Billing Code 4210-67p

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5698-N-01]

Notice of Intent to Close 16 Field Offices

AGENCY: Office of Field Policy and Management, HUD

ACTION: Notice.

SUMMARY: This notice advises the public that HUD intends to close the following 16 field offices: Camden, NJ; Syracuse, NY; Orlando, FL; Tampa, FL; Springfield, IL; Cincinnati, OH; Flint, MI; Grand Rapids, MI; Shreveport, LA; Dallas, TX; Lubbock, TX; Tucson, AZ; Fresno, CA; Sacramento, CA; San Diego, CA; and Spokane, WA. HUD is providing this notice in accordance with the 42 U.S.C. 3535.

FOR FURTHER INFORMATION CONTACT: Honor Garcia-Tomchick, Department of Housing and Urban Development, 451 Seventh Street SW, Room 7108, Washington, DC 20410; mhonor.garcia-tomchick@hud.gov, telephone number, 202-708-2426; TTY number for the hearing- and speech-impaired 202-708-2565 (these telephone numbers are not toll-free).

SUPPLEMENTARY INFORMATION: In accordance with the Presidential Memorandum 2010-07-Disposing of Unneeded Federal Real Estate (75 FR 33987, June 16, 2010), HUD is publishing this notice to provide notice of its intent to close 16 small field offices. The memorandum directs executive departments and agencies to accelerate efforts in identifying and eliminating excess properties. Agency actions are to include making better use of real property assets as measured by utilization and occupancy rates; eliminating lease arrangements that are not cost effective; pursuing consolidation opportunities within and across agencies; and increasing occupancy rates in current facilities through innovative

approaches to space management and alternative workplace arrangements. Agencies are also directed to accelerate efforts to identify cost cutting measures to reduce operating costs.

Based upon Section 7(p) of the Housing and Urban Development Act (42 U.S.C. § 3535p), a plan for the reorganization of any regional, area, insuring, or other field office of the Department of Housing and Urban Development may take effect only upon the expiration of 90 days after publication in the Federal Register with a cost-benefit analysis of the plan for each affected office. Such cost-benefit analysis shall include, but not be limited to - (1) an estimate of cost savings supported by background information detailing the source and substantiating the amount of the savings; (2) an estimate of the additional cost which will result from the reorganization; (3) a study of the impact on the local economy; and (4) an estimate of the effect of the reorganization on the availability, accessibility, and quality of services provided for recipients of those services, where any of the above factors cannot be quantified, the Secretary shall provide a statement on the nature and extent of those factors in the cost-benefit analysis.

Cost Benefit Analysis

A. Background:

HUD's current field structure, consisting of 80 regional and field offices covering 50 states, the District of Columbia, Guam, and Puerto Rico, is built on the structure of the former Federal Housing Administration (FHA), which had insuring offices throughout the country. As the agency evolved into a cabinet department (1968) its program portfolio grew and staffing levels rose to more than 18,000 in 1973. As a result of legislative action HUD's program portfolio has continued to increase in size, complexity and scope, while its staffing has gradually been reduced to approximately 9,300.

HUD's existing field office structure is decades old. Advances in technology have made it possible and more cost effective to manage our workload in a more centralized fashion. Additionally, the standardization of processes in some of our largest programs (Multifamily Housing, along with troubled Public and Indian Housing workload, enforcement activity, and centralized administrative work) has also led to a diminished need for staffing in each current location. Closing these small field offices will allow HUD to realign staff resources to best support program delivery, and will achieve operational savings.

The reduction in the number of field offices helps will save money while still ensuring that HUD can effectively respond rapidly to the ever evolving mission and the budget challenges of today and tomorrow. Leveraging technology has allowed HUD to substantially reduce its footprint and costs while not significantly affecting the delivery of its services.

B. Description of Proposed Changes:

Sixteen (16) small field offices will be closed, affecting approximately 120 of HUD's 9,300 employees. This action will allow the Department to align staff resources to more effectively support program operations and reduce operational cost, while maintaining effective program delivery to the affected jurisdictions. The offices to be closed are: Camden, NJ; Syracuse, NY; Orlando, FL; Tampa, FL; Springfield, IL; Cincinnati, OH; Flint, MI; Grand Rapids, MI; Shreveport, LA; Dallas, TX; Lubbock, TX; Tucson, AZ; Fresno, CA; Sacramento, CA; San Diego, CA; and Spokane, WA. Employees who work in the aforementioned 16 field offices will have the option to either take a buyout or continue their HUD careers in other locations through directed reassignments with relocation entitlements.

The proposed changes are expected to produce significant administrative savings and will result in increased occupancy rates in other existing facilities, thus making more efficient use of real property assets as measured by utilization and occupancy rates.

(1) Estimate of Cost Savings

The closure of the 16 field offices will eliminate the cost office space leases and administrative costs, including transit, mail, copiers, telephones, security, all support services, including IT maintenance, totaling $3.5 million annually. The $2.7 million lease cost for all 16 offices is based upon HUD's occupancy agreement with General Services Administration (GSA). The $800,000 administrative cost for all 16 offices is based upon the Fiscal Year 2012 expenses.

It is difficult to project the number of employees who will take advantage of the buyout, choose to relocate, or resign because these are individual decisions. However, it is estimated that 50-75 percent of the affected employees will take the buyout while 25-50 percent may opt to relocate. The total savings will range from $11 million to $14.9 million annually, beginning 2014. The savings will include lease and administrative costs as well as salary and benefit costs from the 50-75 percent of affected employees who may take advantage of the buyout.

(2) Estimate of the Additional Cost.

Implementation costs are expected in closing the offices, thus the projected total annual savings, which ranges from $11 million to $14.9 million, will be gained beginning in 2014 and every year thereafter.

a. One Time Costs:

i. Early lease termination cost ($108,000 – $211,000). The early lease termination cost range is based on GSA's ability to find a replacement lessee for the office space.

ii. Buyout cost (approximately $2.3 million - $3.4 million). It is estimated that 50 – 75 percent of the employees in the 16 field offices will take the buyout. The anticipated total cost includes the buyout and estimated terminal leave costs.

iii. Personnel relocation cost (approximately $2.2 million – $4.3 million). It is estimated between 25 – 50 percent in the 16 field offices will opt to continue their HUD careers in other locations via directed reassignments, with relocation entitlements.

iv. Severance or unemployment compensation costs ($0). No severance costs are associated with this initiative since no termination of staff is expected.

v. Office closure costs ($1.3 million). The estimated office closure costs include tenant improvement costs, project cancellation costs, physical property removal and restoration costs, shipment of files, disconnecting telecom, uninstalling security systems, and rent due at closure.

vi. Space alteration costs ($61,000 - $122,000). Space alteration cost is estimated at $2,000 per employee. Cost range is based upon estimated number of employees who will relocate.

b. Reoccurring Costs: Program delivery to the affected jurisdiction is already managed by program staff in other HUD field offices. Minimal additional travel costs will be incurred by limited staff travel to the affected jurisdictions to ensure ongoing coordination of program delivery and customer service.

(3) Study of the Impact on the Local Economy

Any impact on the local economies in terms of housing, schools, public services, taxes, employment and traffic congestion will be minimal. HUD staff within each state, and Puerto Rico and Washington, DC, will work with clients in the affected office closure areas to ensure uninterrupted, quality service is provided going forward. The realignment of personnel and office closures should not disrupt the service delivery currently provided to the communities.

(4) Estimate of the Effect of the Reorganization

HUD products and services provided to the communities in the affected jurisdictions are currently managed remotely from larger HUD offices, and this will continue to be the case.

Following the closure of these small offices, HUD will retain one or more field offices in each state:

a. **Camden, NJ** field office - HUD will retain the field office in Newark, NJ.

b. **Syracuse, NY** field office - HUD will retain the Buffalo and Albany field offices, as well as the regional office in New York City.

c. **Orlando, FL** and **Tampa, FL** field offices - HUD will retain the field offices in Jacksonville and Miami, FL.

d. **Springfield, IL** field office - HUD will retain the regional office in Chicago, IL.

e. **Cincinnati, OH** field office - HUD will retain the field offices in Cleveland and Columbus, OH.

f. **Flint, MI** and **Grand Rapids, MI** field offices - HUD will retain the field office in Detroit, MI.

g. **Shreveport, LA** field office - HUD will retain the field office in New Orleans, LA.

h. **Dallas, TX and Lubbock, TX** field offices - HUD will retain the field offices in Houston and San Antonio, as well as the regional office in Fort Worth, TX.

i. **Tucson, AZ** field office - HUD will retain the field office in Phoenix, AZ.

j. **Sacramento, San Diego, and Fresno** field offices - HUD will retain the field offices in Los Angeles and Santa Ana, as well as the regional office in San Francisco, CA.

k. **Spokane, WA** field office - HUD will retain the regional office in Seattle, WA.

Dated: April 17, 2013

Patricia A. Hoban-Moore

Patricia A. Hoban-Moore
Assistant Deputy Secretary,
Office of Field Policy and Management

[FR-5698-N-01]