



Summary of Atlanta Listening Sessions on Capital and Operating Funds Consolidation

April 30 – May 1, 2012

Earlier this year, the Department held listening sessions with local PHAs to learn about PHA preferences related to the Department's FY 2013 budget request to consolidate the funding streams, and about other programmatic changes that PHAs believed are necessary. The information below represents the major questions asked by the Department, and summarizes the overall sentiment of the meeting participants.

Do agencies prefer a merger of the funding streams, or full fungibility?

When presented with the consolidation options of merger or full fungibility, most PHAs concluded that the funding streams should be kept separate. PHAs felt there was no compelling need to merge the two funds. PHAs preferred that fungibility flexibility, currently available to small agencies, be granted to all PHAs. PHAs indicated that decisions about how or why to combine funding resources are best made at the local level. The primary reason for this choice was that PHAs are concerned that combining the funding streams may leave the program vulnerable to program funding cuts.

What changes, if any, should be made to the funding formulas?

PHAs opposed making any changes to the funding formulas. A few agencies expressed concern that funding levels would be negatively impacted through another round of negotiated rulemaking. Their primary concern was that opening the formulas for reconsideration could result in a reduction in funding for some agencies. As one PHA Executive Director stated, "Sometimes the devil you know is better than the devil you don't know." Instead of opening the formulas through negotiated rulemaking, PHAs universally recommended HUD become a stronger advocate to Congress for full funding for both funds.

Would a replacement reserve account benefit the program?

Participants generally supported the ability to create a replacement reserve. PHAs felt they should have the ability to create a replacement reserve for major modernization or rehab work. However, PHAs were concerned that, because properties already have extensive needs and the Capital Fund is underfunded, that for any such reserve account to be a legitimate long-term planning tool; it would need dedicated funding up front. Furthermore, PHAs generally agreed that the PNA could be the basis for establishing the replacement reserve, and for indicating planned uses for amounts held in the account. Nevertheless, PHAs were concerned that funds accumulated through a replacement reserve would be easily subject to congressional recapture.

Some PHAs said the 2/4 deadlines were good incentives to encourage ongoing and timely investments in their housing stock. Further, they had no problem meeting these deadlines. The agencies that supported continuing the 2/4 deadlines recommended only exempting those funds transferred to the reserve from the current obligation and expenditure deadline. Some PHAs, particularly the small agencies that were in attendance, said they are unable to accumulate enough funds within the current obligation and expenditure deadlines to undertake major modernization projects. Still other PHAs said the current deadlines forced them to spend just to meet deadlines, which often resulted in less strategic investment.

What changes should be made to assessment and monitoring protocols?

PHA participants provided significant concerns related to HUD's assessment and monitoring of the public housing program. PHAs were frustrated with PHAS, in particular with the physical inspection process. PHAs stated that the physical inspections appeals process did not provide a legitimate opportunity to challenge the findings of inspectors. PHAs believed that inspectors arbitrarily find deficiencies with the intent of lowering scores in order to generate future work. PHAs expressed frustration with duplicative reporting and monitoring requirements. PHAs mentioned that PIC was too hard to use and HUD should update its technology. PHAs spoke of instances where field office staff requested information that had been reported in PIC and VMS. Further, PHAs suggested that HUD's program rules are too inflexible, and that substantial regulatory relief was necessary. Small PHAs mentioned that paperwork associated with the program was burdensome and HUD should undertake a comprehensive simplification of the public housing reporting structure.

What other programmatic flexibility would benefit the program?

- Provide more webcasts/trainings online, so PHAs do not have to travel or pay training fees, which would reduce PHA operating expenses.
- Work with other agencies like DOE, DOL, and HHS to form partnerships at the local level to support Section 3 requirements.
- Establish a “HUD Cloud” for property information, so different offices in HUD can share the same property data.
- Work with Treasury on LIHTC program – all states should have a set aside for public housing, instead of having to go through a competition.
- Section 3 – HUD should give the focus to CDBG grantees who receive training funds.
- Changes the rent structure and adjust minimum rents.
- Streamline income certifications.
- Reconsider asset management requirements.
- Eliminate the community service requirement

