



March 15, 2012

Senator Max Baucus  
511 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Baucus;

The Montana Chapter of NAHRO (MT NAHRO) is a membership driven organization whose purpose is to provide professional development, advocacy and networking opportunities for public housing and community development agencies as well as other individuals and organizations working to enhance the affordable housing industry and promote viable communities in Montana. Collectively, MT NAHRO members represent 9 housing authorities.

The purpose of this letter is to share with you, from a frontline perspective, the negative impact federal budget cuts to housing and community development programs are having to the programs and services we provide to low-income working families, seniors, and disabled individuals. Due to the continued slow pace of economic recovery, these funding cuts are occurring at a time when demand for our housing services are increasing statewide. Acknowledging the political climate that we find ourselves in, which has prioritized deficit reductions over full funding of safety net programs, our request to the Department of Housing and Urban Development is to implement with the greatest urgency possible the regulatory and administrative relief efforts recommended by NAHRO and other industry leaders. In this letter, the members of MT NAHRO outline the administrative relief efforts that we urge HUD to implement immediately so that we can manage through these challenging financial times with a minimum level of impact to the families we serve.

MT NAHRO is requesting that you contact HUD indicating your support for the measures outlined in this letter and request a response from HUD indicating when they intend to implement the program reforms.

The 2012 HUD budget approved and enacted by Congress is forcing all housing authorities across the country to absorb a 25% cut to our Housing Choice Voucher administrative fees. This decrease in annual funding comes on top of the approximately 10% cut in funding of admin fees in 2011. Most members of MT NAHRO administer housing choice vouchers, some members also administer community development block grant (CDBG) funds and some also own and manage low-income public housing portfolios. Those members with multiple programs are also impacted by severe cuts of between 15% and 40% to those programs.

Housing Authority members are forced to make difficult choices in order to manage these program funding cuts. Through attrition or staff reductions, Housing Choice Voucher departments are operating at bare bones levels. Because funding of HAP vouchers remained constant, HA's must administer the same number of vouchers with reduced staffing levels. To date, neither Congress nor HUD has implemented any significant regulatory or statutory changes to the HCV program which would materially impact the compliance and administrative burden of the program. Without regulatory relief this year, HA's face the dire prospect of lower SEMAP scores and lower service levels to families.

In Montana these funding cuts occur at a time when the need and demand for the housing programs we administer are at all time highs. The table below highlights what we are facing in our communities.

Category	Number	Increase
Unemployment Rate	7.5%	The unemployment rate has nearly doubled from 3.9 % in 2007.
Foreclosures	Foreclosure rate of one in every 1,423 households	
Rental Vacancy Rate	5.5%	
Homelessness	12%	Increase around 24%, which is the third highest increase in the nation behind Mississippi and Wyoming.
Poverty Rate	14.5%	.7% increase

Continued high unemployment, foreclosures, and a tight rental market are leaving a growing number of families' homeless and/or in need of rental assistance to make ends meet.

While we all appreciate the recommendations outlined by HUD PIH in Notice PIH 2012-15; much more needs to be done in order to manage through this challenging funding period. MT NAHRO requests that HUD partner with PHA's to immediately implement additional, meaningful relief from unnecessary administrative and compliance burdens. Only through collaboration and advocacy can we ensure that the individuals and families we serve are not the ones who bear the brunt of the underfunding of the Housing Choice Voucher program, as well as public housing and community development block grants. We reiterate our request to HUD Secretary Donovan that the department proceed to implement, with the greatest urgency possible, 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 PHA's 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:

1. Allow households to self-certify assets of less than \$5,000.
  2. Allow PHA's to apply applicable annual adjustment factor to fixed benefits or income verified on HUD's EIV system.
  3. Eliminate requirement to verify "excluded Income" items
  4. Allow PHA's to use pay stubs to verify income as first ranked item
  5. Allow PHA's to use recertification's from other agencies
- II. Allow PHA's to use their unobligated NRA funds from prior years to increase ongoing administrative fee pro-rations would help the HCV program sustain the number of families served last year and facilitate the Department accomplishing its FT 2010-15 Strategic Plan goals.
- III. Where possible, suspend or waive all or portions of the Section Eight Management Assessment Program. Taking unilateral action to suspend compliance and reporting burdens, until full funding of Administrative Fees is restored, will allow PHA's to focus their limited resources toward service delivery. NAHRO raised numerous, well documented, concerns over the scoring and implementation of SEMAP Indicators. MT NAHRO believes that under current conditions, this would be a good time to allow PHA's to have the option to carry forward their last SEMAP score until all issues are addressed.

In addition to the critical HCV relief efforts discussed above, there are additional measures which HUD can take immediately that would assist PHA's 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. These fees were benchmarked to a model of FHA-insured properties. MT 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. MT NAHRO members urge HUD to raise the Asset Management threshold to 400 units immediately.
- VI. Revise the CDBG timing requirement for when the required Analysis of Impediments to fair housing choice (AI) must be updated or redone. Extend it for a longer period or allow entitlement communities to decide when such an update or rewrite is needed.
- VII. Revise the HUD requirement regarding CDBG on-site sub-recipient monitoring. The requirement for on-site monitoring should be 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. Do away with the sanctions regarding timeliness of expenditure on CDBG funds which presently result in serious financial sanctions that reduce a grantees entitlement amount if the grantee exceeds having a ratio of 1.5 of its annual entitlement unspent.

We thank you for your consideration of the specific requests for relief from compliance and administrative burdens as outlined in this letter, and request that you contact HUD indicating your support for the measures outlined in this letter and request a response from HUD indicating when they intend to implement the program reforms. MT NAHRO will be setting up appointments to review and further explain this information with your staff during the upcoming NAHRO Legislative Conference.

The member PHA's of Montana NAHRO also look forward to joining with our peers in the other five states that make up Mountain Plains NAHRO at a meeting with appropriate HUD staff during the NAHRO Legislative Conference to discuss how we can best move forward on these initiatives.

Sincerely,

SueAnn Grogan  
President  
Montana NAHRO

Great Falls Housing Authority  
Mr. Kevin Hager PHM, Executive Director

Helena Housing Authority  
Mr. Josh LaFromboise, Executive Director



Housing Authority of Billings  
Ms. Lucy A. Brown SPHM, Executive Director



Housing Authority of the City of Anaconda  
Mr. Henry D. Smith, Executive Director



Missoula Housing Authority  
Ms. Lori Davidson, Executive Director



Public Housing Authority of Butte  
Mrs. Revonda Stordahl PHM, Executive Director



Richland County Housing Authority  
Mr. Paul L. Groshart PHM, Executive Director

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