

HUD/Performance Based Contract Administrator Call
September 22, 2004
2 PM – 3:30 PM

1. Performance Based Contract Administration Updates

- **A-76** Deborah Lear announced the release of a 2nd draft of the Performance Work Statement (PWS) proposal which departs from the initial draft including but not limited to expanding on the universe of subsidized contracts, specific work related tasks and states it will solicit bids for service providers in as many as 18 multifamily hub jurisdictions to administer HUD rental subsidies for programs not covered under the current performance-based contract administration (PBCA) initiative. The initial PWS proposal called for a single nationwide contract administrator. NCSHA recommended state contract awards.

Comments are due September 30, 2004.

- **Senate Report Language** Deborah also pointed out the Senate, in its HUD FY '05 budget markup, included language which stated, "The committee understands that project-based Section 8 oversight and management have been contracted outside of the Department and that it is not clear that doing so saves money or improves resident services. The Committee urges the Department to reconsider the decision to contract out Section 8 contract administration and to conduct an appropriate benefit-cost analysis to determine whether the practice should be continued."

Deborah said it should have no impact on the near future of the program, and that she and Lanier have said repeatedly that HUD does not have the staff capacity to take the PBCA tasks back into HUD. Mike Cohen of NCSHA said NCSHA would work to follow up with the Senate Committee members and staff to explain to them the benefits and successes of the program.

2. CAOMs

This was the first conference call that included HUD's field offices and was devoted mostly to discussing ways to improve communication among HUD headquarters, HUD field, and the PBCAs. Deborah outlined the information dissemination process within HUD: Information is sent from headquarters to the CAOMs. She was not sure how the CAOMs distributed the information once they received it. Several CAOMs said they forward the information to the field and to the PBCAs. Several CAOMs also said they discuss the new information in their meetings with staff and PBCAs.

- **Dispute resolution** In instances where there is a disagreement in policy interpretation between CAOMs or between CAOMs and PBCAs, a new review process was suggested to resolve outstanding issues and create consistency and uniformity relative to policy application.

At the first level, the two CAOMs (or the CAOM and PBCA) should discuss the difference and see if they can agree on an interpretation. If not, the dispute should then be raised to the headquarters desk officer for that area. The issue in question will be e:mailed to the CAOMs and PBCAs for feedback and comment. Following the input from across the country, headquarters will make a final determination and disseminate the information nationwide.

Deborah has evaluated this process and will use this approach as a pilot for issue resolution. Mike solicited comments from those on the call that suggested relatively few issues would have to move through this process.

- *Reserve for Replacement - MOR verification-requirement versus courtesy*
A question was raised as to whether it is the responsibility of the PBCA to follow up on reserve for replacement activity approved by the HUD office when conducting an MOR. Some HUD offices are requiring the PBCAs to conduct reserve for replacement follow up on all activity during MORs while other HUD offices may request follow up on a specific reserve for replacement approval for which some PBCA will provide the follow up as a courtesy.

Deborah said it is not a PBCA responsibility under the requirements of the ACC to follow up on reserve for replacement activity when conducting an MOR. Should a PBCA agree to conduct any such activity, HUD recognizes that this is a courtesy rather than a requirement and ACC performance requirements are therefore nonexistent.

- *9250 replacement reserve form processing* A PBCA asked who is responsible for processing the deposit adjustments to the reserve for replacement and generating a 9250. Deborah said that the processing of reserve for replacement deposits in conjunction with a rent increase is the PBCA's responsibility.

In some cases, once the processing is completed, the PBCA advises HUD of the budget-based R/R increase or the AAF/OCAF percentage increase when the rent increase is approved so that HUD staff can execute and distribute the approved 9250. In other offices, PBCAs process the reserve for replacement adjustment in conjunction with the rent increase, creates the 9250 and forwards to HUD for execution and distribution or thirdly, the owner submits the 9250 with the rent increase package and the PBCA forwards to HUD.

In follow up to the conference call, numerous comments were received regarding the responsibility of creating the 9250 and distribution, we would like to take advantage of the dispute resolution process mentioned above to arrive at a uniform process. Mike Cohen (mcohen@ncsha.org) will be the focal point for all PBCA comments and Deborah Lear (Deborah_k_lear@hud.gov) will receive any comments from the CAOMs regarding recommended procedures. The issue for policy recommendation: Who creates the 9250, how will it be processed upon

completion including dissemination of the document. All comments for consideration must be submitted no later than COB 10/15/04.

- *Denial of Reserve for replacement increases* Colleen Bloom of AAHSA said owner requests for increases in the reserve for replacement monthly deposits submitted in conjunction with a budget based rent increase are frequently rejected without any feedback as to why. Several PBCAs said they send a letter to the owner with an explanation.
- *Invoice review* In response to a question about the quantity and quality components of an invoice review, Deborah said that a review must be processed in accordance with HUD guidelines inclusive of both components, quality and quantity as set forth in the ACC. CAOM verifies information via system inputs, relies on the PBCA HUD team members to review budget based rent increases, contract renewals etc for adequacy.

3. Funding

Recapture processing has been completed and HUD is in the process of completing a contract shortfall assessment. Based on the assessment, funds will be reallocated accordingly by the end of the week. A funding conference call will be held on Thursday, October 23, 2004 with HUD staff to discuss the details of funding reallocation.

Next call: October 27, 2 PM

Please email all topic suggestions to Mike Cohen at mcohen@ncsha.org.