



Summary of Detroit Listening Sessions on Capital and Operating Funds Consolidation

June 5 – 6, 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?

There was general agreement that consolidation should be accomplished by permitting full fungibility for all PHAs. Participants agreed that consolidating into a single fund would likely result in a decrease in funding, similar to fate of the Public Housing Drug Elimination Program. Participants suggested that, under a single fund, they would have to meet operating expenses first, so cuts would essentially be made to the detriment of meeting capital needs. Agencies also suggested that consolidating into a single fund will make it more difficult to demonstrate funding need.

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

The participants were opposed to changing the formulas because of general concern over creating a situation where some PHAs win at the expense of other PHAs that lose funding. Further, PHAs argued that it is the amount, rather than the distribution of funds that is the root cause of many problems in the public housing program.

Would a replacement reserve account benefit the program?

Participants generally agreed that the 2/4 deadlines for obligating and expending Capital

Funds could remain for some funding, but supported the concept of a replacement reserve without such time restrictions. However, participants expressed concern that replacement reserves need protection from Congressional recapture. Moreover, participants were concerned that restrictions on the use of a reserve fund may be onerous. As such, they suggested that HUD should allow PHAs to make changes to planned uses for emergent needs. Agencies also suggested that the Physical Needs Assessment tool will allow PHAs to provide information about planned uses for replacement reserve funds, and would also be a useful tool for monitoring PHA usage replacement reserves and capital investment activities.

What changes should be made to assessment and monitoring protocols?

Participants agreed that the overall burden on PHAs by the current reporting and monitoring structure in public housing is too high. Specifically related to the Public Housing Assessment System (PHAS), PHAs suggested that the new PHAS scoring system related to occupancy was punitive, particularly for years when the program is underfunded. Participants also suggested that the physical inspection process should take a more common sense approach. For example, one agency suggested that they were in the process of having a roof replaced, and the inspector scored the agency lower because of the shingles that were missing during the roof replacement. The agency suggested that, while there is an appeals process that exists to address this type of finding, PHAs should not have to go through the process for issues such as this. Agencies also believed that the need to appeal findings for items that are not owned by the PHA was cumbersome.

What other programmatic flexibility would benefit the program?

- Participants suggested that the contractual relationship between HUD and PHAs should be revised to include guaranteed funding amounts similar to what owners in the Multifamily program receive, and to provide PHAs some flexibility from program rules and reporting requirements if funding is insufficient.
- Participants agreed that the community service requirement should be eliminated.
- Agencies supported the idea of streamlining income determinations and amending rent calculations.
- Participants suggested that aspects of the Small Housing Authority Reform Proposal, including a Frozen Tenant Rent Incentive, should be available to PHAs.

