



January 31, 2018

Leroy White
Contracting Officer
United States Department of Housing and Urban Development
801 Cherry Street
Fort Worth, Texas 76113-2905

Re: Draft Solicitation No. 86546A18R00001 and Draft Solicitation No. 86546A18R00002
Sent via email to: HAPNSS@hud.gov

Dear Mr. White:

On behalf of the National Housing Trust (NHT) thank you for the opportunity to provide comments in response to the Source Sought Notices, [Housing Assistance Payments \(HAP\) Contract Regional Support Services \(HAPRSS\) \[Formerly known as Performance-Based Contract Administrator \(PBCA\) Program\]](#) and [Housing Assistance Payments \(HAP\) Contract National Support Services \(HAPNSS\) \[Formerly known as Performance-Based Contract Administrator \(PBCA\) Program\]](#). NHT is the nation's leading expert in preserving and improving affordable housing, ensuring that privately owned rental housing remains in our affordable housing stock and is sustainable over time. NHT engages in policy work in all 50 states and owns over 3,500 units of multifamily housing across 10 states and the District of Columbia. Since its inception, NHT has preserved and improved more than 36,000 affordable homes through real estate development, lending, and technical assistance.

NHT is deeply concerned that HUD's proposal will jeopardize the future preservation of the PBRA portfolio and the protection of low-income residents by discontinuing the successful practice of utilizing experienced publicly accountable agencies to handle this work and by bifurcating the PBCA scope of work between national and regional entities.

Public Housing Agencies are Best Suited to Oversee the Project-Based Section 8 Portfolio

For nearly 20 years, the oversight of the physical and financial condition of the portfolio of properties with project-based rental assistance (PBRA) has been handled by PBCAs. The majority of PBCAs have been state Housing Finance Agencies (HFAs), which are publicly accountable entities with a public purpose mission to finance and preserve affordable housing. These agencies operate as public or quasi-public agencies with statewide authority and qualify as Public Housing Agencies (PHAs) for purposes of administering federal housing assistance funded by HUD.

State HFAs have vast housing finance expertise, as well as local knowledge of the properties, markets and stakeholders in each state. Most have operated for several decades and have a distinguished track record in successfully administering federal and state housing programs. These agencies have done an excellent job safeguarding the PBRA portfolio, often taking proactive approaches to reduce non-compliance and leverage other

affordable housing resources to improve and preserve these properties. Each Agency's long history of working with owners on all aspects of their Section 8 properties enables staff to better assess properties at risk of market conversion, properties in need of recapitalization, and properties that may be coming for sale on the open market. Many state HFAs provide financing support to project-based Section 8 properties with first mortgages, Low-Income Housing Tax Credits, gap funding for acquisition and rehabilitation, and smaller renovation loan programs to help maintain this housing as affordable.

We are also concerned that HUD's proposed strategy would circumvent the Housing Act of 1937, which directs HUD to contract with PHAs to administer federal rental assistance contracts. The two draft RFPs together suggest that HUD is attempting to circumvent this legal obligation by ending the PBCA program and becoming the "sole government party to all HAP contracts" while contracting out all relevant PBCA functions.

Bifurcating Section 8 Contract Administration is Misguided

HUD's plan to bifurcate the duties associated with contract administration is misguided and we fear it will have grave unanticipated consequences. The Department has initiated this dramatic step without any in-depth discussion with property owners, residents, community leaders, or other stakeholders. Further, we are deeply concerned that HUD intends to contract with just one entity to annually process over 16,000 contract renewals and rent adjustments. The sheer magnitude of the workload, regardless of the quality of the contractor, undermines any argument that such a proposal will create efficiencies. The preservation of the assisted housing portfolio depends on timely renewals, accurate rent setting, and utility analyses. Further, many of the functions that HUD plans to delegate to "regional" contract administrators significantly overlap with the duties of the "national" contractor. Bifurcating such associated functions makes little sense.

Contract renewals and rent setting are statutorily tied to the local rental market. The current PBCAs operate in over 50 markets across the country and thus are much better positioned to understand such markets. Further, many contract renewals are done as part of a larger transaction, which may include refinancing, acquisition, rehabilitation, or debt restructuring. These matters involve complexities requiring significant HUD participation and approvals. Centralizing these functions will only increase processing times and transaction costs, creating disincentives for recapitalization and preservation.

NHT urges HUD to withdraw these ill-advised proposals and work with stakeholders to develop a better framework for HAP contract administration, that will ensure a commitment to long-term preservation and affordability for the entire PBRA portfolio and continued stability for low-income residents.

For more information, please contact NHT Federal Policy Director Ellen Lurie Hoffman.

Sincerely,



Michael Bodaken
President
National Housing Trust