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March 14, 2019

The Honorable Mike Crapo
239 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
503 Hart Senate Office Building
Washington, DC 20510

The Honorable Richard Shelby
304 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Patrick Leahy
437 Russell Senate Office Building
Washington, DC 20510

The Honorable David Perdue
455 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Bob Menendez
528 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Susan Collins
413 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Jack Reed
728 Hart Senate Office Building
Washington, D.C. 20510

Subject: Changes to HUD’s Physical Inspection Notification Timeframe

Dear Senators Crapo, Shelby, Brown, Leahy, Perdue, Menendez, Collins, and Reed:

On behalf of the National Affordable Housing Management Association (NAHMA), our members would like to share the attached letter for your review and consideration. The letter was sent to the U.S. Department of Housing and Urban Development (HUD) on March 14, 2019. To ensure fair and statutory compliance, NAHMA requests your oversight authority in examining the impacts of HUD’s recent announcement to shorten its physical inspection notification timeframe for assisted housing properties. This decision was announced on February 22, 2019, through PIH Notice 2019-02.

NAHMA members take great pride in providing quality housing that offers a safe, healthy environment for their residents. As property owners and managers, NAHMA members understand the agency’s efforts to strongly incentivize portfolio compliance, but we disagree with the newly imposed method for achieving it. According to HUD’s own data, 95% of the assisted portfolio satisfies the physical condition standards under the REAC protocol, with 5% of the vast portfolio designated by the agency as “troubled.” Although HUD’s planned adjustments to physical inspection notification timeframes is in large part targeted at the 5% of the portfolio that is troubled, this blanket policy change will severely impact the entire portfolio, most notably good property management owners and agents who maintain high performing portfolios.

NAHMA believes that, as published, the severely compressed notice period will lead to a breakdown of the logistical feasibility of managing HUD-assisted properties, as well as the crucial elements of trust and

collaboration between the agency and the owners and operators of affordable housing. We also believe that PIH Notice 2019-02 will create hardship for residents and will further erode the confidence and integrity of the agency's physical inspections as a tool for assessing the state of the portfolio. We have instead proposed a number of alternate solutions for promoting ongoing physical standards of assisted properties to the decent, safe, and sanitary standard required by statute.

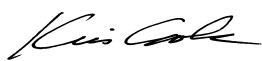
Regarding physical inspection notification protocols, the attached NAHMA letter proposes the following five "Alternate Methods for Achieving Shared Goals":

1. HUD should utilize recently enhanced inspection enforcement tools enacted by Congress to address the 5% of the portfolio that is "troubled," instead of circumventing Congress and penalizing the entire portfolio with a drastic policy change.
2. HUD should go through appropriate regulatory channels and in partnership with Congress to establish an improved, data-driven policy for physical inspection notification timeframes.
3. HUD should foster strong partnerships between the agency, owners and operators of affordable housing properties, and residents by allowing for proper notification and logistical feasibility when scheduling physical property inspections.
4. HUD should promote private owner participation in its assisted programs by implementing a forbearance policy in a limited number of documentable situations in which the property is held harmless for inspection scheduling non-compliance, such as natural disasters or major rehab.
5. HUD should improve data integrity of the REAC protocol by reversing its new automatic "zero" score policy in favor of a more accurate and actionable compliance incentive.

NAHMA's membership represents 75 percent of the affordable housing management industry, and includes its most distinguished multifamily owners and management companies across the country. Our membership shares the agency's goal of providing quality affordable housing to low-and moderate-income households, in particular by consistently maintaining subsidized properties in good physical condition throughout the year. Further, NAHMA provides a certification program that recognizes the outstanding achievements of property managers and owners who provide high-quality, affordable multifamily rental housing; through this "Communities of Quality" (COQ) program, NAHMA member properties from across the country continue to be nationally recognized not just on the physical and financial condition of the properties, but also on the quality of life they offer to residents.

We thank you for your urgent consideration of this matter, and we look forward to working together to advance our shared goal of providing quality housing and improving economic opportunity for all Americans. Please do not hesitate to reach out with questions to Kris Cook, NAHMA's Executive Director, at 703-683-8630 x113, or Larry Keys, NAHMA's Director of Government Affairs, at ext. 111.

Sincerely,



Kris Cook, CAE

Executive Director