



March 9, 2023

The Honorable Marcia Fudge
Secretary
United States Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

Re: Renewed Partnership with PHAs to Implement Major Systems Changes

Dear Secretary Fudge:

On behalf of NAHRO, PHADA, CLPHA, and the MTW Collaborative who collectively represent the nation's 3,200 local public housing authorities (PHAs), we write to you seeking a renewed partnership between HUD and PHAs in implementing major systems changes. The federal housing programs administered by our members provide housing assistance to nearly 9 million people who live in over 4.2 million homes assisted under the public housing, Housing Choice Voucher, and project based rental assistance programs. Our collective mission is serving families, and we believe that the strain on our members jeopardizes our collective success.

At the height of the pandemic, we were steadfast partners with HUD and closely aligned on providing for emergency pandemic aid, food and medicine deliveries, internet access, and more. Our ability to act quickly and effectively was facilitated by HUD's significant waiver authorizations and our collaboration in identifying, defining, and issuing those waiver notices. Most importantly, PHA staffs nationwide embraced our roles as essential workers providing the essential function of providing safe, affordable housing.

As much-needed COVID funding and waivers expire, PHAs continue to face serious operational challenges due to tight rental markets, high inflation, rising construction and maintenance costs, labor market shortages and turnover, and insufficient funding. HUD's own data shows that almost 1 in 5 PHAs have been "severely impacted" by the crisis in tenant accounts receivables, exacerbated by future funding uncertainty and volatile housing markets. Also compounding these challenges is a divided Congress, with significant reductions in appropriations for 2024 and 2025 likely.

At the same time as PHAs are emerging from the pandemic with significant operational, economic and staffing challenges, HUD is fundamentally reshaping the information, oversight and compliance systems that govern PHA operations. The list includes, but is not limited to: NSPIRE, BABA, PHAS/SEMAP revamp, HIP, AFFH, Operating Fund Portal, E-VMS and EPIC annual reporting systems. The magnitude of these policy and regulatory changes in rapid succession demands significant resources and capacity to assess and implement. The volume and timing of HUD's new and revised policies are undermining the ability of PHAs to effectively implement these changes.

In light of these realities, we are requesting your renewed engagement in partnership with PHAs to jointly plan for these major systems changes. We seek the following two commitments from HUD, designed to promote a collaborative environment and support effective and timely implementation of both revised and new HUD policies:

- Develop mutually agreed upon timelines for implementation in consultation with industry associations relating to each change; and
- Suspend any negative actions on PHAs based solely on the results of scoring systems that do not reflect current conditions, sound operations, or advance the mission of PHAs and HUD.

HUD faces its own challenges in developing and implementing these major systems changes including loss of experienced HUD staff through staff turnover and retirements; antiquated IT systems; and inadequate and inconsistent training and communication between HQ, Field Offices and PHAs. HUD often fails to meet self-imposed deadlines for releasing information related to HUD proposed regulatory changes. For example, NSPIRE has a planned effective date of April 1, 2023, however HUD has not released many of the required Notices, proposed or final, needed to fully understand the impact of the inspection protocol.

While regulations implementing congressional action can languish for years without action or explanation, other regulations seem to be rushed through the regulatory process without regard to the impact on PHAs. For example, HOTMA was passed by Congress in 2016. Seven years later, we are still waiting for final regulations to be issued that implement key provisions on project-based vouchers and public housing replacement reserves that are important to PHAs.

We hope to meet with you to discuss the following recommendations on how we can collaboratively manage implementation of new policy and systems changes:

1. Suspend ACC revision effort.
2. Modify NSPIRE timeline for implementation in 2024 or provide advisory/ provisional scores for the first two years after implementation to ensure system effectiveness.
3. Provide relief on current PHAS/SEMAP scores to mitigate negative scoring impacts due to the pandemic and/or other factors beyond the HA's control. No HA should receive a downgraded status designation (from standard to sub-standard or troubled performer, for example) without an HA-specific review of the circumstances leading to that score in order to determine if the result was due to the HA's actions or lack of action, or from factors outside of the HA's control.
4. Undertake consultation process on regulatory and oversight priorities for revamped PHAS/SEMAP in 2023. Any new system should not be implemented before FY2025.
5. Prioritize issuing regulations implementing all HOTMA provisions regarding project-based vouchers (PBVs) to accelerate affordable housing development and preservation and provisions regarding establishment of public housing replacement reserves.
6. Ensure the proposed AFFH rule requirements for PHAs reflect PHAs' scope and authority to affirmatively further fair housing within their communities. While this rule is still in the comment

period, the sheer size of the document prevents most PHAs from being able to review and provide thoughtful comments and guidance to HUD at this time.

7. Provide additional BABA waivers during the delayed implementation to minimize BABA impacts on PHAs. Provide necessary guidance on BABA so agencies can successfully implement in the future.
8. Convene monthly IT problem solving working group to include PIH staff, HUD IT staff, HA IT staff, and IT vendors to improve communications and information sharing among stakeholders engaged in IT systems changes to NSPIRE, HIP, E-VMS
9. Develop cybersecurity best practices.
10. Develop a mutually agreeable timeline for Section 3 implementation and PNA/CNA tools.

Our collective industry response to the COVID crisis has provided a model for effectual collaboration. We look forward to renewing our partnership with HUD to ensure that we meet the housing needs of the 9 million people our members currently serve. During the week of March 20th, all the industry groups will be in Washington, and we welcome an opportunity to meet with your team to discuss prioritizing implementation schedules.

Sincerely,



Mark Thiele
CEO, National Association of Housing and Redevelopment Officials



Tim Kaiser
Executive Director, Public Housing Authorities Directors Association



Sunia Zatterman
Executive Director, Council of Large Public Housing Authorities



Tracy Scott
President, Moving to Work Collaborative

