



ASSISTANT SECRETARY FOR  
PUBLIC AND INDIAN HOUSING

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

JUN 12 2012

Mr. Craig Maraschky  
President  
Colorado Chapter  
National Association of Housing and Redevelopment Officials  
10745 E. Kentucky Avenue  
Aurora, CO 80012

Dear Mr. Maraschky:

Thank you for your letter proposing that HUD and NAHRO partner together to implement regulatory relief. The Office of Public and Indian Housing (PIH) is interested in reforms that streamline requirements, reduce administrative burdens, create better business practices and also meet PIH oversight responsibilities.

PIH has taken a leadership role and worked with industry groups and others to craft key provisions of the discussion draft of the Affordable Housing and Self-Sufficiency Improvement Act of 2012 (AHSSIA), including significantly expanding the Moving to Work program.

In addition, our FY 2013 budget proposes vital streamlining efforts such as: biennial inspections of Housing Choice Voucher (HCV) units; authority to create consortia of PHAs to operate public housing; flexibility to voluntarily consolidate funding for resident supportive service activities under operating, capital and Section 8 administrative fee funding sources; and authority to sponsor-base assistance of up to five percent of HCV funding for homeless individuals and families in order to provide housing and services. To both simplify the program and reduce the administrative burden on PHAs that own and manage these properties, the budget proposes to combine the separate operating and capital funds into a single public housing subsidy stream. As a first step toward this consolidation, the budget provides all PHAs with full flexibility to use their operating and capital funds for any eligible capital or operating expense.

Also, HUD's budget proposes a Jobs-Plus Initiative, an evidence-based strategy for increasing employment opportunities and earnings of public housing residents through a three-tiered program of employment services, rent-based work incentives, and community support for work.

At the same time, to continue implementation of the Rental Assistance Demonstration, the Department will use funding requested in the budget for existing programs to ensure that thousands of units funded through the public housing and so-called "orphan programs" can leverage debt to access private capital and preserve affordable housing.

Several of the recommendations in your letter are part of AHSSIA including: simplifying income verification by enacting provisions relating to improved household income and asset determinations by enabling PHAs to use participants' actual past income from the previous 12

months or current income as anticipated for the following 12 months; allowing households to self-certify assets of less than \$5,000; and allowing PHAs to apply applicable annual adjustment factors to fixed benefits or income verified on HUD's Enterprise Income Verification (EIV) system. As you know, if AHSSIA is not enacted, these changes would require HUD rulemaking before they could take effect.

Several of the suggestions from your letter are under development including; a notice to eliminate a requirement to verify "excluded income" items and; an update to Notice, PIH 2010-19, *Administrative Guidance for Effective and Mandated Use of the EIV System*. It may be fruitful to establish a working group to further discuss on-going EIV issues.

With respect to re-evaluating asset management fees as part of the Federal Advisory Committee process, at this time PIH is focusing on the proposal to provide all PHAs with full flexibility to use capital and operating funds for any eligible capital or operating expense. This will complete the transition to asset management, simplify the program, and reduce administrative burden. As you know, PHAs, industry representatives, and advocacy groups are participating in feedback sessions about this proposal.

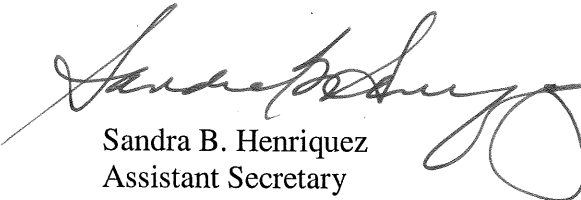
With respect to the suggestion to suspend or waive all or portions of the Section Eight Management Assessment Program (SEMAP) which assesses Public Housing Authorities' management of the Housing Choice Voucher program, I do not support such an approach because many SEMAP indicators measure statutory requirements, which the Department has a responsibility to ensure are being met. However, PIH will monitor SEMAP scores and if there are significant drops in performance ratings as a result of the decrease in administrative fee funding levels, PIH will explore potential policy or administrative changes that could be implemented to address significant decreases in PHA performance.

As you may know, HUD is working on changes to the SEMAP regulations, as well as implementation of the Next Generation Management System, a tool that will enhance financial, portfolio, and applicant/tenant data management. Through these initiatives PIH's intent is to shift the assessment of PHA performance from self-certification to independent verification, as well as to rely on data that the Department already has, thereby reducing the administrative burden associated with the SEMAP certification process. The Department is also undertaking an administrative fee study to fully evaluate the costs of running an effective voucher program. The results of the study will be used to justify a revision to the current administrative fee funding formula and future budget requests. The engagement of this study represents the Department's commitment to ensure PHAs receive adequate compensation for their services.

Some of the recommendations from your letter require legislation that PIH is not pursuing at this time including: allowing Public Housing Authorities to use re-certifications from other means tested programs; allowing Public Housing Authorities to use their unobligated Net Restricted Asset (NRA) funds from prior years to increase ongoing Administrative Fee prorations; and raising the Asset Management threshold from 250 units to 400 units.

Please contact, Deb Gross, Deputy Assistant Secretary for Policy, Programs and Legislative Initiatives, at 202-402-4642, if you have further questions.

Sincerely,



Sandra B. Henriquez  
Assistant Secretary

cc: Don May  
SueAnn Grogan  
Terry Hanson  
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