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Regulations Division
Office of the General Counsel
Room 10276
U.S. Department of Housing & Urban Development
451 Seventh Street S.W.
Washington, DC 20410-0500

*Submitted Electronically via
Federal eRulemaking Portal*

RE: Docket No. FR-5094-P-01
**Proposed Rule on Public Housing Evaluation and Oversight: Changes to the
Public Housing Assessment System (PHAS) and Determining and
Remediating Substantial Default
24 CFR Part 902**
Published 8/21/2008; 73 Fed. Reg. 49544

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 4000 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.

The St. Paul Public Housing Agency (PHA) submits the comments set forth below regarding HUD’s Proposed Rule on PHAS. We also join in the comments from the Public Housing Authorities Directors Association (PHADA).

The PHA acknowledges the need to adapt the PHAS regulations for use at the Asset Management Project (AMP) level. We agree with several of the proposals to simplify PHAS, such as eliminating the resident satisfaction survey, and linking related indicators like vacancy rate and vacant unit turnaround times.

However, the PHA urges the Department to consider the following recommendations, among others:

- No higher standards. HUD should not “raise the bar” for measuring performance in several key indicators, such as vacant unit turnaround time and completion of routine work orders.
- Delay implementation. HUD should not assess a housing authority’s performance using significantly changed standards, scoring or timing until the new rule has been in effect for at least a PHA’s full fiscal year.
- Adjust for underfunding. HUD should adjust PHAS scoring to take into account severe underfunding of public housing operating and capital subsidies.

- Use fixed time periods. HUD should not adopt a “floating” time period for assessing performance, such as the one-month or 12-month period before the month in which the physical inspection or on-site management review occur.
- Eliminate redundancy in Management Operations Indicator. As PHADA commented, “Virtually all of the 12 categories [in “Appearance and Market Appeal] are thoroughly reviewed in the physical inspection.”

These comments and others are explained below.

1. No higher standards. With all the challenges facing PHA’s and HUD, notably funding shortfalls and the asset management conversion, we object to HUD’s proposal to significantly “raise the bar” by imposing different and more stringent performance standards. Every change in standards increases the PHA’s challenge to achieve High Performer rating, which is the basis for the statutory Capital Fund Program (CFP) bonus. That is a significant amount of money, and a powerful incentive. The new standards should be well understood before the rating period and they should be achievable, for the incentive to have maximum impact on performance.
 - a. Maintenance Work Orders. HUD proposes to drop from a 25-day “A” standard for completing (all) non-emergency work orders to a 3-day standard for completing “tenant-generated” work orders. We urge HUD to keep the current 25-day standard, or least to allow 10-15 days for an “A” rating. The Saint Paul PHA strives to deliver excellent maintenance services to all of its 4329 public housing units, and we take pride in our prompt work order responses. In our last fiscal year our staff completed 24,317 non-emergency work orders in an average of 4.18 days. That’s excellent, but only a “C” performance under the proposed rule. HUD proposes that average completion time of 10 days or more is an “F”, for failing performance. We do not believe private rental properties achieve anything close to a 3-day average for completing non-emergency work orders, and perhaps not 10-day completion times.
 - b. The proposed standard does not count “business days” and we would not want to, because that would further complicate the recordkeeping. Consider, however, that a PHA receiving a tenant request for a routine maintenance work order on a Friday afternoon would send a worker to the unit on Monday at the earliest, when three days would already have passed. If the repair requires a part that has to be ordered, or a specialist (plasterer, carpenter, etc.) who has to be scheduled, the repair may not be completed for several more days. For these reasons, a 3-day average is impossible to sustain.

We have not separately measured completion times for “tenant-generated” work orders, so we do not know how that average would compare. The majority of all work orders are requested by residents, but some are for very minor “defects” that have low priority for completion. Also many agencies probably would not have three years of historical data on tenant-generated work orders, so it would not be possible to measure the reduction of completion times over three years. If HUD chooses to change this indicator to tenant-generated work orders, it should leave the 25-day

standard in place until PHA's and HUD have one or more years of some performance data to assess.

Changing the assessment period from "last fiscal year" to "last month" or "last 12 months" creates the potential for scores to vary based on what portion of the year is assessed. The Saint Paul PHA has tracked work order completion times by the month for many years, and we observe that times vary somewhat cyclically. More family households move during summer months (school's out), creating more vacant units to prepare for re rental, sometimes increasing work order completion averages by a day or two. Staff take somewhat more vacation time off in the summer, as well, although managers do not allow the workforce to be depleted by vacations. If given a choice of time periods to assess, we would first look at how the previous month compared to the previous twelve months, and choose the "better" result. That would undercut the consistency of scores among agencies or AMP's.

- c. Occupancy Rates. HUD proposes to set the "A" standard for occupancy at 98%, replacing the "occupancy loss" component in the current Financial Condition indicator. We recommend that the standard be set no higher than 97%, which has long been considered "full occupancy" in public housing. In the private market 95% may be considered full occupancy.

We join in PHADA's recommendation that occupancy not be weighted so heavily in the new PHAS scoring (proposed at 16 points, up from 4.5 points currently).

We also recommend that HUD clarify how the vacancy rate will be measured, either by "unit-days" vacant vs. "unit-days" available, or average month-end occupancy. The Saint Paul PHA monitors occupancy both ways, and the results are similar but not identical. Month-end occupancy is higher, since a unit vacated early in a month may be under lease again before the month is over, so it never counts as vacant at the end of a month.

- d. Vacant Unit Turnaround Time. HUD proposes to set the "A" standard for vacant unit turnaround time at 15 days, down from the current standard of 20 days. We strongly encourage HUD to leave this standard at 20 days, given the challenges of underfunding at the same time PHA's are converting to managing AMPs. Although some rental properties in the private market may routinely re rent vacant units in less than 20 days, the task is more challenging in public housing due to the following factors, among others:
 - i. Very low-income applicants often move frequently, so checking housing histories is cumbersome.
 - ii. Likewise, income and asset verification is complicated by frequent changes in jobs, hours and wage rates.
 - iii. Criminal history screening may take longer due to frequent address changes.

- iv. Even though very low income applicants may desperately need assisted housing, their precarious circumstances may cause them to lose contact with the PHA or to fail to respond when the PHA notifies them that a vacant unit is available.
- v. Even with quality public housing like Saint Paul's, applicants may reject a unit because of its small size, densely populated neighborhood or other factors.

We applaud HUD's proposal to rate turnaround time an "A" if the housing agency achieved high occupancy. That was a recommendation from an Administrative Reform Initiative (ARI) work group.

- e. Physical Inspections. HUD proposes that an AMP that scores of 90 points or higher on the PHAS Physical Conditions inspection will also get an "A" on the Unit Inspections and Work Orders components of the Management Assessment, without assessing performance on those components separately. We support this linking of related indicators, but we encourage HUD to set a lower threshold, no higher than 80 (out of 100) points. Since 80 is the standard for "PASS performance incentives" (less frequent inspections), it should also be used as the standard here. Saint Paul's experience with the PHAS physical inspections demonstrates that a property that is in excellent condition can receive a score below 90, due to the sensitivity and weighting of some "deficiency" criteria. (See also our other comments below on standards for physical inspections.)
2. Delay implementation. HUD proposes to apply the new PHAS rule beginning with housing agencies with fiscal years ending June 30, 2009 or later. We share PHADA's concern that some agencies would be assessed based on standards they could not have known during the time period being assessed. Instead, HUD should clarify that the new standards and scoring would be followed for a housing agency's first fiscal year beginning not less than three (or six) months after the final rule is published. For example, if the final rule is published in February 2009, the new performance standards would first apply to a housing agency's fiscal year beginning July 1, 2009 (or October 1, 2009). Every agency should know what the final PHAS rule says before the year starts when they will be scored on it.
 3. Adjust for underfunding. HUD proposes to set new—often higher—standards for public housing performance, without any consideration that public housing operating and capital subsidies have been woefully underfunded by Congress and HUD for several years. During HUD's Administrative Reform Initiative (ARI) meetings last year, the housing industry groups and individual PHA's (including the Saint Paul PHA) strongly recommended that performance ratings be suspended or adjusted (upward) when housing agencies do not receive adequate funding. ("Oversight regimens must take the level of resources into account in final scoring and possible sanctions.") One possible solution is PHADA's recommendation to divide the operating subsidy proration factor into the nominal score to arrive at an adjusted score. (For example, an 80 nominal score on one component, divided by an 85% proration, would become a 94 adjusted score.)

4. Use fixed time periods. HUD proposes using a “floating” time period for assessing performance on some components, instead of the uniform fiscal year period in the current PHAS rule. (E.g., Component #3.2, Work Orders “A project may choose either to be assessed: (1) for the most recent one-month period where the required information is available; or (2) for the 12-calendar-month period as of the end of the calendar month before the management review of public housing projects begins. (73 Fed Reg. 49578))

We recommend that HUD continue using fiscal year as for the assessment period for the following reasons:

- a. As explained above in the context of maintenance work orders, some processes vary cyclically during the year. Depending on when a management review occurs, the PHA may choose a one-month assessment period instead of a 12-month period, if the single previous month “looks better”. But if the management review is conducted at a different time of the year, the one-month data may “look worse” than the 12-month data so the PHA will choose the 12-month average. That variability would reduce the consistency of performance ratings between agencies and AMP’s, and change from year to year, undermining the fairness and usefulness of the ratings.

Assessing performance in the previous calendar quarter would produce somewhat greater consistency of results than giving a choice of “last month or last 12 months”, but we still recommend using a consistent fiscal year basis for assessment.

- b. This PHA and many others track their own performance on a fiscal year basis, generating the same types of reports at the close of each fiscal year. That allows us to track progress and trends to report to our Board and the community. The proposed “floating” 12-month assessment period would require running reports and analyzing data at other times of the year, and for each AMP, adding to our workload without producing more useful information.
- c. The “floating” 12-month assessment period also would disrupt or penalize this PHA’s scheduling of maintenance tasks. For example, our staff inspects and performs preventive maintenance in every public housing unit at least once during every fiscal year. But to capture seasonal and other variations in property conditions (e.g., heating vs. cooling seasons), staff rotates the schedule. Therefore a development may be inspected in the summer of one fiscal year, and then in the winter of the next fiscal year, potentially 18-24 months between inspections but still once in each fiscal year.

Recognizing the value of this type of scheduling, one ARI workgroup submitted this recommendation: “‘Annual inspections’ of public housing units, systems and equipment should be considered timely if conducted at least once during each year (fiscal or calendar), but not more than eighteen months after the last annual inspection.”

5. Eliminate redundancy and subjectivity in the Management Operations Indicator. As PHADA commented, “Virtually all of the 12 categories [in “Appearance and Market

Appeal] are thoroughly reviewed in the physical inspection.” Furthermore the physical inspection is more objective than the method proposed in the management assessment.”

- a. On-site Management and Occupancy (MOR) reviews should not occur more frequently than every three years for High Performers and two years for Standard Performers.
 - b. We are concerned that “Appearance and Market appeal” are too vaguely defined to provide an adequate basis for awarding or withholding 5 out of the 30 points available under the Management Operations Indicator. Many of the proposed components rely on subjective standards, like “appropriate signage”. Those assessments are likely to vary according to the personal preferences of the reviewers, in which case the scores would not be fair or useful indicators of performance.
 - c. The Security component is worth only one point, but that point may be difficult to come by. As we commented on the HUD-5834 (copy of 10/6/08 comments attached), “evidence of crime” is not a workable criterion. Crime rates are also difficult to measure or compare in real time. In Saint Paul, neither the PHA nor the reviewer could easily determine whether a project’s (AMP’s) crime rate is less than, equal to or higher than the neighborhood crime rate. The Saint Paul Police Department (SPPD) probably analyzes and reports more crimes data than most cities, both for the City as a whole and in about 200 “grids” of 32-40 blocks each. (A grid is not the same as a neighborhood. Some of the PHA’s nine AMP’s are in a single grid and others are not.) However, the SPPD does not compile and publish crime rates in a way that PHA staff or a reviewer could call up the data and compare “the crime rate” for “the project” and for “the neighborhood”. For example, see the map, “Saint Paul Police Part 1 Offenses (density by grid), January 1 - December 31, 2007” at <http://www.stpaul.gov/DocumentView.asp?DID=5376>
6. Eliminate the “Accounts Payable” Component. HUD proposes to score housing agencies on their “accounts payable” as part of the Management Assessment. We encourage HUD to revise this indicator altogether or to eliminate it because it would not provide a useful performance measure of financial performance

Recommendation: If HUD retains this indicator, a better standard for “A” performance would be:

“98% of invoices (not in dispute) are 60 days or less outstanding.”

As explained below, the PHA should not be required to change its accounting system if it pays invoices through the Central Operating Cost Center, rather than at the AMP level.

- a. Requiring all invoices to be paid within 30 days of receipt is micromanagement at its worst. In the private sector, many companies delay paying their bills as long as possible while still maintaining healthy relationships with the vendors and contractors. As long as bills are paid before any penalties or interest is charged, delaying payments maximizes cash flow and investments. This may mean paying bills on the 35th-38th day. HUD should not dictate how housing agencies should

handle day-to-day business, given with the multitude of agencies with varying local policies, procedures and business relationships.

The proposed rule does not take into account the variations in how a PHA's vendors do business. One vendor may freely allow payments beyond 30 days. Some vendors actually bill the PHA before the services or goods are received. In this case, an agency may choose to pay 30 days after the delivery of service or goods, but it wouldn't be within 30 days of the invoice. Other invoices show charges for goods or services provided to several AMP's, which may be delivered at different times. This could affect the apparently timeliness of paying the invoice.

PHA's also have internal business processes that HUD should not overrule. For example, the Saint Paul PHA cuts checks once a week (on Wednesdays). We time our invoice payments around the vendors' schedules and our own, for maximum efficiency and cash flow. Some agencies require that payments be approved by a Board of Commissioners, which often delays payment.

Other local agency practices may cause invoice payments to appear late even when they are timely. For example, the Saint Paul PHA's fiscal year ends March 31, so staff routinely records some invoices as "3/31" even though they are received in April. When the goods or services were received in March or earlier, this procedure keeps the expense recorded in the correct fiscal year. However, such an invoice might appear to have been paid late, when in fact it was paid in less than 30 days.

- b. The proposed rule also requires that a PHA have an "adequate" system to track the invoices in question. "Adequate" is not defined, and different field reviewers may follow different standards—or none at all. (This same concern extends to other subjective criteria in the proposed Management Assessment.)
- c. After the shift to asset-based budgeting and accounting, it would be even more difficult to track "timely payment" of invoices by AMP's. Many agencies' computer systems (including Saint Paul PHA's) do not have the ability to track invoices by AMP, since the only designation in most accounts payable systems will be within the account code structure.

The Saint Paul PHA already has an extensive (and expensive) computer system in place that serves our business needs well, but it does not facilitate tracking payment of invoices by AMP. With insufficient funding for core operations, the PHA would not willingly pay more for custom programming to modify the system.

- d. In many cases (Saint Paul PHA included), the payment of invoices will still be relegated to a central accounting function within the Central Operating Cost Center. It will not be practical or fair to grade the AMP's on a function within the COCC.
- e. If the reviewer deems the PHA's system to track invoices "inadequate" the PHA will receive an "F" grade, reducing the score by 4 points, or 10% of the total Management Operations 40-point score.

- f. The PHA objects to using this “zero tolerance” indicator to measure management and financial performance. This agency receives 125-300 invoices per week, whereas a small agency may receive only a fraction of that number. Therefore if this indicator is retained, a percent target is more appropriate. We recommend “98% of invoices (not in dispute) are 60 days or less outstanding.”
7. Economic Self-Sufficiency. We recommend that HUD eliminate or substantially revise the proposed component on resident economic self-sufficiency. As we commented on the proposed form HUD-5834 (copy of comments attached), PHA’s and reviewers are not going to be able to determine how many adult residents are employed or are participating in a self-sufficiency program. Only residents who are subject to the community service requirement are required to report self-sufficiency activities, and then only at annual recertification time. Whether a reviewer looked back twelve months or only at a single previous month, it would not be possible to get useful information in a timely way. Please see our additional comments in the attached document.
8. Resident Involvement. Although the Saint Paul PHA values and benefits from resident involvement, we question the usefulness of this component: “Grade A: The project offers at least one opportunity for tenants to be involved in the administration of the project. Grade F: The project does not offer at least one opportunity for tenants to be involved in the administration of the project.”

Particularly if the reviewer looks at a single month, this question is difficult to answer and may produce unreliable results. Is a single Resident Council meeting held during the month a sufficient opportunity? In Saint Paul, the sixteen hi-rise Resident Councils (primarily elderly residents and persons with disabilities) choose not to meet during the summer months, so an assessment during that period would produce an “F” grade for the PHA. Every resident has the opportunity to attend the monthly meeting of the PHA Board of Commissioners, but very few do attend.

We recommend that a resident involvement indicator focus on whether residents have an opportunity now (at the time of the review) or during the past year to participate in a Resident Council or similar activity. If there is no Resident Council at the time of the review, the PHA should explain what efforts it has made to create or revive a council or similar organization.

9. Resident Satisfaction. We support HUD’s proposal to eliminate the RASS resident satisfaction survey. Although the initial years’ RASS results were interesting, the subsequent years’ surveys were so similar that they produced little new information for us. Therefore the ongoing survey needlessly consumes staff time to certify addresses, post and distribute notices of the survey, etc. We believe the PHA receives more useful input from residents through the two Commissioners on our seven-member PHA Board, through the network or Resident Councils, City-Wide (Family) Resident Council and Hi-Rise Presidents Council; and through the annual Resident Advisory Board process.

10. Other Comments on Management/Financial Subindicators.

- a. We support the proposed streamlining of the Financial Indicator, except as noted.
- b. We support HUD's proposal to assess financial performance in the public housing program only, not "entitywide" as the current rule does. (This was another recommendation of the ARI work groups.)
- c. We support HUD's proposal to assess financial performance on "rent collection", exclusive of other types of charges.
- d. We recommend that HUD provide more exacting "range" definitions under the financial indicators.
- e. As noted elsewhere in these comments, the rule should consider the direct impact that chronic underfunding has on housing agencies' ability to meet PHAS standards.

11. Energy Conservation/Utility Consumption. HUD proposes to assess this component (#3.4) as follows:

Grade A: The project:

- (1) Has completed or updated its energy audit within the past 5 years and the project has implemented all of the recommendations that were cost-effective; or
- (2) Is doing the maximum feasible to reduce energy consumption such that no energy audit conducted within the past 5 years has made cost-effective recommendations.

Grade C: The project:

- (1) Has completed or updated its energy audit within the past 5 years and the energy audit is less than one-year old; or
- (2) Has completed or updated its energy audit within the past 5 years, the energy audit is at least one-year old, and the project has developed an implementation plan for all cost-effective recommendations and is on schedule with the implementation plan, based on available funds. The implementation plan identifies, at a minimum, the cost-effective items from the audit, the estimated cost, the planned funding source, and the anticipated date of completion for each item. (73 Fed Reg. 49578)

We support PHADA's comments. "Cost effectiveness" should be measured in terms of expected payback, which should be two years or less. Severe underfunding of the operating and/or capital subsidies should suspend this requirement.

12. Physical inspection standards should be reduced to reasonable levels. HUD is not proposing to raise the standards for scoring PHAS-PASS physical inspections. However, we recommend that HUD lower the standards, thereby increasing the average scores for properties that satisfy the statutory standard of providing "acceptable basic living conditions." We continue to believe that the PHAS physical inspection standards are too stringent, far exceeding the statutory requirement. Some examples from PHAS

inspections in Saint Paul are described below. The first two are from the same PHA hi-rise apartment building (825 Seal Street in Saint Paul).

- a. The current system imposes a heavy point penalty on a fogged thermopane window in a hi-rise common area, even though the window keeps out the elements. In fact, the window may look no different than a dirty window, which is not a deficiency. It may be unsightly to some observers, but it meets the standard of “acceptable basic living conditions. (The 8.2 point deduction inappropriately reduced the PASS score for this 144 unit hi-rise which is in good condition.)
- b. Current PHAS scoring penalizes a hi-rise building if electrical panels in locked basement maintenance areas are not individually secured with plastic ties that have to be cut to open the panel. (Again, another 8.2 point deduction inappropriately reduced the PASS score for this 144 unit hi-rise which is in good condition.)
- c. At a different hi-rise building the inspector cited “blistering” of the membrane on the building’s roof, a “Level 3” deficiency resulting in a 9.3 point deduction.

The PHA requested a database adjustment or a technical review, explaining, “This hi-rise roof is still functional. The PHA had a professional evaluation of hi-rise roofs (by “Inspec”) conducted a month before PASS inspection. Copy of report attached: (Upper Roof) Reroofing recommended in 2-3 years. The roof is nearing end of its useful life and will be replaced with Capital Fund grant soon. For a 425-unit row/townhouse and hi-rise development, deducting 9.3 points for this roof condition inappropriately reduces the PASS score.”

REAC rejected our request for a data base adjustment.

These unreasonably stringent inspection standards and heavy point deductions become even more important when PHA’s are underfunded, and at the same time when we are forced to transition to the “AMP-world”. When the Saint Paul PHA’s 35 public housing “properties” (with separate PIH project numbers) were inspected and scored as a unified portfolio, the quirks of sampling and PHAS’ sensitivity to some insignificant “deficiencies” were evened out somewhat in the final PASS score. (The PHA’s PASS score was 83 on our last inspections. REAC rejected most of our requests for technical reviews and database adjustments. The PHA’s overall PHAS score was 93 for that year, continuing our unbroken succession of High Performer ratings.)

In the future Saint Paul’s nine AMP’s will receive individual PASS scores based on inspections of a fairly small number of randomly-selected properties and units. There is great potential for a few aberrant “deficiencies” to drag down the score of the AMP. That will trigger more frequent inspections (no “PASS performance incentive”) and jeopardize the PHA’s High Performer status (risking no Capital Fund bonus).

13. Physical Inspections; “Health and Safety” Deficiencies. HUD proposes to add a requirement that PHA’s must “correct all non-exigent Health and Safety (H&S) deficiencies within 72 hours” of receiving notice from the inspector of any exigent H&S

deficiencies. We urge HUD not to adopt such a requirement, because many of the conditions typically cited by inspectors as non-exigent H&S deficiencies are often not amenable to “quick fixes”. For example, the following non-exigent H&S deficiencies were cited in an inspection of one large PHA development (153-unit hi-rise adjacent to 298 townhomes for families):

- a. Site - Health & Safety; Observable Deficiency (OD) Level 3; Location: playground by 171 Arch; Comments: lots of broken glass in play sand; Hazards Sharp Edges (NLT); 5.2 points deducted.

PHA Comment: “Lots of broken glass” is a subjective description. PHA staff repeated clean playground areas AND this is a never-ending challenge, not to be “remedied” within 72 hours. (It is also another example of a disproportionately heavy penalty, with a 5.2 point deduction for this condition at one playground in a large development. A third party, not a resident, may have smashed bottles in the playground overnight before the inspection.)

- b. Emergency/Fire Exits; OD; Emergency/Fire Exits Blocked/Unusable (LT); Level 3; Location: Computer room; Comments: heavy furniture blocks egress door, only other means of egress; 0.1 points deducted.

PHA Comment: In this situation the furniture is moved immediately.

- c. Infestation; OD; Rats/Mice/Vermin** (NLT); Level 3; Location: [Community Room] kitchen; Comments: mouse droppings; <0.05 points deducted.

PHA Comment: A few mouse droppings under an appliance in a community room kitchen is evidence that a mouse has been there, but it is not much proof of “infestation”. Staff and residents use the kitchen fairly heavily and it is cleaned after use and also at other times. The PHA follows an aggressive pest control program and treats all common areas regularly, and more intensively when any signs of vermin are sighted. The mouse droppings in question were removed immediately. Nevertheless, the PHA would have difficulty proving that this condition was “corrected within 72 hours”. A reinspection days or weeks later might still find a few mouse droppings somewhere in the community room kitchen.

- d. Air Quality; OD; Mold and/or Mildew Observed (NLT); Level 3; Location: [Townhome] basement; Comments: mold observed; 0.6 points deducted

PHA Comment: This is another condition that the PHA aggressively treats, but it is not necessarily “corrected” in 72 hours.

14. Community Centers Should Not Undergo PHAS Physical Inspections. The Saint Paul PHA has large community centers at each of its four family housing developments. The community centers should not be inspected for PHAS because they do not receive any consideration in the current AMP-driven funding formula. Although HUD encouraged and funded PHA’s to construct such centers, the new asset management funding scheme provides no funding for their maintenance and operating expenses (despite assurances

from Secretary Jackson to the contrary). Unless or until HUD revises its funding formula to adequately fund community centers in public housing developments, those centers should not be inspected under PHAS.

15. Appeals of PHAS scores. HUD proposes to eliminate the Board of Review, which the current rule authorizes to be convened (at HUD's discretion) when a PHA appeals its PHAS score. We recommend retaining the Board of Review option.
16. Timeline for Requesting Database Adjustments and Technical Reviews. We support HUD's proposal to extend the time period for requesting a database adjustment or a technical review from 15 days to 30 days after the results are initially issued. (24 CFR §902.68) The longer time period will give the PHA more opportunity to review all of the results from the inspection in question and determine whether an appeal is warranted, and to compare with other inspection results that may be posted around the same time. (We often find that successive inspections cite the same deficiencies, and we like to consolidate our appeal requests as much as possible.)
17. Capital Fund. We support HUD's proposal to streamline the Capital Fund indicator to two items.
18. Income Verification. The PHA supports HUD's proposal NOT to include a scored indicator on income verification. As recommended by the Administrative Reform Initiative work groups, income verification and other required management functions are better left as unscored compliance indicators, not scoring elements.

Thank you for considering these comments. We hope that the spirit of HUD's recent Administrative Reform Initiative will guide this rulemaking process and subsequent rulemaking. We appreciate the determination of HUD's leadership to eliminate unnecessary regulations and guidance, avoid micromanagement of public housing and Section 8 operations, and provide only necessary and understandable regulations and guidance, to achieve maximum benefit for the intended beneficiaries of HUD programs.

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Attachments: PHA Comments on Form HUD-5834; Management Review for Public Housing Projects, September 30, 2008