



September 30, 2008

Lillian L. Deitzer  
Department Reports Management Officer  
ODAM  
Department of Housing and Urban Development  
451 7th St., SW., Room 4116  
Washington, D.C. 20410-5000

Re: Docket No. FR-5194-N-02, Notice of Proposed Information Collection:  
Comment Request: Management Review for Public Housing Projects;  
Proposed Form HUD-5834; OMB Control Number: 2577—Pending

Dear Ms. Deitzer:

The Saint Paul Public Housing Agency (PHA) submits the comments set forth below regarding forms HUD 5834, HUD-5834-A, and HUD 5834-B, that HUD proposes to use for on-site management reviews under the new Public Housing Assessment System (PHAS). We also support the comments submitted earlier by the Public Housing Authorities Directors Association (PHADA). Our comments here are limited to the proposed form itself, and we will submit additional comments later on the proposed PHAS rule and notice published on August 21, 2008 (73 Fed. Reg. 39543), which explain the scoring HUD proposes to use with form HUD-5834.

The Saint Paul Public Housing Agency is an independent governmental agency that owns and manages over 4,200 public housing dwelling units and administers over 4,000 Section 8 Housing Choice Vouchers in the City of Saint Paul, Minnesota. The PHA has been rated a “High Performer” agency every year under PHAS and PHMAP and for seven years under SEMAP.

Saint Paul PHA staff participated in HUD’s Administrative Reform Initiative (ARI) meetings in 2007 and we are pleased to see some of that group’s recommendations reflected in HUD’s current proposals for modifying and streamlining rules and processes. However, in other areas it appears that the ARI recommendations have been ignored. Specifically, the ARI group recommended that the management review procedures and scoring take into account the effects of reduced funding to PHA’s. This is important because the ongoing, severe underfunding of the Public Housing Operating Fund and Capital Fund by Congress and HUD has negatively affected almost every aspect of public housing management and maintenance. As explained below, we also doubt that HUD has the capacity to implement the on-site management review process now, due to its own resource limitations.

The PHA offers the following comments:

1. Inadequate HUD Capacity to Implement Management Reviews. At the present time and in the foreseeable future, HUD will not have the capacity or resources that would be required to conduct the detailed on-site management review required by the proposed form HUD-5834. The proposed reviews would be conducted for several thousand Asset Management Projects (AMP's) in public housing nationwide, not the 3,282 respondents (PHA's) estimated in the February 8, 2008 Notice of Proposed Information Collection. HUD's organizational capacity has been challenged by external demands like hurricane response and internal transformations like the conversion to asset management. A prime example of HUD's inability to launch new systems at this time is the problematic implementation (now suspended) of SAGIS, which was intended to be the core of online financial submissions for asset management.

Because we believe HUD lacks the capacity to undertake the proposed management reviews at this time, we recommend that HUD adopt one or more of the following measures:

- a. Delay implementation of the on-site monitoring reviews until HUD has adequate financial and staff resources available to train and deploy its own staff to conduct the reviews.
- b. Phase in the monitoring reviews over a period of several years. We recommend that the first reviews be directed at housing agencies with documented performance problems. Reviews for agencies currently recognized as high or standard performers under PHAS could be suspended or delayed for several years and in the interim the previous scores could be "rolled forward".
- c. Initially the reviews could be limited to a sample of some but not all AMP's at a PHA. If the initial reviews raise "red flags," additional AMP's at the same PHA should be reviewed.
- d. Reduce the frequency of reviews for all high or standard performing agencies. The Administrative Reform Initiative working group recommended that "On-site Management and Occupancy (MOR) reviews should not occur more frequently than every 3 years for High Performers and 2 years for Standard Performers."
- e. Given REAC's chronic delays in conducting PHAS-PASS physical inspections, we suggest that HUD/REAC address potential schedule delays in the on-site management reviews now, as the process is being developed. When the reviews do begin, we recommend that a PHA have the option to count an on-site management review for the fiscal year in which it is actually conducted, as well as for the nominal year(s) of the review. For example, if an onsite management review is conducted on June 1<sup>st</sup> to assess the PHA's performance for the fiscal year that ended the previous March 31, the PHA should have the option to accept that rating for both the previous and the current fiscal years. This would spare the PHA and HUD/REAC unnecessary work.

2. Effects of Underfunding. As an ARI working group recommended, “Oversight regimens must take the level of resources into account in final scoring and possible sanctions.” The HUD-5834 should include a section where the PHA and the reviewer could note whether operating and capital funding during and prior to the rating period had been reduced below “full funding” levels. Insufficient funding should not be a reason for a reviewer to turn a blind eye to obvious management or maintenance problems. However, we believe it is important to acknowledge on the face of the form the connection between funding levels and performance. That would provide a basis for possible scoring adjustments and realistic strategies for improvement.
3. Time Periods. The proposed form appears to rate some activities on a rolling 12-month period ending the month before the review takes place. We recommend that PHA’s have the option of reporting on activities during the previous fiscal year, to allow for fluctuating schedules from year to year. (This was also a recommendation from the Administrative Reform Initiative working group.)

For example, the St. Paul PHA unfailingly inspects every unit during every fiscal year, but the schedule may vary somewhat from year to year. If units at a particular AMP were inspected in April 2008, and the AMP was scheduled for inspections in June 2009, an on-site management review in May 2009 would show that units were not inspected in the previous 12 months. The inspections should be considered timely unless a period of more than 15-18 months has elapsed since the previous inspection. Using the “rolling 12-month” rating period for some activities could also make additional work for PHA staff by requiring the, to run special reports and calculations that are not required in the normal course of business. Again, the option of using data from the last completed fiscal year would be preferable.

Other management activities covered by the proposed form apparently are to be rated on the previous month’s activities alone, which could create even more difficulty in monitoring, and cause errors in the ratings. For example, the Economic Self-Sufficiency questions discussed below (if they are retained at all) should not be limited to a single month. Since some activities are reported to the PHA only annually, the PHA should have the option of reporting on a 12-month basis. (For example, a resident’s community service compliance is monitored at the time of the annual Application for Continued Occupancy (ACO)). Limiting the scope of review to a single month might produce very little useful information.

4. Economic Self-Sufficiency. We believe that some of the Economic Self-Sufficiency questions on the proposed HUD-5834 (in Section 6. Tenant Management Relations) are not workable criteria for a management review.
  - a. Specifically, the question “What is the current percentage of adults participating in self-sufficiency?” may not be answered accurately at a large public housing program. In Saint Paul and the Twin Cities metropolitan area, a wide range of services are available that could be considered “self-sufficiency”. The PHA cannot even estimate how many adult residents may be participating in those services. The PHA knows about the relatively few residents who are subject to the community service

requirement and who may report that they participated in self-sufficiency activities to satisfy that requirement. Other residents may be enrolled in the PHA's own Family Self-Sufficiency program. But by and large, PHA staff will not know which residents are involved in self-sufficiency programs over any given time period. Regardless of the time period covered (last month, last 12 months, last fiscal year) the PHA may not be able to measure residents' participation in self-sufficiency activities provided by outside agencies. This is not a statutory evaluation factor (percentage of adults participating in self-sufficiency), so the PHA should not be scored on it.

- b. If a short time period is examined, the results are even less meaningful. Some activities are seasonal: Some programs only operate during the school year, while others "ramp up" during the summer; many services suspend operations during the year-end holiday seasons, etc. The monitoring review results from one month may not be replicable in a different month of the year.
- c. The proposed form requires AMP staff to "Identify self-sufficiency opportunities offered by project [i.e, the AMP] and/or opportunities where project coordinates with an outside agency to offer." (emphasis added) Although the Twin Cities metropolitan area offers a range of services, we are concerned that a "by-the-book" reviewer would not be satisfied that a specific AMP was sufficiently identifying opportunities "offered by the project" or actively "coordinated" with service providers.

The statutory language on performance evaluation is: "The extent to which the public housing agency--(i) coordinates, promotes, or provides effective programs and activities to promote the economic self-sufficiency of public housing residents." (§1437d (j)(1)(H)(i)) We recommend that the form use that exact language, since a PHA could show that it "promotes" economic self-sufficiency programs and activities without "coordinating" or "providing" such services.

We note that the introductory comments to the August 21, 2008 notice use the full phrase "coordinate, promote, or provide effective programs" (73 Fed. Reg. 49545) However, the proposed rule language only says "offers or coordinates" (73 Fed.Reg. 49580, Component #6.1, Grade C). We will offer further comments on the proposed rule later.

- 5. Crime Rates. As noted by the Public Housing Authorities Directors Association (PHADA) in their comments dated June 30, 2008, the question about "evidence of project crime" (first question in Section 1.2 Security) is of little value. ("Please indicate if there is evidence of project crime, as indicated by the following (check all that apply): Crime statistics, Discussions with law enforcement...") We submit that in most communities nationwide, whether public housing or other housing, there is some evidence of crime. However, in a single day's on-site management review, the reviewer is not likely to get useful information about the level of crime. Instead, the form could simply ask if the management has some sort of "anti-crime security plan" for the housing development. An acceptable answer to that question could be "No plan; management reports minimal crime in and around housing development (optional: as confirmed by

(check one or more) Crime statistics, Discussions with law enforcement or residents, etc....”).

6. In general, the PHA supports HUD’s attempt to simplify the Management Operations component of PHAS. We appreciate that the proposed HUD-5834 eliminates some of the detailed “process” reporting that was required in the previous Management Operations Certification (e.g., breakdown of vacant unit turnaround time, number of units inspected that did or did not require repairs “to comply with UPCS,” etc.).

In closing, we would like to repeat our concern that HUD does not have the capacity at this time to conduct in-depth on-site management reviews of each Asset Management Project. Both HUD and individual PHA’s (and their AMPs) are staggering under the cumulative effects of chronic underfunding and increasing workload. That fact must be taken into account any discussion of performance evaluation.

Thank you for the opportunity to submit these comments.

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