



National Association of Housing and Redevelopment Officials

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April 1, 2015

Colette Pollard, Departmental Reports Management Officer, QDAM
U.S. Department of Housing and Urban Development
451 7th Street SW., Room 4160
Washington, DC 20410-5000

Re: [Docket No. FR-5838-N-02] 60-Day Notice of Proposed Information Collection: Public
Housing Agency Executive Compensation Information

Dear Ms. Pollard:

On behalf of the National Association of Housing and Redevelopment Officials' 20,000 agency and individual members, I am writing in response to a notice of a proposed change to an information collection that was published in the Federal Register on March 20, 2015. This change would affect the HUD-52725 form which requires PHAs to report on the compensation of their highest paid employees. NAHRO raised serious concerns in response to previous iterations of this information collection, and is pleased to note that the proposed changes represent an incremental improvement over the existing form. However, NAHRO continues to oppose the statutory limitations as well as HUD's unnecessarily narrow interpretation of their applicability to defederalized fees earned by PHAs.

NAHRO was extremely disappointed to see that the Department completely ignored comments offered in response to the January 25, 2013 proposal to amend the HUD-52725 to include fields intended to isolate the portion of compensation paid from Section 8 and Section 9 appropriations. As NAHRO stated in our 2013 comment letter, many PHAs, as a result of following years of guidance from HUD, cannot accurately determine these amounts. Under HUD's asset management system, participation in which was mandated for most PHAs by the Quality Housing and Work Responsibility Act of 1998, PHAs operate more like private-market owners of housing, separating the accounts of each property from that of the Central Office Cost Center (COCC). Under the rules of asset management, the COCCs are permitted to charge certain management fees to the properties, in the same way that a third-party property management company would. According to these rules, as explained in the Supplement to HUD Handbook 7475.1 REV., CHG-1, Financial Management Handbook, "the PHA has 'earned' the management fee and the PHA may use such funds in accordance with its mission, subject only to any local, but not federal, restrictions." These

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funds are considered local program funds, and, as a result, standard accounting practices mingle these funds with funds from other business activities in other programs, including developer fees and management fees from other federal and non-federal programs. HUD's Handbook goes on to state that "the PHA is not required to distinguish or separately account for the expenses or costs associated with the fee income from its public housing programs vis-à-vis its other business activities. Collectively, the PHA/COCC can use all fees earned to fund the operations of the COCC." Many PHAs use these funds to pay employees, particularly those at the executive level whose duties are not considered front-line activities which can be charged directly to the properties. As a result, much of the funding intended to be reported on the HUD-52725 comes from the COCC, making it nearly impossible to report the funds originating as Section 8 and Section 9 funds as required by the proposed changes.

In spite of comments from NAHRO and others pointing out the contradiction between HUD-sanctioned accounting practices and HUD's planned information request, the Department went forward with its plans, rendering the public comment process a mere formality. We are pleased to see that Department has since reconsidered and proposed changes that incrementally address the problems created by the most recent iteration of the HUD-52725 by no longer differentiating between Section 8 and Section 9 funds. However, the larger issues of detangling various income sources that flow into the COCC, as previously discussed, remain unaddressed.

Unfortunately, the form also creates new ambiguities. NAHRO has long argued that the Department's information collection will actually harm efforts to increase transparency by stripping the compensation data of its relevant context. While using a standardized drop-down menu of titles will create an appearance of streamlining and allow the Department and others to more easily analyze the data, it will erase meaningful differences among individuals who will be shoe-horned into each category. For example, this categorization will obfuscate the difference between Executive Directors who have only a single set of responsibilities and those who have multiple titles. It would also muddle distinctions between management officials whose sole responsibility lies with a PHA and city/county executives who have little to do with a PHA that is a component unit of the local government. The proposed form may also create confusion by failing to specify, as the instructions do, that boxes 6 and 8 refer only to other *cash* compensation.

The concerns raised herein follow upon previous concerns raised in letters dated March 14, 2013 and June 27, 2011, in which NAHRO raised objections to the justifications which the Department provided with the original compensation information collection proposal. In the April 26, 2011 *Federal Register* notice proposing the new reporting requirement, the Department fallaciously claimed that the information collection would promote transparency around the use of federal subsidy. Given the organizational and governance structures of PHAs, however, creating a database of salary and benefit information as the Department has done actually further obfuscates the facts by divorcing the data from its context and creating a false pretext of comparability between PHAs of different sizes and geographies. Without providing information regarding the job markets in which PHAs are located, the responsibilities included in each position, the seniority and experience level of the employee, the total budgets each PHA (or its Affiliate or Instrumentality) manages (including Public Housing, Voucher programs, Project-Based Section 8 Multi-family Housing Assistance, Low-Income Housing Tax Credits, Section 202, Shelter-Plus Care, State and

Locally-funded housing and homeless programs, other unrestricted general funds) etc., such a database is ripe for exploitation and misinterpretation, thus running entirely counter to HUD's justification of transparency and accountability.

In this time of draconian budget cuts and ever-increasing uncertainty, NAHRO is particularly disappointed that the Department continues to devote its oversight resources to efforts such as this that have little or no value rather than focusing on pursuing meaningful regulatory reform that will streamline the delivery of housing and services to low-income Americans. Despite repeated promises from all levels of the Administration to address and reduce unnecessary and overly burdensome regulatory and administrative requirements, this proposed information collection maintains reporting burdens borne by PHAs and destabilizes the operating environments in which PHAs function. NAHRO recommends that the Department reevaluate the essential utility of this reporting requirement and respectfully requests that use of the HUD-52725 form be discontinued.

Sincerely,

A handwritten signature in black ink, appearing to read "Tamar Greenspan". The signature is fluid and cursive, with the first name "Tamar" being more prominent than the last name "Greenspan".

Tamar Greenspan
Director, Policy and Program Development