June 22, 2018

Collette Pollard

Reports Management Officer, QDMA

Department of Housing and Urban Development

451 7th Street, SW, Room 4176

Washington, DC 20410-5000

RE: **Docket No. FR-7005-N-08**: 60-Day Notice of Proposed Information Collection: Management Reviews of Multifamily Housing Programs: HUD-9834

OMB Approval No. 2502-0178

*By electronic submission*

Dear Ms. Pollard:

Please accept the following comments from CGI Federal, Inc. regarding the 60-day Notice of Proposed Information Collection referenced above in accordance with the invitation for public comment listed in the Federal Register April 24, 2018. CGI currently conducts Management and Occupancy Reviews for Project Based Section 8 properties in California, Florida, Ohio, New York, Washington D.C. and Virgin Islands. We have served in this capacity for more than 17 years.

The comments below are being submitted by CGI from the PBCA perspective:

It is our opinion that the form HUD-9834 is necessary and useful during the MOR process to measure a project’s compliance with HUD regulations. The form HUD-9834 incorporates all areas of project management for owner/agents administering federally assisted rental assistance and is a critical tool used by the PBCA to document the project’s current practices and report the information to HUD. The inability to manipulate formatting within the document presents a challenge and often delays the timely completion of the information. Each project review is unique and often requires additional documentation in various areas to capture and clarify the PBCA’s full assessment of the review.

*In the course of addressing HUD’s Streamlining directive, a revised and updated form HUD-9834 will be implemented to minimize inapplicable questions based on the identity and affiliation of the reviewer. The replacement form will be constructed in Excel, making possible limited formatting within the document. The form has long suggested that where necessary, additional pages should be added to improve clarity. This will continue to be the case with the revised version due to be published in the near future.*

While HUD is currently engaged is rule making that would reduce the frequency for regularly-scheduled MORs, the scoring method of the MOR must be considered before implementing a risk-based approach. The current scoring system is perceived as being somewhat subjective and may artificially inflate scores.  The review of the tenant files Section E of the form HUD-9834, is the largest component of the MOR, yet critical deficiencies noted in this section are often minimalized by Sections A, B, C, F, & G of the form HUD-9834. These sections consist of basic competencies one would expect of an owner/agent such as keeping the project neat, following up on issues identified by the REAC Inspection report, lead-based paint compliance, and treating the tenants with respect*.* Above Average scores in Sections A, B, C, F, & G can easily counter balance the overall score making it possible for a project to receive an overall score of Satisfactory or higher when critical deficiencies are found in the tenant file review. In addition, applying a risk-based approach to MORs will exacerbate the frustration already expressed by owner/agents concerning their perceived subjectivity of the current scoring system. Reducing the frequency of MORs for high performing properties will no doubt motivate owner/agents to appeal lower scores while overshadowing the most important objective of the MOR – providing quality project management. Furthermore, It is suggested that these types of issues be recognized as either pass or fail ratings which would translate to an immediate below average overall rating due to the severity of the issue at hand.

*Thank you for addressing the scoring method currently in use with the form HUD-9834. Your suggestions will be taken into consideration, as HUD recognizes the potential for subjective reporting. Using staffing and expertise available to HUD, continuing efforts are underway to improve the scoring methodology, and are expected to be reflected in upcoming rulemaking.*

We understand HUD’s desire to minimize the burden of the collection of information however conducting an on-site review of a project allows the PBCA to see practical results of the owner/agents standard operation procedures. Allowing owner/agents to complete the form HUD-9834 and submit their response electronically, not only provides projects with the opportunity to make corrections to documents prior to submission, but also intensifies the risk of exposing personally identifiable information. Furthermore, the authenticity of compliance observed and recorded by the PBCA during an on-site visit is eliminated giving the owner/agent the ability to control the narrative

*HUD fully agrees with objections to all owing owner/agents to complete the form HUD-9834. This is not HUD’s policy, and reflects poorly on reviewers who engage in such practices. Upcoming revisions planned in the Project Monitoring chapter of the Asset Management handbook 4350.1 will emphasize this fact. Streamlining processes have also eliminated two exhibits that required owners to submit documents in advance of the review visit.*

Although HUD is considering reducing the frequency for regularly-scheduled MORs, we believe it is in HUD’s best interest to continue to monitor projects at least every 12 months. In consideration of the Streamlining Interim Final Rule effective March 12, 2018, that allows owner/agents to streamline annual recertifications in some circumstances, unidentified issues may arise that could potentially impact years of subsidy payments. The condition of the project can change dramatically from year to year. The MOR process plays a significant role in ensuring proper implementation of streamlining policies and procedures and in identifying and eliminating subsidy payment errors. Furthermore, MORs often become a training opportunity for owners/agents to review and discuss regulations with the PBCA directly.

*While annual management review monitoring has not generally been a regulatory requirement, HUD is proposing regulatory modifications to standardize requirements. Timing of review is proposed to correspond with that of physical reviews, with frequency of scheduled review to coincide with a project’s risk level as well as results of previous management reviews.*

The following areas are not directly related to the Proposed Information Collection, however, are important factors that HUD may consider.

During the last sources sought HUD proposed a number of criteria to be used when prioritizing MOR’s (which included: properties with expiring HAP Contracts; within six months after a property commences occupancy; within six months for any newly assigned HAP contracts to the Contractor’s portfolio; following a change in the property’s O/A; when desk reviews of available asset management documentation or risk analysis indicate that physical, financial, or management problems exist and the extent or cause of the problems is not readily apparent; when the property is managed by an agent whose performance is less than satisfactory at other properties in the Contractor’s portfolio).  One would think that scoring, Watchlist status and DEC status would also be considered in scheduling.  Not all of this information is easily available to the CA except through manual processes.  If HUD were to employ a risk-based approach involving multiple criteria, it could get extremely convoluted and cause havoc with scheduling and not provide the desired results.

*Because management and occupancy reviews are not generally required of projects, the Asset Management handbook 4350.1 requires that asset managers (account executives) monitor project performance and conduct targeted reviews such as those described when issues come to light. Current revisions to the handbook continue to address the need for targeted reviews.*

One last suggestion.  The minimum tenant file review is currently 5 files, including 1 move out and 1 rejected application if available.  40 unit property would review 3 current tenant files plus a move out and rejected application for a total of 5 files.  Three current files does not give a full enough picture of current practices.  The minimum file sample should be of 5 current tenant files plus the Move out and rejected application.  The Move out and rejected application should be reviewed but should not count towards the file sample size.

*Using the current stratified count for file review, the revised form mentioned above does not consider adding two targeted reviews outside of the required minimums. It does, however, continue the suggestion that the minimum number of file reviews does not prohibit additional reviews should evidence suggest further investigation.*

We sincerely appreciate the opportunity to comment on this notice of proposed information collection and would be happy to entertain any questions you may have. I can be reached at 518-218-7707.

Kind Regards,

William A. Durivage

Director – Consulting, CGI Federal