

Public Housing Administrative Reform Initiative

Review of Committee Recommendations

September 27, 2007

**Real Estate Assessment Center - Potomac Center - 550 12th
Street SW**

Homeownership

Task: “Explore ways to streamline/expedite administrative processes for the conversion of public housing to homeownership in the asset management structure.”

Current programs/processes:

- Section 32
- Middle-Income
- Section 8(y)
- Section 24/9
- Section 5(h)*
- Turnkey III *
- HOPE I*

(*) Programs have been replaced or have become obsolete

Comment: Housing authorities have extraordinary local flexibility to structure their programs.

Major recommendations:

- Centralize homeownership functions in HUD for administrative processing and outreach to assist HAs in building buyers and sellers.
- Consolidate rulemaking for all programs in 24 CFR Part 906.
- Create incentives to establish homeownership programs.
- Provide guidance on the use of proceeds of sale, or gains from appreciation.
- Implement a Section 32 Marketing Strategy.
- Phase-out Turnkey III and HOPE I programs.

Homeownership Study Group Members

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Development and Asset Repositioning

Task: “Examine ways to streamline approval process related to, or otherwise facilitate, development and financing programs.”

Current processing requirements

Existing rulemaking efforts:

- Affiliates notice
- New Part 904 (to be published early 2008)
- Proposed 941

Recommendations:

- Train Field Office staff on processing development requirements.
- Create cadre of Field Office staff to mentor less experienced staff and assist other Field Offices as necessary.
- Post new information on the web and send an email blast notification to PHAs and HUD Field Office management staff.
- Include elderly elevator buildings to 2008 TDCs.
- Consolidate processing of CFFP/OFFP/development proposals (one-stop shop).
- Changes to Section 8 Project-Based Voucher Program, including selection procedures, site/neighborhood standards, 15-year HAP contract term, and subsidy-layering process.
- CFFP safe harbor standards.

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Annual Plan/Capital Fund

Task: “Examine ways to streamline the PHA Plan and Capital Fund processes/programs.”

Concerns:

- Statutory – Can’t ignore
- Long, cumbersome, check the box, rote
- Useful for residents

Short-term:

- HUD issues New Annual Plan template

Long-Term (need to modify systems/regulations):

- Convert to “narrative description” of capital needs of each project in PHA Plan.
- Eliminate HUD review of CF budgets (consistent with Operating Fund).
- Convert CF to GAAP accounting and single chart of accounts for FDS.
- Simplify draw-down procedures (reduce number of BLIs in LOCCS).

- On-line PHA Plan and CF reporting.
 - ✓ Similar to MASS/FASS.
 - ✓ Single portal.
 - ✓ Submissions sequenced to PHAS.

- Greater use of statutory authorities:
 - ✓ After initial submission, only updates.
 - ✓ HUD review only if challenged, except civil rights, deconcentration, demo/dispo.

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General Monitoring

Task: “Review basic system of PHA monitoring, especially the Public Housing Assessment System (PHAS).”

Discussion/Context:

- Section 6(j) of Housing Act of 1937
- 24 CFR 902 – Public Housing Assessment System
- Tier I/II “Comprehensive” Reviews

Recurring Themes:

- Consistent with Multifamily
- Minimize number of reviews
- “Entity-wide” scoring
- Performance vs. Compliance

Structure of “New” PHAS:

- Four main indicators: Physical, Financial Condition, Management Performance, and Capital Fund.
- Project scores (other than CF) aggregate into score for public housing program.
- Score only public housing activity (not entity-wide).
- Replace MASS self-certification/submission with on-site management reviews, consistent with Multifamily, that would also, to the maximum extent possible, replace other PIH reviews (e.g., Tier I/II reviews, RIM reviews, procurement reviews, etc.)
- Resident participation/self-sufficiency reviewed as part of on-site. management review
- Transition score for first year of implementation.
- Primary vs. secondary indicators (e.g., vacancy rate vs. turnaround time).
- Simplify data needed.
- More clearly distinguish between performance and compliance.

Additional Recommendations

- Physical/management inspections every three years.
- Opportunity to correct physical deficiencies for scores between 31-60.
- Timeliness of results (physical, management).
- Score only financial viability.
- Field Office discretion for corrective action.
- Provide PHAs with review checklist.
- Inspection protocol.
- AMP-level intervention.
- Fungibility across projects.
- Why assess in 2007/2008?

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General Management

Task: “Examine requirements for general management of public housing (exclusive of lease and grievance, admissions, financial reporting, etc.)”

Expected Outcomes:

Streamline business practices to

- Reduce operational costs,
- Improve operational performance, and
- Provide better quality of services and housing to residents

Regulatory Context:

- 24 CFR 135.3(3) (Sec3) – Economic Business Opportunities
- 24 CFR 85.36 (Procurement)
- 24 CFR 965 (General Provisions)
- 24 CFR 990 (Energy Incentives)

Recommendations:

- **Section 3 Threshold** – Raise dollar threshold to \$100,000, consistent with Federal small purchase procedures.
- **HUD determine wages for maintenance** – Raise dollar threshold to \$100,000.
- **Micro-purchases** – Raise from \$2,000 to \$25,000.
- **Lead-based paint certifications** – Populate PASS inspection to reflect PHAs that have certified in previous inspections.
- **Energy audits** – Combine energy audits with 5-year physical needs assessment.
- **Annual PHA Unit Inspections (Section 6(f)(3) of '37 Act)** – PHA should be given flexibility to determine if annual inspections are required.
- **Air conditioning in PH (two-tier recommendation)**
 - ✓ Allow PHAs to pay for A/C with own funds.
 - ✓ Include AC as part of UEL.
- **Energy Performance Contracting**
 - ✓ Consolidate review process into regional centers.
 - ✓ Adopt successful DOE model for Qualified Vendors List for Energy Services Companies to streamline procurement.
 - ✓ Standardize processes/contract templates.
 - ✓ Provide incentives for aggregating contracts for small PHAs.
 - ✓ Fund add-on incentives at 100% (no proration).
- **Resident outreach/training/help desk**

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Occupancy

Task: “Review current lease and occupancy requirements/processes.”

Regulatory Framework:

- 24 CFR Part 5 (General HUD Program Requirements)
- 24 CFR Part 945 (Designated Housing)
- 24 CFR Part 960 (Admission/Occupancy of Public Housing)
- 24 CFR Part 966 (Lease and Grievance)

Comment:

- Statutory basis of many occupancy requirements
- Relative comparability with multifamily housing programs
- HUD Occupancy Guidebook
- HUD approvals vs. policy requirements

Recommendations:

- **Group 1**
 - EIV and 3rd party verifications
 - Formal grievance procedures
 - Deconcentration
- **Group 2**
 - Term limits
 - Bi-annual recertifications
 - Rent Structure (including minimum rents and utility allowances)
- **Group 3**
 - Site-based waiting lists
 - Community service
 - Pets in public housing
 - Designated housing
- **Group 4**
 - Admissions policies
 - Lease
 - Annual and Adjusted Income

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Financial Reporting

Task: “Review basic financial reporting of PHAs under asset management.”

Related References/Rulemaking:

- OMB Circular A-87
- OMB Circular A-133
- PIH Notice 2007-9
- 24 CFR 990
- GAAP/GASB

Recommendations:

- HUD/Industry Financial Reporting Committee and user-testing
- Fees
- Formula elements/components
- Reporting structure
- Permitted uses of funds
- Capital Fund reporting
- Annual appropriations

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Resident Participation/Self Sufficiency

Task: “Examine resident participation/self-sufficiency as it relates to asset management.”

Regulatory Context:

- 24 CFR 135 – Economic Opportunities for Low- and Very-low Income Persons.
- 24 CFR 902 – Public Housing Assessment System.
- 24 CFR 903 – Agency Plans.
- 24 CFR 963 – Contracting with Resident-owned Businesses.
- 24 CFR 964 – Tenant Participation and Tenant Opportunities in Public Housing.
- 24 CFR 984 – Section 8 and Public Housing Family Self-Sufficiency Program.

Study Group Representation/Make-Up:

- Mix of residents/resident advisory groups, including statewide resident organizations, community-based advocacy groups, and public housing residents.
- Representative from CLPHA.
- Resident co-chairs.

Overarching Principles/Concerns:

- Promote effective resident participation.
- Preserve and strengthen resident rights provided under 964.
- Freeze any further waivers of 964 regulations.

Related Recommendations:

- More information about asset management (through annual meetings with PHA on asset management, information regarding regulatory and guidance process).
- Involvement in the PHA Plan (inform residents of major decisions, seek resident council recommendations, make proposed Annual Plan and attachments available for inspection by residents, etc.)
- Involvement in HOPE VI process (selection, relocation, re-occupancy, site-specific requirements).
- Priority in contracting with resident businesses/groups issues related to asset management.
- Maintain role of jurisdiction-wide Resident Councils.
- Revise 964.150 to reflect HUD tenant participation funding - \$25 per occupied unit.
- Expand scope of 964 to ensure that resident councils affected by demolition, disposition and redevelopment are participants in decision-making.

Discussion of Other Areas:

- 24 CFR 135 – Economic Opportunities for Low- and Very-low Income Persons.
- 24 CFR 902 – Public Housing Assessment System.
- 24 CFR 963 – Contracting with Resident-owned Businesses.
- 24 CFR 984 – Section 8 and Public Housing Family Self-Sufficiency Program.
- 24 CFR 990 – Operating Fund Program (Resident Management Corporations).

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Systems

Task: “Examine ways to improve the automated flow of information between HUD and PHAs.”

Current Systems: PIC, NASS, MASS, PASS, RASS, FASS, WASS, VMS, ELOCCS, SAGIS, EIV

- **Implement a Systems Advisory Group:** 15 PHA representatives to meet regularly and oversee testing.
- **Improve the quality and quantity of training:** Use online conferencing software, train with software releases.
- **Improve the quality of communications:** Improve help desk, keep Field Offices in the loop, improve guidance.

System Fixes:

- Default to vacant make ready after uploading a 50058 end of participation (EOP)
- Unmask social security numbers to facilitate 50058 troubleshooting
- Provide more help with correction of name mismatches with the Social Security Administration (SSA) database
- Facilitate batch uploads for Financial Data Schedule and Subsidy Award/Grant Administration System (SAGIS)
- Provide a report for history of unit changes
- Provide more information on 50058 error reports (not just PHA code but PHA name, ED, phone number)
- Limit major updates to once a year
- Facilitate use of alternate IDs when dealing with foster children
- Improve PIC capacity to download data
- Increase the ability to create ad hoc reports throughout PIH systems

Systems Report:

- **80 pages long.**
- **Nearly 60 specific prioritized recommendations.**
- **Report backed up by results of lengthy survey.**

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Structure

Task: “Examine basic legal documents and arrangements between HUD and PHAs.”

General Depository Agreement (GDA) and Consortia:

- Consistent with asset management?
- Master ACC for consortia?

Declaration of Trust:

- Order of liens
- Closer alignment with private industry use agreements
- Include with asset management checklist
- Remove use restrictions

Annual Contributions Contract (ACC):

- Duplicative/selective statements of applicable law
- Oversight/auditing standards
- Due process in resolving contract disputes
- Mutuality
- Separate ACC for each project

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