



**GAO's Intergovernmental Pilot:
*Auditor's Working Together to Identify Potential Fragmentation,
Overlap, and Duplication; Assess Collaboration; and Measure
Collective Performance***

**Presentation to the Mid-America Intergovernmental Audit
Forum**

Overland Park, Kansas

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Background

- Every Spring since 2011, GAO has issued annual reports identifying (1) fragmentation, overlap, and duplication (FOD) in federal programs and activities and (2) opportunities for cost savings and revenue enhancements. See www.gao.gov/duplication/overview
- To supplement its 2015 report, GAO issued an evaluation and management guide to help analysts—including federal, state, and local auditors—and policymakers identify FOD among programs. See <http://www.gao.gov/products/GAO-15-49SP>

Background (continued)

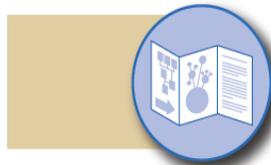
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**Fragmentation,
Overlap, and
Duplication:**



An Evaluation and
Management Guide



GAO-15-49SP

Background (continued)

- There is ongoing interest in examining the question of potential *intergovernmental* FOD (i.e., federal, state, and local programs addressing broadly defined issues and having similar goals).
- The 2013 Oregon Secretary of State audit on FOD at the Oregon Housing and Community Services Department was our inspiration! See <http://sos.oregon.gov/audits/Documents/2013-16.pdf>.

Background (continued)

Secretary of State Audit Report

Kate Brown, Secretary of State
Gary Blackmer, Director, Audits Division



Oregon Housing and Community Services Department: Program Duplication, Overlap and Fragmentation

Summary

The Oregon Housing and Community Services Department (Department) administers a wide array of 49 programs to help lower-income Oregonians obtain quality, safe and affordable housing and become self-sufficient. As Oregon's housing finance agency, the Department awards tax credits, and provides a variety of grants and loans for the development, acquisition, and rehabilitation of single family and multi-family housing. The Department is also responsible for administering many other federal and state anti-poverty programs, such as food and rent assistance programs.

In the past, the Department used distributions of available revenues from housing bond-financed loan programs to subsidize administrative costs of the other programs. However, because these revenues have decreased significantly due to economic factors, administering the other programs is becoming fiscally unsustainable for the Department. In response, the Governor's 2013-15 budget recommends one year of funding and calls for the Department to develop a plan to improve its service delivery model to address the fiscal challenges.

The objective of our audit was to determine if duplication, overlap or fragmentation exists among the programs the Department administers and/or among these programs and similar programs administered by other state agencies. Our review is based upon methods the U.S. Government Accountability Office (GAO) has used in analyses of federal programs, including using GAO's definitions of duplication, overlap and fragmentation applied to state programs.

- Duplication occurs when two or more programs provide the same services to the same beneficiaries. For example, the Department's Low Income Rental Housing Assistance and HOME Tenant Based Assistance programs both provide rent assistance to very low-income tenants.
- Overlap occurs when two or more programs have similar program missions or objectives, or provide similar services. Additional overlap can occur between these programs when they target similar beneficiaries and/or use similar delivery methods. For instance, the Department's Emergency Solutions Grant program overlaps with the programs noted

The Intergovernmental Approach

- GAO reached out to enlist the help of the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) and the Association of Local Government Auditors (ALGA).
- NASACT and ALGA put out a call to their members for volunteers.
- As a result, 25 audit offices volunteered to be a part of the discussion of how to design the effort. The group included state auditors and comptrollers, county and city auditors, and departmental internal auditors.

Scope and Methodology

- The full group of audit office volunteers held several teleconferences to select a policy area to focus on and to develop a “coordinated audit” plan that would be executed by a smaller subset of the group.
- The group decided to focus on affordable rental housing for low-income households as the policy area for this pilot effort.
- Six offices volunteered to execute coordinated audits in their jurisdictions—they were Oregon, Multnomah County (OR), Portland (OR), Washington, King County (WA), and Denver City and County (CO).

GAO Objectives

- Identify the federal, state, and local government funded programs that provide rental assistance to low-income households and identify indications of program fragmentation and overlap
- Assess the extent of intergovernmental collaboration for rental assistance
- Determine what is known about performance at the federal level, at selected state and local jurisdictions, and for the collective performance of the levels of government providing rental assistance

Participating Audit Offices – Products

- Washington—*Program Understanding: Low-Income Housing Rental Assistance Programs. An understanding of low-income housing rental assistance programs and intergovernmental collaboration in Washington* (Aug. 14, 2014)
- Multnomah County, OR—*Housing Inventory Special Report* (Oct. 22, 2014) and *Community Services Division Housing Assistance for Vulnerable Families* (Jan. 20, 2015)
- Denver—*Denver Affordable Housing: Performance Audit* (Nov. 20, 2014) and *Special Advisory Report: U.S. Government Accountability Office’s Intergovernmental Initiative on Affordable Housing* (Jan. 2015)

Participating Audit Offices – People

- Washington State Auditor’s Office: Chuck Pfeil; Lou Adams; Nancy Dufoe, Melissa Wade, Tania Fleming
- King County Auditor’s Office: Kimberly Waltmunson; Ben Thompson; David Dean
- Oregon Secretary of State Audits Division: Jeanne P. Atkins; Gary Blackmer; Sheronne Biasi
- Multnomah County Auditor’s Office: Steve March; Fran Davison; Marc Rose
- Portland City Auditor’s Office: Mary Hull Caballero; Drummond Kahn; Kari Guy
- City and County of Denver Auditor’s Office: Dennis J. Gallagher; Kip Memmott; Audrey Donovan; Dawn Wiseman



GAO Report



United States Government Accountability Office
Report to Congressional Addressee

September 2015

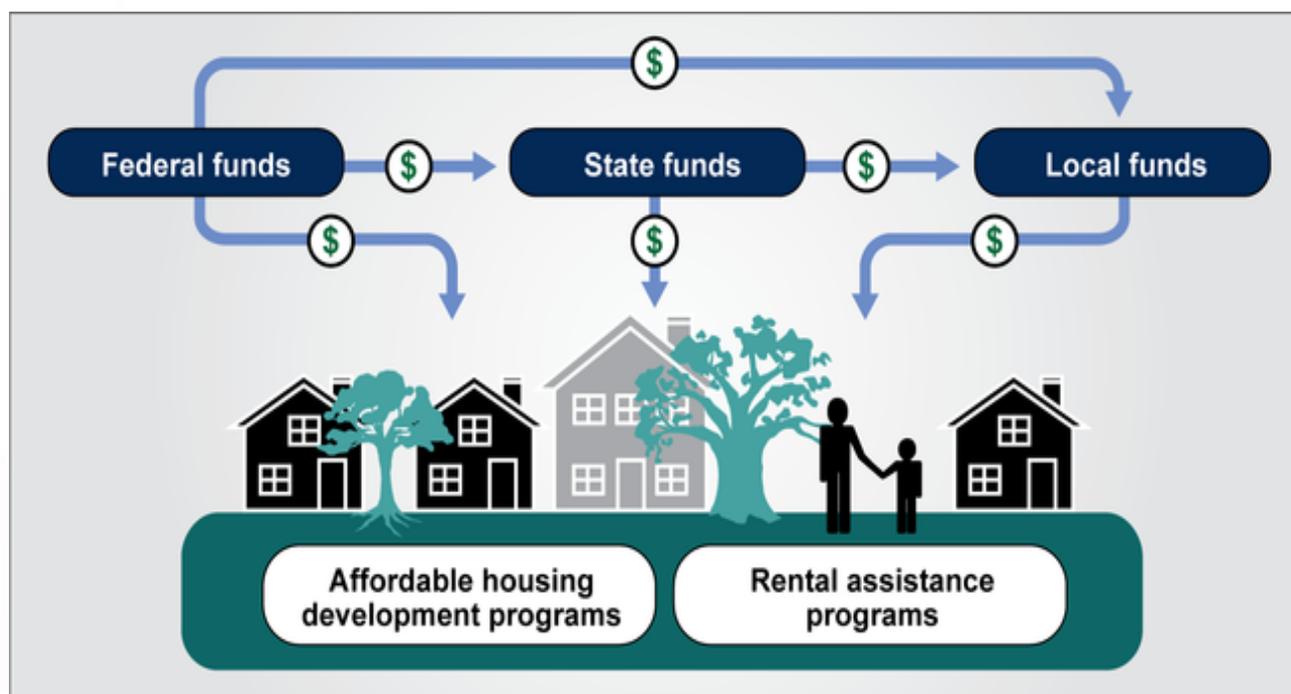
AFFORDABLE RENTAL HOUSING

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

GAO-15-645

GAO Findings

- The federal government and state and local entities provide rental assistance and affordable housing through a wide variety of programs.



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

GAO Findings (continued)

- Major federal programs included Section 8 Rental Assistance Programs, Public Housing, HOME Investment Partnership Program, and the Low Income Housing Tax Credit (LIHTC).
- In February 2012, GAO found instances of fragmentation and overlap among federal assistance programs (GAO-12-554).
- In this review (GAO-15-645), GAO and the participating audit offices found indications of fragmentation and overlap among programs reported in Washington and Oregon.
 - See tables in the report for self-reported state and local programs: Washington (4); King County (3); Seattle (8); Oregon (2); Multnomah County (1); and Portland (3)

GAO Findings (continued)

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

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

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

GAO Findings (continued)

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

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

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

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

GAO Findings (continued)

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

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

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

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

GAO Findings (continued)

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

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

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

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

GAO Findings (continued)

- The participating audit offices found that their governments collaborated with other jurisdictions.
- The Rental Policy Working Group, which was established in 2010 to better coordinate federal rental policy, collaborates with state and local governments in multiple areas.
- HUD, IRS, and the participating audit offices reported on the performance of rental assistance programs to varying extents, but there is incomplete information on collective performance.
- Without information on the government-wide performance of rental assistance, the Congress, decision makers, and stakeholders at all levels of government are hampered in their ability to set priorities and allocate resources.

GAO Recommendations

- GAO recommended that HUD, in consultation with the RPWG, work with states and localities to develop an approach for compiling and reporting on the collective performance of federal, state, and local rental assistance programs.
- GAO recognizes it is difficult to identify relevant federal, state, and local programs; collect performance information from multiple levels of government; and synthesize the information to reflect collective performance. However, HUD, the nation's leading housing agency, in consultation with the RPWG, is well positioned to capitalize on its existing collaboration among federal agencies and with state and local jurisdictions.

GAO on the Web

Web site: <http://www.gao.gov/>

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