

July 26, 2013

Dear Secretary Donovan and FHA Commissioner Galante,

We are writing to express both support and concern about the Multifamily Housing Transformation initiative and its potential impact on preserving the existing HUD affordable rental housing stock.

We understand and support the importance of modernizing the way HUD does business and improving efficiencies to reduce transactional processing time. At the same time, we are concerned that the consolidation plan should continue to fully support the large role HUD plays in preservation, most especially where HUD local offices are intimately involved in state or local interagency working groups dedicated to preserving and improving HUD assisted, multifamily housing. We strongly urge that the consolidation plan should provide for the continued involvement of HUD multifamily staff in working with local stakeholders to identify and address preservation challenges.

Our organizations have been working hand-in-hand with tenant organizations, local, state and federal housing officials and other stakeholders over the past two decades to help preserve at-risk HUD assisted, multifamily housing. HUD field staff have been active participants in many local interagency working groups in cities like Portland (OR), Minneapolis, Chicago, Boston and Baltimore that focus on addressing regional rental housing issues. HUD field staff members bring local market expertise, relationships with owners and tenant groups and have been proactive asset managers. The information and technical assistance provided by HUD field staff to these working groups has been critical to their success.

We hope that you can address the following questions and consider the recommendations below before fully implementing the Multifamily Housing transformation Initiative:

Questions:

- Active HUD participation in city and state wide preservation working groups has been a key component to the successful preservation of many HUD-subsidized apartments. Will HUD continue to participate in these efforts, and if so, how will HUD accommodate participants? Will HUD staff be given an opportunity to travel and work remotely as needed if they are the point person for these working groups?
- HUD estimates 50%-75% of current MF staff in the multifamily offices scheduled to close will retire, take an early out or be terminated. This represents a 24% reduction from HUD's current MF workforce. With budget constraints and a hiring freeze how does HUD intend to replace staff lost through the reorganization process and deliver on their commitment to improve service delivery?
- With the consolidation of the HUBS and changes at HUD HQ, how will HUD provide stakeholders with information regarding chain of command and key staff contact information?
- Have plans or accommodations been made to retain key experienced staff?
- Have State and Local Housing Finance Agencies been engaged in discussions to assure that the flow of resources are not diminished because of this re-organization and that suggestions for alternative methods for State and local service delivery are fully considered?

Recommendations:

- **Additional Outcomes a Reorganization Should Accomplish:** There are several outcomes related to preservation of existing affordable housing that a reorganization plan should accomplish. We recognize that the proposed plan must navigate many constraints, so rather than propose a specific change, we ask that the plan achieve the following in addition to its already stated goals:
 - Maintain HUD's active participation in local or regional interagency working groups, particularly in areas that are losing an office. There are many ways to do this even as a particular office closes. Allowing remote work, additional travel, video conference connections, and similar means help but are no substitute for personal interaction with partners
 - Maximize retention of institutional knowledge of properties as staff retire. This requires more than just an exit interview—it takes time and energy by remaining and exiting staff to document property history, transfer relationships, and ensure continuity.
 - Increase training in multifamily mixed financing transactions for current and new multifamily staff so they can be effective development partners. The Low Income Housing Tax Credit has been the primary affordable housing financing tool for decades yet many HUD multifamily staff lack basic understanding of how the credit works.
- **Going forward:** We recommend HUD adopt an open process that engages stakeholders about the reorganization and provides constituents specific details about how the plan, when implemented, will produce better service, more consistent outcomes and shorten processing timelines for partners. This should include engagement on issues during the transition period, such as response quality and timeliness from offices facing staff reductions.

We respectfully request a meeting to follow-up on this letter at your earliest convenience. Please contact Hilary Swab (hswab@nhtinc.org) with the National Housing Trust to set up a date and time that will work for you and your staff.

Sincerely,

California Housing Partnership
Coalition on Homelessness and Housing in Ohio
National Council of State Housing Agencies
National Housing Conference
National Housing Trust
Network for Oregon Affordable Housing
Minnesota Housing Partnership
Mercy Housing, Inc.
Rural Housing Preservation Associates
Stewards for Affordable Housing for the Future
Tenants and Neighbors