



# COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

**TO:** City Council Members

**Item Schedule:**

Briefing: June 16, 2016

**FROM:** Sean Murphy  
Public Policy & Budget Analyst

**DATE:** June 12, 2015 at 2:29 PM

**RE:** Salt Lake City & County Housing Authority Merger Study

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## ISSUE AT-A-GLANCE

The Administration has forwarded a study commissioned by the Housing Authorities of Salt Lake City and Salt Lake County. The study reviews the organization and management of the two entities and the possibility of merging their services. The work was conducted by Bonneville Research.

Mike Akerlow, HAND Director, and Palmer DePaulis, Salt Lake City Housing Authority Commissioner, are prepared to present and discuss the outcomes of the study.

**Goal of the briefing:** *Receive a briefing about the Housing Authority Merger Study*

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Bonneville Research



Housing Authority of Salt Lake City

Housing Authority of the County of Salt Lake

Merger/Consolidation Study

February 2015



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# 1 Introduction

## Consolidation/Merger Feasibility

We are pleased to submit our report on the feasibility of the consolidation of the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake County (HACSL). This report focuses upon the organization and management of the two Housing Authorities and summarizes our findings and conclusions regarding the potential benefits to the operations of each authority and their service to the publics they serve. Specifically by addressing the following specific issues:

- Will the merger result in better, more efficient or better-rounded services? In what ways?
- To what degree do the programs of the organizations overlap in whom is served and in services provided?
- In what ways would the programs of each Authority be able to draw upon the expertise, location, clients, reputation and other resources of the other Authority?
- In what ways are the philosophies, cultures and styles of the two organizations similar and different?
- Will a merged organization be more competitive for funding, contracts or other resources than the pre-merger

*Study under the direction  
of the Salt Lake City and  
County of Salt Lake  
Housing Authorities*

## Introduction

organizations are now?

- In the event of a merger, what short term costs and savings can be anticipated related to administration?
- Long-term costs and savings?

The effort is being conducted at the direction of the respective Boards of Commissioners of each authority and with the support of each authority staff.

### METHODOLOGY OF THE STUDY

To provide a foundation for the recommendations contained in this report, field visits were made to each Authority's offices and principal facilities. In the course of these field visits, authority operations were observed and often operational staffs were interviewed. In addition to these interviews, detailed information was obtained regarding staffing levels, costs, revenues and other key information was obtained, reviewed and analyzed.

In addition, interviews were made with the Area and Regional HUD offices in Salt Lake City and Denver seeking and confirming information on national housing authority operations was obtained and analyzed and over forty (40) interviews were conducted with key authority staff, Board Members, community leaders and City and County executives.

Throughout the study, preliminary findings and conclusions have been reviewed and discussed with the members of the Housing Authorities Merger Committee composed of:



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	<b>Salt Lake City</b>	<b>Salt Lake County</b>
• Board Member	Alfonsa Price	Jennifer Jolley
• Board Member	Phil Bernal	Patrick Leary
• Board Member	Michael Clara	David Fitzsimons
• Executive Director	Terry Feveryear	Kerry Bate

The Housing Authorities Merger Committee met bi-weekly for detailed progress reports and extensive study review sessions.

### **MEMBERS OF THE STUDY TEAM**

The Housing Authorities Merger team was led by Bonneville Research and was made up of the following:

- Robert Springmeyer, Lead Consultant, Chairman Bonneville Research
- Jon Springmeyer, Development & Mapping Consultant, President Bonneville Research
- Stephen Erickson, Community Consultant, Sub-consultant to Bonneville Research
- Douglas Carlson, Housing Authority Consultant, Sub-consultant to Bonneville Research

### **ORGANIZAION OF THE REPORT**

The report is divided into three chapters and appendices, as follows:

- Chapter 1 – Introduction - reviews the present organization and legislative framework in which the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake County (HACSL) operations are being conducted and summarizes our findings and conclusions.

*Study Report Organized in Three Chapters*

## Introduction

- Chapter 2 Housing Agencies In Perspective - reviews the present organization and operational framework in which the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake County (HACSL) operations are being conducted and summarizes our findings and conclusions regarding the growth and development of each authority.
- Chapter 3 presents the findings of mapping of each authority owned properties, where each authority's Section 8 Housing Vouchers are being used and the locations of the current tax credit housing.
- Chapter 4 presents unbiased recommendations and describes the major alternative approaches to authority organization which were considered, analyzes the relative advantages and disadvantages of each alternative and outlines three alternative proposed authority operational improvement plans, including the major features of and rationale for each recommended alternative.
- Chapter 5 presents Eight Strategic Priorities to serve as a basis for initiating the proposed services contract, monitoring progress and assessing results.



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## ALTERNATIVES EXAMINED

To assist each authority achieve optimal operational efficiencies, the following organizational and operational merger/consolidation alternatives were examined. These include:

### **Alternative I Improve the Status Quo**

In this alternative the present system of two independent Housing Authorities (HA's) would be retained. Greater use would be made to jointly cooperate on staff training, recruiting, contract management, inspections and management of the Section 8 Housing Choice Voucher program.

### **Alternative II Merger of the Two Authorities**

In this alternative, the two authorities would be merged/consolidated into one authority or a new entity with county wide jurisdiction created.

### **Alternative III Create a new Section 8 entity**

In this alternative, the two authorities would create a new corporate entity to administer the Section \* programs for both Housing Authorities.

### **Alternative III Partial Merger of the Two Authorities**

In this alternative the present system of two independent Housing Authorities (HA's) would be retained, but would seek to merge/consolidate a major program/operation of both entities.

## *Four Alternatives*

### *Improve Status Quo*

### *Authority Consolidation/Merger*

### *New Section 8 Entity*

### *Partial Authority Consolidation/Merger*

## Introduction

These organizational opportunities are achievable but “corporate culture” of the two authorities must be addressed prior to a merger focusing on customer/client service.

Additional investment in personnel training is recommended with the expectation that their efforts will be directed at the management, operational and community service improvement opportunities a merged/consolidated organization can achieve.

## ACKNOWLEDGEMENTS

The cooperation accorded to members of each authority management team and well as numerous other persons and community organizations involved in public housing services is acknowledged.

Background and statistical information of extraordinary value in the preparation of this report was obtained through open and through cooperation of the authority staff.

The insights and opinions expressed by members of each authority management and other officials regarding a possible merger and possible advantages and problems have been extremely valuable in the development of the recommendations contained in this report. It is important to note, however, that the opinions, findings and conclusion expressed in this publication are those of Bonneville Research, and not necessarily those of the Housing Authority of Salt Lake City (HASLC), the Housing Authority of the County of Salt Lake (HACSL), or the public they serve.

Very truly yours,

Bonneville Research



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February, 2015

# 2 Salt Lake City and County Housing Authorities

## Background and Profile of the Housing Authorities

### **BUSINESS OF THE HOUSING AUTHORITIES**

The Housing Authorities of Salt Lake City (HASLC) and Salt Lake County (HACSL) are Public Housing Authorities (PHAs), created to provide and promote affordable housing for low-income persons residing in Salt Lake City and County respectively. They are both federally funded Special Purpose Government Agencies, providing rent subsidies and affordable housing to lower income families. Established under the Housing Authorities Act of the State of Utah in 1969 funding and supervision is provided through the US Department of Housing and Urban Development (HUD) and work with the HUD offices in Denver (Regional) and Utah.

In addition, both authorities have created 501 (c) (3) nonprofit organizations as instrumentalities that develop, own, and manage affordable housing.

## Housing Authorities In Perspective

**Mission: Provide and develop quality and affordable housing**

### **Public Housing**

The Housing Authority of the County of Salt Lake (HACSL) lists their Mission and Values as:

#### **MISSIONS:**

While the following is the adopted mission of the Housing Authority of the County of Salt Lake it generally reflects the missions of both Authorities:

*Our mission is to provide and develop quality affordable housing opportunities for individuals and families while promoting self-sufficiency and neighborhood revitalization.*

#### **PROGRAMS:**

##### **Public Housing**

Public housing programs were established by the U.S. Government to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high-rise apartments for elderly families. Nationally there are approximately 1.2 million households living in public housing units, managed by some 3,300 HAs. The U.S. Department of Housing and Urban Development (HUD) administers Federal aid to local housing authorities (HAs) that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance in planning, developing and managing these developments.



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Public housing is limited to low-income families and individuals. Each Housing Authority determines eligibility based on:

- Annual gross income;
- Other qualifications as elderly, a person with a disability, or as a family; and
- U.S. citizenship or eligible immigration status.

Each Housing Authority checks references to make sure the individual or family will be good tenants.

Each Housing Authority will deny admission to any applicant whose habits and practices may be expected to have a detrimental effect on other tenants or on the project's environment

Both the Salt Lake City and County Housing Authorities operate Public Housing programs using income limits developed by HUD to provide safe and decent rental housing for eligible low-income (80% & 30% below area median income) residents at rents they can afford.

### **Role of the Authorities**

Both the Salt Lake City and County Housing Authorities are responsible for the management and operation of their local public housing programs. They may also operate other types of housing programs.

- On-going functions: (a) Assure compliance with leases. The lease must be signed by both parties;

*Responsible for management and operations of public housing programs*

## Housing Authorities In Perspective

- Set other charges (e.g., security deposit, excess utility consumption, and damages to unit);
- Perform periodic reexaminations of the family's income at least once every 12 months;
- Transfer families from one unit to another, in order to correct over/under crowding, repair or renovate a dwelling, or because of a resident's request to be transferred;
- Terminate leases when necessary; and (f) maintain the development in a decent, safe, and sanitary condition.

Both the Salt Lake City and County Housing Authorities provide other services, including such things as:

- Employment training opportunities
- Other special training and employment programs for residents; and
- Support programs for the elderly.
- HACSL has the largest and most comprehensive services department of any housing authority in the state. HACSL had \$1,031,000 in services last year compared to HASLC's \$520,000.

### Public Housing Authorities in Salt Lake County

In addition to the Salt Lake City and County Housing Authorities, West Valley City operates a HUD recognized Public Housing Agency that provides a Section 8 Voucher Program only.



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*Provide support services*

*Authorities in Salt Lake, Salt Lake County & West Valley City*

<b>SECTION 8 HOUSING VOUCHERS</b>	<b>Housing Authority of Salt Lake City UT004</b>	<b>Housing Authority of the County of Salt Lake UT003</b>	<b>West Valley City Housing Authority UT025</b>
Current HUD Section 8 Vouchers	2,656	2,409	531
Current HUD Non-Section 8 Vouchers	246	518	65

Source: HASLC, HACSL, Bonneville Research, 2015

### Public Housing Units

Under the Public Housing Program, each Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, which provides an Operating Subsidy and Capital Grant funding which enables the PHAs to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's Public Housing properties.

**Other Programs** – In addition to the major programs above, the Authority also maintains the following programs, which are defined as programs that have assets, liabilities, revenues, or expenses of 5% or less of the Authority's total assets, liabilities, revenues or expenses:

*Authorities are financed by many public and private sources*

## Housing Authorities In Perspective

- Community Development Block Grant Program - Community Development intended to increase residents' access to services.
- Business Activities – Represents non-HUD resources developed from a variety of activities.

The following “other programs” are run by both the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake (HACSL):

- Resident Opportunities and Self-Sufficiency Program (ROSS) for public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.
- Shelter Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.
- Housing Opportunities for Persons with AIDS (HOPWA) – A grant program funded by the Department of Housing and Urban Development that provides rental assistance for low-income persons medically diagnosed with HIV/AIDS and their families.

The following “other programs” are run only by the Housing Authority of the County of Salt Lake (HACSL):



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- HOME Investment Partnerships Programs - Tenant-Based Rental Assistance Program and Housing Assistance Rental Program providing transitional housing to very low-income families that have been involved with the criminal justice system.
- State Tenant-Based Rental Assistance Programs - to provide transitional housing to very low-income families and individuals of Salt Lake County.
- Criminal Justice Program that provides short-term housing for mental health court clients to help them transition back into the community.
- Family Employment Housing Program - A program funded by Salt Lake County providing housing to low-income families that have been refugees.
- Housing Retention Program – A program funded by the Social Services Block Grant to help prevent participants of Public Housing or Housing Choice Vouchers from being evicted and becoming homeless.

In the spring of 2007, the Housing Authority of Salt Lake City was given HUD approval for their application of a “disposition of public housing”. At that time the Authority owned 633 “public housing units”. The approval allowed the authority to “dispose” of 313 units. The agreement also allowed for the Department of Housing and Urban Development to issue the authority; 313 new section-8 housing choice vouchers (A 15% increase in their voucher pool). The vouchers were provided to those individuals enrolled in the public housing program that needed to relocate as a result of the forthcoming property sale.

***Both Authorities offer many types of housing to meet area needs***

## Housing Authorities In Perspective

**Section 8 Housing Choice Vouchers help pay for 65% of public housing**

Residents were also allowed the first option of purchasing their unit.

The Housing Authority of Salt Lake County (HACSL) has not taken such action and therefore owns a significant number of single family detached housing units that it rents to qualified families and individuals.

PUBLIC HOUSING UNIT TYPES	Housing Authority of Salt Lake City		Housing Authority of the County of Salt Lake	
	Count	Percentage	Count	Percentage
<b>Current Housing Units</b>	<b>1,580</b>		<b>1,136</b>	
Homeless	315	20%	178	16%
Tax Credit	363	23%	190	17%
Public Housing – Senior/Disabled	389	25%	249	22%
Public Housing – Family	0	0%	377	33%
Market Rate Family	88	6%	118	10%
Other/Disabled	425	27%	24	2%

Source: HASLC, HACSL, Bonneville Research, 2015

### PROPERTIES:

#### Locations:

The Housing Authorities of Salt Lake City (HASLC) and Salt Lake County (HACSL) are Public Housing Authorities (PHAs) operated within approved jurisdictions. All of the Housing Authority of Salt Lake City (HASLC) non-federally owned properties are located within the corporate boundaries of Salt Lake City and similar for the Salt Lake



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County (HSCSL). Because the corporate boundaries of Salt Lake City are, by definition within the area of Salt Lake County, the Salt Lake County (HSCSL) operates facilities within Salt Lake City.

HOUSING UNIT LOCATIONS	Housing Authority of Salt Lake City		Housing Authority of the County of Salt Lake	
	Units	Percentage	Units	Percentage
<b>TOTAL</b>	<b>1,580</b>		<b>1,136</b>	
Salt Lake City	1,580	100%	149	13%
South Salt Lake			333	29%
West Valley City			256	21%
Millcreek			156	14%
Midvale			62	5%
Kearns			54	5%
Taylorsville			47	4%
Magna			41	4%
West Jordan			16	1%
Holladay			14	1%
Murray			5	0%
Sandy			3	0%

Source: HASLC, HACSL, Bonneville Research, 2015

## SECTION 8 HOUSING CHOICE VOUCHERS

The Section 8 housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.

The HASLC and HACSL both have made major program changes to facilitate residents of Salt Lake City and other areas of Salt Lake County to participate in the Section 8 Housing Choice Voucher Program. To date they have:

*Almost 80% of public housing facilities are located in Salt Lake City, South Salt Lake, West Valley City and Millcreek*

*Section 8 Housing Choice Voucher Program is the major housing program*

## Housing Authorities In Perspective

### Section 8 Housing Choice Voucher Program waiting lists

- Created a uniform Waiting List Application Form which allows an applicant to make application to either or both housing authorities.
- Allow vouchers issued by the authorities to be used anywhere in Utah.

### Current Section 8 Wait Lists

Both the HASLC and the HACSL maintain waiting lists of families, the elderly, and the disabled seeking affordable, decent, safe, and sanitary housing.

### Section 8 Housing Choice and Other Vouchers

Housing Authorities' Available Vouchers	Housing Authority of Salt Lake City	Housing Authority of the County of Salt Lake
<b>Total Available Vouchers</b>	4,479	3,750
Section 8	2,656	2,409
Public Housing	1,580	1,136
Project Based Vouchers	243	205

Source: HASLC, HACSL, Bonneville Research, 2015



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**Section 8 Housing Choice Voucher Wait Lists**

<b>Housing Authorities' Waiting Lists</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
<b>Voucher Applicants Wait Lists</b>	<b># of Applicants on Wait Lists</b>	<b># of Applicants on Wait Lists</b>
Section 8	933	11,144
Public Housing	1,313	8,189
Project Based Vouchers	1,476	66
Other Wait Lists	2,663	352
<b>TOTAL</b>	<b>6,385</b>	<b>19,751</b>
Total Section 8 or Public Housing	2,246	19,333
Applicants Duplicated on S8 and PH	152	7,095
Applicants Duplicated by both Housing Authorities	413	388

Source: HASLC, HACSL, Bonneville Research, 2015

Currently, both authorities have closed their lists to new applicants. The Housing Authority of Salt Lake City has indicated they may soon need to re-open their list.

**Current Section 8 Wait List Duplications**

Because very low-income families, the elderly, and the disabled seeking find affordable, decent, safe, and sanitary housing can and do make application for a number of public programs offered by both the HASLC and the HACSL, the waiting lists contain duplications.

**Section 8 Housing Choice Voucher Wait List Duplications**

## Housing Authorities In Perspective

The following is the result of a recent examination by both authorities looking at the number of possible duplications on their respective lists.

<b>Summary of Housing Authorities' Waiting Lists</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
Total Applications on All Waiting Lists	6,385	19,751
Total Non-duplicated within HA	5,972	19,363

*Source: HASLC, HACSL, Bonneville Research, 2015*

All Waiting list information is confidential and accessed only by authorized housing authority staff.

The Waiting Lists are updated, and applicants are asked to verify information annually.

The housing authorities have not been issued any additional Section 8 Housing Choice Vouchers; new vouchers are issued based on turnover.

The Section 8 Housing Choice Voucher Program (HCV) is funded by the Department of Housing and Urban Development (HUD) providing rental assistance to very low-income families and households within Salt Lake County (80% and below area median income).



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The HCV Program provides rental subsidy to 5,065 low-income families, disabled and elderly clients. This program is very popular with participants because it gives them the opportunity to choose where they want to live. They can choose to live near employment, transportation, child care or medical facilities, etc.

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD, which provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' portion of the contract rent at 30% of household income.

There are many other subsidized programs under the Section 8 program umbrella, they include: Section 8 Moderate Rehabilitation; Section 8 New Construction; Project Based Vouchers; Veterans Affairs Supportive Housing Vouchers. Housing Opportunities for Persons with HIV/AIDS; and Shelter plus Care Vouchers are separate voucher programs funded by HUD. Under these special Section 8 Programs, the HASLC provides rental subsidies to an additional 664 low-income families, disabled and elderly program participants.

***Section 8 Housing Choice Vouchers help pay for 65% of public housing***

## Housing Authorities In Perspective

<b>SECTION 8 HOUSING VOUCHERS</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
Current HUD Section 8 Vouchers	2,656	2,409
Current HUD Non-Section 8 Vouchers	246	518

*Source: HASLC, HACSL, Bonneville Research, 2015*

### **Finding:**

Both housing authorities' maintain waiting Section 8 Housing Voucher Choice lists, and have developed a uniform program application that conveniently allows participants to apply only once for assistance.

Applicants can direct their applications to either or both authorities.

Each authority administers their own waiting list; therefore, applicants can be on both authorities' lists at the same time. Both authorities' accept applicants from outside their respective jurisdictions without prejudice.

In other words, a County applicant can be accepted on the City's HCV program just as fast as a City applicant, and vice versa.

**Both Authorities maintain Section 8 Housing Choice Voucher Waiting Lists**



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They both draw from largely the same pool of applicants and are serving participants without respect to a geographic territory. Applicants are encouraged to direct their applications to both authorities to increase their chances of timely assistance. This is especially significant, as within the applicant screening process there are different discretionary eligibility preference policies that are applied by the respective authorities that may impact approval or denial.

Another benefit of participants filing applications with both authorities is that one authority from time to time may choose to close their waiting list while the other authority keeps theirs open.

This uniform system of waiting list administration would quite possibly allow an easy transfer of the HCV program from one authority to the other.

According to Notice PIH 2012-11 (HA), it is indeed possible to transfer the HCV program from one authority to another without a total authority consolidation. HUD's criteria for HCV transfer would likely be met under the circumstances of this study. However, an HCV transfer would be considered permanent, and only a total HCV transfer would likely be approved.

**Conclusion:**

The size and scale of both authorities Section 8 HCV program are very similar in size and nature would support the proposal of a merger of equals. Both authorities have

*HUD will approve a one-time transfer of Section 8 Housing Choice Vouchers*

## Housing Authorities In Perspective

currently closed their HCV waiting lists and have developed a uniform application form. .

### STAFFING:

Annual Contributions Contracts (ACCs) require PHAs to administer the housing choice voucher program in accordance with the ACC, federal program regulations, and HUD directives. To comply with these requirements, the PHAs must hire adequate staff to administer the program.

This chapter discusses some of the issues PHAs face as they make decisions about staffing levels and organizational structure. This chapter does not reflect regulatory guidance, except to point out the requirement for the PHA to administer the program in accordance with regulations. The chapter provides general guidance using the experience of a number of PHAs

*Staffing levels and job classifications of both Authorities are very similar*

CURRENT STAFFING	Housing Authority of Salt Lake City		Housing Authority of the County of Salt Lake	
Current Staffing (FTE)	88	%	107	%
Executive Director	1	1%	1	1%
Directors	3	3%	2	2%
Manager/Supervisor	14	16%	7	7%
Admin/Finance/HR Staff	6	7%	10	9%
Operations Staff	64	73%	77	72%
Affiliated Non-Employees			10	9%

Source: HASLC, HACSL, Bonneville Research, 2015



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<b>CURRENT STAFFING RATIO</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
Current Housing Units	1,580	1,136
Operations Staff	99	77
Current Housing Units/Operations Staff	16	15

Source: HASLC, HACSL, Bonneville Research, 2015

No specific industry standards exist to provide guidance regarding the appropriate staffing level to administer a housing choice voucher program. Wide variations in organizational structure, distribution of work, and job design make it difficult to draw workload comparisons from agency to agency.

**SECTION 8 HCV PROGRAM STAFFING:**

<b>SECTION 8 STAFFING PROFILE (FTE)</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
<b>Current Section 8 Vouchers</b>	<b>2,658</b>	<b>2,409</b>
<b>Current Non-Section 8 Vouchers</b>	<b>246</b>	<b>518</b>
<b>Total Current Vouchers</b>	<b>2,904</b>	<b>2,927</b>

Source: HASLC, HACSL, Bonneville Research, 2015

*Section 8 Staffing levels and job classifications of both Authorities are very similar*

## Housing Authorities In Perspective

<b>SECTION 8 STAFFING PROFILE (FTE)</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
<b>Total Positions</b>	<b>18.2</b>	<b>17.2</b>
Director of Housing and Services	0.2	
Director of Housing Operations		0.2
Department Manager		1
Department Supervisor		1
Section 8 Specialists	6	6
Housing Quality Standards/Inspectors	3	3
Family Self-Sufficiency Specialists	2	
Compliance Officer	1	
Eligibility Supervisor/Manager	1	0
Eligibility Specialist	1	2
Resident Services		3
Receptionist	2	1

Source: HASLC, HACSL, Bonneville Research, 2015

The Administrative expenditures for each authority are very similar.

<b>SECTION 8 Administrative Expenses</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
<b>Section 8 Revenues</b>	<b>\$14,963,476</b>	<b>\$18,963,476</b>
<b>Section 8 Administrative Expenses</b>	<b>\$1,258,834</b>	<b>\$1,302,878</b>
<b>Section 8 Admin/Exp Ratio</b>	<b>6.9%</b>	<b>6.9%</b>

Source: HASLC, HACSL, Bonneville Research, 2015

*Section 8 Administrative Revenues and Expenses of both Authorities are very similar*



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**Finding:**

The staffing levels and the categories of staff of both authorities are very similar. Particular attention was paid to the Section 8 staff of both authorities.

<b>SECTION 8 STAFFING PROFILE (FTE)</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
<b>Current Section 8 Vouchers</b>	<b>2,658</b>	<b>2,409</b>
Section 8 Specialists (Occupancy Specialist)	6	6
<b>Total Current Vouchers per Section 8 Specialist Position</b>	<b>443</b>	<b>402</b>

Source: HASLC, HACSL, Bonneville Research, 2015

*Generally, programs with the occupancy specialist function have caseloads ranging from 400 to 600 clients, depending on a number of factors. Most important are the functions assigned to the staff members, the extent to which the automated systems assist in document and letter production, the quality of the monitoring systems, the amount of clerical support, program requirements for tenants to report interim changes, program turnover, and the number of participant moves.*

*Source: Chapter 21, Program Staffing, HUD, Housing Choice Voucher Program Guidebook*

Further, the HUD Housing Choice Voucher Program Guidebook presents a typical organization chart for a Medium Sized Housing Choice Voucher Program (2,000 to 2,500 Units) which outlines 15 positions.

Interestingly, the HUD Housing Choice Voucher Program Guidebook also presents typical organization chart for a

**Section 8 staffing levels of both Authorities are very similar**

## Housing Authorities In Perspective

Large Housing Choice Voucher Program (5,000 to 6,000 Units) which outlines 37 positions.

<b>SECTION 8 STAFFING PROFILE (FTE)</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
<b>Current Section 8 Vouchers</b>	<b>2,658</b>	<b>2,409</b>
Section 8 Staff	18.2	16.2
<b>Total Current Vouchers per Section 8 Specialist Position</b>	<b>146</b>	<b>149</b>

Source: HASLC, HACSL, Bonneville Research, 2015

Therefore a combined Section 8 organization might look much like the HUD Program Guidebook example for a Large Housing Choice Voucher Program.

<b>SECTION 8 STAFFING PROFILE (FTE)</b>	<b>Housing Authority of Salt Lake City + Housing Authority of the County of Salt Lake</b>
<b>Current Section 8 Vouchers</b>	<b>5,067</b>
Section 8 Staff	34
<b>Total Current Vouchers per Section 8 Specialist Position</b>	<b>147</b>

Source: HASLC, HACSL, Bonneville Research, 2015

### Conclusion:

The fact that the number and the categories of staff of both authorities are so similar could support the proposal of a merger of equals.

*Staffing levels and job classifications of the Section 8 Housing Choice Voucher sections of both Authorities are very similar*

*Similar staffing levels and job classifications of both Authorities are very similar and if a merger is approved it would be a merger of equals*



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## TAX CREDIT HOUSING:

Both Housing Authorities actively seek Federal and State Low Income Housing Tax Credit Awards from the Utah Housing Corporation to finance the development of new and the rehabilitation of existing multi-family housing for low-income families, senior citizens and others. Each does this through their nonprofit development arms.

Tax Credits have become essential to the development of virtually all rent-assisted (subsidized) housing. Credits are awarded and administered by the Utah Housing Corp.

Statewide, the UHC Federal and State Low Income Housing Tax Credit program has completed 9,233 Units in Salt Lake County of which 4,091 or 44% were in Salt Lake City.

*Tax Credit Housing is the only “Growth Area”*

<b>Tax Credit Housing Units</b>	<b>Utah Housing Corporation Units</b>	<b>% of Total</b>
<b>Total in Salt Lake County</b>	<b>9,233</b>	<b>100%</b>
Total in Salt Lake City	4,091	44%
Total in West Valley City	1,337	14%
Total in West Jordan	819	9%
Total in South Salt Lake City	185	2%
Balance of Salt Lake County	2,801	30%

Source: HASLC, HACSL, Bonneville Research, 2015

<b>2013 Tax Credit Housing Awards</b>	<b>Private Affordable Units</b>	<b>Private or Nonprofit Affordable Units</b>
Total in Salt Lake City	81	66
Total in Murray	84	
Balance of State	160	333

Source: HASLC, HACSL, Bonneville Research, 2015

## Housing Authorities In Perspective

### HASLC Tax Credit Housing Units

Since the inception of the LIHTC program, HASLC has received \$25.7 million in tax credit allocations and has constructed or acquired and rehabilitated 433 units of family affordable, senior, or special needs housing.

In the December 2013 allocation round, the Salt Lake City Housing Authority's Taylor Gardens project (112 units), received \$987,791 in LIHTC equity. The project is now under construction. The HASLC was just awarded \$984,915 of additional tax credits in 2014 for the 9<sup>th</sup> East Lofts (68 affordable units) on 900 East in partnership with the Redevelopment Agency of Salt Lake City.

The original nonprofit development arm of the Salt Lake City Housing Authority, the Housing Development Corporation (HDC), was formed in 1983 with an express purpose to create an income stream to pay off \$15 million in bonded indebtedness taken on by the Housing Authority in the early 1990's. In 1992, the Housing Assistance Management Enterprise, LLC (HAME), was formed as a Limited Liability Corporation to manage the sale and disposal of HASLC's public housing properties. HAME now develops new low-mod income, senior, and market-rate housing, but also manages these properties (18 total properties). HAME uses consultant (Dave Miner) in its tax credit and bond financing efforts, including preparing



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*Taylor Gardens was  
approved for Salt Lake City  
in 2013*

applications and obtaining construction and permanent financing or refinancing. HAME has no employees of its own and operationally is part of the HASLC.

HAME maintains accounting cost centers, but shares accounting and human resource (HR) services with HASLC.

### **HACSL Tax Credit Housing Units**

The Salt Lake County Housing Authority did not apply for LIHTC awards in 2014, having just completed the Bud Bailey project (Phase II), financed in part with tax credits awarded in 2012 and 2013.

The Salt Lake County Housing Authority, a nonprofit arm, Housing Opportunities, Inc. (HOI), has been in operation since 1994. HACSL runs all of its tax credit properties' grant applications, donations, and youth programs through Housing Opportunities, Inc. with dozens of HACSL staff contributing.

HOI has developed six low-income housing tax credit projects totaling 359 units utilizing \$33.2 million in LIHTC awards.

HOI's niche has been on serving homeless families, homeless youth, refugees, and disabled persons, as well as low-income families and seniors. This population mix has greater and more complex needs requiring supportive and collaborative casework services, which is, therefore, a

*Separate "Nonprofits" formed to develop projects*

*The Bud Bailey project was approved for Salt Lake County in 2012-13*

## Housing Authorities In Perspective

focus of the HACSL. HOI is looking for land now for its next LIHTC project that is expected to start in October 2015.

### **Opportunities:**

#### **HASLC**

Both Housing Authorities have promising opportunities to expand their development work and portfolios. Along with tax credit financing, HASLC has opportunities to access Salt Lake City Redevelopment Agency's substantial tax increment set asides for moderate income housing, as well as City Housing Trust Funds. As Transportation Oriented Developments (TOD's) gain greater emphasis and momentum around Salt Lake City's transit stations, HASLC/HAME may have options to:

- Access new capital resources,
- Partner with other TOD developers, and
- Work for inclusion of affordable housing in Transit Station Area projects.

A renewed focus on housing policy and much anticipated new City low-income housing initiative may also offer opportunities for HASLC/HAME to more deeply target the most vulnerable and needy residents than they have done in past projects. HAME is on solid financial and operating footing, and the Housing Authority has strong capital reserves, and thus is in a solid position to couple bond financing with other resources to expand their development activities.



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## **HACSL**

Housing Authority of the County of Salt Lake anticipates \$16.5 million in revenue from the disposal of its public housing stock (131 units in 82 buildings) over the next few years. This money will be leveraged to replace those units with new low-income housing units, substantially enlarging HACSL's and their wholly owned non-profit's portfolio and presence in the market.

HACSL/HAME should also benefit from lower land costs and the greater availability of developable land in a number of areas within the County. There are also a number of opportunities to partner with municipalities to create affordable housing near transit nodes and to encourage those cities to include moderate income housing in their TOD's (the Valley Fair Village project is a fine example).

Both HA's could benefit from stronger relations and financial assistance from their respective governments. Both the current City and County administrations appear to be supportive of their respective Housing Authorities – the timing is excellent for the HA's to pursue and sustain a more assertive role in housing policy and development now and in the next several years.

## Housing Authorities In Perspective

### Limitations/Concerns:

- One concern is the condition of the Public Housing High Rise facilities at 2100 South, jointly owned by the two HA's with 150 units managed by each. These buildings are in need of significant – and expensive - rehab and upgrades. Finding the funding for this will be a challenge.
- Both HA's have used their bonding ability to create affordable housing, but without additional layers of subsidy, bond rents remain too high, limiting development opportunities utilizing this resource.
- Opportunities to develop low-mod income housing in certain neighborhoods in Salt Lake City and some municipalities within Salt Lake County are limited or non-existent due to neighborhood and political resistance. It is not likely that merging the two Housing Authorities would alter this situation.
- High land costs and a perceived lack of developable land in Salt Lake City could curtail efforts by HASLC to take on more difficult projects or parcels, and steer its developments to less challenging areas and neighborhoods within the City. HASLC/HAME should carefully examine opportunities for in-fill development on vacant or underutilized properties along transit corridors and in denser, existing neighborhoods in central and east-central SLC.



**Findings:**

The Housing Authority of Salt Lake City (HASLC) has more experience and expertise than the Housing Authority of the County of Salt Lake (HACSL) in project development and asset management. HACSL is making strides to develop its capacity to do more projects, and will likely become more expert and competitive in the future. Neither, however, possesses the expertise or capacity of the top private sector affordable housing developers. Two issues are worth noting:

1. This capacity shortfall is not unique to Housing Authorities but applies to the broader nonprofit housing community with a couple of exceptions.
2. Private sector developers typically build more “market rate” housing.

That said; both agencies have been successful in developing and managing LIHTC projects.

Utah Housing Corp. currently has a policy to limit any Housing Authority or its affiliate to a maximum of \$1 million in Tax Credits annually. Thus unless this policy is changed a merger would cut in half the maximum of \$2 million annually in tax credits to \$1 million. While they have not always done so in the past, both HA’s and their nonprofits intend to apply for tax credits at least once each year, and may in the future, as HASLC did this year, apply as often as twice apiece for allocations (as much as \$4m. annually). Were the two to merge, this policy could dramatically limit the total amount of tax credits the consolidated entity could receive.

*Salt Lake City HA has more tax credit experience and expertise*

*Utah Housing Corp \$1M annual limit*

## Housing Authorities In Perspective

This is also the policy of the Board of the Olene Walker Housing Loan Fund, another important source of capital for affordable housing development. Limitations on access to OWHLF monies would further constrain a consolidated housing authority's access to development capital.

### **Conclusion:**

Both Housing Authorities could benefit from working more closely together.

### **BUDGETS:**

Each Authority consists of exclusively Enterprise Funds which utilizes the full accrual basis of accounting and is similar to accounting utilized by private sector accounting.

#### **The Housing Authority of Salt Lake City (City) financial highlights:**

- Operating Revenues: \$32,923,000
- Operating Expenses: \$33,194,000
- Total Assets: \$102,452,000
- Short term Debt Outstanding: \$3,676,000
- Long term Debt Outstanding: \$32,436,000
- Net Position: \$66,340,000

#### **The Housing Authority of Salt Lake County (County) financial highlights:**

- Operating Revenues: \$33,981,000
- Operating Expenses: \$32,704,000
- Total Assets: \$71,449,000



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*Annual Budgets of both Authorities are very similar*

- Short term Debt Outstanding: \$3,519,000
- Long term Debt Outstanding: \$21,149,000
- Net Position: \$46,761,000

**Note:** Current Liabilities for the County Housing Authority increased because the Housing Authority is holding investments for Bud Bailey Apartments.

CURRENT BUDGETS	Housing Authority of Salt Lake City		Housing Authority of the County of Salt Lake	
	Budget (FY14) (000)	%	Budget (CY14) (000)	%
<b>Current Revenue and Expense Budget:</b>				
Total Operating Revenues	\$32,923	%	\$33,981	%
Federal Subsidies	22,761	69%	25,978	76%
Rents & Other	10,162	31%	8,003	24%
Total Operating Expenses	\$33,194	101%	\$32,704	96%
Administrative & General	7,028	21%	5,907	18%
Tenant Services	520	2%	1,031	3%
Utilities	1167	4%	804	2%
Ordinary Maintenance & Operations	3063	9%	3,558	11%
Housing Assist Payments	18,050	54%	21,404	65%
Depreciation	3366	10%	3,056	9%
Income (Loss) From Operations	(\$271)	-1%	(\$1,779)	-5%
Non-operating Income (Expense)	(\$686)	-2%	(\$883)	-3%

Source: HASLC, HACSL, Bonneville Research, 2015

## Housing Authorities In Perspective

### Findings:

The budgets of the two authorities are remarkably similar; both in terms of revenues and expenditures, but the following differences are of note:

- The City Housing Authority (HASLC) owns more rental units than the County Housing Authority (HACSL), which is reflected in the financials with more tenant rental revenue, a higher amount of Fixed Assets, and a higher related long-term debt used to leverage the purchase or construction of additional units, and a higher maintenance expense.
- The City's financials reflect higher restricted cash of which is 68% of the \$12m from the proceeds of the sale of their Family Public Housing units, and is required to be used to build affordable housing in the future.
- The City runs a VA Per Diem program consisting of about \$2m annually, funded by the Veteran's Administration.
- The County's financials reflect higher Public Housing operating and capital fund funding because it owns 237 more Public Housing units than the City. The City's public Housing portfolio is all senior housing, compared to a mixture of family, senior and disabled units in the County's Public Housing portfolio.

*Budgets of both Authorities  
are of similar size*



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- The County runs several non-Section 8 voucher programs consisting of about \$4m annually, funded by the County and the State.
- The County has a resident services department that has a budget about twice as big as the City and which provides a variety of services to special needs groups and children.

Housing Authority of the County of Salt Lake (HACSL) is receiving a larger percentage and absolute amount in the Federal Subsidies category, which is likely a reflection of their still owning a significant number of single family detached public housing units.

Housing Authority of the County of Salt Lake (HACSL) is also currently carrying a significant amount of Short-Term Debt due to “construction loans” for the development of the large Bud Bailey housing project. Salt Lake County anticipates that this \$4 million debt will shortly be converted to long term debt. Because of this long term debt currently carried by the County Housing Authority (HACSL), the Salt Lake City Housing Authority scored higher on a detailed “ratio” analysis evaluating the financial strength of each authority.

## Housing Authorities In Perspective

*Both Authorities are financially sound and have similarly sized activities*

### Conclusion:

Both authorities are financially sound and have similarly sized activities based on operating revenues and expenses. They are not similar authorities financially, with the Housing Authority of Salt Lake City having net assets exceeding the Housing Authority of the County of Salt Lake by \$31m and a net position exceeding the county by \$19.6m.

### ADMINISTRATIVE FACILITIES:

#### HASLC

The Housing Authority of Salt Lake City (HASLC) utilizes three buildings for general administration and central maintenance at a complex located at 1776 South West Temple in Salt Lake City.

- Building 1 serves as the general administration office for the City and has 13,110 square feet of space, sitting on a lot of 1.02 acres. Building 1 was built in 1950 and with upgrades made in the late 1990's has effective year built of 1993.
- Building 2 serves as a central maintenance office/warehouse and is located north of the administrative offices across from a City owned housing development, Jefferson Circle. It was built in 1983 and has an effective year built of 1988, and has 5,000 square feet of space, and sits on a lot of .49 acres.

*Administrative facilities of both Authorities are adequate for current staffing levels*



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## Housing Authorities In Perspective

administration and maintenance warehouse space. A maintenance shop, also constructed in 1974, has 1,512 Square feet of area exists to the southeast of the primary building. Ample parking for the public and employees is provided on the southern half of the site.

The value of the facility derived from property insurance policy values the Salt Lake County Assessor's Office is estimated at:

- Central Administrative Office and Maintenance Facility \$3,142,600
- Land \$438,500
- Total Value \$3,581,100

Both facilities seem to be meeting the basic needs and are being utilized to near capacity for the respective housing authorities. The City's facilities are modern, well-kept and attractive. The County's facilities are older and less attractive, although fully functional. However, modernization would likely make the buildings more efficient, attractive, and a more pleasant work environment.

Both Authority facilities are reasonably located support their current operations.

One important factor in the functionality of both authorities is their current decentralized on-site management philosophy for larger properties, including site managers and routine site maintenance personnel. However, the



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County's maintenance system is slightly more centralized than the City's operation, with more maintenance personnel working out of the South Salt Lake administrative office. Both authorities store and distribute maintenance supplies out of central warehouses. Equipment storage needs are minimal, as both authorities perform landscape maintenance from each project site or subcontract landscaping and major system repair/replacement tasks with the private sector. Fleet vehicles for maintenance are generally located at local individual project sites as assigned.

<b>ADMINISTRATIVE &amp; MAINTENANCE FACILITIES</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
Administrative Building Size	13,110	37,682
Maintenance Building Size	6,320	1,512
Administrative Building Effective Year Built	1993	1991
Maintenance Building Effective Year Built	1988	1991
Administrative Site Acreage	1.02	2.16
Maintenance Site Acreage	0.49	
Estimated Building Value	\$3,470,400	\$3,142,600
Estimated Land Value	\$849,900	\$438,500
Estimated Total Building & Land Value	\$4,320,300	\$3,581,100

Source: HASLC, HACSL, Bonneville Research, 2015

**Findings:**

Interviews with maintenance management staff from both authorities revealed a general satisfaction with how their function and facilities are organized. Both systems are

## Housing Authorities In Perspective

thought to be effective and efficient from their own perspectives. Both maintenance managers felt strongly that it is advantageous to keep maintenance management located at or near the general authority administrative offices, mainly for effective coordination with central property managers and the Executive Director.

In the event of full authority consolidation, neither of the authority's central physical facilities seems adequate to house additional staff and equipment.

The County's facility cannot accommodate expansion without demolition of the existing building and expanding upward with a taller, larger structure. While the existing parking area is adequate, no parking spaces could reasonably be eliminated for new structures.

The City's administrative office space cannot be reasonably expanded to accommodate a consolidation either. However, with the City's 1.31 acre of vacant land located adjacent to its maintenance facility, expansion is possible.

### Conclusions:

With consolidation, it is reasonable conclude that each authority would likely need to dispose of their central physical facilities and a new site purchased or constructed with sale proceeds to serve the new consolidated entity. An alternative to this course of action would be to split or

*Neither current site could support a fully merged entity*



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separate the functions of the new entity into two locations. Since the City's site could accommodate maintenance facility expansion, the management of owned housing, nonprofit management, and maintenance management could be performed at the current City site.

Rental subsidy programs, service programs, and central administrative functions could be consolidated at the current County facility in South Salt Lake.

Any unused space could be leased to other entities or retained for future expansion. While this alternative is certainly possible, and likely less expensive than purchasing/adapting a new facility or constructing a facility at a new site, it may not be the most effective or efficient alternative in terms of general authority management.

### **INFORMATION SYSTEMS:**

The Housing Authority of Salt Lake City (City) contracts with Salt Lake City Corporation's Information Technology Department for its IT services. One IT employee is physically located at the HASLC central offices, but is an employee of Salt Lake City. Since July 2014, IT has been assessing the condition of existing computer hardware equipment. IT is recommending a modernizing program to replace 30 computer stations per year for the next three years. Each replacement computer will be standard business class PC stations, equipped with a 500GB hard drive, 4-8GB RAM and Windows 7 software.

## Housing Authorities In Perspective

The Housing Authority of Salt Lake City is currently utilizing Yardi Voyager 6 software for general accounting, program, and proper management functions. Current versions of Yardi software does not allow for adequate Capita Fund program reporting to HUD, an important administrative function all housing authorities are obligated to perform. For this function, the City Housing Authority uses their old Emphasis Computer System that operates a Tenmast software system that integrates with Yardi and allows efficient PIC transmission of HUD reports and efficiently catches errors. The City also contracts with the private sector for payroll services.

The Housing Authority of the County of Salt Lake (County) retains its own IT function with a staff of two full-time employees. No formal computer hardware plan is currently in place; computer equipment is replaced as needed, within budget constraints. Within the 2014 budget year, 30 business class computer stations have been replaced. For payroll, accounting, fixed assets, program management and HUD reporting, the County utilizes Emphasis Elite Software. Their Elite software was upgraded in 2010 at a cost of approximately \$200,000. The County replaced their telephone systems in 2007.

*Information Systems of both Authorities are current and strong, but very different*



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<b>INFORMATION SYSTEMS</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
Employees	1 - Contract w/ Salt Lake City	2
General Accounting System	Yardi Voyager 6	Emphasis Elite
HUD Reporting System	Tenmast	Emphasis Elite
Payroll	Private	Emphasis Elite
Work Station Computer	PC w/ Windows 7	PC w/ Windows 7
Work Station Computer Replacement	30/yr	30/yr

Source: HASLC, HACSL, Bonneville Research, 2015

The HACSL feels there would be significant cost savings in the long term from a consolidation to one software system after the initial high costs of conversion and training.

**Findings:**

Both authorities have been striving to keep current with computer hardware improvements and replacements as their budgets will allow. Both Authorities are relatively happy and satisfied with their respective major software program(s), and are both fearful that a consolidation would necessitate a major change or conversion. Such an event represents a major undertaking for any housing authority, invariably involving a temporary period of system disruption, frustration, and training until the new system is in place and employees become familiar with it. Employees understandably dread this time-consuming and expensive process.

*Authorities operate different software systems and either could support a merged entity*

## Housing Authorities In Perspective

*Some training will be needed for a smooth transition if a merger is sought*

### **Conclusion:**

Both authorities' software systems are popular and well received in the public housing sector. No single housing agency software system currently dominates the marketplace, with a broad range of good software options available; each housing authority analyzes the marketplace for the programs that best meets their needs and budgets. Both of the authorities' current software systems could accommodate a consolidation, and there is no need for an expensive and disruptive purchase of a new system. The merits of both software systems should be analyzed in a cooperative effort to determine which system best meets the needs of the consolidated entity. It should also be anticipated that additional software training will be needed for the unfamiliar staff.

### **FLEETS:**

The Housing Authority of Salt Lake City (City) owns and maintains 27 maintenance and administrative vehicles and three utility trailers for its operation. Three of these vehicles are inactive, and held in a backup role. There is no central fleet management location for all vehicles; however, all vehicles used for administration are parked at the central maintenance facility. Maintenance vehicles assigned to specific properties are maintained at the respective properties. No employees take vehicles home with the exception of the on-call maintenance employee. On-call duties are rotated on a weekly basis within the

*Fleets of both Authorities are similar in size and management*



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maintenance staff. Vehicles in the fleet range from one year to 25 years old. Nine employees receive monthly vehicle allowances for utilizing their own vehicles for authority business, and do not use authority owned vehicles. Auto allowances range from \$250 to \$400 per month per employee. City owned vehicles are not serviced by City staff, but contracted to the private sector. Fleet management responsibilities are assigned to the Asset Management Supervisor.

The Housing Authority of the County of Salt Lake County (County) owns and maintains 36 maintenance and administrative vehicles and five utility trailers for its operation. There is no central fleet management location, with fleet vehicles assigned to specifically housing developments, kept at or near the specific assigned properties. All administrative vehicles are kept at the central administrative office in South Salt Lake. Vehicles are not taken home by employees except for on-call maintenance employees. Vehicles in the fleet range from new to 20 years old. Only the Executive Director receives a monthly auto allowance; however, several employees drive their own private vehicles for their work duties and receive a mileage reimbursement according to applicable IRS rates. County owned vehicles are not serviced by in-house staff, with private sector garages relied upon for service. Fleet management responsibilities are assigned to the finance department employee (.20 FTE) under the direction of the Finance Director.

*Salt Lake City provides allowances for privately owned vehicles while the County does not*

## Housing Authorities In Perspective

<b>AUTHORITY FLEETS</b>	<b>Housing Authority of Salt Lake City</b>	<b>Housing Authority of the County of Salt Lake</b>
Maintenance & Service	Private	Private
Total Admin & Maintenance Vehicles	27	36
Average Vehicle Age	13	10
Private Vehicle Allowance	\$250 - \$400/Mo	ED only

Source: HASLC, HACSL, Bonneville Research, 2015

### **Finding:**

Both authorities have similar numbers of vehicles and policies regarding vehicle maintenance and servicing agency owned vehicles. They both have adequate facilities for vehicle parking and storage.

The one area of significant difference is the City Authority policy of providing an Allowance for privately owned vehicles.

### **Conclusion:**

Both authorities' fleets are similar in size, age and policies for service and maintenance. The merits of private vehicle allowances should be analyzed in a cooperative effort to determine which system best meets the needs of the consolidated entity. Only minimal training will be needed for a smooth transition if a merger is sought.

*Only minimal training will be needed for a smooth transition if a merger is sought*



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## LEGAL SERVICES:

Both authorities' retain outside legal counsel, and there may be an opportunity to consolidate contracts with the same firm, but the total amounts are not significant.

## LEGAL, REGULATORY OR CONTRACTUAL BARRIERS:

The Housing Authority of Salt Lake City and the Housing Authority of the County of Salt Lake, respectively, administers or manages multiple affordable housing programs and projects throughout the Greater Salt Lake Area. With each program or project there are contracts and agreements with funding and overseeing entities for which the housing authorities are responsible to. A consolidation of the city and county housing authorities would impact virtually all existing contracts and agreements, especially if a new unified entity is created, or the agency name is changed. This report addresses the impacts of governmental laws, regulations, and private sector agreements on a possible authority consolidation.

### Utah State Code

Utah State Code, Title 35A, Chapter 8, Sections 401-430, detail the creation, organization, powers, and responsibilities applicable to Housing Authorities (HAs) in Utah. After a review of this statute, there does not appear to be any language that precludes the consolidation of two existing housing authorities. In addition, 35A-8-411 states:

*Both Authorities retain outside legal counsel*

## Housing Authorities In Perspective

*HUD will require a legal opinion on compliance with state and local statutes for consolidation*

- (1) Two or more authorities may cooperate with one another or jointly exercise any or all of their powers for the purpose of financing, issuing bonds, and other obligations and giving security for them, planning, undertaking, owning, constructing, operating, or contracting with respect to a housing project or projects located within the area of operation of any one or more authorities.
- (2) For this purpose an authority may by resolution authorize an authority joining or cooperating with the authority to act on the authority's behalf.

While this section does not directly address consolidation, it is the section that most closely addresses the joining of efforts.

HUD requires both authorities to provide an attorney's legal opinion on compliance with state and local statutes for consolidation. Bonneville Research is confident such an opinion will not identify any prohibitions to consolidation in the State Code.

### **Department of Housing and Urban Development (HUD)**

All housing authorities have certain agreements with HUD for funding and oversight of programs. Examples of such agreements are the Annual Contributions Contract in the Public Housing Program and the Housing Assistance



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Payments Contract with the Housing Choice Voucher Program. With respect to the City and County housing authorities, one or both authorities participate in the following programs funded by the federal government:

- Public Housing
- Housing Choice Voucher
- Shelter Plus Care
- Veterans Affairs Supportive Housing (VASH)
- Housing Opportunities for Persons with Aids (HOPWA)
- Family Unification Vouchers
- HUD Multifamily Housing

Historically, HUD has allowed housing authorities to voluntarily consolidate their service areas and reorganize into one administering entity. In fact, HUD is currently encouraging housing authority consolidation in rural areas for greater efficiencies of service and financial savings. On September 23, 2014, HUD published Notice PIH 2014-24 (HA) that addresses the process for public housing agency voluntary transfers and consolidations of the Public Housing program. This notice is specific to the Public Housing program and lays out a relatively straight forward process that both the City and County must follow for a voluntary consolidation. After review of the Notice, it appears that if the housing authorities strictly follow the procedures and perform their due diligence, HUD approval would be likely.

On February 15, 2012, HUD published Notice PIH 2012-11 (HA), which details the process for a housing authority

***HUD is encouraging authority consolidation in rural areas for greater efficiencies and financial savings***

***Current contracts with the HUD will need to be negotiated***

## Housing Authorities In Perspective

voluntary transfers and consolidations of housing vouchers. This notice includes any special purpose vouchers such as the VASH, Family Unification, Non-Elderly Disabled (NED) and Five- Year Mainstream vouchers. Again, this Notice identifies a relatively straight forward process that both housing authorities must follow to transfer and consolidate their HUD funded housing subsidy programs. After review of this notice, Bonneville Research cannot recognize any provision that would prohibit approval of consolidation if the applicants strictly follow the requirements of the Notice and perform their due diligence.

Housing Authority of Salt Lake City owns and operates one project, Jefferson Circle, which was developed and subsidized under a different HUD department, the Office of Housing, Multifamily Housing Programs. On or about September 18, 2014, HUD published a memorandum addressing the procedures for combining Section 8 Housing Assistance Payments Contracts under the Multifamily program. After review of this memo, it appears as though it applies to property owners wishing to consolidate two or more contracts in their portfolio, rather than two separate owners combining their properties. Nevertheless, it appears only one housing authority owns and administers a Multifamily project, so it is likely this report is not applicable to the proposed merger.



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However, a conversation with the regional Multi-family program office revealed that a Housing Assistance Payments Contract (HAP) may be assigned to a new entity, and physical assets may be transferred to a new entity (in the case of renaming of the consolidated authority). It was stressed in the conversation with HUD personnel that there are many different contractual arrangements under the Multifamily Program, and each project may have different requirements that must be considered in approving a transfer of subsidies or assets.

A written description of the consolidation proposal submitted to the Multifamily Office would be required to continue the conversation with HUD. Nothing in our conversations with the Multifamily office presented any serious concerns that HUD would not consider approving the transfer.

### **State of Utah**

Both authorities conduct business with one or more State agencies about funding and oversight of housing development or subsidy programs; most notably, the Housing and Community Development Division of the Department of Workforce Services. The Olene Walker Housing Loan Fund (OWHLF) provides funding for affordable housing development, often in association with Low Income Housing Tax Credit Programs. Both the City and County authorities have loans through the OWHLF. Conversations with OWHLF staff have indicated that amendments to current loan contracts may be negotiated and that formal requests would need to be submitted.

*Current loan contracts with the State of Utah will need to be negotiated*

## Housing Authorities In Perspective

The Housing and Community Development Division and Department of Workforce Services also administer other programs in which one or both authorities participate, i.e. HOPWA and Family Employment Housing Program (FEHP), and the Pamela Atkinson Housing Trust Fund.

There do not appear to be any serious impediments to a successful negotiation with the State for the transfer of contracts to a new consolidated entity.

### **Low Income Housing Tax Credit Program (LIHTC)**

Most, if not all development new affordable housing in Utah involves participation, through equity investment, of the LIHTC program. This program is authorized and regulated under Section 42 of IRS Code, with tax credit authorization and distribution administered by state agencies; in Utah, the Utah Housing Corporation (UHC).

Housing authorities and nonprofit agencies are not tax paying entities; thus, in order for public agencies to utilize tax credits, they must seek investment partners and create limited partnerships (LP) or limited liability companies (LLP), wherein the authorities serve as the managing member, and charged with total responsibility to plan, develop, and manage the housing projects in throughout the life of the project. The general partner or investor member owns 99.9 percent interest in the LLC in order to reap the full benefits of the tax credits. The investor



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*Low Income Housing Tax  
Credit Operating  
Agreements would need to  
be amended if a merger is  
sought*

member purchases the tax credits, and the proceeds are used as equity to develop the project. The Utah Housing Corporation provides the LIHTC authorization and monitors program compliance, along with the IRS. Land Use Restriction Agreements (LURAs) are recorded against the property to ensure strict compliance with IRS regulations and UHC requirements.

Both housing authorities have multiple LIHTC projects in their development portfolios. In relation to consolidation, modifications to all LLC Operating Agreements and LURAs must be sought and approved by the Utah Housing Corporation, and the each LLC investor partner.

All LLC Operating Agreements have provisions for amending or changing the managing member, and the process and circumstances for doing so are usually clearly spelled out in the documents. Typically, LLCs change managing members due to nonperformance or other circumstance where the managing member cannot continue in its role. All investor partners are understandably concerned with the security of their investment and the ability of the managing member to successfully perform its responsibilities. There is certainly no guarantee that each investor partner would approve an amendment to the operating agreement, but in the case of a voluntary consolidation of two healthy and well performing authorities, wherein the hands-on project management staff is not materially changing, and as modifications to the operating agreement would principally involve a managing member name change, the probability

## Housing Authorities In Perspective

of a successful negotiation is likely. The same can be said for approvals from the Utah Housing Corporation.

### Local Governmental Approvals

As identified in HUD Notice PIH 2014-24, the local political jurisdictions (Salt Lake City Council and Salt Lake County Council) must adopt resolutions approving the consolidation and creation of a new housing entity. Beyond this process, both authorities have program funding contracts with their respective local jurisdictions for the provision of affordable housing, i.e., the HARP program and some HOPWA funding. Once an approval is granted by the respective political jurisdictions with the appropriate resolutions passed, it would be a relatively simple process to amend any local funding or cooperation contracts for the new consolidated entity.

**Finding:** HUD requires both authorities to provide an attorney's legal opinion on compliance with state and local statutes for consolidation.

**Conclusion:** If a decision is reached to merge the two authorities, a legal opinion of compliance with state and local statutes regarding consolidation must be obtained from both Salt Lake City and Salt Lake County Attorney's Offices.

*Salt Lake City and County must pass resolutions authorizing a merger, if one is sought*

*There do not appear to be any legal, regulatory or contractual barriers to a merger of the two Authorities*



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The annual financial limits imposed by the Utah Housing Corporation (UHC) for their LIHTC program are administrative rules and may be changed upon petition.

There do not appear to be legal, regulatory or contractual barriers to a merger of the two Authorities.

***Chapter 3 following, presents the findings of mapping of Authority owned properties, Section 8 Housing Vouchers and Tax Credit Housing.***

# 3

## Salt Lake City and County Housing Authorities

### Mapping of the Housing Authorities Assets

#### MAPPING

The Housing Authorities of Salt Lake City (HASLC) and Salt Lake County (HACSL) are Public Housing Authorities (PHAs), created in to provide and promote affordable housing for low-income persons residing in Salt Lake City and Salt Lake County. The principal mechanisms the two authorities use to accomplish this are through the following three programs:

1. Authority owned properties
2. Housing Choice Vouchers
3. Tax Credit Housing

Using sophisticated GIS Mapping software has produced maps of the locations of these housing assets. The maps used addresses of properties obtained from each respective authority. For the Housing Vouchers, privacy requirements necessitated the analysis using only census districts and not specific addresses.

## Mapping Housing Authorities Assets

Larger scale maps were used in presentations to the Merger Committee and are available in the Appendix.

### AUTHORITY OWNED PUBLIC HOUSING PROPERTIES:

Under the Public Housing Program, each Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, which provides an Operating Subsidy and Capital Grant funding which enables the PHAs to provide the housing at a rent that is based upon 30% of household income. As we saw in Chapter 2, both authorities own public housing properties.

**Authorities own rent out and maintain “Owned Properties”**

HOUSING UNIT LOCATIONS	Housing Authority of Salt Lake City		Housing Authority of the County of Salt Lake	
<b>TOTAL</b>	<b>1,580</b>		<b>1,136</b>	
Salt Lake City	1,580	100%	149	13%
South Salt Lake			333	29%
West Valley City			256	21%
Millcreek			156	14%
Midvale			62	5%
Kearns			54	5%
Taylorsville			47	4%
Magna			41	4%
West Jordan			16	1%
Holladay			14	1%
Murray			5	0%
Sandy			3	0%

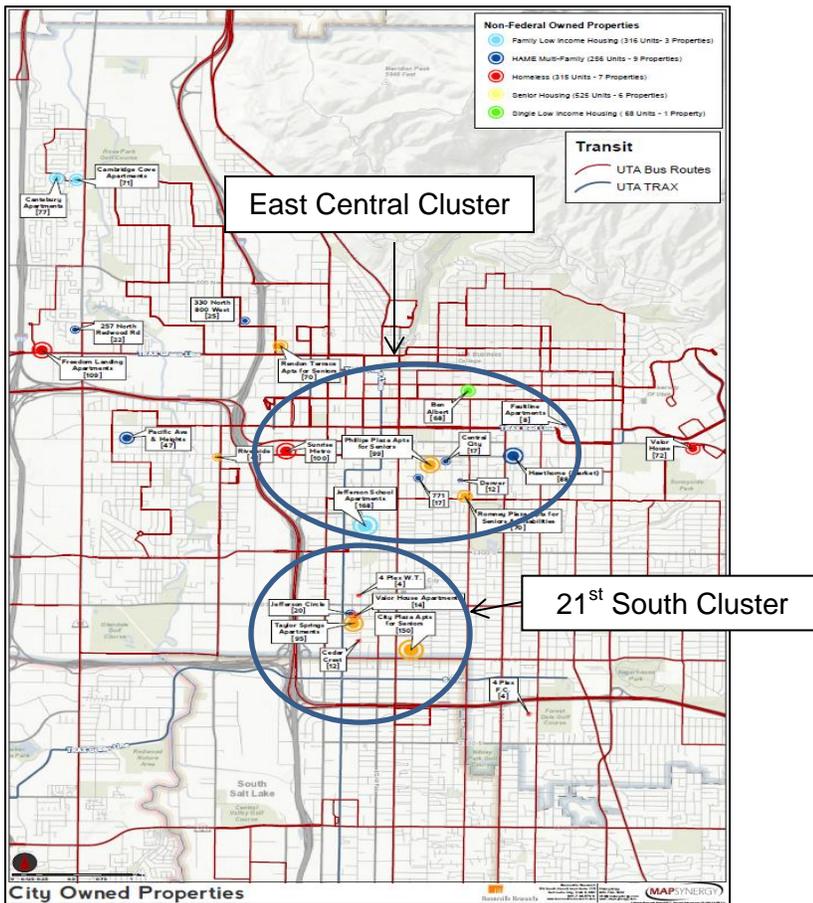
Source: HASLC, HACSL, Bonneville Research, 2014



Bonneville Research

## Housing Authority of Salt Lake City (HASLC) Owned Properties

The following is a map of the locations of the Salt Lake City owned properties.



*Salt Lake City Owned properties are clustered in the East Central and 21<sup>st</sup> South and State Street areas of the City*

Source: Bonneville Research, 2014

Note: The Valor Apartments located at 718 E 700 S should be shown as part of the East Central Cluster.

### Finding:

The Salt Lake City Housing Authority is limited in its jurisdiction to the incorporated boundaries of Salt Lake City and therefore it is no surprise that their owned properties

## Mapping Housing Authorities Assets

are all within Salt Lake City. The properties however appear to be clustered in two distinct areas of the City.

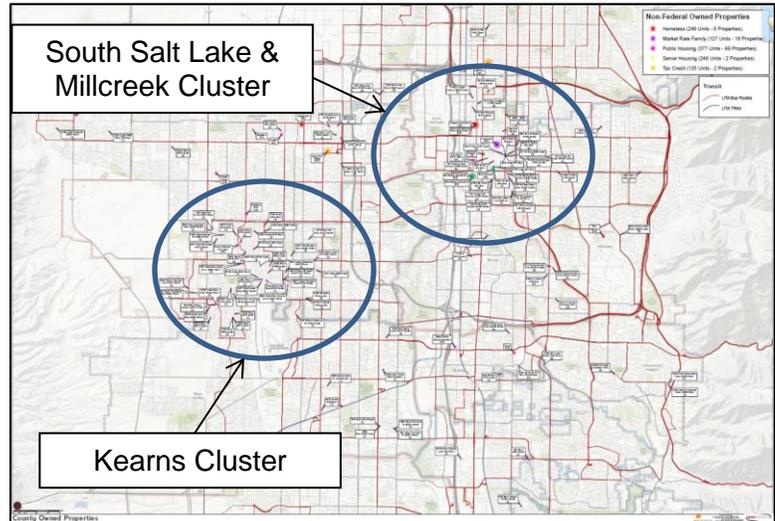
### Clusters

HASLC owned properties appear to be clustered in the East Central area and the 21<sup>st</sup> South and State areas.

### Salt Lake County (HACSL) Owned Properties

The following is a map of the locations of the Salt Lake County owned properties.

*Salt Lake County Owned properties are clustered in the unincorporated areas of Millcreek and Kearns and the city of South Salt Lake*



Source: Bonneville Research, 2014

### Finding:

The Salt Lake County Housing Authority has jurisdiction in all of Salt Lake County and therefore surprising that their owned properties are clustered in the Unincorporated or Township areas of Salt Lake County - Millcreek Township and the Kearns Township. The City of South Salt Lake adjacent to the Millcreek Township is also a significant location.



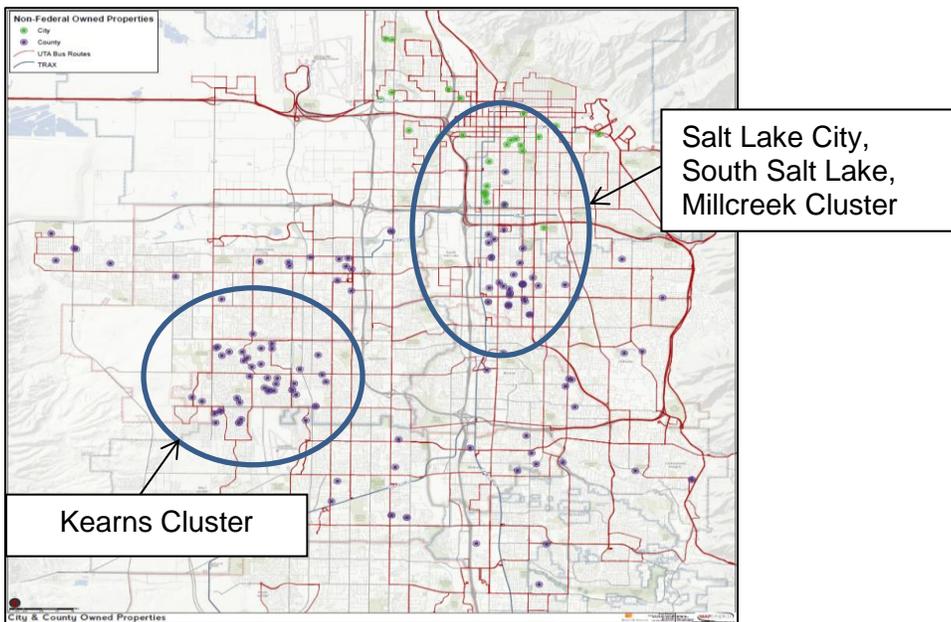
Bonneville Research

**Clusters:**

HSCSL owned properties appear to be clustered in the East Central area and the 21<sup>st</sup> South and State areas.

**Combined Salt Lake City & Salt Lake County Owned Properties**

The following is a map combining the locations of both the Salt Lake City and Salt Lake County owned properties.



*The owned properties of both Authorities are clustered in the Salt Lake City, South Salt Lake City and the unincorporated areas of Millcreek and Kearns*

Source: Bonneville Research, 2014

**Conclusion:**

The Housing Authority of the County of Salt Lake appears in fact be operating as the Housing Authority of Unincorporated Kearns and Millcreek. The housing authority's County-wide development and acquisition of units has resulted in unusually high concentrations in these two regions.

## Mapping Housing Authorities Assets

### SECTION 8 HOUSING CHOICE VOUCHERS:

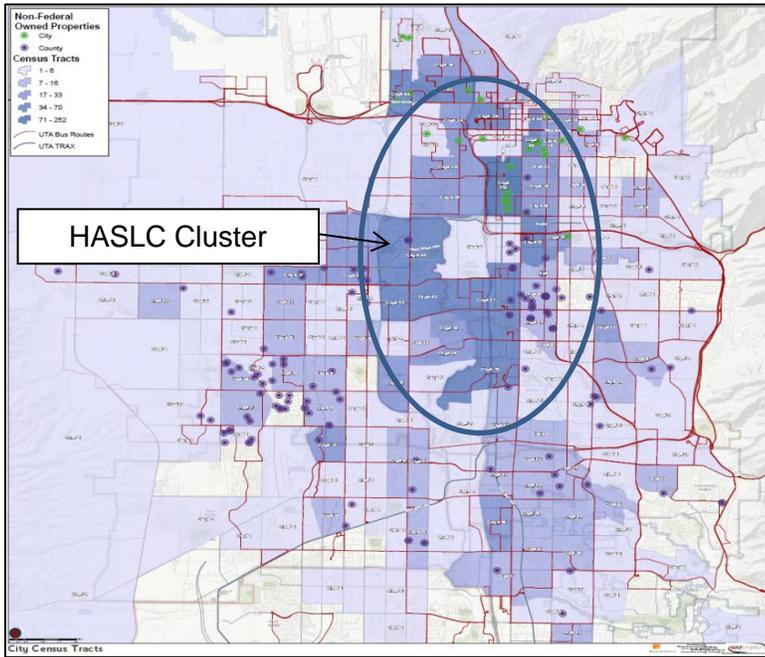
The Section 8 Housing Choice Voucher Program (HCV) is funded by the Department of Housing and Urban Development (HUD) providing rental assistance to very low-income families and households within Salt Lake County (30% and below area median income). The HCV Program provides rental subsidy to 5,065 low income families, disabled and elderly clients. This program is very popular with participants because it gives them the opportunity to choose where they want to live. They can choose to live near employment, transportation, child care or medical facilities, etc.

#### **Housing Authority of Salt Lake City (HASLC) Vouchers**

The following is a map of the locations of where the recipients of the Salt Lake City vouchers chose to live and where landlords chose to accept the vouchers.



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Source: Bonneville Research, 2014

**Finding:**

The cluster of Salt Lake City Authority Housing Choice Vouchers appears to be centered along the I-15 Corridor running from Salt Lake City south through Murray. There appears to be little overlap with the locations of Salt Lake City owned housing units.

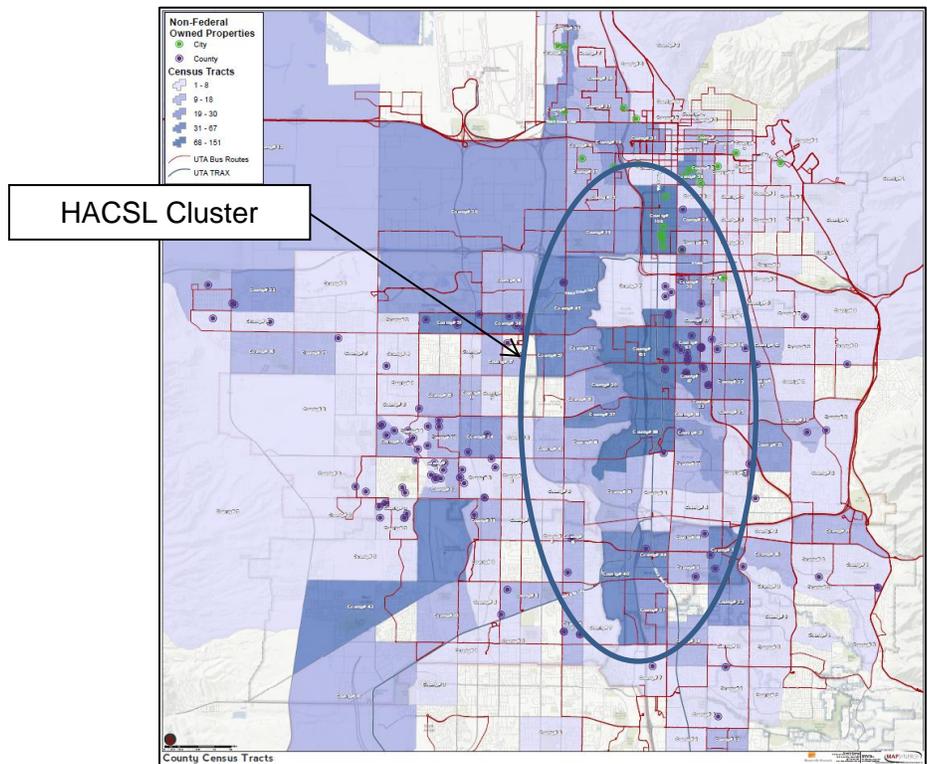
*The Section 8 Vouchers of the Salt Lake City Authority are clustered in Salt Lake City South Salt Lake City, Murray and the unincorporated area of Millcreek*

## Mapping Housing Authorities Assets

### Housing Vouchers Administered by the Housing Authority of the County of Salt Lake (HACSL)

The following is a map of the locations of where the recipients of the Salt Lake County vouchers chose to live and where landlords chose to accept the vouchers.

*The Section 8 Vouchers of the Salt Lake County Authority are clustered in Salt Lake City South Salt Lake City, Murray and the unincorporated area of Millcreek*



Source: Bonneville Research, 2014

#### Finding:

The cluster of Salt Lake City Authority Housing Choice Vouchers appears to be centered along the I-15 Corridor running from Salt Lake City south through Murray. There



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appears to be little overlap with the locations of Salt Lake County owned housing units.

**Conclusion:**

1. The locations of where Salt Lake City and Salt Lake County Housing Choice Vouchers are used are virtually identical.
2. The locations of where Salt Lake County Housing Choice Vouchers are used are very different from where County Authority Owned Properties are located.

**LOW INCOME HOUSING TAX CREDIT:**

Both Housing Authorities actively seek Federal and State Low Income Housing Tax Credit Allocations from the Utah Housing Corporation to finance the development of new and the rehabilitation of existing multi-family housing for low-income families, senior citizens and others. Each does this through their nonprofit development arms.

Tax Credits have become substantially essential to the development of virtually all rent-assisted (subsidized) housing. Credits are allocated and administered by the Utah Housing Corporation. Statewide, the UHC Federal and State Low Income Housing Tax Credit program has completed 9,233 Units in Salt Lake County of which 4,091 or 44% were in Salt Lake City.

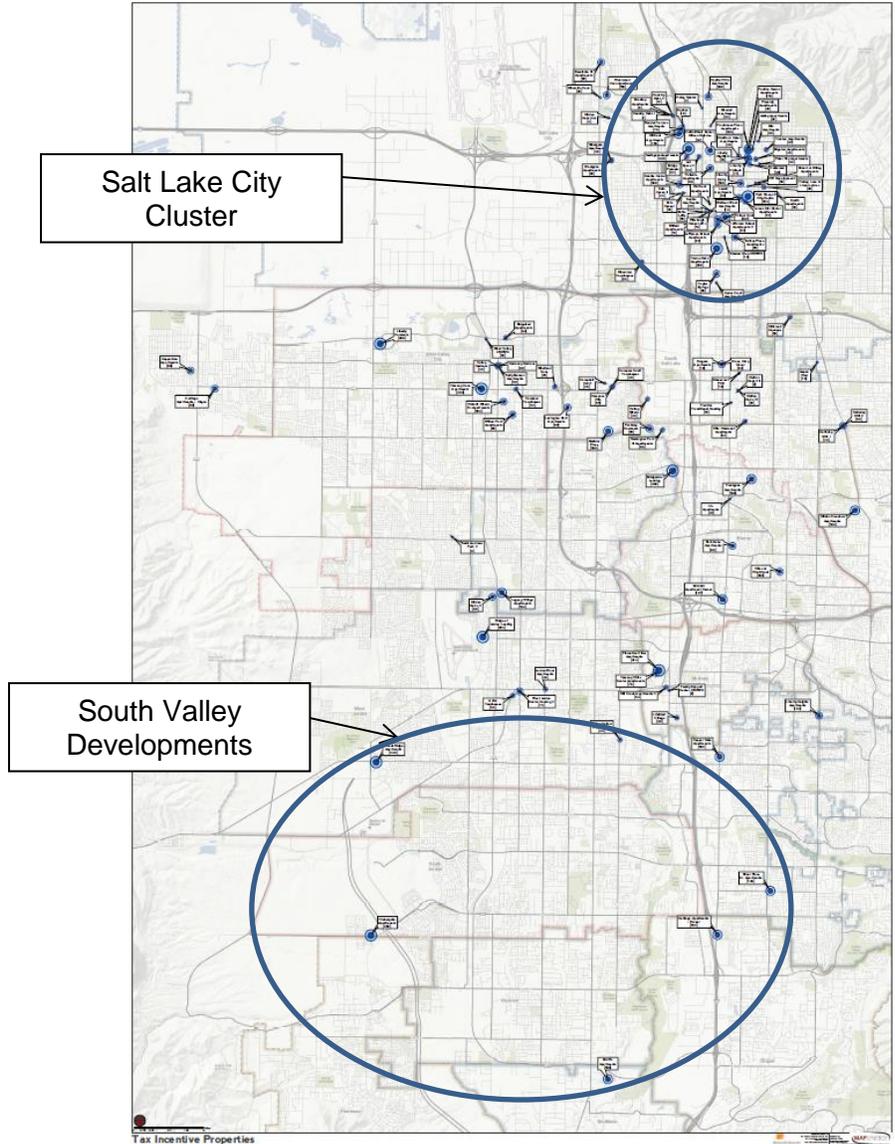
*The Section 8 Vouchers of Salt Lake City and County Authorities are clustered in almost identical areas*

*Tax Credit Housing is the only “Growth Area”*

## Mapping Housing Authorities Assets

*The LIHTC projects are clustered in Salt Lake City*

*The LIHTC projects are the only ones providing low income housing in the South Valley*



Source: Bonneville Research, 2014

### Finding:

Again the major cluster of Low Income Housing Tax Credit projects is in Salt Lake City. The other interesting thing the map illustrates is that only the Low Income Housing Tax



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Credit projects are providing housing units in the south and west areas of Salt Lake County.

**Conclusion:**

1. Salt Lake City is the recipient of almost ½ of all Low Income Housing Tax Credit projects in Salt Lake County.
2. Even though they are few in number, Low Income Housing Tax Credit projects are the only ones serving the south and southwestern portions of Salt Lake County.

***Chapter 4 presents the Bonneville Research recommendations regarding the feasibility of consolidating the Housing Authorities of Salt Lake City and the County of Salt Lake.***

# 4

## Recommendations

### FOUR MAJOR ALTERNATIVES FOR MERGER/CONSOLIDATING THE AUTHORITIES WERE CONSIDERED

This Chapter presents the unbiased findings and conclusion in support of this recommendation and describes the major alternative approaches to the organization and management of the two Housing Authorities

This Chapter also summarizes the potential benefits to the operations of each Authority and their service to their publics.

The recommended alternatives for the organization and management of the Salt Lake City and County of Salt Lake Housing Authorities are based upon an analysis of alternative approaches to improving these independent authorities.

Bonneville Research considered the following four major alternatives:

- |                        |   |
|------------------------|---|
| <b>Alternative I</b>   | <b>Retain the present system of two independent authorities with some modifications</b> |
| <b>Alternative II</b>  | <b>Full merger/consolidation of the two authorities</b>                                 |
| <b>Alternative III</b> | <b>Create a new Section 8 entity</b>  |
| <b>Alternative IV</b>  | <b>Partial merger of the two authorities</b>  |

*Study findings and conclusions*

*Four Alternatives Examined*

## Recommendations

### *Alternative I – Retain present system of two independent Authorities*

### **Alternative I Retain the Present System of Two Independent Authorities with Some Modifications**

In this alternative, the present system of two independent housing authorities would be maintained subject to the implementation of recommended administrative and management changes.

#### **FINDINGS:**

- The mission, purpose and overall strategy, policies and priorities of the two authorities would not change.
- Locations & Programs – Programs and properties owned and/or managed of the two authorities would not change.
- Monitoring program performance and impact would not change.
- Overseeing compliance with laws and regulations and fulfillment of contractual obligations of the two authorities would not change.
- Safeguarding assets from misuse and ensuring maximum use of resources of the two authorities would not change.
- Financial oversight of the two authorities would not change.
- Executive leadership of the two authorities would not change.
- Budget approval process of the two authorities would not change.

#### **This alternative has the advantages of:**

1. Retaining local control over each of the Housing Authorities.



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*Few Advantages*

2. Strengthens skill sets necessary to effectively compete in the low income housing tax credit program.
3. Client familiarity with the current system.
4. Continued growth in administrative and program management efficiency and effectiveness.

**The major disadvantages of this alternative are:**

1. Public control of a real estate development enterprise.
2. Potential criticism for “Public-for-Private” competition for Low Income Housing Tax Credits.

*Few Disadvantages*

## Recommendations

### **Alternative II Full consolidation of the two Authorities**

In this alternative, the two Housing Authorities would be merged or consolidated by the creation of a new regional authority, and the absorption of the existing authorities, their programs, and affiliate non-profit instrumentalities or affiliated non-profit organizations of the two existing authorities.

#### **FINDINGS:**

- The mission, purpose and overall strategy, policies and priorities would be to operate as a single regional/metropolitan housing authority similar in structure and organization to the previously independent Salt Lake City and County Jails, Recreation and Health Departments. In this scenario, it is anticipated that a new legal organizational entity could be formed.
- Locations & Programs – Programs and properties could operate county-wide.
- Monitoring program performance and impact could be by the Office of Salt Lake County Regional Development, which already operates and provides government services county-wide. Under this option:
  - Overseeing compliance with laws and regulations and fulfillment of contractual obligations would be by Office of Salt Lake County Regional Development.

*Alternative II - Consolidate the two Authorities*

*Administered by Salt Lake County Regional Development*



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- Safeguarding assets from misuse and ensuring maximum use of resources would be by Office of Salt Lake County Regional Development
- Financial oversight would be by Office of Salt Lake County Regional Development
- Executive leadership would be by Office of Salt Lake County Regional Development
- Budgets would be approved by Office of Salt Lake County Regional Development
- Monitoring program performance and impact could also be by a newly chartered Municipal Corporation acting as a Salt Lake County-wide Housing Authority. Under this option all of the above listed overseeing, safeguarding, leadership and budget approvals would be by the newly chartered Board of Commissioners likely appointed jointly by the Governing Bodies – Salt Lake City Corporation and Salt Lake County.
- A new seven member Board of Commissioners could be established in a cooperative effort of the Salt Lake City and Salt Lake County Mayors and Council, in accordance with State Code.
- Selecting, monitoring, evaluating, terminating the new authority policies would be accomplished through both negotiation and agreement by respective pre-merger Boards of Commissioners, or the new Board of Commissioners of the newly created regional entity, or a combination of both.
- Approving a fundraising strategy and monitoring its effectiveness would be by Office of Salt Lake County Regional Development or the new Regional HA.

*Administered by Salt Lake County Regional Development*

## Recommendations

### *Merger Not Likely to Result in Better and Cheaper Services*

### *“Open Boarder” Section 8 Services*

- A full merger of the two housing authorities is not likely to result in better, more efficient or better-rounded services except for one significant program, the Section 8 Housing Choice Voucher program, and some other limited administrative applications.
- The stock of non-federal public housing each Authority owns is different in nature and location.
- Over the course of years, both housing authorities have agreed to open their geographic borders, receiving applications for assistance from outside of their historic geographic areas of jurisdiction. They have also implemented agreements to for both housing authorities to serve applicants with rental subsidies throughout the entire Salt Lake County. This “open border” policy has resulted in increased opportunity and service to low income residents of the region.
- Applicant’s for Section 8 Housing Choice Vouchers often make applications to both Authorities resulting in duplications on waiting lists and thus a requiring duplication of efforts to update lists and verify eligibility. Applicants already with authorized vouchers from one authority may also apply for a voucher from the other authority because of different policies and preferences.
- Landlords receiving Section 8 Housing Choice Vouchers have to deal with two agencies often with different priorities, inspectors and policies. Currently, the authorities’ trade inspection services to comply with HUD regulations.



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Thus any inconvenience the landlords may experience may be outweighed by the additional expense necessary to meet the HUD requirement on not self-inspecting HVC subsidized apartments utilized in properties that are owned by the HVC administering authority.

- The Low Income Tax Credit program of both authorities needs to be strengthened but the Utah Housing Corporation policy of a \$1,000,000 annual limit for any one entity would constrain a single Authority.
- To what degree do the programs of the organizations overlap in whom is served and in services provided?
  - Overlap and duplications exist within all general programs offered by the respective authorities.
    - Public Housing – Both Authorities own, rent and maintain public housing properties serving seniors, low income families, disabled individuals, and veterans, but there is little geographic overlap.
    - Section 8 Low Income Housing Voucher programs overlap geographically and program-wise.
    - Low Income Tax Credit development projects are within their own jurisdictions, but those jurisdictions overlap geographically and they serve the same market area so there is overlap in client base.

### *\$1 m Dollar Limit for Low Income for Tax Credits*

### *Overlaps of General Housing Programs*

## Recommendations

### Overlaps of Special Housing Programs

- Overlap and duplications exist within some of the special programs and services offered by the respective authorities.

SPECIAL PROGRAMS AND SERVICES	HASLC	HACSL
Family Self-Sufficiency	X	X
HOPWA	X	X
VASH	X	X
Family Reunification	X	X
Crim. Justice/Transition from Incarceration		X
Family Employment Program		TANF Funded
Prevention/ Retention Program	Bank Funded	SSBG Funded
Continuum of Care Rental Assistance	X	X

Source: HASLC, HACSL, Bonneville Research, 2015

### ISSUES:

#### This alternative has the advantages of:

1. Planning, providing and facilitating low income housing on a regional basis.
2. Reducing some authority duplication of services, and administrative and operating expenses.
3. Maintaining reasonable access by the client public.

#### The major disadvantages of this alternative are:

1. Significant capital expenses would likely be incurred in the consolidation and/or relocation of administrative office and maintenance facilities.

### Few Advantages

### Significant Disadvantages



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2. The costs of a new and consolidated computer system are prohibitive.
3. HUD does not allow an authority to inspect their own properties; therefore contracts with outside housing inspectors would need to be obtained to perform this function, thereby increasing program operation expenses.
4. Interlocal agreements may need to be negotiated with all the incorporated municipalities and possibly the townships to provide housing within their jurisdictions. Certainly agreements would need to be negotiated to develop housing using a local Redevelopment Agency or Development Authority.

For the regional housing concept to be fully realized in Salt Lake County, the West Valley Housing Authority should be incorporated into the new regional housing authority.

## Recommendations

### Alternative III Create New Section 8 Entity

Create a new entity to administer the Section 8 programs for both Housing Authorities.

#### ISSUES:

The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

The Section 8 program is **extremely oversubscribed** meaning that there are many more people in need of the rental assistance than is currently funded. This has created the need for waiting lists.

The Housing Authorities all along the Wasatch Front are not unique. Every housing authority in the Nation (and there are 2,320 that offer Section 8) has a waiting list. Most of the time, these waiting lists are years long. Yes, a person on most of these waiting lists will wait several years before receiving the assistance.

Federal law allows anyone to apply for a Section 8 waiting list anywhere in the country. If you live in Chicago and want to apply to the Section 8 waiting list in Salt Lake, by law you are permitted to do so. However, housing authorities are also permitted to administer waiting list preferences that allow certain persons to move above other on the list, even if they apply later. Many housing authorities use a local residency preference. That means that any local applicants will

*Alternative IV – New Section  
8 Entity*

*Voucher Program Over  
Subscribed*

*Multi Year Wait Lists*



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automatically move ahead of non-local applicants. In effect, non-local residents would likely never be reached on the waiting list.

Public Housing Authorities may establish local preferences for selecting applicants from its waiting list. For example, PHA's may give a preference to a family who is (1) homeless or living in substandard housing, (2) paying more than 50% of its income for rent, or (3) involuntarily displaced. Families who qualify for any such local preferences move ahead of other families on the list who does not qualify for any preference. Each PHA has the discretion to establish local preferences to reflect the housing needs and priorities of its particular community.

The participant is free to choose any housing that meets the requirements of the Section 8 Housing Choice Voucher program and is not limited to units located in subsidized housing projects.

Currently the HASLC and the HACSL operate an "open border" HVC program, each accepting applications from applicants without regard to address within Salt Lake County. In addition, they both execute and administer Housing Assistance Payments (HAP) contracts with landlords without respect to geographic boundaries within the County. Therefore, each authority works freely within the others' borders on a daily basis.

As discussed earlier, applicants for Section 8 Housing Vouchers must make applications to each Authority and this can be accomplished with one application by simply indicating which or all entities are to receive their application..

HUD provides each Authority administrative fees to cover activities that each Authority undertakes in administering the rental voucher and

*Local Voucher Preferences*

*Individual Housing Choice*

*"Open Border" Housing Choice*

*Housing Choice Vouchers should follow jobs*

## Recommendations

certificate programs, including intake functions (e.g., issuance of vouchers and housing search activities), maintenance of assistance, and termination of payments.

The combined Section 8 budgets of both Authorities are approximately \$34 million dollars annually. Of this, approximately \$2.75 million is spent on Administration activities including salaries, audit fees, advertising, marketing, office expenses, legal and travel expenses. The major Section 8 Administrative expense of both authorities is for employee salaries and benefits.

HUD calculates administrative fees as a percentage of HUD-determined Fair Market Rents (FMRs). Each PHA receives a reimbursement based on a blended rate to reflect levels set.

A new entity would consolidate the Section 8 program management and operations of the Housing Authority of Salt Lake City and the Housing Authority of the County of Salt Lake into a new Housing Authority which could have state-wide authority.

### **FINDINGS:**

- The mission, purpose and overall strategy, policies and priorities of the Section 8 Program could be to operate as a single county-wide/metropolitan housing program under a new Housing entity to administer both the Section 8 programs of the HASLC, HACSL and possibly other Housing Authorities along the Wasatch Front, including West Valley City, Ogden, Provo, Davis County and Utah County.

*County-wide Section 8  
Program*



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- Monitoring program performance and impact would be the Board of Directors of the new entity and contract managers of each contracted HA.
- Overseeing compliance with laws and regulations and fulfillment of contractual obligations would be by the Board of Directors of the new entity and contract managers of each contracted HA.
- Safeguarding assets from misuse and ensuring maximum use of resources would be Board of Directors of the new entity and contract managers of each contracted HA.
- Financial oversight would be by the Board of Directors of the new entity and contract managers of each contracted HA.
- Executive leadership would be by the Executive Director hired by the Board of Directors of the new entity and contract managers of each contracted HA.
- Budgets would be approved by the Board of Directors of the new entity and contract managers of each contracted HA...
- Selecting, monitoring, evaluating, and terminating the executive director policies would be by the Board of Directors of the new entity and contract managers of each contracted HA.
- Approving a fundraising strategy and monitoring its effectiveness would be by the Board of Directors of the new entity and contract managers of each contracted HA.

***HA Contract Compliance Review***

***New Section 8 Board of Directors***

## Recommendations

*Reduce Wait List  
Duplications*

*Minimize Client and Land  
Lord Confusion*

*Short and Long-Term Cost  
Savings*

*Reduction in Admin Fees*

*Can't Unmerge Vouchers*

*Site Based Vouchers*

### **This alternative has the advantages of:**

- Potentially reducing the number of duplications carried on authority Section 8 waiting lists.
- Potentially reducing the number of eligibility verifications needed due to duplications on authority Section 8 waiting lists.
- Potentially minimizing client and landlord confusion.
- Each authority would still own their own properties; therefore there is no need to contract with another entity for inspections.
- Potential administrative cost savings by eliminating duplicate positions.

### **The major disadvantages of this alternative are:**

- Reduction of operating income to all participating Housing Authorities from the loss of HVC administrative fees. This could possibly reduce the ability of each HA to meet overall authority operating costs, even though their staff would be reduced.
- A likely short term increase in Administrative costs as new administrative staffs are hired.
- Once vouchers have been consolidated, HUD will not authorize later restoration of HVC program back to the original authority that released them.
- All participating HA's would have to negotiate a policy allowing them to have effective access to Site Based Section 8 Rental Vouchers to facilitate for further development of their non-federally owned properties.



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## **Alternative IV Partial Merger of the two Authorities**

### **Merge Section 8 Low Income Housing Voucher Programs**

#### **ISSUES:**

Currently both housing authorities operate an “open border” Housing Voucher Choice (HVC) program, each accepting applications from applicants without regard to address within Salt Lake County. In addition, they both execute and administer Housing Assistance Payments (HAP) contracts with landlords without respect to geographic boundaries within the County. Therefore, each authority works freely within the others’ borders on a daily basis.

Currently applicants for Section 8 Housing Vouchers must make applications to each Authority. While this can be accomplished with one application by simply indicating which or all entities are to receive their application, many clients and the social workers they work with express significant confusion. Landlords may also be confused as to which agency they are working with. They may deal with both authorities relative to different tenants and apartments within the same apartment complex.

The combined Section 8 budgets of both Authorities are approximately \$37 million dollars annually. Of this, approximately \$2.75 million is spent on Administration activities including salaries, audit fees, advertising and marketing, office expenses, legal and travel expenses. The major Section 8 Administrative expense of both authorities is for employee benefits.

*Alternative III – Partial Merger*

*\$3m Combined Section 8 Administration Budgets*

## Recommendations

SECTION 8 Administrative Expenses	Housing Authority of Salt Lake City	Housing Authority of the County of Salt Lake	TOTAL
Section 8 Revenues	\$18,365,394	\$18,963,476	\$37,328,870
Section 8 Administrative Expenses	\$1,258,834	\$1,405,406	\$2,666,240
Section 8 Admin/Exp. Ratio	6.9%	7.4%	
Section 8 Admin Salaries	\$716,954	\$826,876	\$1,543,830
Section 8 Admin Salary Ratio	57.0%	58.8%	
Section 8 Admin Benefits	\$334,356	\$365,538	\$699,894
Section 8 Benefit Ratio	46.6%	44.2%	

Source: HASLC, HACSL, Bonneville Research, 2015

The Section 8 budgets of both Housing Authorities are essentially at parity, both for overall Administrative Expenses as well as salaries and benefits.

A merger of the Section 8 programs would therefore be a “merger of equals” and could be accomplished by either merging or consolidating the Section 8 program management and operations of the Housing Authority of Salt Lake City into the Housing Authority of the County of Salt Lake or merging or consolidating the Section 8 program management and operations of the Housing Authority of the County of Salt Lake into the Housing Authority of Salt Lake City.

Currently, only the Housing Agency of the County of Salt Lake has county-wide operating authority.

**Parity Providers of Section 8 Services**

**Merger of Equals**

**Only HACSL has County-Wide Authority**



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## **FINDINGS:**

- The mission, purpose and overall strategy, policies and priorities of the Section 8 Program could effectively operate as a single county-wide housing program.
- Monitoring program performance and impact would be the Housing Authority of the County of Salt Lake Board of Commissioners subject to contract review by the HASLC.
- Overseeing compliance with laws and regulations and fulfillment of contractual obligations would be by the Housing Authority of the County of Salt Lake subject to contract review by the HASLC.
- Safeguarding assets from misuse and ensuring maximum use of resources would be by the Housing Authority of the County of Salt Lake subject to contract review by the HASLC.
- Financial oversight would be by the Housing Authority of the County of Salt Lake subject to contract review by the HASLC.
- Executive leadership would be by the Housing Authority of the County of Salt Lake.
- Budgets would be approved by the Housing Authority of the County of Salt Lake subject to contract review by the HASLC.
- Selecting, monitoring, evaluating, and terminating the executive director policies would be by the Housing Authority of the County of Salt Lake subject to contract review by the HASLC.
- Approving a fundraising strategy and monitoring its effectiveness would be by the Housing Authority of the

*County-Wide Section 8*

*HASLC would Maintain  
Contract Compliance Control*

## Recommendations

County of Salt Lake subject to contract review by the HASLC.

### This alternative has the advantages of:

1. Establishment of a single Housing Choice Voucher Administrative Plan that includes the same waiting list priorities, occupancy and eligibility policies.
2. Potentially reducing the number of duplications carried on authority Section 8 waiting lists.
3. Potentially reducing the number of eligibility verifications due to duplications on authority Section 8 wait lists.
4. Potentially minimizing client confusion.
5. Potentially minimizing landlord confusion and extra work in dealing with requirements servicing vouchers from two different authorities.

### The major disadvantage of this alternative is:

1. Significant reduction of operating income from the loss of HVC administrative fees.
2. Likely minimal if any administrative cost savings.

SECTION 8 Administrative Expenses	Combined Total	Total Using HACSL Ratios	Total Using HASLC Ratios	Potential Difference
Section 8 Revenues	\$37,328,870			
Section 8 Admin Salaries	1,543,830	908,318	879,270	-29,048
Section 8 Admin Benefits	\$699,894	\$309,403	\$326,400	\$416,997

Source: HASLC, HACSL, Bonneville Research, 2015

*Establish a Single Housing Choice Voucher Plan*

*Reduce Wait List Duplications*

*Minimize Client and Landlord Confusion*

*Potentially a Significant Loss of Administrative Revenue*

*Likely No Significant Administrative Cost Savings*



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## RECOMMENDATION:

**Bonneville Research recommends the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake (HACSL) negotiate a merger of both Section 8 Housing Choice Voucher Programs.**

### Findings:

- A full merger of the two housing authorities is not likely to result in better, more efficient or better-rounded services except for one significant program, the Section 8 Housing Choice Voucher programs.
- Opportunities for a contract for services appear to be most beneficial with the Section 8 Housing Voucher programs.
  - Over the course of years, both housing authorities have agreed to open their geographic borders, receiving applications for assistance from outside of their historic geographic areas of jurisdiction. They have also implemented agreements to for both housing authorities to serve applicants with rental subsidies throughout the entire Salt Lake County. This “open border” policy has resulted in increased opportunity and service to low income residents of the region.
  - Applicant’s for Section 8 Housing Choice Vouchers often make applications to both Authorities resulting in duplications on waiting lists and thus a requiring duplication of efforts to update lists and verify eligibility. Applicants already with authorized vouchers from one authority may also apply for a voucher from the other authority because of different policies and preferences.

***Recommendation – the HASLC and HACSL negotiate a contract to merge the Section 8 Voucher Programs***

***Section 8 Vouchers Good Anywhere***

***Eliminate Wait List Duplication and Overlap***

## Recommendations

### *Eliminate Different Section 8 Program Priorities and Policies*

### *Eliminate Duplication of Section 8 Inspections and Eligibility Determinations*

### *Not Limit for Tax Credit Program*

- Landlords receiving Section 8 Housing Choice Vouchers have to deal with two agencies often with different priorities, inspectors and policies.
- Section 8 Low Income Housing Voucher programs overlap geographically and program-wise.
- Section 8 Low Income Housing Voucher programs overlap for inspections of properties, maintenance of lists and eligibility verification.
- Section 8 Low Income Housing Voucher programs overlap as programs and staff from both authorities generally serves the same geographic area and the same client pool.
- Section 8 Low Income Housing Voucher programs overlap for an applicant is limited by the use of a uniform application and the ability of with one form to make application to either authority or both.
- Section 8 Low Income Housing Voucher programs overlap for the update of the “waiting lists” and some eligibility reviews.
- Currently the two authorities cooperate on the property inspections of each other’s properties.
- A contract for Section 8 services would not require any changes in either the “Public Housing” or Low Income Housing Voucher programs.
- A contract for Section 8 services likely would not impact the Utah Housing Corporation’s policy of a \$1,000,000 annual limit for any one entity including “affiliated entities” and thus would not limit participation in the Low Income Tax Credit program.



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- Some minor savings could occur from a reduction of some upper level management staff, but no significant savings reduction of caseworker, or lower level staff would likely take place, if the optimal staffing levels existing at both agencies are maintained.
- Only the HACSL currently has “County-Wide Authority”.
- The HACSL currently has sufficient space to house a merged Section 8 operation and therefore presents an opportunity for only minor capital expenses for administrative office space to be incurred by contracting for Section 8 Voucher services.
- Because a Contract for Services is proposed, individual authority vouchers would not need to be consolidated. Thus the problem of HUD not authorizing a “de-merging” of vouchers is avoided.
- The HASLC would continue to have full access to Section 8 Rental Vouchers subsidies up to the HUD maximum, for “site based” vouchers, thus allowing further development of their non-federally owned properties.
- Property ownership would not change; therefore contracting with another party to perform inspections would not be required.

Bonneville Research encourages the Housing Authority of Salt Lake City and the Housing Authority of the County of Salt Lake to think of this proposed contract for Section 8 services as a strategic tool.

A tool to better achieve the strategies each Authority are trying to implement and the outcomes each is working to achieve.

- Serving more people
- Providing higher quality services
- Enhancing sustainability

***Some Short-Term Cost Savings***

***HACSL has “County-Wide” Authority***

***HACSL Has the Facilities to House a Merged Section 8 Operation***

***Vouchers Not Merged***

***No Change in Property Ownership***

***A Strategic Tool for Impact and Sustainability***

## Recommendations

- Achieving more impact

Bonneville Research recognizes that even a service contract can be a highly time intensive process and will take significant staff and board attention away from the regular authority operations. We believe however the process can be completed in less than six months or less. This should allow enough time for thorough deliberation, yet helps ensure the process will not drag on.

It is important to note this merger/consolidation effort did not intend to develop a reasonable estimate of the costs associated with the proposed contract for services of the Section 8 Housing Choice Voucher Program, including all expenses related to programmatic and administrative integration of the Section 8 Housing Voucher programs.

It will be important to budget for contingencies that may arise and both boards should consider setting aside money to help pay for some of the expenses incurred during the process.

Bonneville Research also recognizes that the proposed services contract will initially create significant anxiety for staff that may face major changes in their work environment, the potential for job loss.

Integration efforts will be highly time intensive and often lead to significantly more work for staff. It is important for organizational leaders to acknowledge with staff the challenges and stresses associated with a merger and consider ways to reward staff for their extra effort.



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***Chapter 5 presents the Eight Strategic Priorities for initiating the proposed Section 8 Housing Choice Voucher Program Contract for Services, monitoring its progress and assessing results.***

# 5 Eight Strategic Priorities

## **EIGHT STRATEGIC PRIORITIES:**

The Contract for Section 8 Housing Choice Voucher program services by the Housing Authority of Salt Lake City (HASLC) from the Housing Authority of the County of Salt Lake (HACSL).

### **EIGHT STRATEGIC PRIORITIES**

As a basis for initiating the proposed services contract, monitoring progress, and assessing results, the following eight strategic priorities are necessary for the process to stay relevant and responsive.

- “Where to start?”
- “What does it take?”
- “How do I drive the process?”
- “How will I measure success?”

These are the common questions that the Commissions and Key Staff of the two Authorities will be asking.

#### **1. Understand the Present Situation**

Each Authority Board and Key Staff must know where they currently stand and where leaders want to take them.

Bonneville Research has recommended significant changes in the organization and operations of both the HASLC and the HACSL to conform more closely to their governing bodies. For example:

*Strategic Priorities for  
Implementation, Impact,  
Sustainability and Relevance*

## Eight Strategic Priorities

- ***Both the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake (HACSL) will focus on supporting the residential housing growth objectives of Salt Lake City and the County of Salt Lake.***
- ***Both the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake (HACSL) will support the Regional Services Vision of Salt Lake County by providing Section 8 Housing Choice Voucher services to all the residents of Salt Lake County.***

The Boards of Commissioners of both the HASLC and the HACSL will first need to adopt strategic priorities that reflect the above visions.

Ask key managers and staff of both Section 8 teams to list all of the main job tasks they currently perform and assign a percentage estimate of how much of their working time they spend on each. With the responses the leadership team can rate the statements according to how much:

1. This activity is essential to achieving governing body visions
2. This activity is critical to improving authority goals
3. Does current performance meet expectations

This step will help team leaders understand which tasks are the most important and how well the team member is performing them.



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## **Municipal Revenue Implications of Housing - Sales Taxes:**

Salt Lake City and Salt Lake County are the Governing Bodies or their respective Housing Authorities, and as have most municipalities and counties in the state, they have enacted the full authorized “local option” sales tax of 1% of taxable sales that occur within their respective areas (point of sale). For Salt Lake County as with other Counties, they collect the point of sales tax only in the unincorporated areas of the county because those sales taking place in the incorporated areas go to the respective incorporated city. These sales tax revenues are distributed back to each city or unincorporated area according to the following 50%/50% formula.

- 50% to the city or unincorporated area where the sale took place (Point of Sale).
- 50% to that proportion of the state’s total population that the respective area represents (POP)

Therefore to maximize the distribution of sales tax revenues, cities and unincorporated areas need to balance the residential population within their boundaries (or outside the boundaries for unincorporated areas).

Neither Salt Lake City nor the unincorporated areas of Salt Lake County achieve this balance.

- Salt Lake City has much more taxable retail sales than they have population.
  - In 2013 Salt Lake City had \$6,723 million in taxable retail sales and if they had achieved a balanced 1%

***Salt Lake City is losing \$17.7 million dollars annually***

## Eight Strategic Priorities

distribution they would have received \$67.2 million in revenues.

- In 2013 Salt Lake City received back only \$49.5 million in revenues, **thus losing \$17.7 million** in potential annual revenue because their proportion of the state's population is smaller than their share of the state's taxable retail sales.
- The unincorporated areas of Salt Lake County (principally Millcreek Township) have more population than taxable retail sales.
  - In 2013 unincorporated Salt Lake County had \$1,926 million in taxable retail sales and if they had achieved a balanced 1% distribution they would have received \$19.3 million in revenues.
  - In 2013 unincorporated Salt Lake County received back \$22.5 million in revenues, thus **gaining \$3.2 million** in potential annual revenue because their proportion of the state's population is larger than their share of the state's taxable retail sales.
- The total area Salt Lake County which includes all to the municipalities in the county is subject to an additional .25% point of sale sales tax with no population distribution.

From a strictly revenue perspective therefore, the incorporated entity of Salt Lake City has a strong financial interest in expanding their population and therefore housing stock. The estimate for new housing stock required in Salt Lake City to gain back their "lost" \$17.7

**Unincorporated Salt Lake County is gaining \$3.2 million dollars annually**

***Salt Lake City needs 32,000 new housing units***



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million would be 32,000 new housing units. Further Salt Lake City's population growth would need to continue to grow at a rate at least equal to the state's growth rate.

## **2. Establish and Adopt Strategic Priorities**

The first implementation task is to get specific about what Section 8 Housing Choice Voucher Program services the HASLC will choose to contract for by the HACSL.

Because what is recommended is a contract for services that can be amended or modified simply by the agreement of the parties, normal critical decisions of what each Authority is today and what they should be in the future need not be decided in year one.

However the process of translating the multi-year, strategic priorities articulated for each authority into a new vision for each should still be a priority for each Board of Commissioners.

To quote from the new HUD Housing Choice Voucher Program Guidebook<sup>1</sup>

*PHAs come in all sizes and from many different organizational environments. Housing choice voucher programs at the local level range from fewer than 25 units to more than 70,000 units. About two-thirds of the approximately 2,500 PHAs administering housing choice voucher programs currently have fewer than 250 units.*

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<sup>1</sup> Housing Choice Voucher Program Guidebook, Chapter 21, Program Staffing, Page 21-1, [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_35631.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35631.pdf)

## Eight Strategic Priorities

*PHAs may be independent public corporations, a department or division within city or county government, part of a larger department of local government (e.g., a Housing and Community Development Department), state agencies operating in the whole or a part of a state, or regional organizations. Some PHAs contract with another PHA, a non-profit Authority, or a private firm to operate all or some functions of their programs. Many state PHAs use local non-profit agencies or PHAs to operate a part of their overall programs. As a result of program size and organizational differences, there is great variation in the administration, staffing, and delivery of housing choice voucher services.*

*No specific industry standards exist to provide guidance regarding the appropriate staffing level to administer a housing choice voucher program. Wide variations in organizational structure, distribution of work, and job design make it difficult to draw workload comparisons from Authority to Authority.*

### 3. Create a Blueprint of Actionable Initiatives

The specific initiatives that each authority will need to undertake in the coming 6 - to 12-month period is the next step. By breaking down these initiatives into timely, digestible, and definable segments a detailed blueprint that aligns the day-to-day activities of each authority with the work that is to be accomplished.

Bonneville Research is recommending that the Housing Authority of Salt Lake City (HASLC) contract with the Housing Authority of the County of Salt Lake (HACSL) to administer their Section 8 Voucher Program for two primary reasons:

- The Housing Authority of the County of Salt Lake has county-wide authority to provide services, and



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- The Housing Authority of the County of Salt Lake currently has sufficient excess space to house a merged Section 8 operation.

During this step, each authority will need to consider at least the following service contract terms:

- |                                      |                              |
|--------------------------------------|------------------------------|
| • Duties of each party               | • Disclaimers                |
| • Rights of each party               | • Limitations on liability   |
| • Relevant dates                     | • Termination of contract    |
| • Relevant quantities                | • Liquidated damages         |
| • Designated time period             | • Confidentiality provisions |
| • Renewal/Extension terms            | • Indemnification            |
| • Payment due dates                  | • Default                    |
| • Late and other fees                | • Assignment/Severability    |
| • Ownership of intellectual property | • Notice                     |
|                                      | • Governing law              |

**Other Considerations**

- How the Section 8 service contract initiative elements will affect each authority’s other operations and consider that one implementation phase may need to be completed before another phase can be initiated.
- How the services contract initiative will affect different parts of each organization.
- How competing demands on operations and other internal functions such as human resources, technology, and accounting will be addressed and how to handle the inevitable needed organizational trade-offs

## Eight Strategic Priorities

- How to understand there is only so much work that each authority staff member can handle and that some projects will be exciting, and some projects will be resisted.
- How to engage staff members in a purposeful process of integration, so that critical choices are framed by strategy, rather than by staff interests, or other pressures.
- How to involve staff in the integration process so they will be helpful, and may lead each authority to postpone or accelerate some initiatives and (if necessary) to add resources.

The process of recognizing and making these trade-offs up front and breaking down longer-term goals into timely, digestible, and definable segments will help create a detailed Blueprint of Actionable Initiatives which aligns the day-to-day activities of each authority with the overarching mandates of the services contract.

### 4. Mobilize the Team

Effective implementation hinges on getting Commissioners and staff on board with the Blueprint of Actionable Initiatives. Executing the service contract will undoubtedly require that PHA staffs do things differently.

Helping the team make those shifts can be difficult, and it may be useful to focus on two key elements for success:

- Communicating a compelling case for the changes required for a successful services contract, and



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- Aligning individual staff member's performance goals with new strategic priorities.

Board Commissioners and staff all need to know where the organization is going in order to provide support.

Articulating and understanding a new compelling vision for a better organizational future is essential to paint a convincing picture of an organization that each authority's staff can believe in and will work to build.

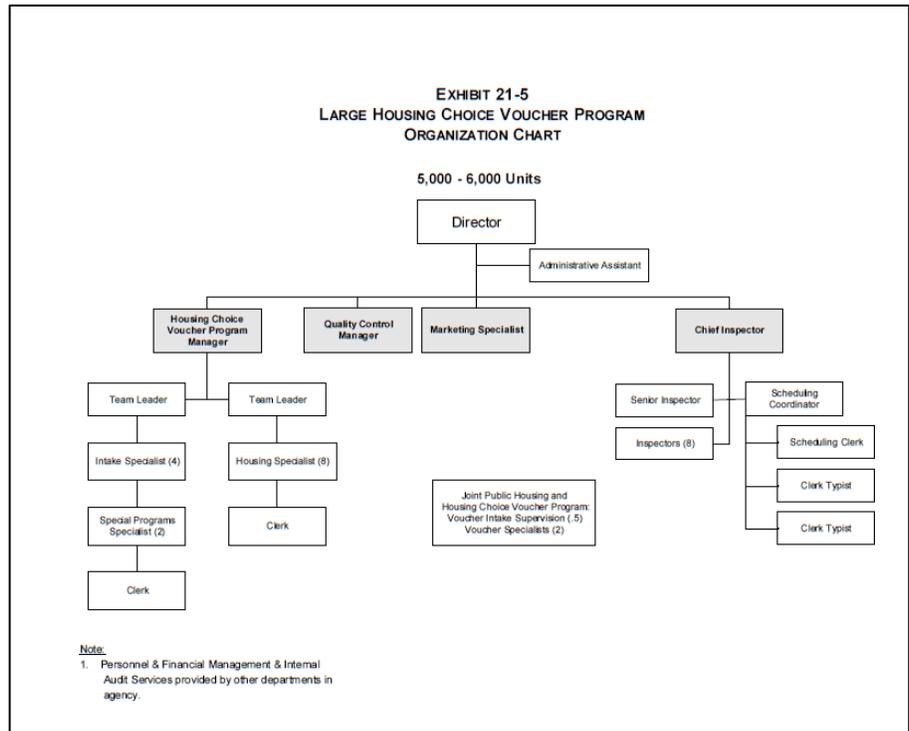
- Understand what outcomes each authority envisions for the people each authority serves.
- How to communicate your excitement for those outcomes.
- Understand that each team member plays a critical role in achieving progress on the strategy.
- How to involve members of your management team, if not your entire staff, in considering what it will take to change your formal structures, cultural norms, and procedures to support the strategy.
- How to convey empathy and understanding about the impact the changes will have on them, but couple it with a clear message that change is both important and inevitable.

## **5. Align Staffing**

Implementing the new organizational strategies will require reorganizing and merging the existing staff into a new structure to support strategic priorities. The following Organization Chart is from

## Eight Strategic Priorities

the HUD Housing Choice Voucher Program Guidebook<sup>2</sup> as a sample “large” PHA organizational structure for a program of 5,000 – 6,000 units. It provides for two teams to handle intake and case management with each team also specializing in some intake and special program components.



<sup>2</sup> Housing Choice Voucher Program Guidebook, Chapter 21, Program Staffing, Page 21-15, [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_11765.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11765.pdf)



## **6. Align Finances**

In addition to staff time, implementing the new strategies will require shifting finances and/or acquiring new resources to support strategic priorities.

## **7. Monitor Progress**

Organizations that are effective at implementation of Strategic Priorities have strong processes in place for systematically measuring and evaluating progress. Those processes help them remain focused as they execute their priorities, learning and adjusting as they go.

### **Quarterly reviews**

- Are you on/off track in terms of the implementation timeline?
- If you are off-track, determine why:
  - The challenges involved in making progress on a particular issue may have been underestimated?
  - Were the right staffs involved in the process?
  - Did those responsible have enough capacity to make expected progress?
  - Did this initiative get de-prioritized due to more pressing concerns?
- What, if any, changes have occurred internally or externally that affected strategy execution?
- Was the timeline realistic?
- Do your priorities have sufficient resources?

## Eight Strategic Priorities

### 8. Revisit and Repeat

Organizations that are most effective at implementation over time continually revisit their Strategic Priorities, viewing them as anchors, not constraints.

**Bonneville Research has found that:**

***“Having clearly defined and understood strategic priorities makes the process a whole lot easier. There isn’t a lot that is up for debate. Everything done has to lead to those priorities that were articulated in the plan.”***



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**HOUSING AUTHORITY OF SALT LAKE CITY  
HOUSING CHOICE VOUCHER PROGRAM  
OVERVIEW**

**What is the Housing Choice Voucher Program?**

The housing choice voucher (HCV) program is the federal government's major program for assisting very low-income families, the elderly, the disabled and homeless to afford decent, safe, and sanitary housing in the private market.

The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

The family that is issued the voucher is responsible for finding a suitable housing unit of the family's choice. This unit may include the family's present residence as long as it meets minimum standards of health and safety, as determined by the Housing Authority (PHA).

The housing subsidy is paid directly to the landlord by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

**Who is Eligible for Vouchers?**

Eligibility for a voucher is determined by the PHA based on the total annual gross income and family size. Federal rules ensure that vouchers are targeted at the families who need them most. Seventy-five percent of new households admitted each year must be "extremely low-income," with incomes not exceeding 30% of the local median income. Other new households may have incomes up to 80% of the area median income.

**How the Vouchers are Funded?**

Voucher funding each year is based on the number of the PHA's authorized vouchers in use in the prior year and the actual cost of those vouchers, adjusted for inflation.

**Are Vouchers Used Only to Rent Units That Tenants Select?**

No. Up to 20% of voucher funds can be used for subsidies called “project based” voucher (PBV), that are tied to a particular property rather than a particular family and thus can help pay for the construction or rehabilitation of housing for low-income families. Also, vouchers are sometimes used to help with mortgage payments, enabling low-income families to purchase homes.

**Housing Authority of Salt Lake City’s Voucher Programs:**

Total Housing Choice Vouchers (HCV):           **2,531**

Total Veterans Affairs Supportive Housing (VASH) Vouchers:   **197**

Total PBV’s:                   **195**

Total Project Base VASH Vouchers:           **48**

Annual HCV Subsidy (FY2014):   **\$17,448,007**

Annual Administrative Funds (FY2014):   **\$1,548,098**

The total FY 2014 Federal funding the Housing Authority of Salt Lake City received was \$21,837,071, of this total; the Section 8 funding was 86% of that amount.

The Department of Housing and Urban Development (HUD) does not separate the funding between the Housing Choice Vouchers and VASH Vouchers, they are both combined; therefore, VASH are considered part of the HCV Program.

### **Merge Study:**

On August 19, 2014, both the Housing Authority of Salt Lake City (HASLC) and the Housing Authority of the County of Salt Lake (HACSL) entered into a contract with Bonneville Research to conduct a study to determine if it is in the best interest of both Authority's and the population we serve to merge the two agencies as one.

It was determined by Bonneville Research that a "full merger of the two housing authorities is not likely to result in a better, cheaper, more efficient, or better-rounded services." It was stated that significant Capital expenses would be incurred in the consolidation by the need for relocation of administrative offices and maintenance facilities as well as the cost of new and consolidated computer system that would be prohibitive.

What they did recommend was for both the HASLC and the HACSL negotiate a contract to merge the Section 8 Voucher Programs creating a new entity, "Office of Salt Lake County Regional Development" or a new "Regional Housing Authority" to administer the Section 8 Programs for both Housing Authorities. Some of the ideas used to support this action include:

- Waiting List Preferences – A PHA is permitted to administer waiting list preferences that allow certain persons to move above others on the waiting list.

This statement is correct; however if there was only one HCV entity, that would take away from the current PHA's jurisdiction's priorities of its particular community needs.

- "Open Border" HCV Program – Both the HASLC and the HACSL accept applications and applicants without regard to address within Salt Lake County and work within each other's borders.

This is not at the choice of either PHA; it was made mandatory by statute when the Federal Quality Housing and Work Responsibility Act (QHWRA) were passed into law which allows portability to any area that has a receiving PHA.

It was prior to QHWRA, that HASLC could only utilize their HCV's in the Salt Lake City's jurisdiction. Since then, both the HASLC and the HACSL not only have state-wide authority, they have nationwide authority through portability.

- Short and Long-Term Cost Savings – Potential administrative cost savings by elimination duplicate positions.

This is not correct. Increasing the number of applicants and program participants would require a PHA to increase staff in order to accommodate the increased work load.

- Establish a Single Housing Choice Voucher Plan – Establishment of a single HCV Administrative Plan that includes the same waiting list priorities, occupancy and eligibility policies.

This takes away a family's choice. The HCV Program is not a one size fits all. Each local jurisdiction also deals with differing housing needs. The housing needs of Salt Lake City differ greatly from the needs in suburban/rural Salt Lake County.