



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

April 17, 2012

Dear Executive Director:

As you may know, the Department included a proposal in its FY 2013 budget to “consolidate” the public housing Capital and Operating Funds. As a first step, the Department is requesting that all PHAs have the flexibility to use their Capital and Operating Funds interchangeably, similar to the flexibility currently available to agencies with fewer than 250 units. Beyond this first step, the Department has not made a determination about whether consolidation would involve two funding streams with permanent fungibility, or a single funding stream.

This is where I need your help. I want to hear from you about what other parts of the program need improvement. Beyond simply how PHAs are funded, the Department is interested in comprehensive reforms that will empower PHAs to operate more fully as asset managers, which includes undertaking long-term capital planning through reserve for replacement accounts. I believe that it is important to examine holistic program reforms in order to strengthen the public housing program.

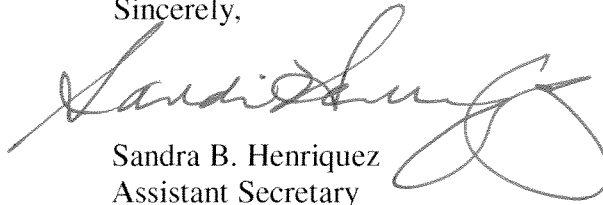
The Department wants to collaborate with PHAs and other interested parties on this proposal. Through this collaboration, we are hoping to identify new approaches, build broad consensus where possible, and identify current barriers that inhibit your ability to achieve affordable housing goals within your community. I have asked my staff to develop an outreach strategy that gathers input from as many PHAs and industry partners as possible. These efforts include:

- Conducting regional meetings around the country where PHAs may come and discuss their vision for the program;
- Hosting interactive conference calls and webcasts so that PHAs that were unable to attend the regional meetings may provide input;
- Developing a website and dedicated e-mail address for PHAs to submit their comments and ideas about how to improve the program;
- Convening multiple listening sessions with various constituencies, including resident groups, sustainability and green experts, and financing and development experts; and
- Holding feedback sessions with PHAs to discuss what we heard from you and what we believe the legislative proposal should look like.

In the near future, my staff will be reaching out to PHAs with an invitation to provide input through these avenues. Unfortunately, due to limited space, the Department is unable to accommodate every PHA at the regional meetings. However, we hope every PHA provides feedback on how the program can be improved. As we move forward with the process, we will provide updates on how PHAs may contact the Department with their ideas.

If you have any questions about the process I have outlined, or the consolidation proposal included in the FY 2013 budget, please contact Shauna Sorrells, Director of the Office of Public Housing Programs, at shauna.m.sorrells@hud.gov, or send your questions to PHFundConsolidation@hud.gov. I look forward to your participation in this critical endeavor.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra B. Henriquez", with a large, stylized flourish at the end.

Sandra B. Henriquez
Assistant Secretary