



May 2, 2016

Colette Pollard
Reports Management Officer, QDAM
Department of Housing and Urban Development
451 7th Street SW, Room 4176
Washington, DC 20410-5000

RE: Federal Register Vol. 81, No. 40, Tuesday, March 1, 2016 [Docket No. FR-5916-02]

Dear Ms. Pollard:

As part of the Moving to Work (MTW) Steering Committee, the San Diego Housing Commission (SDHC) supports the letter drafted on May 2, 2016 regarding the proposed revisions to Form 50900. The Steering Committee wholeheartedly supports responsible planning for and reporting of MTW PHA performance in a way that will facilitate full accountability and evaluation. However, we feel the proposed revisions fall short on accomplishing the goal, and SDHC supports a collaborative effort to accomplish the common goal.

Some of the issues identified by SDHC is the need for clarification on many items like cost implications, capturing AMI levels of tenants, determining household contributions, etcetera. SDHC has provided some detailed examples below and is available for further discussion as required.

1. Part II, Section D – Information on Statutory Objectives and requirements, page 12
 - a. A table is reformatted to capture more granular information concerning the AMI levels for households served by local non-traditional tenant-based and property-based programs. In the current version of the Form 50900, MTW agencies report on families at or below 50 percent AMI. In the proposed Form 50900, MTW agencies must capture the number of households at AMI intervals. Oftentimes, this information is difficult to track since one local non-traditional unit may rotate multiple clients as residents during the course of the month. While only one unit month count is allowed to be reported for purposes of *Serving Substantially the Same Households as MTW*, it is unclear which individual should be used for purposes of capturing the AMI information. For example, if one resident is 30 percent AMI and a second resident is 50 percent AMI, which resident is captured for purposes of reporting? HUD has clarified only one unit month count can be accrued in a given month, so multiple counting of residents for the purposes of this table is prohibited.
2. Part III, Section C – Cost Implications, page 15
 - a. Revised Form 50900 includes the additional Plan element *The Cost Implications* which describes positive/negative financial impacts of the proposed activity, an estimate of the dollar amount, and a discussion of strategies for managing the deficit/surplus. It is unclear how HUD proposes to utilize this information, the level of accountability placed on the MTW PHA to meet the estimates, and the subsequent effects on funding. With

the cash management requirement and without clear instruction on accessing HUD-held reserves for PHA use (see comment #6 for additional commentary), the value of the Plan element is unclear with the possible exception of HUD formulating strategies to recapture MTW reserves and estimate amounts of recapture.

3. Part III, Section E – Rent Reform Information, page 15

- a. The rent reform definition is expanded from “any change in the regulations on how rent is calculated for a household” to “the amount a household contributes towards their housing costs”. The new definition is flawed for the following reasons:
 - i. Many factors affect the amount a household contributes to rent, including but not limited to, payment standards, contract rents, utility allowances, and household composition changes involving the number of household members with income. According to the revised definition, any Federal regulation relating to the aforementioned types of circumstances may be considered a rent reform activity regardless of MTW status.
 - ii. Utilization of the language “costs” instead of “cost” broadens the definition of impact to potentially include other housing “costs” outside of the PHA’s immediate purview such as security deposits, moving expenses, and utility deposits. Thus, “housing costs” is inaccurate language. The term “MTW rent portion” is recommended in lieu of “housing costs”.
 - iii. The proposed definition broadens the definition of “rent reform” which creates the probable consequence of defining a wider array of MTW activities as “rent reform activities”, therefore compromising the value of formulating, implementing, and testing genuine “rent reform” activities. Measuring false “rent reform activities” will distort data, construct erroneous conclusions, generate incorrect findings, and result in the inability to aggregate reliable “rent reform” data across agencies.

4. Part III, Section E, Sub-Section i – Impact Analysis, page 15

- a. The Impact Analysis section increases requirements for describing impacts related to (1) the household rent/tenant share, (2) the level of analysis required for reporting the impacts, and (3) methodology used to evaluate the consequences/benefits of the rent reform activity in order to inform ongoing operational decisions concerning the activity. The additional requirements provoke the following thoughts and considerations:
 - i. The terms “rent/tenant share” are used in line item “1” above when describing the process of performing the impact analysis. The language differs from the term contained in the “rent reform” definition which states “housing costs”. HUD should use consistent language to describe the household’s contribution towards rent. Utilizing “housing costs”, “rent”, and “tenant share” to describe an MTW rent portion is confusing since differing definitions may be construed. For SDHC, “housing costs” connotes any expense associated with obtaining and maintaining rental housing; “rent” connotes the contract rent; and “tenant share” is similar to the family share calculation, a standard Housing Choice Voucher calculation no longer utilized under Path to Success, SDHC’s major rent reform activity.

- ii. The level of detail HUD will require when displaying the findings of the numerical analysis used to evaluate impact to households is exceedingly granular. SDHC performs a detailed impact analysis and presents the findings and results to executive management before finalizing the structure of rent reform activities. Equivalent findings and results inform SDHC's governing Board's decision to authorize proposal of the activity to HUD in the applicable Plan. The process ensures agency and participant impacts are thoroughly vetted and evaluated to confirm acceptable thresholds of impacts. The additional level of scrutiny by HUD is unnecessary and may compel HUD to require substantial modifications to proposed activities, therefore fundamentally transforming the proposed rent reform activity and negating locally driven strategies informing the decision making process and cost/benefit analysis.
 - iii. Currently, SDHC utilizes HUD's standards metrics, the ongoing analysis associated with generating the standard metrics, and review of hardship requests to inform decisions related to rent reform policies. Given these tasks are required by HUD as standard protocol for implementing MTW activities, it is unclear the types of additional information HUD requires to evaluate the success of a rent reform activity. Moreover, once the activity is determined successful and branded for possible replication, it is unclear at what level the rent reform activity should be monitored beyond the regular statutory requirements. At some realistic point in time, activities should become the operational standard.
- 5. Part V, Section A, Sub-Section iii – Describe Actual Use of MTW Single Fund Flexibility, page 22
 - a. The description includes the requirement to provide additional narrative describing the use of MTW single fund flexibility to direct funding towards programs to meet local needs. Although SDHC agrees the information is important, it is not relevant to all single fund flexibility activities. For example, SDHC uses single fund flexibility to fund the Achievement Academy which focuses on work readiness and employment opportunities for MTW participants. The Achievement Academy was created to increase self-sufficiency within the programs, not necessarily to address a local need. SDHC concedes the activity may inadvertently effect local needs, but the intent and unintentional consequences are separate factors in this instance.
- 6. Part V, Annual MTW Report, page 22
 - a. HUD removed Section C – MTW Report: Commitment of Unspent Funds from Form 50900. The matrix was extremely important to SDHC for memorializing the commitment of unspent funds for both capital projects and affordable housing creation. In the absence of a formalized HUD process to access and commit HUD-held reserves for these types of HUD-approved MTW activities, MTW PHA's no longer have a mechanism for committing funds. Elimination of the matrix effectively removes MTW flexibility for multi-year projects requiring large amounts of reserves made possible through MTW innovations and efficiencies. The elimination is a breach of the MTW

statute related to funding levels, the MTW agreement, the approved MTW activities, and Broader Uses if Funds authority.

7. Standard HUD Metrics, SS #7: Increase in Agency Rental Revenue, page 29
 - a. The standard HUD metric is modified from "PHA rental revenue in dollars (increase)" to "Total household contribution towards housing assistance (increase)". Please note: While the metric title remains "rental revenue", the unit of measurement is modified to "household contribution". The unit of measurement HUD is attempting to capture is unclear. If the unit of measurement is total annual rent paid by MTW families affected by the policy, then the metric is unrealistic. The total amount expended by MTW families is difficult to track and measure since this information is not captured in housing management software in an annualized amount. Capturing the expenditures for selected households, if even possible, will require expensive customization of the housing management software. Please clarify HUD's intent and explain the reporting expectation.

Thank you for reviewing and considering SDHC's comments related to the proposed Form 50900. If you have any questions concerning SDHC's comments, please contact me directly at jeffd@sdhc.org or (619) 578-7606.

Sincerely,



Jeff Davis
Executive Vice-President and Chief Operating Officer
San Diego Housing Commission