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January 31, 2018

Leroy White,  
Contracting Officer  
801 Cherry Street  
Forth Worth, Texas 76113-2905  
United States

**RE: Solicitation #: 86546A18R00001 and 86546A18R00002**

To Mr. White:

Thank you for the opportunity to comment on the subject request. The recommendations below are submitted on behalf of the National Affordable Housing Management Association (NAHMA). In addition to recommendations below, NAHMA and its industry partners have developed joint additional recommendations for HUD's review. The joint comments are attached to this letter.

### **About NAHMA**

NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing. NAHMA supports legislative and regulatory policy that promotes the development and preservation of decent and safe affordable housing, is a vital resource for technical education and information and fosters strategic relations between government and industry. NAHMA's membership represents 75 percent of the affordable housing management industry, and includes its most distinguished multifamily owners and management companies.

On behalf of NAHMA, I am writing to express our concern on the current Performance-Based Contract Administrator (PBCA) Program procurement process. NAHMA members are directly affected by HUD's new proposed HAP Contract National Support Services and HAP Contract Regional Support Services Model. For this reason, our members are very concerned and we recommend HUD reconsider terminating the current PBCAs and adopting a new bifurcated model that would lead to increased burden, lack of local market knowledge, and less efficient property oversight due to the split duties under the National and Regional HAP Contract Support Services.

In response to HUD's 2016 PBCA Industry Day and subsequent Deloitte interview, NAHMA provided the following recommendations to improve the current PBCA program:

- NAHMA recommends HUD ensures PBCAs apply a consistent oversight standard across the country. A consistent concern from owners or management agents (O/A) with properties in different states is that PBCAs are inconsistent in how they interpret HUD regulations and apply them to property oversight.
- The use of technology and a risk-based approach to portfolio oversight will help reduce costs.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

- Eliminate the “Life-threatening” term for resident calls and focus on maintenance issues. Residents should be required to complete a work order prior to contacting the PBCA.
- Upon PBCA review and approval of the HAP voucher under current practices, voucher payments should be sent directly to the O/A without going through the PBCA as a middle person.
- HUD should continue to conduct a free and open procurement among entities who serve a public purpose.
- PBCA experience, knowledge of the portfolio, and relationships with the owners/agents should be important criteria in selecting the successful bidder.
- The ACC should look similar to the current interim ACC but should include MORs.
- Single source contracts are ineffective on pricing and performance – costs increase while performance and customer service deteriorate.

To date, HUD has provided no follow-up on our recommendations and the proposed model does not address our members’ concerns. Rather it creates larger problems for our members. Specifically, the proposed model would lead to the following:

- **Elimination of PBCAs and Bifurcation of their duties into regional and national.** HUD does not articulate the reason for eliminating the current PBCA contracts. NAHMA recommends that HUD convene stakeholder meetings to explain the rationale behind this new proposal and give some clarity to the industry. We are very concerned with the chilling effect this could have on the affordable housing industry at large, as it may lead to potential loss of owners and units from the PBRA program, as well as, critical institutional knowledge from key stakeholders. In addition, the National and Regional duties add additional burden and creates a new layer between HUD and property oversight. We highly recommend HUD reconsider the National HAP contractor, as risk and portfolio management should be performed by HUD.
- **Increased cost due to oversight changes.** The Draft PWS does not provide any discussion on whether the proposed National and Regional Contractor model is intended to be more cost effective than the current PBCA system. Rather, NAHMA believes the change will lead to increased costs, as updates to HUD IT systems (like TRACs) and additional training will be needed to accommodate the changes. This funding environment is simply not conducive to any increased costs.
- **Impact on Tenants.** Members are especially concerned with changes to MORs, physical inspections, and providing property access to new entities. Specifically, we do not believe HUD has educated tenants throughout the entire process. Currently, tenants have an understanding of PBCA roles and responsibilities. NAHMA recommends HUD will need to provide clear and extensive outreach to tenants on the impacts on any changes to oversight of the PBRA program. This responsibility should not be pushed onto O/As.

NAHMA continues to remain neutral on the question of which organizations should win under the new procurement process. HUD should avoid negative impact on property operations, including MORs and REAC physical inspection follow-up. If HUD is not responsive to our member concerns, as listed above, and continues forward with the National and Regional contractor model, please consider the following questions regarding on the department’s respective draft solicitations:

## **Draft RFP for HAP Contract Administration Comments – Housing Assistance Payments (HAP) Contract National Support Services (HAPNSS)**

### **1. Page 11 – Section 1.9 – Special Qualifications**

Contractor appraisers reviewing Rent Comparability Studies (RCS) shall be certified by the state in which the subject property is located. Are certified appraisers needed since the “Contractor” will now be preparing the RCS?

### **2. Page 17 – Sec 5.2.1 - HAP Contract Opt- Out Support**

The contractor shall verify that an owner who intends to opt out of a HAP contract provided tenants with a notification letter at least one year prior to the expiration of the HAP contract. Clarification is needed whether the letter must be submitted to the Contractor prior to distribution to the tenants. Currently there is inconsistency in this protocol between PBCAs, for example: some PBCAs requires letters to be submitted to them for approval, but others have advised O/As that they do not approve these letters, and the letters should be sent to HUD.

### **3. Page 17 – Sec 5.2.2 – HAP Contract Long Term Renewal Processing**

There is a discussion that the Contractor shall evaluate the RCS if necessary, but there is no discussion of the protocol for securing a HUD 3<sup>rd</sup> Party RCS if required by the Section 8 Renewal Guide. Clear protocols should be established in this area since it has been our member’s experience that much of the delay in the processing Mark Up to Market HAP contract renewals are a result of the delay in procuring the HUD 3<sup>rd</sup> party RCS.

### **4. Page 18 – Sec 5.2.4– Support for Other HAP Contract Changes**

Will the Contractor be responsible for executing HAP contract assignments as a result of refinancing or sale, or will this function continue to be handled by HUD?

### **5. Page 19 – Sec 5.3 – HAP Contract Rent Adjustments**

There are discussions of Operating Cost Adjustment Factor (OCAF) , Budget Based Rent Adjustments, and Annual Adjustment Factor (AAF) Rent Increases, but no discussion of rent adjustments based on a Rent Comparability Study (RCS) under Mark Up to Market (MUTM) or Mark to Market (M2M), referral to OAHF. The MUTM and M2M rent increases historically have taken much longer to process due to the requirements of securing a HUD 3<sup>rd</sup> Party RCS, and often required short term extensions since the processing was not completed prior to the expiration of the existing HAP contract. The protocol and requirements / timeframes for completing the processing of these types of rent increases should be addressed.

### **6. Page 20 – Sec 5.3.4 - Process Rent Appeals to Adjust HAP Contract Rents**

As part of the appeal process, will the Contractor provide copies of relevant materials used to determine the rent levels? For example, currently the PBCA will not provide copies of the HUD 3<sup>rd</sup> Party RCS and members are required to submit requests directly to HUD.

## **Draft RFP for HAP Contract Administration Comments Contract Regional Support**

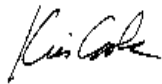
### **1. Page 15 – Section 5.1.3 – Complete Desk Review – MOR**

The Contractor shall conduct a desk review to determine the status of various property operations, including physical, financial and management conditions prior to the on-site MOR. Currently Category D, Financial Management, is applicable to HUD staff – will this section now be handled by the Contractor?

NAHMA members also request a 60-day notice prior to MOR. This time is needed so owner/agents working in multiple states can arrange travel and/or flights. In addition, HUD should host a website for all contractors to access to updates on any changes in policy, procedures, and updated forms.

Thank you for the opportunity to provide comments and your consideration of our feedback. Please contact Larry Keys, NAHMA Director of Government Affairs, at [lkeys@nahma.org](mailto:lkeys@nahma.org), with any questions.

Sincerely,

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

Kris Cook, CAE  
Executive Director