



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-1000

MAR 26 2014

ASSISTANT SECRETARY FOR CONGRESSIONAL  
AND INTERGOVERNMENTAL RELATIONS

The Honorable Angus S. King, Jr.  
United States Senate  
Washington, DC 20510-1902

Dear Senator King:

On behalf of Secretary Shaun Donovan, thank you for your letter of March 11, 2014, in which you requested that the Department of Housing and Urban Development (HUD) implement administrative and regulatory relief measures for housing authorities. HUD agrees that providing housing authorities with regulatory relief is a high priority, and it is glad to report that HUD's Office of Public and Indian Housing (PIH) has recently implemented an array of relief measures. HUD also agrees with you that there is more to do. The following information is from PIH.

The Department recognizes that the need for rental assistance has grown as a result of the recession. Public Housing Authorities (PHAs) in Maine and across the country have worked with HUD to respond with tremendous effort and compassion to the housing crisis. HUD has pushed the regulatory and administrative boundaries of programs operated by PHAs to maximize the number of families housed with the funds provided. The Department intends to continue that work with an active regulatory relief effort often referred to by its affordable housing industry partners as "streamlining". HUD has also submitted a Fiscal Year (FY) 2015 Budget request that will maintain a core commitment to provide opportunities to families receiving rental assistance.

In recent years, the Department has actively sought the help of PHAs, tenants, local governments, the general public, and its own staff to recommend ways of streamlining the Public Housing and Housing Choice Voucher programs. PHAs in Maine have played an active role in this process, individually and through their industry associations. Ideas that may reduce costs and improve program efficiency have come from: 1) feedback to Executive Order 13563; 2) an Improving Regulation and Regulatory Review; 3) Moving-To-Work (MTW) Agency demonstrations; 4) HUD's Delivering Together program; 5) the Public Housing Administrative Reform Initiative; and 6) multiple listening sessions across the country. National and local industry groups, individual PHAs, local HUD offices, and others have submitted ideas. Two general principles emerged about how to streamline program requirements: 1) policy changes that are a matter of good government will enable housing authorities to be more efficient; and 2) any relief provided must continue to allow Congress and the Department to effectively monitor and oversee the nation's affordable housing programs.

The response to HUD's outreach has been significant, and it has immediately taken actions to provide administrative relief to PHAs, where possible. For example, the Department recently published a *Temporary Compliance Assistance Notice PIH 2013-3* for Public Housing and Housing Choice Vouchers that included a number of the streamlining recommendations that HUD received. This Notice immediately increased PHAs' administrative flexibility to deliver rental assistance more efficiently and expeditiously. It also allows PHAs to better manage their programs within current allocated budget authority.

For example, the Notice permits HUD-assisted households to self-certify as to having assets of less than \$5,000. It also allows PHAs the option of streamlining annual reexaminations for elderly families and disabled families on fixed incomes. While seemingly small, these changes immediately relieve thousands of PHAs and tenants of reporting requirements that were having little material impact on their tenancy.

HUD has also provided administrative relief to PHAs due to sequestration. This includes a delay in releasing the Physical Needs Assessment (PNA) and energy audit final rule. It is also reducing PHA reporting in the Energy Performance Information Center (EPIC) system from quarterly to annually. The full range of streamlining actions related to sequestration can be found on the Department's website at: <http://portal.hud.gov/hudportal/HUD?src=sequestrationinformation>.

You and your Congressional colleagues have been instrumental in this effort, and HUD wants to specifically express its appreciation for your support of the Department of Housing and Urban Development Appropriations Act of 2014. The Act is allowing HUD to implement these provisions immediately through notices before rulemaking. Congress included a number of provisions that reflect the requests of PHAs and type of reform that HUD supports, including the authority for PHAs to use alternative inspection standards under the Housing Choice Voucher program.

Looking ahead, HUD is drafting a proposed rule to further provide administrative relief to PHAs in several areas. The areas under consideration, and based on input from PHAs and others in the affordable housing industry, include the following:

- simplifying the earned income disregard;
- establishing a threshold for processing changes in family income;
- permitting self-certification of community service;
- modifying utility reimbursements;
- simplifying prorated rent calculation for mixed families;
- removing the obsolete designated housing rule;
- allowing PHAs to set exception payment standards to 120 percent of the Fair Market Rents for reasonable accommodations;
- permitting PHAs to charge owners a fee if re-inspection shows that a housing quality standard (HQS) violation has not been fixed; and
- basing utility schedule on size of unit, not type.

The Department's FY 2015 Budget supports legislative reforms to its core rental assistance programs to include: 1) expanding the MTW program to high capacity PHAs; 2) allowing fixed-income families to recertify their incomes every 3 years; and 3) providing all PHAs with full flexibility to use their operating and capital funds for any eligible expense under both programs.

HUD has also taken action to reduce the time that it takes to inform PHAs of their Capital Fund allocations. Over the past several months, the Department has dedicated staff to work intensively to more fully automate the processes used to derive the Capital Fund allocations. This

effort has included both the review and updating of the Capital Fund formula itself, as well as an effort to streamline the various ongoing programmatic inputs that are used in the calculation of the formula. PHAs now receive this information more quickly and clearly than ever.

Additionally, the Capital Fund formula has been comprehensively examined and updated to incorporate the new Capital Fund rule, which became effective November 25, 2013. The result has been the awarding of funds more quickly, in spite of the changes needed as a result of the new Capital Fund rule. On January 17, 2014, the President signed the Department of Housing and Urban Development Appropriations Act of 2014. On March 18, 2014, HUD announced the FY 2014 Capital Fund awards of about \$1.8 billion to 3,100 PHAs to improve and preserve public housing. The state of Maine received \$5,289,360.

In direct response to your point on the collection of data, please know that the Department has been actively reviewing data collection requirements and has made a number of recent improvements and updates to its systems. This remains a high priority. In continuing to move forward, HUD will collect data not only to measure performance, but also to assist PHAs, elected officials and other interested parties to better understand the outcomes of the public's investment in assisted housing. This will allow HUD and PHAs to target limited resources to the areas where they will make the greatest impact. As the Department releases future iterations of its assessment tools, it will strive to provide administrative relief by eliminating the collection of any data that lacks an oversight or otherwise significant purpose.

I hope this information is helpful. The Department appreciates your drawing attention to the need for regulatory and administrative relief measures, and it looks forward to continuing its work with you, Maine PHAs and everyone involved in this important effort. If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "D. McCoy". The signature is stylized with a large initial "D" and a horizontal line extending from it.

Dominique M. McCoy  
General Deputy Assistant Secretary for  
Congressional and Intergovernmental Relations