

September 6, 2017

Via Email and U.S. Mail

Honorable Benjamin S. Carson, Sr. M.D.
Secretary
U.S. Department of Housing and Urban Development
451 7th Street SW,
Washington DC 20410

Re: Implementation of Pay for Success Demonstration Program

Dear Secretary Carson:

The undersigned organizations are writing to request your assistance in expediting the implementation of the Pay for Success demonstration (“PFS Demonstration”) program authorized in the Surface Transportation Reauthorization and Reform Act of 2015 (Public Law 114-94) (the “FAST Act”). The PFS Demonstration is a bipartisan supported program that will leverage private funds to upgrade certain assisted housing. The demonstration will save the federal government money in energy and water costs and improve resident health in government supported multifamily properties.

The FAST Act authorized HUD to create a budget-neutral, performance-based agreements for fiscal years 2016-2019 that would result in a reduction in energy or water costs in up to 20,000 units of multifamily housing. The legislation requires that HUD make payments only after cost savings occur and are verified, also known as a Pay for Success model. The FAST Act further authorizes a competitive process for selecting organizations who will enter agreements with HUD to initiate and manage energy and water retrofits through this demonstration. The entities will raise the capital to finance upgrades, credential the service providers, retain a measurement and verification provider and collect payments. HUD only makes payments after agreed upon savings are achieved and verified.

In April 2016, HUD submitted an implementation plan to Congress as required under the FAST Act. The implementation plan provided that HUD would develop and publish a Notice of Funding Availability (“NOFA”) to select the intermediaries that would carry out the responsibilities of administering retrofits made under the PFS Demonstration. HUD’s goal was to publish this NOFA by the end of Fiscal Year 2016. We understand that the NOFA has been drafted, but that after many months it remains in the departmental clearance process awaiting resolution of two administrative issues. We appreciate that there have been delays while a new senior leadership team is put in place; however, given the limited demonstration period and the aging multifamily stock that would clearly benefit from retrofit investments, it is critical that implementing guidance be issued as soon as possible.

We urge you to prioritize the resolution of these issues and the publication of the NOFA. Implementation of the PFS Demonstration gives the Department the opportunity to partner with property owners and the private sector to create savings and improve the living conditions of residents. In order to fully realize the savings from the demonstration, we encourage HUD to prioritize feasibility for its partners by including maximum flexibility in agreement terms and to minimize the regulatory burdens associated with retrofits and financing under the PFS Demonstration.

To the extent that it would be helpful and appropriate to receive industry feedback on feasibility of certain terms and requirements, we would be happy to assist with input from our members. We appreciate your attention and leadership in this valuable program.

Sincerely,

Enterprise Community Partners
Low Income Investment Fund
National Affordable Housing Management Association
National Housing Conference
National Housing Trust
National Housing and Rehabilitation Association
National Leased Housing Association
Stewards of Affordable Housing for the Future

Cc: Dana Wade, General Deputy Assistant Secretary for Housing
Sheila Greenwood, Chief of Staff