gao.gov).

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <http://www.gao.gov/fraudnet/fraudnet.htm>

E-mail: [fraudnet@gao.gov](mailto:fraudnet@gao.gov)

Automated answering system: (800) 424-5454 or (202) 512-7470

---

## Congressional Relations

Katherine Siggerud, Managing Director, [siggerudk@gao.gov](mailto:siggerudk@gao.gov), (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

---

## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548