

**From:** Richard Williams  
**Sent:** Tuesday, March 14, 2017 12:01 PM  
**To:** Senator Ann Cummings (acummings@leg.state.vt.us) <acummings@leg.state.vt.us>  
**Cc:** 'agrenier@leg.state.vt.us' <agrenier@leg.state.vt.us>  
**Subject:** Administration of Federal Rental Subsidies

Dear Senator Cummings:

I am writing to you as the Chairwoman of the Senate Finance Committee, asking for an opportunity to discuss an amendment to the Vermont State Housing Authority (VSHA) statute. The purpose of the amendment is to best position the VSHA to preserve its hands-on role in the administration of federal project-based rental subsidies. The VSHA administers 128 HUD contracts with private owners assisting 3,394 units of housing with \$25.823 million dollars in federal rental assistance to low-income Vermonters.

In 1937, Congress authorized HUD to provide rent benefits to low-income families and individuals, which included direct payments from HUD to owners of privately owned dwellings. In 1974, Congress gave HUD the option to pay the subsidies through an intermediary (a Public Housing Agency) under an annual contribution contracts. When these contracts began expiring in 1997, Congress authorized their renewal. At that time, HUD was facing deep budget cuts and planned to reduce its staff by one-third. To deal with the prospect of its inability to manage the contracts, HUD began to outsource some contract administration services through the intermediaries. On and after 1999, HUD awarded one of the intermediary subsidy contracts – known as performance-based annual contribution contracts (PBACC)-in each of the 50 states. The PHAs would remain intermediaries, but were labeled performance-based contract administrator (PBCA).

In 2011, HUD sought to re-compete with the PBACCs, the results of which prompted bid protests before GAO alleging HUD was circumventing federal competition requirements. The case then went to the Court of Federal Claims and on appeal; the Federal Circuit sided with GAO. The appeals court remanded the case to the Court of Federal Claims without reaching the argument that the PBACCs anti-competitive requirement were arbitrary and capricious. More litigation will likely follow this decision.

HUD will not be able to limit the procurement to PHAs. This opens up the opportunity for anyone to bid. HUD is in discussions to divide the country into 5 regional contracts.

Again, the purpose of VSHA amendment is to allow enough flexibility for VSHA to participate in any entity the working group of Northeast Region states ultimately decides gives all of us the best chance of retaining Section 8 contract administration in our respective states. This may include (a) being able to act as a subcontractor of a larger entity, and allowing that larger entity to operate within the State so long as it contracts with us, (b) being able to act as a prime contractor with responsibility for a regional HUD contract, or (c) being able to act as a member and/or partner and/or contractor in a new entity or joint venture that operates on a regional basis

Our amendment does not impact either local housing authorities or other State agencies. The amendment does not touch the existing jurisdiction or in any way diminish the powers of local

housing authorities or State agencies. It does expand the authority of VSHA to include the same kinds of general non-profit powers.

I sent Senator Mullin an email last week but the affordable housing bill had already left his committee and is now in your committee. I believe the VSHA proposed statute change is germane to this bill.

Regards,

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