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Assistant Secretary Sandra Henriquez
U.S. Department of Housing & Urban Development
Office of Public and Indian Housing
451 7th Street S.W.
Washington, DC 20410

Dear Assistant Secretary Henriquez,

The Mountain Plains Regional Council of the National Association of Housing and Redevelopment Officials (Mountain Plains NAHRO) is a membership driven organization that exists to provide professional development, advocacy for public housing and community development agencies to enhance the affordable housing industry and promote viable communities in our region. Mountain Plains NAHRO has over 200 member agencies and represents housing authorities and community development agencies in Colorado, Montana, North Dakota, South Dakota, Utah and Montana. Nationwide, NAHRO consists of 19,900 individual members and associates who provide housing for over 7.9 million low-income people.

The purpose of this letter is to convey the serious impacts the federal budget cuts have had in our region's communities and to urge you to push for regulatory relief. Our Mountain Plains NAHRO members operate successful housing and self-sufficiency programs that serve low-income working families, seniors, Veterans, and people with disabilities.

We are seeking your assistance in facilitating the implementation of the regulatory and administrative relief changes recommended by NAHRO and other industry leaders. For several years, NAHRO leaders have worked in good faith with HUD officials on sound and responsible regulatory relief, however to date, HUD has failed to make significant changes.

Public Housing Authority leaders are forced to make difficult decisions in order to manage these devastating program funding cuts. Since the administrative program

functions require human resources, staff reductions are the only cuts that can be made. Decreased staffing levels equate to decreased ability to administer program requirements, creating a vicious cycle. Through staff lay-offs or re-hiring freezes, Housing Choice Voucher programs are being operated at bare bones levels. Because the Housing Assistance Payments for families' rent has been fully funded in the Federal budget, the number of families served has remained constant, but Public Housing Authorities must administer the same number of vouchers with insufficient staffing levels. To date, neither Congress nor HUD has implemented any significant regulatory or statutory changes to the Housing Choice Voucher program which would materially impact the compliance and administrative burden of the program. Without regulatory relief this year, Public Housing Authorities face the dire prospect of inadequate service levels to families and/or noncompliance with over-complicated regulation.

Last month, HUD issued Notice PIH 2012-15 which suggested administrative changes Public Housing Authorities could make to cut administrative costs of program administration. Unfortunately, there were no regulatory changes in this notice and the suggestions were things that many housing authorities already do. Much more needs to be done in order to manage through this challenging funding period. Mountain Plains NAHRO is requesting that HUD act as a partner and ally in immediately implementing meaningful relief to ensure the future viability of these longstanding and proven programs. Only through collaboration and advocacy can we ensure that the people we serve are not the ones who bear the brunt of the underfunding of these vital programs. We urge you and HUD Secretary Donovan to implement the regulatory and administrative relief efforts recommended by NAHRO and other industry leaders, prioritizing revenue generating and cost saving reforms such as those highlighted here:

- I. Simplify income verification by enacting provisions relating to improved household income and asset determinations by enabling Public Housing Authorities to use participants' actual past income from the previous twelve months or current income as anticipated for the following twelve-months. This specific item from the original "rent refinement" interim rule is something that HUD can do now through regulation without having to introduce legislative language or wait to have legislative language enacted into law.

Other income reforms that should be prioritized include:

- a. Allow households to self-certify assets of less than \$5,000
- b. Allow Public Housing Authorities to apply applicable annual adjustment factors to fixed benefits or income verified on HUD's EIV system
- c. Eliminate requirement to verify "excluded income" items
- d. Allow Public Housing Authorities to use pay stubs to verify income as a first ranked item

- e. Allow Public Housing Authorities to use re-certifications from other means-tested programs
- II. Allow Public Housing Authorities to use their unobligated Net Restricted Asset (NRA) funds from prior years to increase ongoing Administrative Fee pro-rations which would help the HCV program sustain the number of families served last year and facilitate the Department in accomplishing its FT 2010-15 Strategic Plan goals.
- III. Where possible, suspend or waive all or portions of the Section Eight Management Assessment Program (SEMAP) which assesses Public Housing Authorities' management of this program. Taking unilateral action to suspend compliance and reporting burdens until full funding of Administrative Fees is restored will allow Public Housing Authorities to focus their limited resources toward service delivery. NAHRO raised numerous, well documented, concerns over the scoring and implementation of SEMAP Indicators. Mountain Plains NAHRO believes that under current conditions this would be a good time to allow the most recent scores to be carried forward until all issues are addressed.

In addition to the critical Housing Choice Voucher program relief efforts discussed above, there are additional measures which HUD can take immediately that would assist Public Housing Authorities to more effectively manage their Public Housing and Community Development Block Grant programs.

- IV. Asset Management regulations came out of a "Negotiated Rulemaking" conducted in 2004. Asset Management costs/fees were benchmarked to a model of FHA-insured properties. Mountain Plains NAHRO believes that these fees should be re-evaluated as part of the Federal Advisory Committee process required by the regulations. NAHRO sent a letter to HUD addressing concerns about the Operating Fund rule and its Asset Management provisions on November 11, 2006.
- V. We strongly believe that the Asset Management requirements of the Public Housing Operating Fund Rule are extremely burdensome for smaller agencies and do not provide any tangible benefits. Mountain Plains NAHRO members urge HUD to raise the Asset Management threshold from 250 units to 400 units immediately.
- VI. Extend the CDBG timing requirement for updates of the required Analysis of Impediments to Fair Housing Choice (AI) or allow Entitlement Communities to determine when such updates or revisions are needed based on local conditions.

- VII. Revise the HUD requirement regarding CDBG on-site sub-recipient monitoring so that is based on a minimum dollar threshold.

- VIII. Allow for formation of HOME Consortia without requiring each jurisdiction to alter its Program Year to conform to the principal organization's Program Year where an organization already has its own established Program Year.

- IX. Eliminate the excessive financial sanctions that result from CDBG funds unspent in excess of a ratio of 1.5 of its annual entitlement and create a more reasonable way to ensure communities are effectively utilizing appropriated funding.

Mountain Plains NAHRO respectfully urges you to support the deregulation measures as outlined in this letter and asks that your office convene a meeting with appropriate HUD senior officials and NAHRO members to reach consensus on the requested program reforms and develop an expedited timeline for implementation by the third quarter of 2012. Mountain Plains NAHRO along with our peers from the five other states that make up Mountain Plains NAHRO will be meeting with our Congressional delegates as a part of the NAHRO Legislative Conference to review and further explain this information. We look forward to meeting with you and other key HUD leaders at that time to discuss how we can best move forward together on these initiatives.

Sincerely,

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